



REPUBLIC OF CROATIA

MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT

WATER SECTOR REFORM IN CROATIA

Study tour to Portugal

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Preliminary issues

UP TO 2019

- PWSPs – purged from other business activities
- development charge – revenue of PWSPs
- Maintenance and investment planning – shareholder’s meeting (not local councils)
- Tariff approval – mayor (not local councils)
- Water infrastructure owned by PWSPs (below 3% still directly owned by cities/municipalities)
- universal introduction of fixed tariff
- universal introduction of social tariff (for variable water supply tariff)

WATER SERVICES ACT of 2019 – to institute a reform

Reform – key objectives

- 41 PWSP – self-sustainable and entirely owned by (all) local government units
- infrastructure directly owned entirely by PWSPs
- additional efficiency of integrated PWSPs and accelerated dynamics in the implementation of EU Directives and projects
- the legal framework prescribes measures and sanctions against PWSPs in case they hinder or prevent the implementation of integration or if they do not implement EU water infrastructure development projects in accordance with the Multiannual Water and Urban Wastewater Treatment Construction Programme as well as measures and sanctions against local self-government (owners and founders)
- obligation to take under management about 200 local water supply systems, which are the biggest problem in meeting the requirements of the Directive on the quality of water intended for human consumption (microbiology, indicator indicators)

Reform – tools

- Mandatory establishment of 41 service area (SA) - Government Regulation
- Minimum delivery of 1,8 million m³ per annum per PWSP
- One PWSP per SA rule
- Appointing the largest PWSP in SA as the taking over company (TOC) - Government Regulation)
- Merger (annexation) of PWSPs with TOC



Reform – tools

- All decision making (planning, investments, tariffs) transferred to PWSPs bodies (i.e. shareholders meeting)
- Sanctions against PWSPs and LGUs (owners and founders) in case they hinder or prevent the implementation of integration or if they do not implement EU water infrastructure development projects in accordance with the Multiannual Water and Urban Wastewater Treatment Construction Programme
- Licencing of merged PWSPs



Reform – tools

- Regulation on service areas
- Regulation on the evaluation of the efficiency of operations of water suppliers
- Regulation on the methodology for determining the price of water services
- Regulation on specific conditions for the provision of water services, which will reform public water operators



Licencing

- temporary licence (GC+SCS)
- permanent licence (GC+SCS +SCE)

general
conditions (GC)



- a company (Ltd or Plc)
- sole shareholders -LGUs in the SA
- registered for water services (and additional services permitted by law)

special
conditions for
starting the
services'
provision (SCS)



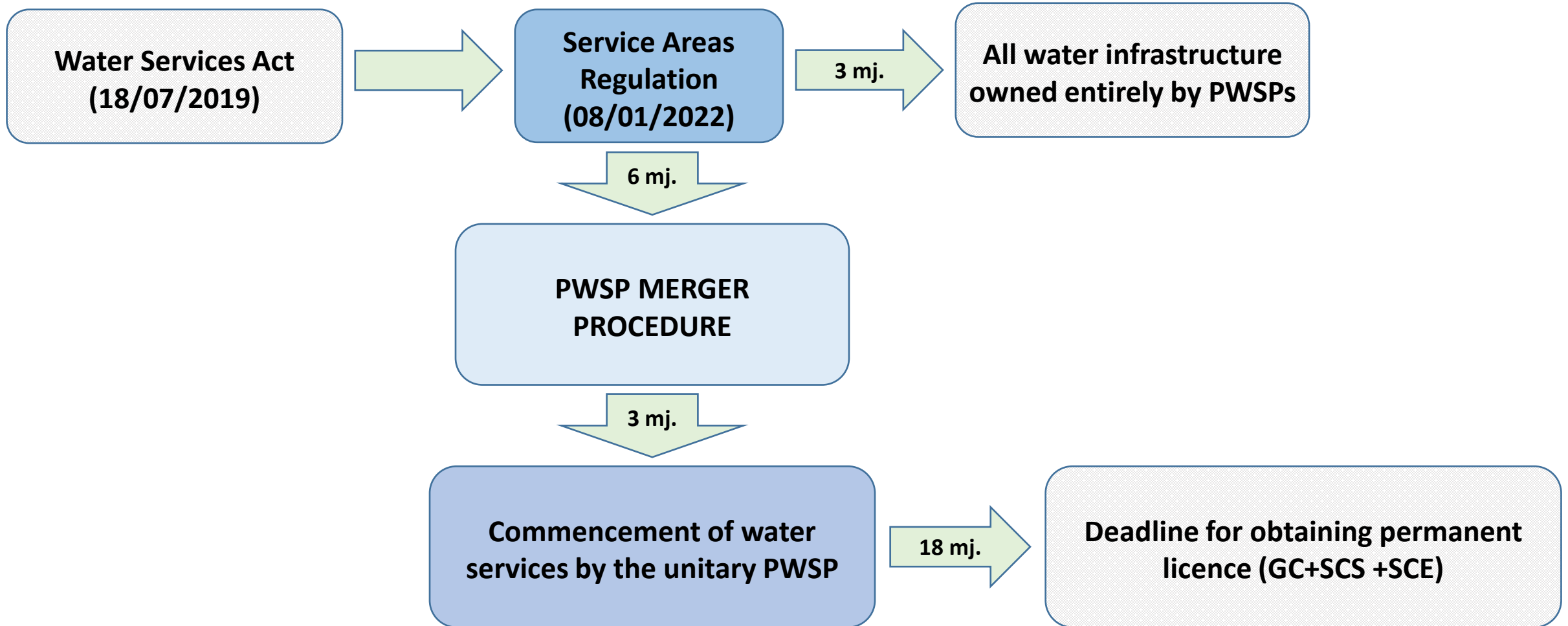
- number and qualifications of key employees

special
conditions for
efficient
provision of
services (SCE)



- ability to manage NRW, DWTP and WWTP
- accidents reaction ability
- consumer complaint board
- achieving other KPIs

Licencing



New decision making

- Current state: „one director – one mayor”
- Reform: Democratisation of decision making
 - *No majorization by big shareholders
 - *No obstruction of small shareholders

A. Double majority (majority by shares + majority of shareholders)

- Business planning (operation, maintenance, investments, etc.) and reporting
- Water tariffs
- Development Charge
- General Terms of Water Services Provision
- Water zoning
- Sewage collection and discharge
- Director’s appointment

B. Majority by shares = in all other matters





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Thank you!

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