



The role of the Regulator to promote the Sustainability of Water Supply in Portugal



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INTRODUCTION

Water is considered one of the most important natural resources and according to its scarcity and cost, it necessary to implement a sustainable management of its use. One of the reasons for the unsustainable management of the sector in Portugal is the failure of the national Strategic Plan 2006-2013. It is no surprise that, either in relation to coverage ratios, or with respect to the quality of the water supplied, Portugal is meeting the goals set out by the government. The of sustainability of the sector is another one, it's related to the way the sector is organized and managed. Regarding the reorganization of the sector with a concentration of operators (ending micro operators without technical and financial dimension), the vertical systems (from catchment to home delivery), the desired concentration ranges (in water supply and wastewater treatment), the use of partnerships between the State and the municipalities and a uniform tariff, nothing has been done and none of these aspects of the government objectives have been implemented.

It is therefore necessary to create or strengthen the institutions that promote the protection of water resources. Among these institutions the Regulatory Authority and Waste Water Services (ERSAR) plays a central role, with a wide range of functions from defending the quality of the water services, its fair distribution, the sustainability of water resources, the respect of legal mechanisms, the training and information of and on the sector, to the financial and taxes instruments.

As Gerlach and Franceys (2010:1229) refer: "the new regulators face the tremendous challenge of stimulating and supporting water service providers to improve their poor performance record, which affects the disproportionately lower income population" and "[...] regulators are required to balance politically potentially sensitive and conflicting efficiency and welfare objectives." The objective of this study is to deepen the knowledge of the framework and role of ERSAR powers, allowing make sustainable management of water supply systems in Portugal, after the high investments made in the sector in the last 20 years.

These results will be obtained based on bibliographic research, application of a survey to different entities with competences in water services in European Union (Benchmarking) and application of a Interview to key actors (municipalities) in Setúbal District, in Portugal.

METHODS

The present research analyzes the role of the ERSAR since its recent foundation (Marques 2011) with a special focus on its regulatory dimension studying and comparing legal documents with other European regulators in terms of constitution, mandates, obligations and power.

This study analyzes the powers of ERSAR, since its inception, which is recent, especially with the refers to Marques, R. (2011) and regulation's texts, authored by ERSAR, and then compares the methods of constitution, mandates and framework of duties and powers of other European regulators, a practice already common of Benchmarking.





Figure 2 – District of Setubal

For duties and powers of the regulator, with either binding decisions or recommendations, the authors apply a survey with a convenience sample directed to entities with competences in water services in the European Union. The response rate is over 50% (23 answers received out of 39 questionnaires sent, or 58,97%, and relative to 16 EU countries, or 59,26% of EU countries). A quantitative analysis of the data has been made with several results.

The authors also conducted 11 interviews to municipalities and special key actors involved in water supply in Portugal, collecting opinions on skills that could or should belong to ERSAR to better intervene in the sector and to give an even greater contribution to its sustainability.

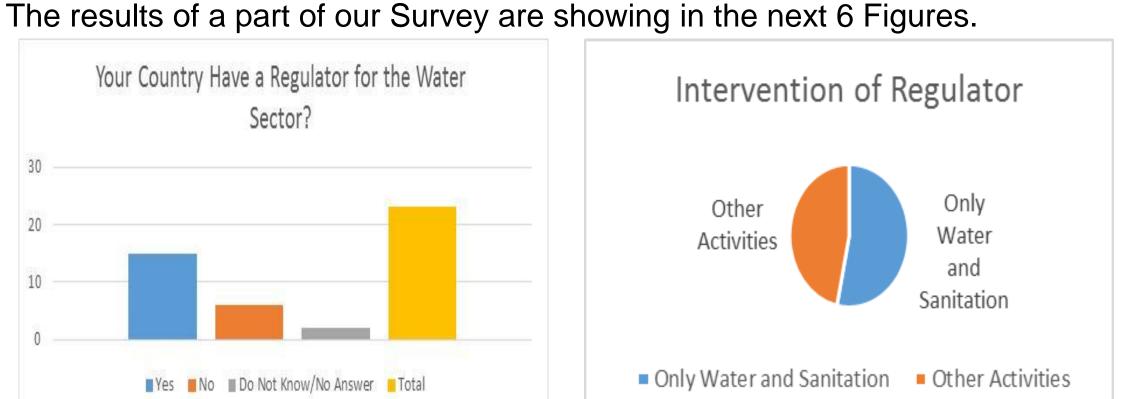
The universe of data collection, particularly regarding Interviews, refers to what Bryman (2012: 37) calls "focus groups". Regarding the methodology for the collection and processing of data it is used qualitative content analysis, described by Bardin (2013). In the Figure 3 we present the characterization of Management Entities in the Setubal District.

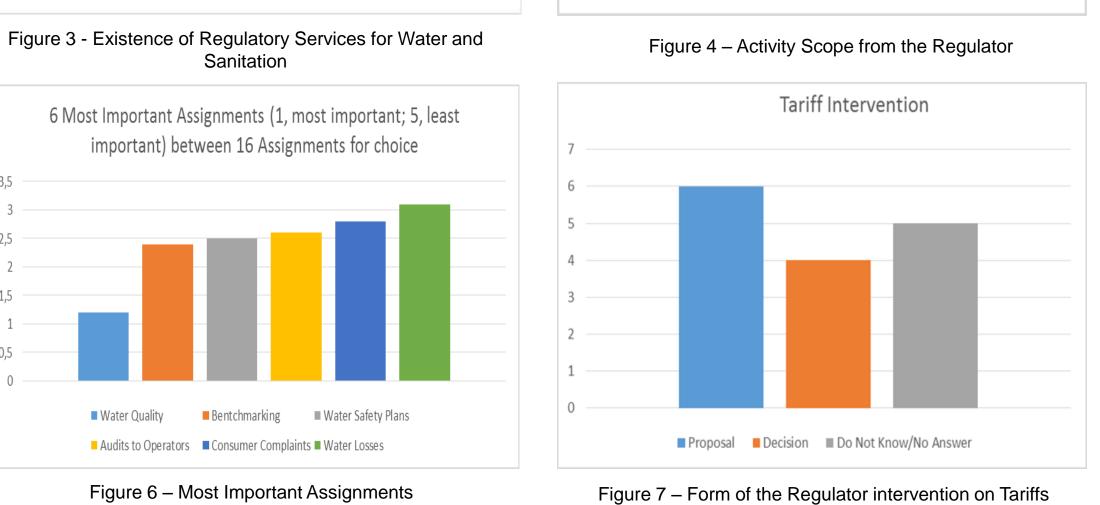
Table 2 - Summary of Interviews with ME of the Setubal District

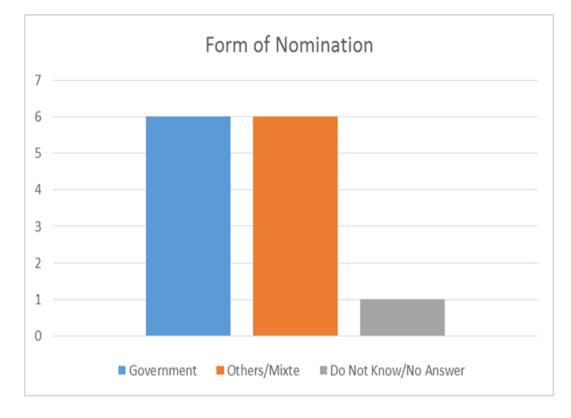
| Characterization of Management Entities Interviewed | | | | | | | |
|---|-------------------|----------------------------------|------------------------------|-----------------------------|--------|--|---|
| Date of Interview | Municipality | Type of Management Entity | Inhabitants (2011 Census) | Area (square Kilometers) | Gender | Position in the Management Entity | URL |
| 18.03.2014 | Alcácer do Sal | City's Internal Service | 13.046 | 1.479,94 | Female | City Concillor | www.cm-alcacerdosal.pt |
| 19.03.2014 | Alcochete | City's Internal Service | 17.589 | 128,00 | Male | City Concillor | www.cm-alcochete.pt |
| 13.03.2014 | Almada | Municipal Services* | 174030 | 70,20 | Male | City Concillor and President of Municipal Services | www.m-almada.pt |
| 11.03.2014 | Barreiro | City's Internal Service | 78.764 | 36,39 | Male | Mayor | www.cm-barreiro.pt |
| 11.03.2014 | Moita | City's Internal Service | 66.029 | 55,08 | Male | City Concillor | www.cm-moita.pt |
| 13.03.2014 | Montijo | Municipal Services* | 51.222 | 348,09 | Male | Mayor and President of Municipal Services | www.mun-montijo.pt |
| 17.03.2014 | Palmela | City's Internal Service | 62.805 | 462,87 | Male | Mayor | www.cm-palmela.pt |
| 17.03.2014 | Santiago do Cacém | City's Internal Service | 29.749 | 1.059,77 | Male | Mayor | www.cm-santiagocacem.p |
| 14.03.2014 | Seixal | City's Internal Service | 184.269 | 94,00 | Male | City Concillor | www.cm-seixal.pt |
| 17.03.2014 | Sesimbra | City's Internal Service | 49.500 | 195,01 | Male | Mayor | www.cm-sesimbra.pt |
| 11.03.2014 | Setúbal | Concession to Private Company | 121.185 | 170,57 | Male | Chaiman of the Company | www.mun-setubal.pt; www.aguasdosado.pt |
| | Grandola | City's Internal Service | 14.826 | 825,94 | | | www.cm-grandola.pt |
| | Sines | City's Internal Service | 14.014 | 202,70 | | | www.sines.pt |
| District Totals | | | 877.028 | 5.128,56 | | | |
| Municipalities Entreviewed | | | 848.188 | 4.099,92 | | | |
| % in Interviewed Municipalities | | | 96,71% | 79,94% | | | |

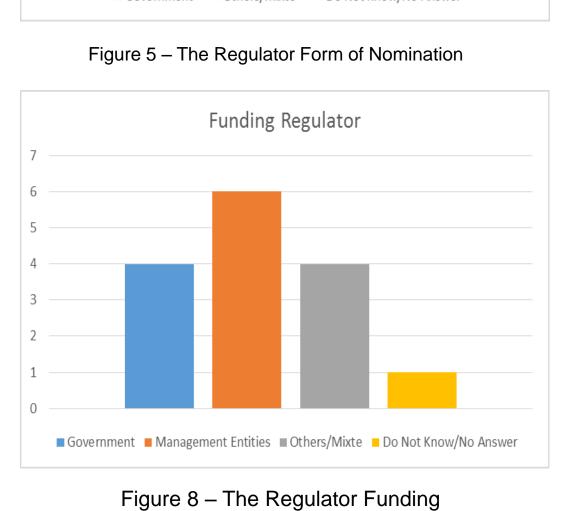
Municipal Services* - Management into the political Council responsability but with a service with legal, financial and technical independence

RESULTS









According the Interviews, the most important positions of the higher responsible for the Management Entities of Setubal District are resumed in Table 2.

Table 2 - Summary of Interviews with ME of the Setubal District

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CONCLUSIONS

In the survey we can consider the following conclusions:

- ✓ The existence of a Regulator is not yet a widespread situation within the European Union, in particular with the exclusive dedication to water and sanitation services;
- ✓ Balance between the appointment of the Regulator by the government (Portuguese situation), or with mixed or alternative forms of appointment;
- ✓ Particular importance given to the intervention in Water Quality, and then but far away, in Benchmarking, Water Safety Plans, Consumer Complaints and Leaks;
- ✓ In tariffs, the dominant Regulator intervention is only at the recommendation level, unlike what happens in Portugal.
- ✓ Various forms of funding for the action of the Regulator, weighing slightly higher for funding through the Management Entities, which is also the situation in Portugal.

In the interviews we can consider the following conclusions:

- ✓ The vast majority of Management Entities agree with the existence of a Regulator;
- ✓ All Management Entities agree that the Regulator must have the power of imposition on the subject of Water Quality and in defending the Consumers Rights;
- ✓ All Management Entities interviewed believe that the other powers the Regulator should have are: teaching, training and intervention recommendation, being totally opposed to the intervention of the Regulator in tariff area;
- ✓ All respondents are against extending the powers of the Regulator, considering it as an interference with the independence of the Local Power or provisions at the contract level;

✓ All respondents with municipal powers, consider that recent changes in the context of Regulator assignments are being held as a preparation for the privatization of the sector, they oppose clearly to this possibility.

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