

CONGRESS OF LOCAL AND REGIONAL AUTHORITIES OF EUROPE

Resolution 140 (2002)¹ on local authorities and public utilities

The Congress, bearing in mind the proposal of the Chamber of Local Authorities,

1. Recalling the final declaration of the Conference on Local Authorities and Public Utilities in Europe, held in Innsbruck (Austria) from 10 to 12 October 2001 by the Congress in conjunction with the Committee of the Regions of the European Union and the City of Innsbruck;
2. Noting that the conference provided local elected representatives with a forum for discussion, exchange of information and pooling experience on the role of local authorities in managing public utilities;
3. Considering that it is the responsibility of local authorities to provide services in the general interest of consumers and to ensure the well-being of the population, while at the same time ensuring that municipal enterprises are in a position to assert themselves competitively in Europe;
4. Noting that local and regional authorities are in many cases the owners of public utility infrastructure facilities and enterprises that perform important economic and social functions;
5. Noting that the liberalisation of markets in the European Union has led, in many cases, to significant and welcome price reductions in public utilities, mainly for the business community but also for the public;
6. Noting that the private sector can contribute to the efficient provision of public utilities, combining profitability with quality of service;
7. Considering, furthermore, that a totally public approach to utilities management has in some cases proved to be inefficient and hampered by political influence;
8. Believing, however, that the private sector is not designed to ensure balance and social and territorial cohesion in the provision of services; is concerned with the utility value rather than the public interest value; is interested in maximising profits rather than optimising them and is not necessarily subject to democratic control;
9. Expresses its concern about the tendency towards consolidation observed in the utilities sector in Europe (in particular energy production), with the risk that production and distribution might become concentrated in the hands of a small number of powerful oligopolies and monopolies;
10. Expresses its belief that the provision of essential services in towns should be viewed primarily in terms of a well-balanced combination of public and private elements:

a. public in terms of the obligation to serve a wide range of social and economic interests; to respond to citizens' needs; to ensure basic loyalty to the local authorities concerned; to retain significant assets at local level; to promote respect for natural resources and the environment; and to create jobs;

b. private in terms of managerial freedom, absence of political influence and the criteria of efficiency and free choice in the provision of services;

11. Considers:

a. that local authorities should have the freedom and political autonomy to determine the manner in which they provide infrastructure services and public utilities;

b. that it is essential to ensure democratic participation by citizens in the provision of services; that consumer associations should be consulted in order to ensure that supply matches actual needs; that users should be given clear, free and comprehensive information about the services to which they are entitled and, in case of disruption of services, reasonable and appropriate compensation;

c. that it is important to ensure maximum transparency in the methods of providing public services, particularly as regards choice of suppliers, the use of public funds, methods of pricing, and procedures for awarding contracts;

12. Draws the attention of local authorities:

a. to the need to ensure that the structures and installations used for providing public utilities are adequately protected and secure against natural disasters and terrorist attacks;

b. to the pressing need to pursue a sustainable spatial development policy, ensuring that any public service infrastructure which presents a public health risk is sited well away from residential areas and, conversely, that such areas are not extended to the vicinity of such installations;

13. Underlines that the quest for optimum profitability in the utilities sector should not result in overuse of infrastructures or a relaxation of inspection and maintenance procedures, and recalls in this connection that the relentless pursuit of instant profits from utilities can lead – in the medium and long term – to heavy losses for enterprises and for local authorities;

14. Asks local authorities in the Council of Europe member states to:

a. introduce systematic supervisory procedures for the provision of public utilities (in terms of prices, costs and information about providers); exercise democratic control over providers of public utilities and regularly review the value and quality of the services provided;

b. take account, in decisions concerning service provision, of the specific requirements of certain sections of the population such as disabled people, those on low incomes and the elderly, and to ensure that these needs are duly reflected in the cost of the services and the manner in which they are provided;

15. Asks local authorities to ensure a balanced territorial distribution of services in order that poorer areas enjoy the same benefits and the same prices as more affluent areas;

16. Urges its Statutory Committee on Sustainable Development to continue its activities and discussion on local public utilities, and to consider preparing a

compendium of innovative examples and good practice in this area.

1. Debated and approved by the Chamber of Local Authorities on 5 June 2002 and adopted by the Standing Committee of the Congress on 6 June 2002, (see Doc. CPL (9) 4, draft resolution presented by Mr A. Schreiber, rapporteur).