



THE PATH TOWARDS IMPROVED COST RECOVERY IN POZNAŃ, POLAND

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Yerevan, Armenia, 17-18 November, 2005

POZNAŃ



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POZNAŃ in Europe



POZNAŃ

- ◆ Population - 572,000
- ◆ Location: situated on the route from Paris to Moscow
- ◆ The first capital of Poland - over a thousand years of history
- ◆ Leading financial and trade centre in Poland
- ◆ Largest volume of foreign direct investment after Warsaw
- ◆ Academic city - 120.000 students

POLAND

- ◆ 1945-1989
 - ◆ totalitarian state
 - ◆ planned and centralised economy
 - ◆ cheap water
 - ◆ deteriorating infrastructure
- ◆ 1989 Polish August - Solidarity Trade Union
 - ◆ democratic state
 - ◆ market economy

POLAND

- ◆ After 1989
 - ◆ municipalities responsible for:
 - ◆ water supply
 - ◆ waste water discharge
 - ◆ establishment of water tariffs
 - ◆ full cost recovery
 - ◆ water utilities operating as commercial law companies

AFFORDABILITY

ACCEPTABILITY

- active role of Water Utility

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ACCEPTABILITY cont.

- ◆ importance of tangible results
- ◆ environmental awareness
- ◆ new perception of water as a valuable, high-quality product
- ◆ water supply and waste water discharge as an advanced technology business

- ◆ Regulation of water supply and water services provision

- City Council resolution

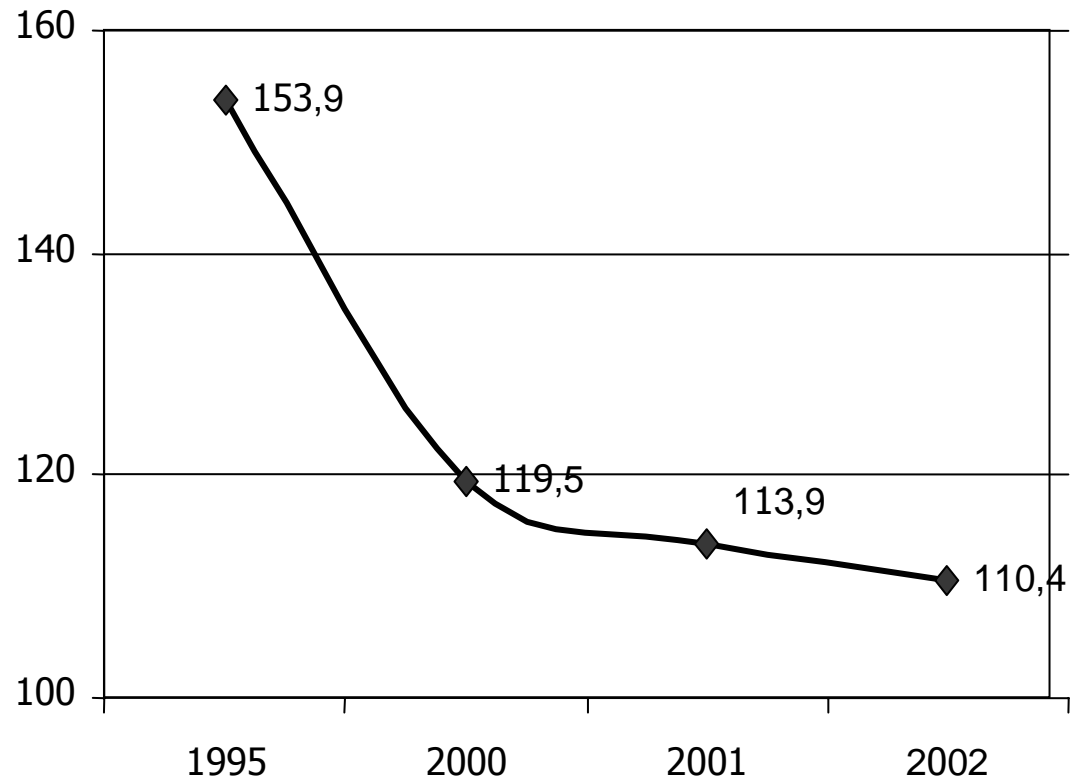
- ◆ Level of service provision

- Water Utility internal guidelines

NECESSARY INVESTEMENTS

- ◆ renovation of the existing system
- ◆ modernisation of the system to comply with EU environmental requirements
- ◆ expansion of the water and wastewater services to municipalities surrounding Poznań

DOMESTIC WATER CONSUMPTION (lcd)



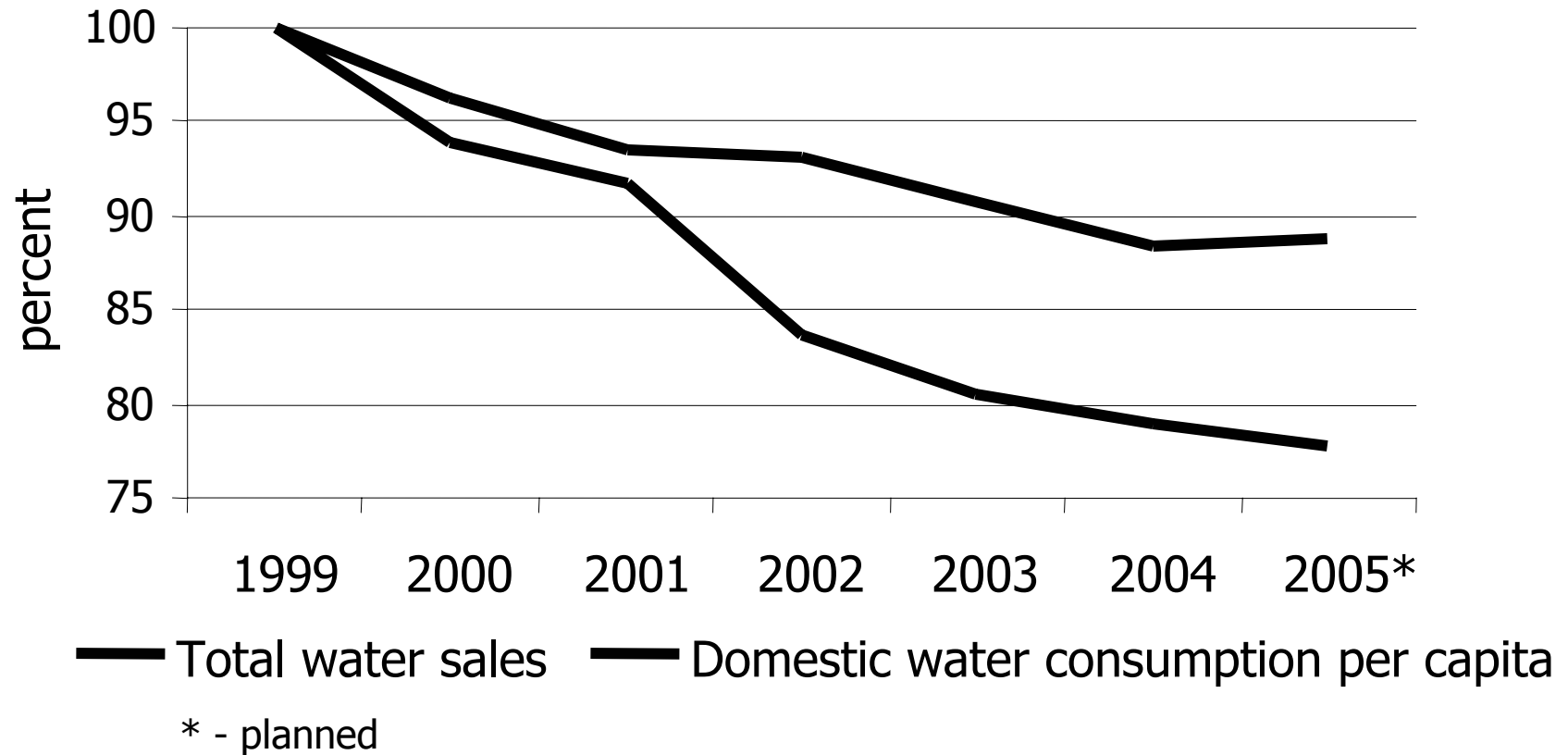
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WATER SALES VOLUME

No.	Annual sales	Water in thousand m ³	Comparison with the previous year (%)
1	1999	47 788	93,5
2	2000	46 001	96,3
3	2001	44 639	97,0
4	2002	44 493	99,7
5	2003	43 324	97,4

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WATER SALES' CHANGES



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CRUCIAL FACTORS IN IMPLEMENTING FULL COST RECOVERY

- ◆ decentralisation resulting in transfer of responsibility
- ◆ appropriate legislation regulating the establishment of tariffs

TARIFFS SETTING PROCEDURE

- ◆ water utility prepares the request for new tariffs and sends it to City Council via Mayor (70 days before the tariffs are planned to come into effect)
- ◆ the Mayor verifies the request
- ◆ City Council approves new tariffs within 45 days after the proposal was submitted
- ◆ in case the City Council does not approve the tariffs they nevertheless come into effect 70 days after the submission of the request

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TARIFFS SETTING PROCEDURE cont.

- ◆ the request for new tariffs must be accompanied with long term development plan
- ◆ long term development plan is approved by the Council
- ◆ City Council might decide to subsidise water services users from the city budget

TARIFFS INCREASES IN POZNAŃ

Year	Water (PLN/m ³)	% (2002= =100)	Sewage (PLN/m ³)	% (2002= =100)	Inflation index	% (2002= =100)
2002	1,78	100,0	2,26	100,0	101,9	100,0
2003	2,24	125,8	2,85	126,0	100,8	98,9
2004	2,54	142,7	3,26	144,2	104,0	102,1
2005	2,74	153,9	3,52	155,8	102,5- 105,2*	100,6- 103,2*

* - estimated

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THANK YOU FOR YOUR ATTENTION

... feel invited to Poznań



POZNAŃ - the Old Market Square