

# Who should control water?

The “public versus private” debate in water management

GEOG 412

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## Lecture Outline

### 1. Water privatization

- *Question: Who should run our water supply systems: communities, governments, or private companies?*

### 2. Water markets

- *Question: How should we allocate water resources: through government policy, or through market exchange?*

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## 1. Water privatization

Question:

*Who should run our water supply systems: communities, governments, or private companies?*



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Photo Source: Cartoon Movement

## 1. How should we manage our water supply?

### ➤ Private water supply companies in many 19<sup>th</sup> C. cities

- Network coverage concentrated in wealthier areas

### ➤ Public sector dominates provision during 20<sup>th</sup> C.

- Governments had access to cheap finance and the political legitimacy to develop extensive water supply networks

### ➤ Majority of water supply networks are publicly owned

- Private sector retains role as service provider (e.g. France, Spain)
- Recent resurgence of private sector involvement

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## Three models for water supply management

Organization	Government	Private sector	Community
Accountability and decision-makers			
Pricing			
Sanctions/ Incentives			
Consumer role			
Examples			

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## Private ownership/management

### Definition:

- Private company owns and runs system or government owns system, but contracts management out to a private company



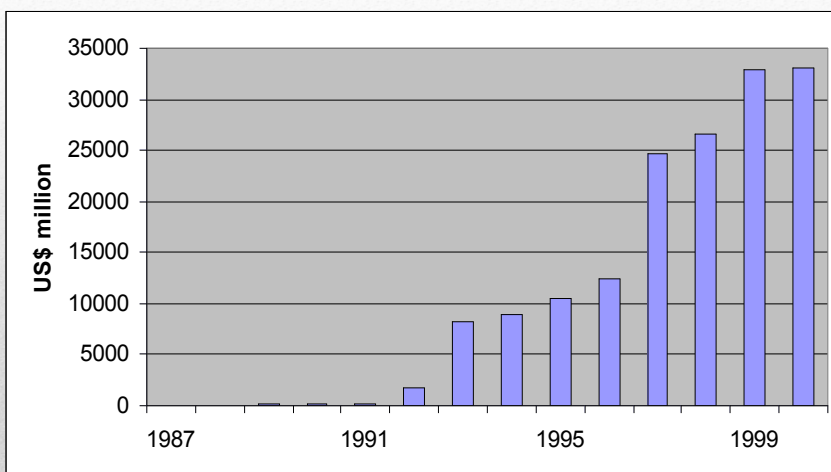
### Examples:

White Rock, BC (private company = owner)  
London, Ontario (private company = manager)

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Photo Source: XVI PortoCartoon

## Investment in Water & Sewerage Projects with Private Participation in Developing Countries



Source: WB PPI database

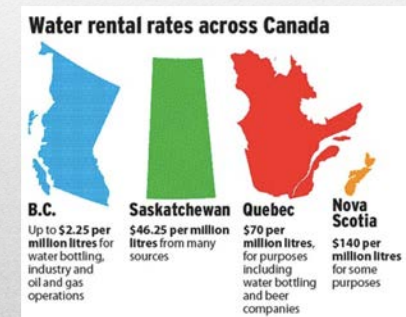
## Government ownership and management

### Definition:

Government (usually municipal) owns and operates water supply system

### Examples:

Most of Canada's water supply systems, including Vancouver



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Photo Source: The Province



## Community (cooperative) management

### Definition:

- Ownership and management by community members

### Example:

- Water cooperatives in rural areas



Dwr Cymru Welsh Water

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Video Source: YouTube

## Brainstorm...

Question (discuss with your neighbour):

- What are the advantages and disadvantages of each of these three models?

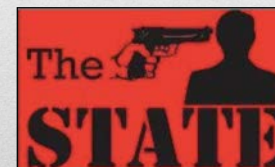


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	Advantages	Disadvantages
Market		
Government		
Community		

## 2. Water Markets

- Question: How should we allocate water resources: through government policy, or through market exchange?



vs



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Photo Source: Liberty Insight

## Water markets

- Tradable water rights
- Physical or 'virtual' transfers of water
- Examples: US, Chile

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## Water Markets: California versus Chile

California	Chile
<ul style="list-style-type: none"><li>• Well-regulated</li><li>• Water re-allocated to higher value uses (e.g. urban areas)</li><li>• Support from water users, cities, and environmentalists</li></ul>	<ul style="list-style-type: none"><li>• Poorly regulated</li><li>• Speculation, hoarding and growing inequity</li><li>• Little support from users</li></ul>

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## Property rights for water

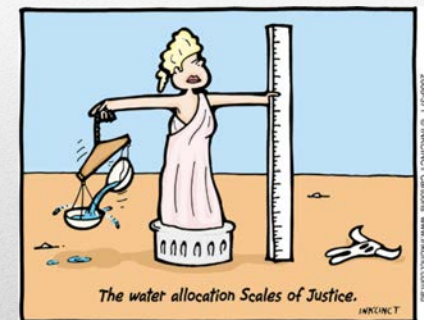
- Private rights
  - Riparian rights
  - Prior appropriation
- Public domain
  - Oceans (up to 200 mile limit)
- Open access
  - Groundwater in many places
- Common pool rights
  - Aboriginal rights



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## Problems with private water rights

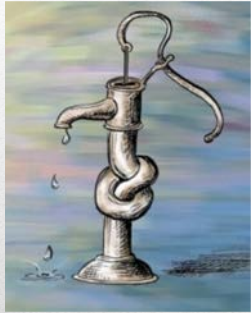
- Difficult to establish
- Multiple paradigms
- Cultural variation



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Photo Source: INKCINCT Australia

## Problems with water markets



- Over-allocation
- Environmental uses not included
- Inflexibility
- Encourage overuse (sometimes)

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Photo Source: Hoover Org.

## What is *your* opinion?



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Photo Source: The Water Values

## Community management

- Community-based water quality monitoring
- Consumer water councils



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Photo Source: Water For Life Decade, UN 2005