

PORTUGAL 2007



MINISTÉRIO DO AMBIENTE, DO ORDENAMENTO
DO TERRITÓRIO E DO DESENVOLVIMENTO
REGIONAL

Gabinete do Ministro

INTERNATIONAL WATER ASSOCIATION

Leading Edge Conference on Strategic Asset Management

Opening Address of the Portuguese Minister of Environment,
Spatial Planning and Regional Development

LNEC, Lisbon, 17 October 2007

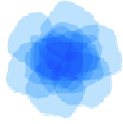
Let me start by conveying my congratulations to the International Water Association, to the Organising Committee and to the Programme and Scientific Committee for this important and timely Conference dedicated to the “Strategic Asset Management of Water and Wastewater Infrastructure”.

I am very pleased that Portugal has the opportunity of hosting the second IWA Leading-Edge Conference on Strategic Asset Management, not only because of the interest of the event in itself, but also because this is a very significant topic for Portugal at present time.

In fact, we are still in a cycle of very high investment in new infrastructure, especially at the regional level, but, at the same time, we have already reached a stage in which rehabilitation is very important, in view of improving current performance and implementing long term capital maintenance practices.

The evolution of this sector in the last 15 years has been quite remarkable. Between 1993 and 1999, the water and wastewater industry went through a period of deep changes based on a new strategy for the sector that, until then, had been considered exclusively in the public sector and under the single responsibility of the municipalities.

This included the merging of very scattered systems in larger companies, the adoption of a more entrepreneurial attitude with respect to the utilities, giving place to more aggregated systems that proved to be more feasible in technical and economic



PORTUGAL 2007



MINISTÉRIO DO AMBIENTE, DO ORDENAMENTO
DO TERRITÓRIO E DO DESENVOLVIMENTO
REGIONAL

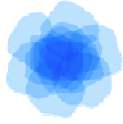
Gabinete do Ministro

terms, and the opening of the market to private companies working under concession contracts. A few companies owned by the municipalities (50%) and by the central government (50%) were launched to build and manage regional infrastructures aimed at providing the bulk supply to a number of municipal systems located in the metropolitan or densely urbanised areas. These companies owned by the municipalities and the central government are called the multi-municipal companies and the shares owned by the government are concentrated in a holding company called “Águas de Portugal” (Waters of Portugal).

This model was largely disseminated in the period from 2000 to 2006. This period corresponded to the implementation of a first National Strategic Plan for the Water Supply and Wastewater Collection and Treatment, known as PEASAR in the Portuguese abbreviation. The main objectives of this strategic plan, quite ambitious and not totally accomplished yet, were to achieve a 95 % service coverage for water supply and 90% for the wastewater services. New multi-municipal companies affiliated to “Águas de Portugal” , originally conceived for metropolitan regions, were established all over the country including the inner and less populated regions. These companies were formed in a voluntary basis and, in some cases, the municipalities preferred to create them without the involvement of the central government.

The present Government prepared a second Strategic Plan for Water Supply and Wastewater Collection and Treatment for the period 2007-2013. The main objectives of this second PEASAAR are to assure the universality, the continuity and a high quality of the service, as well as the protection of the environment and of the public health.

The implementation of this strategic plan still requires significant investment in new infrastructures, but the emphasis is now moving to the improvement of operation, maintenance and rehabilitation. The Portuguese regulator for this area, ERSAR, is playing a growing role in terms of promoting a higher quality of service to consumers, including drinking water quality. The enforcing authority of the regulator is being strengthened as well as its role in monitoring the implementation of the strategic plan.



PORTUGAL 2007



MINISTÉRIO DO AMBIENTE, DO ORDENAMENTO
DO TERRITÓRIO E DO DESENVOLVIMENTO
REGIONAL

Gabinete do Ministro

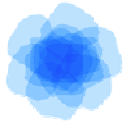
All this occurs in parallel with an evolving water regulatory framework. First and foremost, a new Water Law was approved in December 2005. To implement the Water Law, a whole new set of water-related legislation was issued, changing the overall system of water management in Portugal. Among the various changes, I would like to underline the new regime for licensing all water uses, the new economic and financial regime for the licensed uses of water and the creation of five regional river basin based water agencies. Furthermore, there are other plans and programmes being prepared, such as the National Programme for the Efficient Use of Water, that are also part of the global Portuguese water policy.

I should also mention the very significant technological progress occurred in the last 10 to 15 years. The know-how of the Portuguese water utilities nowadays has dramatically improved when compared with the situation registered just two decades ago. Better prepared human resources, together with the use of advanced decision-support tools are making the difference. The use of GIS on a routine basis, for instance, which is so important for the Strategic Asset Management, was nothing but a dream for most water utilities just a few years ago. Now it is a current tool used by most water companies.

“Infrastructure Asset Management” is indeed a concept of increasing importance in Portugal. However, there is still a long way to go and Portuguese utilities need to incorporate new competences in this field and need to implement more advanced procedures. A holistic approach to the infrastructure asset management, integrating the competences of business management, on one hand, and engineering and information management, on the other hand, is therefore essential for the success of the investments that are being carried out.

The Portuguese Government considers that the International Water Association has a key role to play in this area. The organisation of the Leading Edge conferences on this topic means that the Strategic Asset Management is indeed recognised as a very relevant issue in the international arena and IWA is paying due attention to it.

As we envisage it, the IWA important contribution is twofold. Firstly, at the governmental level, IWA could ideally contribute to create a better awareness for the need of Strategic Asset Management. This task could be performed by helping to



PORTUGAL 2007



MINISTÉRIO DO AMBIENTE, DO ORDENAMENTO
DO TERRITÓRIO E DO DESENVOLVIMENTO
REGIONAL

Gabinete do Ministro

clarify concepts and principles, notably through the elaboration of manuals and identification of best practices, by assisting in the establishment of legal and institutional mechanisms that promote Asset Management and through active participation in standardisation committees that may be created, by assuring that regulator activities are not confined to the short and medium term analysis, and, finally, through the promotion of international research and development projects.

Secondly, at the utility level, the IWA would preferably contribute to the implementation of best practices through the production of recommendations directed to utilities of different size and degree of development. It could also promote networking among utilities and other interested parties and help improving the organisational structure and information management practices. Through networking, IWA would help developing and disseminating effective engineering decision support tools and other adequate technical solutions, therefore contributing to improve multidisciplinary communication among stakeholders.

In summary, strategic asset management of urban water infrastructure is essential for the sustainability of the water supply and wastewater services. The Leading Edge Conferences, the newsletter 'Water Asset Management International' and, more recently, the Specialist Group, are all very important IWA initiatives that we are happy that we can benefit from. But I believe that Portugal can also contribute to it. In fact, I am very happy that the leadership of the IWA specialist group on this area is held by a Portuguese researcher from LNEC, and that we had the opportunity of organising LESAM 2007 in Lisbon.

I am looking forward to the outcome of this conference, including the recommendations that will be produced. I am sure they will have an impact on the way we address these important issues.

Thank you again, and best wishes of a fruitful work and a pleasant stay in Lisbon.

Francisco Nunes Correia

Ministro do Ambiente, do Ordenamento do Território
e do Desenvolvimento Regional