

Water Corporation in the Municipalities

Companies (utilities) to take over water and wastewater services in the municipalities

Assets will be transferred

Workers will have a choice

Locality specific tariffs

Ownership: the municipalities, privatization(?)

Law of Corporations (2001)

Motivation:

General mistrust of local governments

Inefficiency, neglect of infrastructure, diversion of funds

Incomplete accounting

Preparation: committee of experts, international experience (UK), committee in parliament

Problem: Two-headed regulator

Disadvantages

Workers?

Loss of income to municipalities with surplus

Loss of financial flexibility

Corporate taxes

Corporate profits

Will affect prices

Advantages

Full and self-contained accounting

Efficiency

Independence

Access to financial markets

Yardstick competition

Coming: economies of scale

Examples: seawater desalination, rainwater collection, recycling, remote metering

Convincing 9 Mayors

Improved services, efficiency

Erosion of tariffs

“Sale” of assets for cash

(=corporate debt)

Regulation and Regulators

Regulation: balancing act—long-run viability of utilities, quality services, reasonable prices

Two regulators

1. Officer in charge of corporation: establishment, licensing, investment, finance

2. Authority of corporations (council): quality of service, tariffs

Antagonism, impasse?

Overcoming the Impasse (and other Obstacles)

Omnibus Law 2006:

**Functions of authority of corporation move
to water national authority (immediate)**

**Officer in charge to move into the national
authority (by 2010)**

Omnibus Law 2007 (proposal):

Forced move to corporations (by end of 2007)