

A Public Company with focus on the citizen

Brazil knows the Society of Water and Sanitation Supply (SANASA) of Campinas as a public company with state of the art technology that keeps water losses to a minimum by monitoring and enforcing rational use policies. SANASA is also open to social control. The three Sanitation Conferences hosted by the municipality cancelled the efforts to privatize the company and denounced Bill n° 4,147/2000, which could result in the transfer of the municipality's authority on sanitation services to the state of São Paulo. SANASA is a joint stock company whose main shareholder is the City Hall of Campinas, which focuses on benefiting the population.

Conference defends the municipality's autonomy

The municipality is the centre of the metropolitan area of Campinas, which consists of 19 municipalities in the hydrographical basins of the Piracicaba, Capivari and Jundiá rivers, with a total population of 2.3 million. Because of its metropolitan status, Campinas would have been strongly affected by Bill n° 4,147/2001, which intended to transfer the authority of sanitation related actions and services of the municipality to the state of São Paulo.

Had the bill been approved, SANASA would no longer be administered by the municipality, but rather subordinate to the administration of the state. The municipality would have lost the autonomy to define tariffs and priorities regarding projects and investments. It would have been reduced to the cross-cutting inter-municipal subsidies policy, which forfeits tariff related resources collected from its inhabitants to other municipalities.

Campinas, São Paulo

Population estimate, 2005: 1,045,706 / Index of urban water service: 98% / Index of urban sewage service: 88% / Number of water connections: 232,000 / Number of sewage connections: 206,000 / Rate of analyses for the presence of coliforms outside the limit: 0.7% / Length of water supply network: 3,443.39km (including pipelines) / Length of sewage collection network (including exhaust and interceptors): 3,074.39km / Total cost of the service: R\$ 218,085,713.75 / Average cost: R\$ 1.44 per m³ invoiced / Index of invoice revenue loss: 22.03% / Index of distribution loss: 25.8% / Gross annual operation revenue (direct and indirect): R\$ 32,734,710.99 / Gross annual expenses, including service: R\$ 218,085,713.75 / Annual utilisation expenses: R\$ 151,095,705.34 / GDP per capita: R\$ 10,819.00 / Infant Mortality Rate: 11.18 per thousand live births /

Source: SNIS 2003, IBGE 2000

Social mobilization included discussions on the bill at the 2nd Municipal Conference on Environmental Sanitation in 2001, which legitimised SANASA's position in defence of municipal autonomy. The conference also defended the entry of the public company into the National Front for Environmental Sanitation, a coalition of entities that managed to expand the debate on Bill n° 4,147/2001, demonstrating its centralising and privatising character, thus contributing to its rejection by the National Congress.

In 2003, the 3rd Conference proposed that the Municipal Council of Environmental Sanitation be replaced for the Social Control Council of SANASA.

Campinas supports SANASA's public character

In 1999, a wide movement of civil society, with the participation of social organisations and the city council, impeded the process of shares flotation of the Society of Water and Sanitation Supply of Campinas Ltd. (SANASA) by selling companies' actions. The public and private joint stock company's major shareholder is the City Hall of Campinas that holds 99.9% of the shares.

SANASA is responsible for the municipality's water supply and sanitary sewage services. Its headquarters are located around 100 kilometres away from the city of São Paulo, the state capital.

The flotation of company shares was fiercely opposed by the participants and delegates of the 1st Municipal Conference on Sanitation. The Conference was the decisive point for the militancy of civil society that was joined by universities and worker's movements, and eventually managed to impede privatisation efforts by defending the public character of the company.

The Conference further decided to reject any concession or privatisation proposal regarding public environmental sanitation services. Instead, legally recognised social control mechanisms with deliberative power were created so that society can follow, suggest and supervise the implementation of environmental sanitation policies in Campinas. The delegates realized that only social control can impede the transfer of the public company's control to the private sector.

Institutional Development

In December 2003, SANASA was the only Brazilian company designated by the World Bank and UNESCO to carry out a study regarding the administrative efficiency of sanitation companies.

The nomination of the company was followed by a visit from Edna Aguiñaga, a UNESCO consultant, who analysed SANASA data.

The information was supplied to UNESCO and, at the beginning of 2006, the evaluation results were still unknown.

As Luiz Augusto Castrillon de Aquino, president of the company states, "besides sanitation, SANASA needs to develop in the technological, environmental, cultural and social areas. In the technological area we need to perfect and expand the instruments used by SANASA and export that acquired knowledge to other sanitation companies".

In the environmental field, SANASA has vegetable nurseries at the Vo Pureza Sewage Treatment Plant and one of many native plants at the Picarrao Sewage Treatment Plant, which is maintained by students of APAE with orientation from CEASA (Centrais de Abastecimento – Provision centres).

Environmental Recuperation Fund

In 2007, the licenses for the collection of raw water from the Atibaia and Capivari Rivers granted by the Water and Electricity Department of the State of São Paulo, from DAEE to SANASA, will expire. One license allows for the collection of 4,700 litres of water per second from the Atibaia River, with the average collection rate for SANASA reaching 3,200 litres per second. The collection rate is 200 litres per second for the Capivari River, even though the license permits double that quantity. DAEE is also responsible for licensing the release of effluents from the municipality of Campinas to the regional rivers.

SANASA, jointly with the municipalities of Valinhos, Vinhedo and Itatiba, signed an agreement with the Inter-municipal Consortium of the Hydrographical Basins of the Piracicaba, Capivari and Jundiaí Rivers, for the promotion of collective actions for the recuperation of the Atibaia River, which is located between the municipalities of Campinas and Itatiba.

This programme is financed by a regional fund. SANASA makes a monthly fund deposit of R\$ 0.01 per cubic meter of raw water collected and R\$ 0.02 per cubic meter of raw water consumed.

Apart from the participating municipalities, the programme also includes other entities such as Deprn, Cetesb, Casa da Agricultura, NGOs and rural unions.

Water supply increased along with the city

Until 1875, water in Campinas, as in other Brazilian cities, was taken from open wells in back yards, faucets and fountains that depended on slave work to supply the residences. In addition, there were “watermen”, professionals that collected water from faucets, transported it in mobile tankers and sold it from door to door.

The first proposal of universal water provision in Campinas came in 1875, when the engineer Jorge Herrat won an open bid by the municipality to build and supply fountains in the city. At that time, the source of water for the municipal district was the Tanquinho stream in the city centre, which is now a channel.

At the end of the 19th century, Campinas started standing out as a political and cultural centre. The city grew and the demand for water supply increased. This led to the foundation of the Water and Sewage Company of Campinas (CCAÉ) in 1887, through a concession agreement with the municipality. The agreement initially foresaw the collection of water from the Iguatemi and Bom Jardim streams in Rocinha. These streams currently belong to the municipality of Vinhedo, 18 kilometres from Campinas.

The first residential supply network in Campinas began operating on January 2, 1891, when the municipality had 16,000 inhabitants. However, the city kept growing and in less than 30 years after the installation the supply network became insufficient. More investments were necessary to attend to the needs of the population. Therefore, CCAÉ advocated the recalculation of the tariffs in an effort to improve the network.

At the time, the Public Authority considered the request inappropriate and the then mayor, Raphael de Andrade Duarte, decided to call off the agreement through Resolution 746, of December 1923. Consequently, CCAÉ ceased to exist in the first day of 1924 and was replaced by a municipal authority named the Water and Sewage Branch. In 1952, the branch was promoted to the status of a department (Water and Sewage Department), crediting the responsibility of the city’s water supply to city hall.

In August 1974, the Water and Sewage Department became a public and private joint stock company and adopted the name of Society of Water and Sanitation Supply (SANASA).

Fair price

SANASA was one of the first public companies to establish a Public Prices Bank (BPS) that aims to create monitoring mechanisms for fluctuations in the prices of goods and services.

The Bank assisted SANASA's employees in decision making and contributed to the transparency of the bidding process. Prior to the creation of BPS, prices were frequently high due to cartel formation or due to the imports market value that fluctuated considerably.

The foundation of the Bank was preceded by the restructuring of the suppliers' register and the creation of systematic research of the automated market. The prices were decided by suppliers and other public or private companies. SANASA also organized a price record. The company created calculation patterns for each group of services, in order to define a fixed percentage for each one of the variants comprising the "SANASA fair price."

Today, the purchase specifications are standardized. The operational acquisition costs were reduced and there is higher efficiency and an increase in speed.

Losses in decline

The whole infrastructure of the water supply system is already oriented to meet the new demands resulting from the growth of the city until 2010, at least. The population is supplied by five water treatment stations, which receive water from the Atibaia and Capivari Rivers. The group of Water Treatment Stations (ETA) has a combined production capacity of 100 million cubic meters of water per day. The water is stored in 65 reservoirs, dispersed throughout the city, that have a total capacity of 122 million litres. Thirty-three of the reservoirs are partially underground and 32 are elevated.

At the beginning of this year, the system was reinforced with new treated water reservoirs and more than 60,000 metres of network meeting the needs of 35,000 additional inhabitants.

In the last ten years, SANASA's continuous efforts led to the reduction of water loss from 37% to 25.8%. During the same period SANASA registered a 10.1% reduction in revenue loss. These facts are directly related to the institutional development of the company. The location of Campinas can explain the extreme attention given to the rationing of water. The municipality collects water from the Atibaia and Capivari Rivers, which are characterised by shortages and significant competition for the use of raw water.

In 1997, the company signed an agreement with DAEE, which is responsible for the current licensing system, to determine the maximum collection volumes from the two rivers. As engineer Lina Cabral Adani, of SANASA states, "Besides that, financial institutions such as Inter-American Development Bank (IDB) and International Bank for Reconstruction and Development (IBRD) tied financing to the reduction of revenue loss. Another relevant factor was the need to reduce costs and postpone investments in the water system and develop tariffs more adjusted to the socio-economic reality of the population by redirecting financial resources to sewage treatment that always received a lower percentage of resources than the national average".

The Losses Reduction programme involved human and financial resources from all of the company's departments. As part of this strategy, SANASA created a division of losses control that focused on pipe monitoring, micro-assessment and technical reporting, in addition to creating technical groups formed by employees from the financial, administrative and technical/operational departments.

Sub-programmes were developed with permanent activities related to technical reporting, macro-assessment, tube monitoring and micro-assessment. The assessment sub-programme, which largely interacts with the consumer, was restructured in 1997. The objectives were to increase the reliability of the measurements

registered by the 214 thousand hydrometers installed in the city; reduce the losses provoked by under-assessment, and; combat irregularities resulting in revenue loss due to the use of alternative sources of water supply.

Until 1997, the Hydrometers Office administered the hydrometers, when it was transformed into the Hydrometry Laboratory. The laboratory, which is certified by INMetro, conducts trials for the purchase of new hydrometers and, at the request of customers, performs studies on new equipment.

Sewage treatment is the challenge

The big challenge facing Campinas is sewage treatment. Around 37% of the sewage derived from approximately 200,000 connections is treated in six operating treatment plants. SANASA has two more Sewage Treatment Plants under construction, four in the planning phase and three awaiting environmental licensing. The aim is to increase sewage treatment to 70%. The president of SANASA commented, “the plan is to reuse the sludge derived from the sewage and water treatment plants in agriculture and construction”.

Today the effluents are discharged into streams and canals crossing the urban area. The municipality intends to meet the challenge through the Sewage Treatment Master Plan developed by SANASA, in 1996, which divided the city into hydrographical basins, respecting the natural drainage pattern of the Atibaia, Quilombo and Capivari Rivers.

SANASA and city hall signed the Conduct Adjustment Term (TAC) with the Interior Ministry in 1998, committing to carry out the necessary investments to treat 100% of the city’s sewage by 2016.

Of the six sewage treatment plants operating, just one was built with tariff revenue resources. For the others, SANASA obtained burdensome resources from the Employment Guarantee Fund (FGTS).

Tariffs do not need the approval of City Council

The organisational structure of SANASA includes an Administration Council, which is composed of five members, and all are shareholders of the company. Two of these members are directors of the company and one of them is the president. One of the five seats on the council is occupied by a career employee.

Being a mixed public-private joint stock company, SANASA has its own accountability. The company decides itself about investments made from its own financial resources, without having to consult with city hall.

As the president of SANASA, Luiz Augusto Castrillon de Aquino states, “SANASA uses resources from several sources to implement projects. There are resources from the IBRD, FGTS, the State Fund of Water Resources (FEHIDRO) and also non-reimbursable funds from the Union’s Central Budget. Even in the case of financing, the resources originating from tariff revenues are essential to guarantee the counterpart funding required in financing contracts.”

SANASA’s tariff policy is periodically revised through technical studies. There are annual readjustments based on values corresponding to the projected cost for next year, taking into consideration the investments which will be made during that period. Any tariff increase proposal due to the analysis is submitted for approval to the Administration Council. The tariff regulation does not need the direct approval of the mayor or of city council, a mechanism that greatly reduces political intervention in regards to prices.

With the collaboration of Paula Andreia Ricoy