

Water Supply and Sanitation in Sweden: A Public Trust

In Sweden, water supply and sewage disposal are by law a municipal responsibility. Under municipal control and with financial support from the state, intensive construction of treatment plants was carried out during the 1960s and 70s. Today, 95 percent of the wastewater is treated both biologically and chemically and as much as 54 percent also go through special nitrogen removal. Water supply and sewage disposal infrastructure for municipal use encompasses more than 2,000 water works, 67,000 kilometers of water pipes, around 2,000 sewage treatment plants and 92,000 kilometers of sewers. In total, some 6,000 people work in the sector.

The three most important laws regulating urban water supply and sewage disposal are: the Public Water and Wastewater Plant Act (wwa), the Environmental Code (EC) and the Food Act. The Food Act states that drinking water is to be considered foodstuff and that it must be handled with equal standards as other food products. The EC regulates environmental standards and stipulates measures to prevent and minimize environmental impacts caused by water abstraction and sewage effluent.

The wwa states that it is a municipal responsibility to arrange sufficient water supply and sewage treatment services to assure the municipal population good health. The law also articulates that water charges are not to exceed necessary costs

to provide the services, and that charges only can be used within the water sector. Consequently, municipalities cannot earn money to be used in other sectors, and potential private owners cannot expect to pay profit based dividends to their shareholders. Today, all large Swedish municipalities cover their costs for water and wastewater services solely through water charges.

The wwa, in combination with strong municipalities which are by law guaranteed local self-government, have resulted in a long tradition of water supply and sewage disposal as part of the local administration. Eighty-five percent of Sweden's 289 municipalities still use this type of organization. A new trend in the 1990s for many municipalities was to establish limited companies, multi-utility or sole water companies, and today 38 municipalities have organized in this form. Two municipalities have entirely or partly private ownership, Norrköping (8th biggest) and Karlskoga (75th biggest).

Besides a well-developed market where subcontractors support the municipal owners, six purely private management contracts exist, with Vivendi Environment being the only multinational operating in Sweden with a 10-year management contract in Norrtälje, the 40th biggest municipality.

No Reason to Complain in Sweden?

Efficient wastewater treatment, good drinking water quality, low water charges and

a reliable supply make the Swedish water sector more or less invisible to the public. People take a functioning water and sanitation sector for granted and, thus, consumer water organizations do not exist. Strong self-government and municipal responsibility also makes the issue uninteresting for national politicians, with mainly discussions and debates between water professionals and local politicians about water and sanitation services.

But, beginning in 1998, Sweden began to experience a trend toward some privatization of facilities through private ownership, public-private partnerships and a multinational management contract. This development started a debate among water professionals and local politicians and also attracted national interest.

Since those municipalities who sold their services to private companies between 1998 and 2000 were governed by the Social Democrats, the privatization debate has not polarized the socialist and non-socialist parties. Those opposing privatization have approached the recent development analytically, focusing on organization in general, the financial situation in the municipalities, cooperation alternatives, globalization and, specifically, the legislation.

The Swedish View on Privatization

Water professionals, academics and politicians advocating municipal ownership and control stress that water is a life necessity. They argue that this life commodity should be supplied at prime cost and not be the basis for commercial profit. Water and sanitation services constitute a natural monopoly, and public control is therefore best fit to meet the altering requirements of a changing society. Public ownership guarantees that management and construction of services are fully integrated and considered in municipal development plans and can easily be adjusted to changed demands, such as environmental standards, without concern about profit interests.

Competition Without Being Private

Pro-public representatives often argue that the Swedish water sector even under public ownership to a larger extent is subject to

AQUALIBRIUM Examines European Water Management, Regulation and Competition

Private sector involvement in urban water management is a controversial topic in many Member States in the European Union. To give an overview on the current debates and to analyze the various models of involvement and co-operation between the public and the private in the water sector in the EU member states, the research project AQUALIBRIUM was founded in January 2002 by the European Commission. The project is an accompanying measure within the "Energy, Environment and Sustainable Development" program of the 5th Framework Program of the European Community. Prime contractor for AQUALIBRIUM is NEXUS – Institute for Co-operation Management and Interdisciplinary Research in Berlin, Germany. At an international expert workshop in Berlin in November, the 15 country reports were presented.

The results of the expert workshop will be integrated into the final report which will be completed by the end of 2002 and submitted to the European Commission. Further information can be found at www.aqualibrium.de.

more competition than, for example, the highly privatized water sector in England or France. In Stockholm, 73% of the goods and services needed to operate municipally owned water and waste water works are bought in open competition on the free market. They also say privatizers do not include all costs in their calculations. Even with private operation, they say, municipalities have to finance order organizations and supervision offices such as with England's Office of Water Services (OFWAT). They question if the costs, which thus enable profits to private operators, should be paid by the consumers. Some voices in the debate explain the current trend of privatization as a result of a European/global ideological desire to transform the society according to neo-liberal ideas.

A Question of Competence

There is not a strong voice in Sweden for privatization, but those private sector water professionals who do participate in the debate claim that politicians are incapable of making necessary decisions to promote efficient management of the water and sanitation facilities. A clear division between management, on the private side, and protection of consumer interests, on the public side, would thus be better.

Privatization More Cost-efficient?

Some privatization advocates argue that the profit motive forces the private operator to become more efficient and improve quality and that a public operator's primary goal is only to improve quality, without consideration of costs. This difference always makes the private alternative more competitive, they say.

An interesting observation can be made about comments from a spokesman for the sole private owner of municipal water and sanitation services in Sweden, and a representative for one based in England. The Swedish representatives suggest the current non-profit water legislation in Sweden, the WWA, be changed to make ownership profitable. The representative with a longer perspective from England and Wales clearly states on the other hand that public ownership of water and sanitation facilities is cheapest in the long run.

Future Perspective

Though the local self-government principle restricts the possibilities for national government to influence local decisions in Sweden, the Minister of Environment, Minister of Municipalities and the Swedish



Public awareness campaigns are an important component of the work of publicly owned utilities in Sweden. In a recent campaign featuring "toilets on strike," the Stockholm Water Company recommended against consumers using toilets as trash cans.

Prime Minister have nonetheless expressed criticism of privatization of the water sector in general. The Social Democrat government has instead ordered an investigation to renew the legislation to stop further privatization and is as such a very strong political statement. The result will probably permanently stop further privatization.

Municipal Co-operation

Even if the political majority in some municipalities carry out privatization of ownership or put the management on contract, there is a broad consensus among all political parties (national and municipal), municipal water professionals, trade-unions and others that the Swedish water sector is most beneficially operated under public ownership and control. The Swe-

dish Water and Wastewater Association, the trade-union organization for Swedish municipal water and sanitation services, concurs.

Though the renewal of the legislation might prevent further private ownership, the increasing complexity and higher environmental and quality demands will make it harder and harder for small communities to obtain the necessary competence and keep pace with crucial technical improvements. Thus, a future with increased alliances between municipalities as e.g. regional cooperation appears to be the Swedish way.

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