

THE SUITABILITY OF THE GOVERNANCE WATER MANAGEMENT MODEL: THE SERVICE ASSOCIATION OF MUNICIPALITIES IN THE PROVINCE OF HUELVA (MAS)

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Abstract: The aim of this paper is to show the advisability of service governance based on a strong and broad experience in creating bodies of associations of municipalities at a provincial level and in line with the recent "Water Law" in Andalucía (Spain). Thus, after having analyzed the creation and first steps of the Service Association of Municipalities in the Province of Huelva (MAS) as well as its management public company – Giahsa – we defend the theory that the meaning of a governance model together with the effective management of a company is possible, namely: the governance model does not have to be incompatible with company efficiency.

Introduction

The origins of the governance of water resources by the Association of Municipalities in the province of Huelva date from 1980, where the coming "County of Huelva Water Association of Municipalities" (*Mancomunidad de Aguas del Condado*) started as an inter-municipal group with the participation of *Almonte*, *Bollullos del Condado* and *Rociana del Condado's* councils. In 1989 the bylaws of that new Association of Municipalities were approved and presidency was based on a rota system at that first stage. That same year, the town councils of *Lepe*, *Aljaraque*, *Ayamonte*, *Cartaya*, *Isla Cristina*, *Moguer*, *Punta Umbria* and *San Juan del Puerto* worked altogether very hard to modernize their supply, sewerage and water treatment infrastructures as a top priority. Therefore, those eight town councils created "Coast of Huelva Water Association of Municipalities" (*Mancomunidad de Aguas Costa de Huelva*), as well as their management public company: Giahsa.

Over the years, both Associations increased their area of operations due to the addition of new councils. Thus, in March 1991, the councils of *Bonares*, *Chucena*, *Escacena del Campo*, *La Palma del Condado*, *Lucena del Puerto*, *Manzanilla*, *Niebla*, *Paterna del Campo*, *Rociana del Condado*, *Villalba del Alcor* and *Villarrasa* joined the "County of Huelva Water Association of Municipalities" composed of *Almonte*, *Bollullos* and *Rociana* at that point, until its dissolution in 2009. In the case of the "Coast of Huelva Water Association of Municipalities", other councils joined as well in the following years such as *Villablanca*, *San Silvestre*, *Trigueros* and *Beas*. From 2001 to 2008, Giahsa Management Company expanded progressively its area of operations in the *Andévalo*, the Coal-Mining Area and the Countryside (*Sierra*) due to agreements made by Associations. In addition, the services for collection and treatment of municipal solid waste (MSW) started in 2005.

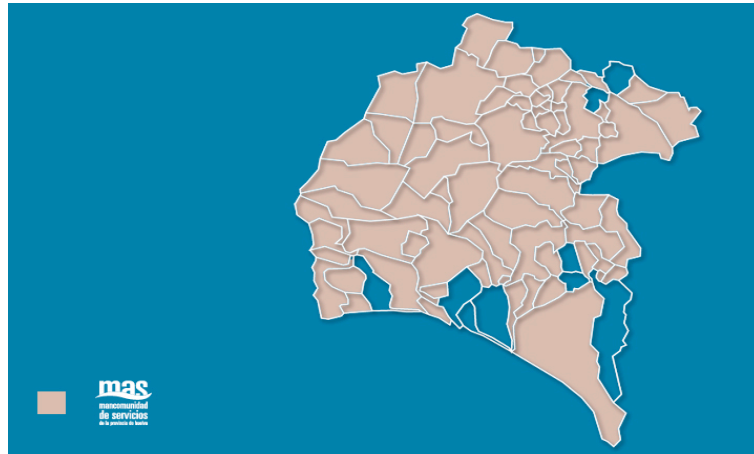


Figure 1: MAS' Area of operations in the province.

Finally, the merger of Coast and County Associations officially founded the Service Association of Municipalities in the Province of Huelva (MAS) on January 1st, 2010. It was supported by 70 municipalities after a complex administrative process which lasted for nearly two years. On that date, Gihasa – the company operated by MAS started all its services for the integrated management of water and solid waste in the province of Huelva. MAS is one of the first companies of Huelva origin which serves 70 municipalities and more than 180, 000 customers. It is made up of more than 500 workers with high personal and technical skills plus a vocation of continuous improvement, technological leadership and the advocacy of an effective, sustainable and transparent governance model.

Methods

The governance model of resources advocated by MAS was created with the aim of combining the efforts of the municipalities in the province of Huelva for all citizens' benefit on an equal basis. These basic services are water supply and sewerage as well as water and solid waste treatment.

As stated in the 7 / 1985 "Regulating Law of Local System" dated April 2nd, basic public services which are part of the integrated water cycle (domestic supply of drinking water, wastewater disposal and treatment) and the collection and treatment of municipal solid waste (MSW) are the backbone of the traditional activity of councils. In this respect, MAS can not ignore the requests for quality in public services demanded by users and by urgent environmental issues, and the need for greater efficiency in public spending.

The goal of MAS, therefore, is to become a benchmark of efficacy for citizens and an example of solidarity among municipalities. Citizens profit from high quality of services

regardless of their place of residence while councils take political control of these public services through democratic participation in the governing bodies of MAS.

The method proposed by MAS is to activate the services related to the integrated water cycle and solid waste collection through the aforementioned Giahsa management company under the criteria of effectiveness, efficiency and respect for the environment, in keeping with the 4 / 2010 "Water Law" of the Autonomous Community of Andalusia, June 8th.

With a turnover of EUR 47.2 million in 2009, MAS is based on a business model combining effective financial management with economic and assets balance. To that end, MAS reinvests profits according to criteria of efficiency and innovation to ensure the supply of services on an equal basis and at a reasonable cost. Also, a philosophy of continuous improvement in management is applied in all its processes and systems, allowing MAS to remain at the forefront of the industry by meeting the highest standards of quality and sustainability.

Thus, the organizational structure established in MAS consists of: Plenary Session (members of the Association of Municipalities), President (government functions, administration and representation), Vice-President (with powers delegated by the President and the Standing Committee) and Standing Committee (with a maximum of 13 members).

As for Giahsa, its organization consists of: General Meeting of Shareholders (representing all the municipalities, approving of annual accounts, funding of the Association of Municipalities, management of their resources and assets, and implementation of agreements), and Board of Directors (made up of members of MAS General Meeting of Shareholders in equal parts, technicians from municipalities as well as technicians from other related public government services). Finally, the technical management of Giahsa is represented by a qualified team, coordinated and run through a Management.

Results and discussion

After half a year since the implementation of MAS – Gihlsa – its governance company – expects to reach a turnover of approximately EUR 56 million in 2010. These figures confirm the trend set in 2009, where turnover rose up to 47.2 million, doubling its profit from the previous year and placing it at 482,398 Euros.

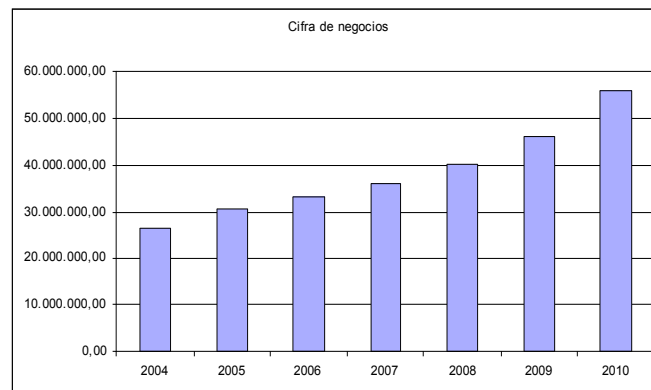


Figure 2: Evolution of Gihlsa's Turnover.

The analysis of these figures may cause a point of discussion based on the following approach: the meaning of a governance model does not have to be incompatible with company efficiency.

Conclusions

This experience in creating bodies of Association of Municipalities leads us to believe and advocate that the governance model is successful. From the public system, MAS is being able to guarantee a high level of services to all citizens in the province and to ensure that councils – through the General Meeting of Shareholders – are those which exercise a democratic control of governance. Also, such governance does not have to be incompatible with business efficiency. Thus, a model of efficient, qualified and balanced governance to the province of Huelva is being extended by MAS from the awareness of a transparent, sustainable and participative public service.

References

- Bylaws of the Service Association of Municipalities in the province of Huelva (MAS).
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