



**Chambers Ireland Submission to Irish Water
on the Project Need Report**

28 April 2015

Summary

The stable supply of high-quality water is a key requirement for Ireland's future economic growth. Not only is water critical for citizens, investment in water services infrastructure is also directly linked to Irish businesses' ability to compete internationally as well as our ability to attract new foreign direct investment.

Chambers Ireland fully supports the key finding of the project need report: Namely that a new water supply for the Eastern and Midlands region is required.

We welcome the long-term planning approach adopted in the report and support the proposal to expand the previously identified supply area to beyond the Greater Dublin Region. By taking this approach, more areas stand to benefit from investment which thus will support economic expansion in more regions.

In our opinion, the long-term view and national point of departure underpinning this report illustrates the merits of transferring the responsibility for water services provision to a national utility, and we call on Irish Water to adopt a similar starting point for all future capital investment decisions.

Introduction

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of businesses and represent their views.

This submission to the consultation on the Water Supply Project Eastern and Midlands Region has been shaped on the basis of inputs from our Chamber Network and policy councils, which comprises representation from a variety of industry sectors.

We have structured our responses in line with the questions posed in the consultation document.

1. Has the Project Team considered all issues related to need? Have all factors been considered?

Chambers Ireland fully supports the view that a new water source is needed for the Eastern and Midlands region. This need is clearly illustrated through the fact that the Dublin water network operates at 99% capacity at any given time. Such a level is highly unsustainable and a direct consequence of years of underinvestment.

The current low headroom capacity in the Greater Dublin Region bears a high risk of water shortages, which can result in high disruption costs for businesses and domestic water users. Recent water outages in Dublin in the period 2010-2014 are estimated to have cost the Irish economy in excess of €78m per day. Added hereto is the unquantifiable cost of reputational damage to Ireland and the Mideast region, which risks dissuading potential investors from establishing enterprises in the region.

Chambers Ireland is satisfied that the project team has considered all issues related to need. We welcome the methodology adopted including the use of an evidenced-based approach taking into account population growth projections, economic forecasting, metering effects and a water demand review. In particular, we support how strategic provision has been incorporated into demand projections and the ambition to increase spare headroom capacity to sustainable levels in line with international best practice.

In our view the joined-up thinking evident throughout the proposed project demonstrates the benefits of having a single utility responsible for the provision of water services. By adopting a national view Irish Water can plan and develop infrastructure in accordance with a coherent national strategy. The investment as envisaged in this project will ensure that water infrastructure is enhanced in a number of different regions; thus supporting wider economic growth.

In particular, we welcome the identification of a 'benefitting corridor' which will benefit from the transportation of treated water en route to Dublin. Through the inclusion of a benefitting corridor in capital infrastructure decision-making, return on investment will be maximised to support economic activity and new investment throughout the Midlands and East, including in county Tipperary, Offaly, Meath, Westmeath and Laois.

2. Would you like to be kept informed of project updates and if so would you be happy to be added to our database and to receive regular project updates?

Chambers Ireland considers the water supply project for the Eastern and Midlands Region a matter of great national importance, and so we would like to be kept informed about project updates.

3. The Roadmap we propose to follow in bringing forward a solution to meet the need is presented as part of this consultation.

The capacity of our infrastructure to meet daily water requirements of both businesses and domestic households is of immense importance for our ability to create sustainable economic growth and attract further investment. At present, Ireland's strongest competitors in water-intense industries such as pharmaceuticals and the IT sector include countries such as Israel, which although located in an area of severe water constraints is able to meet the water requirements of companies at an affordable cost. If Ireland is to continually attract FDI and support new industries we must ensure that the capacity of our water network is improved, which only can be achieved through large-scale capital investments.

For the Midlands area in particular, an upgrading of water services infrastructure, and the prospect of diverting additional water resources to areas in need, will facilitate the area becoming increasingly attractive to foreign direct investment bringing both jobs and economic growth to the region. Consequently, the Eastern and Midlands Supply Project must be viewed as a matter of national importance.

In order to protect the economic well-being of our businesses and the needs of domestic users we suggest that construction on the Eastern and Midlands project is commenced as soon as possible. We therefore encourage all relevant authorities to cooperate effectively to expedite the planning and permits phase of the project.

In reaching a preferred option, Chambers Ireland recommends Irish Water to pursue the Parteen Basin solution. Despite requiring additional pipeline length, an initial review would suggest that this option is most cost-efficient. In addition to meeting need in the Greater Dublin Area, this solution would establish a benefiting corridor, enhance resilience in the East and Midlands, and thus underpin regional economic development. We therefore consider the return on investment to be greater than any solutions which merely feed water to users located in the capital region. Furthermore, potential local hostility towards water abstraction is likely to be less of a risk for a proposal which only seeks to source water from an abstraction point immediately before feeding into the sea.

While leakage reductions admittedly will not suffice in meeting increased demand, they will go some way to limit the economic cost to businesses due to supply disruptions by improving spare headroom capacity. We therefore recommend Irish Water to reduce the level of leakage in the Dublin region to an economically sustainable level. However, it must be recognised that efforts to reduce leakage must take place in tandem with the development of a new water supply route, not as an alternative.

In delivering the Eastern and Midlands Needs Project it is crucial that Irish Water operates in an economically efficient manner. Ultimately, the costs of this project will feed into customer tariffs.

Since Irish Water not only must be able to meet the demand for water, but also deliver water services at an efficient cost, it is imperative that all projects of this scale are delivered within budget.

Additional comments

As part of the roadmap to meet future water needs, Chamber Ireland encourages Irish Water to consider how companies in the benefitting corridor can effectively engage in procurement processes. We suggest that Irish Water consider local economic benefit as part of its procurement strategy for construction, which we also believe will generate further support within communities located along the project route.

As set out in this response paper, Chambers Ireland believes the proposed project has great potential to support economic growth throughout communities located along the identified benefitting corridor. In other words, we consider this initiative an appropriate flagship project illustrating the merits of adopting a national view when making investment decisions. Learning from the experience over the past two years, we suggest that Irish Water adopt a clear communication strategy to support roll-out of the needs project. In our view, all communication should highlight the national importance of an adequate and reliable water supply and clearly point out the benefits to communities located in the sourcing area and alongside the benefitting corridor.