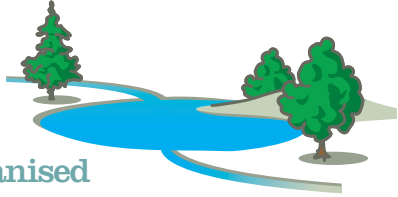


WATER AND WASTEWATER SERVICES IN FRANCE

in 7 questions



1/ How are drinking water and wastewater services organised in France?

- In France, the provision of drinking water and wastewater services is the legal responsibility of individual municipalities or groups of municipalities.
- They can **choose to manage the services directly** by their own means ("in house") or they can **contract out the management to a third party** (public or private operator) for a limited duration.
- Considering the number of people served, private operators provide **72% of drinking water services** and **55% of wastewater services**.

620

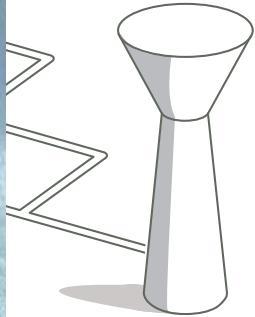
Average annual number of calls for competitive tenders issued by local authorities in France since 1998. In 2007, the number reached a record 833.

Source: Engref 1998-2004, TNS Sofres 2005-2006, operator surveys for 2007.

2/ If a public service is operated by a private company, does that mean the service has been privatised?

- No, only the operation is delegated under a contract to a private operator.
- The local authorities retain ownership of all the infrastructure assets (water production and wastewater treatment plants, water supply networks, wastewater collection systems, and so forth). The services are delegated for a limited duration.





3/ Who sets the price of drinking water and wastewater services?

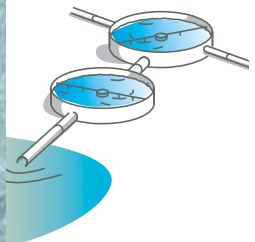
- Drinking water and wastewater services are **the responsibility of local authorities**, which set the tariffs upon approval of their deliberative assembly (town councils, joint district councils, etc.).
- The price covers the **abstraction, treatment and distribution** of water to the consumer's tap, as well as wastewater collection and treatment. In addition to the price, there are **government taxes and the fees of the River Basin Agencies**, which account for 18% of the water bill.
- When public services are managed by a private operator, the contract lays down the operator's rights and obligations, in particular its remuneration and the performance targets for the services. The authority sets the targets and monitors the operator to make sure they are being met.

80 to 95%

That is the share of fixed costs in the overall cost of operating services, independent of actual water consumption.

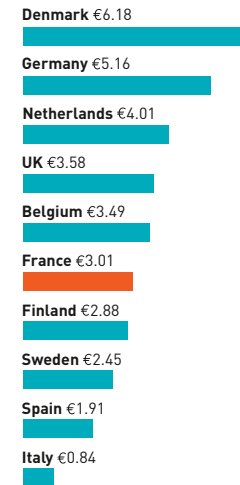
4/ Why do prices differ in different areas?

- Unlike electricity, water is not easily transportable. Every drinking water and wastewater service is **provided in a specific local context**, which differs from one authority to the next, and is based **on each authority's own choices**. For those reasons, it is difficult to compare the associated costs without taking into account the particular context.
- The services must manage costs that vary depending on geographical and technical factors, such as the type of water resource, the type of treatment required to make the water potable, and the area's population density.
- Costs also vary according to the investments made by the local authorities, as well as the levels of quality and performance they have set up.



5/ Is the price of water higher in France than in other countries?

- The price of both drinking water and wastewater services for households in France is **13% below the European average**.
- That was the finding of a study carried out by NUS Consulting, which compared the price of water at 1 January 2008 in the five biggest cities of 10 European countries.
- With an average price of **€3.01 per cubic metre** of water and wastewater, France is among the least expensive countries: Finland, Sweden, Spain and Italy.



Weighted European average price for water and wastewater services: €3.40/m³

6/ Are there performance indicators for assessing the quality of service?

- Since 2002, the annual reports from the private operators to their local authorities have contained performance indicators for contracts covering services to more than 10,000 people. **The 2006 Water Act makes it compulsory for all local authorities to publish performance indicators from the 2009 financial year onwards.** Performance indicators make it possible to monitor not just quality of service but also asset management policy and customer satisfaction (e.g. number of complaints).



7/ Who receives the revenues from drinking water and wastewater bills?

- The amount of the bill is split among the three stakeholders involved in drinking water and wastewater services.
- **The local authority**, alone or within a joint authority. This entity takes all decisions needed to ensure water service and invests the amounts needed as a result of its decisions.
 - **The operator**, when the authority delegates the management to a legally distinct operator.
 - **The public organisations**: the River Basin Agencies, the French government or the waterways French agency (VNF), which help finance investments.

42%

That is the share of the water bill that goes to local authorities. A further 18% goes to the government and the River Basin Agencies (fees, French waterway taxes, VAT) and 40% to private operators.



River Basin Agencies

- The water resources are managed by six River Basin Agencies (*Agences de l'Eau*), which were established in 1964 and are supervised by the Ministry of the Environment. They ensure:
- protection and restoration of surface water and groundwater;
 - development and quantitative protection of water resources to safeguard public health, economic and leisure activity requirements.
- The agencies collect fees from the various different water users, either for the pollution they cause or the amounts of water they abstract. These funds are used to aid investments, in particular for projects to restore and protect water resources.



FOR MORE INFORMATION

→ BIPE / FP2E

Report: "Water and wastewater services in France: Economic, human resources and environmental data" (January 2008)

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The French Federation of Water Companies

- Created in 1938, the French Federation of Water Companies (FP2E) now represents nearly all private companies managing water and wastewater services, both inside and outside of France. Its members* employ around 130,000 people, 32,200 of whom work in France. These companies **supply water to 46 million people** and treat the wastewater of 28 million people in France.
- The FP2E's mission is to provide stakeholders – elected representatives, consumer organisations, government authorities and journalists – with **a specialist's point of view on topics relating to the water and wastewater sector** in France.

*Alteau, Lyonnaise des Eaux (a subsidiary of Suez Environnement), Saede, Saur, Société des Eaux de Fin d'Oise, Sogedo and Veolia Water.

