

## **Chambers Ireland submission on Irish Water Revenue Control (2020-2024)**

Chambers Ireland is Ireland's largest business network with the broadest geographical base, our 41 member chambers are active in every major town and city in the country, with a deep commitment to thriving economies at the local, regional, and national levels.

The provision of pure water, and the disposal of wastewater, are essential to the commercial activities of all our members, and so a lack of capacity creates a fundamental limit to the development of the communities and businesses which support our domestic economy.

Chambers Ireland strongly supports the National Development Plan (NDP), and the National Planning Framework which foresees increasingly dense urban development that is largely focused on the five metropolitan areas, as well as some of our regional towns and cities.

The members of Chambers Ireland are acutely aware of the difficulties that are presently occurring in various parts of the country. In the cities, we are seeing concerns about the adequacy of potable water supplies, and the capacity of the distribution networks to deliver the water where it is needed.

Meanwhile, the lack of capacity in the wastewater services of the Irish Water Network has been a limiting factor on development across wide tracts of the State, and so is a constraint upon the efficaciousness of the NDP, particularly in regional areas.

It is now a regular occurrence that large, dense housing developments are being refused planning permissions due to the absence, or undersupply, of wastewater treatment capacity. This is a particularly acute problem with Strategic Housing Developments.

Dublin's Ringsend plant is overcapacity, and the Orbital Sewer/Clonshaugh wastewater treatment facility have been delayed in the planning process. In Cork, while there has been a massive improvement in the volume of raw sewage that is discharged into Cork Harbour, as much as half remains untreated.

The business users of water infrastructure will, through the Non-Domestic Water Charges, fund a significant amount of Irish Water's costs, and for business users, security of supply is their primary concern.

There are three risk dimensions attached to security of supply, firstly is the projected growth in demand; it is estimated that in the RC3 period, demand for water is set to increase by as much as 20%. Secondly, changes to our climate are likely to have a significant impact on our water supplies, with increased flooding risking ground water contamination, and deeper winters damaging our pipe network and increasing demand through leakage. Thirdly the potential for underinvestment in Irish Water itself risks damaging supply.

While every business in the country is aware of the importance of efficiency, essential services like water supply also need sufficient capacity to provide for all scenarios. We therefore need to have a water network which is resilient to all possible shocks.

The legacy of significant historical underinvestment in our water supply shapes our water network and cause the problems it faces today. Significant capital investment is needed to ensure that adequate services are available in every community, and Chambers Ireland's concern is that the levels of Operational Expenditure that the Commission for Regulation of Utilities is demanding of Irish Water may result in that organisation having a diminished capacity to fully utilise the products of the ongoing capital investment programme.

Irish Water, as a semi-state body, has been directed to take in hand many diverse water networks, including private Group Water Schemes, of varying quality and integrate them, safely. Thankfully they have been effective in making our water supply safer, but substantial further investment is needed if the now national network is to become robust.

Many of the decisions which affect Irish Water's business plan are exogenous to the company, and are a result of political decision making, in particular the consolidation of not only the Local Authorities' assets but also their workforces was always going to become an industrial relations issue that would be a burden on the balance sheet of Irish Water.

The Service Level Agreements with Local Authorities that Irish Water is forced to rely upon are costly and difficult for Irish Water to influence, therefore Chambers Ireland is concerned that if the rate of change of operations expenditure is too steep, then this will create bottlenecks in the roll out of Capital Expenditure.