

## **Submission from Anti Austerity Alliance – People Before Profit to the Expert Water Commission**

Anti Austerity Alliance – People Before Profit contend that the manner in which the public in Ireland pay for water was decisively settled in the aftermath of the successful boycott campaign fought in the mid 1990s which culminated in the abolition of the water charges in December 1996 by the then Fine Gael – Labour - Democratic Left government.

It was then uncontested at national and European level in the form of a derogation that, uniquely in Ireland, water is funded through progressive general taxation. Nothing in our view has altered that basic truth and the reality is that the reintroduction of the charge which was agreed to by the last Fianna Fáil, Green Party government and implemented by the subsequent Fine Gael - Labour government was part and parcel of an overall austerity agenda which loaded a range of cuts and impositions on working people and the unemployed.

Therefore we see the adequate ongoing and future funding of our water service as part of a fundamental shift in how the taxation and debt burden shared between PAYE workers on the one hand and sources of unearned undertaxed wealth and economic activity in Irish society on the other. We have advocated measures to this end in successive pre budget statements since 2011 and will restate them in our forthcoming 2017 budget statement will apply the same approach. Therefore we favour the on balance sheet funding of Ireland's water system through genuinely progressive taxation regardless of the Fiscal Compact Debt and Deficit rules. However there is also reason to believe that even within these rules vital capital investment in water infrastructure could fall outside the normal debt and deficit spending restrictions. The ESRI made this same point to the budget scrutiny committee.

In terms of the management and improvement of our water system we made a comprehensive submission to the Oireachtas Committee for the Environment Community and Local Government on Irish Waters 25 year plan. This submission, written by Anti Austerity Alliance – People Before Profit South Dublin County Councillor and qualified Engineer Mick Murphy is enclosed as an appendix.

The management structure we have advocated (see Appendix 2 private members motion from 19 March 2016) is one of democratic local authority structures and a national co-ordinating body safeguarding the jobs and conditions of water workers.

Despite the formal position held by all parties that Irish Water should not be privatised it is clear that if a near universal compliance by the public was achieved in terms of payment of a water charge a legal path towards privatisation would be opened up. Specifically the TFEU stipulates that once a service of general economic interest becomes a revenue producing monopoly competition rules apply which would lead to either a push from the European Commission for allowing private interests to compete.

Even now under nominal public ownership a privatisation of stealth has effectively taken place in the form of outsourcing of consultation, management and operational work. This underlines that the claim made that Irish Water as an entity will lead to a more cost effective way of providing water is spurious when it is clear that the only cost saving they have in mind is the reduction of experienced water works staff to the tune of 1,200 but on the basis of widespread outsourcing profit margins have to be built in to all contracts at the expense of consumers and workers pay and conditions.

### **Conclusion**

A struggle of even greater magnitude and breadth has been waged by people against the reintroduced water charges since 2014 than the successful campaign fought in the mid 1990s. The very success of the current struggle played no small role in the outcome of last February's general election and the promise by a majority of TDs in the Dáil to abolish the charge.

Anti Austerity Alliance – People Before Profit is opposed to water charges and counterposed their immediate abolition to the government and Fianna Fáil's suspension of the charge and establishment of this expert review group. It has since been confirmed by Irish Water that the boycott of the fifth billing cycle climbed to 73% of householders making clear the majority desire for abolition. Any proposal by the review panel to reintroduce charges in any form will be met by opposition from us and hundreds of thousands of householders alike with the re-ignition of a boycott campaign.

The eventual abolition should be accompanied by

- an amnesty for all outstanding bills
- a refund for those who paid
- the dropping of all charges related to water charges related protest activity
- a fair deal for rural dwellers who are not part of the public water system. They should be either integrated into the mains system or given full relief on the expenditures they are forced to incur for water and waste water

## **Appendix – Submission on water management made by Anti Austerity Alliance Councillor Mick Murphy to Oireachtas Committee for Environment, Community and Local Government in 2015**

### **Introduction**

Over €7bn of capital has been spent by the taxpayer since 2000 on the 1,856 treated water (drinking) and waste water (effluent) treatment systems and related infrastructure in this Country.

In 2007 98% of water supplies sampled by the EPA complied with drinking water standards. Of course for the households supplied from the 2% of the water treatment systems that are not compliant, with some on boiled water notices, this is a totally un-satisfactory situation.

94% of waste water now receives secondary treatment up from 21% in 2000. This is a requirement of the 1991 Urban Waste Water Treatment directive for all urban centres above 2,000 people which discharge to rivers or estuaries. Ireland is however being taken to court in Europe for missing the deadlines set out in the directive by more than 10 years.

Nonetheless it is clear from reading the many reports available from the Department of the Environment (DoE), the Environmental Protection Agency (EPA), Dublin City Council (DCC) etc that the heavy lifting is done with 100% compliance in relation to secondary treatment of waste water (effluent) due by the end of 2016 when the final 1% of the systems are finished their upgrades including four in Cork, three in Donegal and one each in Wicklow and Galway. The main delay in relation to most of these projects since they were started has being planning issues around where to site effluent treatment plants.

It is an historic achievement to have the hundreds of towns which had been dumping raw sewage now connected to waste water treatment plants and all this was achieved by the public service with tax payers money.

Compared with the task of achieving compliance with the 1991 directive, compliance with the Water Framework Directive should be more straightforward given the infrastructure that is now in place, the fact that we are a relatively sparsely populated Country with many sources of water and access to an abundance of renewable energy. Irish Water say a similar level of investment (€5-6bn) will be needed to achieve this.

### **The IW strategic plan proposes to dumb down the focus on leak repairs**

While it is widely accepted that leaks from the treated, drinking water system is a huge issue the main focus in the Irish Water 25 year Strategic Plan is pointing towards investment into new capacity to supply an expected population growth in particular in the Dublin Region with less of an emphasis than there has been in recent times on tackling the huge losses from the system.

The agreed leak rate for the country as a whole in all recent reports is 41%. However that number has surprisingly jumped in Irish Water reports to 49%. Irish Water has produced no new information to show why the higher figure has come about all of a sudden. The most likely reason for the leak rate jumping up by 20% soon becomes apparent in that the target IW propose until 2021 is to reduce the leak rate to 38%. That would be a reduction of 11% if the leak rate was 49% but is only a reduction of 3% assuming the leak rate is in fact 41%.

It also seems that economically viability now takes priority over water conservation. The Dublin Region (including Kildare and Meath) reduced leaks since 1996 from 42.5% to 28% under the Dublin Region Water Conservation Project. That is what has catered for all the development in the past 20 years without any capacity being added. Irish Water is opting for the “Economically Viable” targets of 20% leaks in Urban Areas and 25% in Rural areas despite South Dublin County Council using district metering and a leak detection crew already having achieved the “World Class” target of 16% and Fingal County Council not far behind. County Limerick and Wexford are the standard bearers outside of the Dublin Region.

In truth the setting up of Irish Water has set back progress on all fronts with the year 2013 missing completely from the capital program reports.

### **Estimated water leakage from Housing Units is now proven to be way overestimated.**

Another reason for IW dumbing down the leak repair program is they now have conclusive information from the domestic meters that are already fitted shows leaks from housing units at 2.8% being a relatively minor component of the overall losses of 41%.

Irish Water announced recently that based on the meters already installed they can extrapolate that for their estimated 1.5million customers the leak rate is 45million litres per day or 30 l/prop/d. That is under 3% of the total water produced and they say that only 7% of houses have leaks with half of those losses being accounted for by overflowing cisterns.

Related to all of this is the comment in the Report by Dublin City Council regarding its Water Supply Project – 2010 where it says “Current customer side leakage levels of 65 l/prop/d (2010) are forecast to reduce to 35 l/prop/d (2022) and 25 l/prop/d (2031)”.

At 30 l/prop/d the leak rate on the house side of the system is less than half the 65 l/prop/d predicted in the Dublin City Council report with the 2031 target almost achieved already. By simply going after the

half of the 7% of housing units in the state who have overflowing cistern's IW will be able to reduce the national leak rate to below 40% with little or no cost.

This all adds up to a classic case of a self fulfilling prophecy and very typical behaviour of a company motivated by profit rather than a public service which takes conservation seriously as many of the Councils had been doing.

By setting these targets IW have left it open that they do not have to invest much capital into the rehabilitation of water mains and expensive projects such as the replacement of the Vartry Tunnel in order to reach their targets. Instead they can concentrate on expanding the network to more and more "customers" from which huge profits can be earned when the metered charging structure kicks in after 2018.

### **Cost of running Irish Water vs the charges that they are planning after 2018 and the pressure to privatise.**

The €3.70 per 1,000 litres that IW charge for water in (€1.85) and Waste Water out (€1.85) is twice the typical charge to industry that the local authorities were charging. After the €160 & €260 cap is lifted in 2019 the typical charge per person will be €200 per annum based on the typical usage figure for these islands of 150 litres per person per day. That will be €500 for an average household (2.5 people) rising to €1,000 for a five person household. This would generate revenues of €750m per annum for Irish Water if they had 1.5million households paying.

There are figures which show that the actual customer base of Irish Water is more like 1.7million households so the potential annual revenue is heading towards €1bn and that is before IW start increasing the unit charges or reducing the "free" allocation for children which means the cost for children is approximately 40% less.

During their last year of supplying water Dublin City Council had a budget of €53m to supply the 216,827 housing units plus industry in the City. They also supplied some water to Fingal from this. Allowing for the fact that Industry including businesses use on average 20% then the cost per household to City Council was at most €195 per household and that is assuming for simplicity that the householders also pay for all the water that is leaked or used in Fingal.

The actual cost of supplying water is also borne out by the typical charge on a group water scheme which are non-profit organisations being between €150 and €250 per household per annum. This also suggests where the current flat charge from IW of €160 and €260 come from.

Any way you look at it the plans that are in place clearly allow for Irish Water to become an extremely profitable company. The pressure then from International capital to privatise Irish Water would be immense. Given that Irish Water already owns €11bn in assets and given its potential profitability it would be worth 10s of billions of euro. The sort of amount of money that would fund a future bank bailout and well the IMF know this.

### **Irish Water vs the River Basin Structure.**

The structure pre Irish Water is based on river basins with the 9 districts for the whole island called East, West, Shannon, South West, South East, West, North West, Neagh Bann and North Eastern. That structure cost very little to manage and was simply an exercise in co-ordination between the various local authorities and the Department of the Environment (DoE).

Even in state ownership the hugely expensive national monolith that is Irish Water is very unlikely to ever perform as well as the regional river basin structure which cost a tiny amount to run and had made such great progress particularly in the past 20 years. In private hands driven by profits Irish Water could not possible perform as well as the publically owned system has.

The example already given for leak repair and management of the treated drinking water system for the Dublin Region (Dublin, Kildare and Meath) which has nearly half the population far surpasses any plans that Irish Water have.

### **Conclusion.**

Clearly the local authorities co-ordinated using a river basin district structure and with low cost capital supplied by the state transformed the Waste Water systems in the Country over the course of the past 20 years and kept the existing drinking water supply systems operating to a capacity sufficient for the needs of today.

Nothing that is being proposed by the setting up of Irish Water improves that situation and if anything takes the focus off such key tasks as water conservation.

Therefore Irish Water was not set up relating to the needs of this Country but rather the needs of big finance internationally to find a home to invest their billions. Clearly domestic metering has little or no bearing on the system and so this too was embarked on in order to facilitate the charging for water.

Therefore our key proposal is to hand the system back to the local authorities with the co-ordination by the river basin structure and funded by low cost capital raised by the state. This would be a step forward from where we are now both in terms of water supply and also water conservation plus waste water treatment.

## Appendix 2

Motion for Anti Austerity Alliance – People Before Profit 19 March 2016

That Dáil Éireann:

notes:

- the clear rejection of water charges and Irish Water in the general election of 26 February 2016, whereby a significant majority of people voted for parties and independents which claimed to stand for abolition of Irish Water and for abolition or suspension of water charges;
- water charges and Irish Water are a crucial part of an agenda of austerity and prepare the way for the full privatisation of water through the commodification of this vital natural resource;
- instead of raising money for investment in water infrastructure, water charges have lost money as a result of the ‘conservation grant’, the administering of the charge and the grant and the money spent on private consultants, together with higher borrowing costs as a result of the failed ‘off-balance sheet’ model of Irish Water;

- the Irish Water investment plans are entirely inadequate to deal with the legacy of under-investment, with the €1.77 billion three year investment plan amounting to only a slight increase in the €0.5 billion a year average since 2000;

recognises:

- the movement of mass protests, opposition to water metering and a boycott of over 50% of the liable customers has placed abolition of water charges and Irish Water on the agenda;
- the continuation of that movement, with an increase in the numbers of people boycotting the water charges and further mass mobilisations is essential if opposition to water charges is not to be horse-traded away by political parties in the course of negotiations for government;

calls on the government to:

- immediately abolish water charges, refunding those who have already paid, many of whom felt bullied into paying;
- halt the installation of domestic water meters;
- abolish Irish Water/Uisce Éireann , with the water and sanitation infrastructure to be vested in democratic local authority structures;
- establish a single democratic national water and sanitation board, which will be responsible for the national co-ordination of the provision, transmission, sanitation, management and operation of the public water and sanitation supply in the public interest , this board would urgently deal with the leakages in the system, this board would not be a company and remuneration and pay scales would be the same as those of local authorities;
- transfer all Irish Water workers to local authorities or the national water and sanitation board, with a continuation of their current terms and conditions;
- initiate a referendum to amend the constitution to guarantee the public ownership of the public water system and all natural resources in the constitution;
- develop and implement an ambitious plan of capital investment in water and sanitation infrastructure of €1 billion a year over the next five years to ensure access to quality water and sanitation for all.