



INDUSTRIAL GROUP of TRADE UNIONS



RESPONSE TO THE DRAFT DETERMINATION BY NIAUR

In response to the Draft Determination (DD) we believe that it is imperative that you consider the following submission.

1. FINANCIAL IRREGULARITIES

Having consulted with NI Water (NIW), we understand that a number of errors which amount to £25.5 million need to be rectified in order that the company stands a realistic chance of success.

We are aware, that NIW has contacted you highlighting these errors, but as yet, have been given no assurances that the errors will be addressed.

We are seeking assurances, that the anomalies will have been corrected when the Final Determination is published on the 18th November 2009.

2. UNPRECEDENTED EFFICIENCIES

Leading economists have stated, that the Utilities Regulators proposed efficiencies are unprecedented in UK regulation. This causes Trade Unions grave concerns regarding the ability of NIW to provide an efficient and safe service to the NI public and it's stakeholders.

3. RISK TO THE BUSINESS

In having reduced the unit cost and revenue, we expect this to have a major detrimental effect on service, compliance, drinking water standards and the ability of NIW to maintain it's licence.

We believe that the DD in it's present form, does nothing but set the company up for failure.

4. UNREALISTIC TIME FRAME

The enormity of the challenges proposed by your DD cannot be achieved within a 3year timescale, whilst continuing to provide a viable service to the public.

The rate of change, in comparison to the vast majority of mainland utilities is both unprecedented and unrealistic.

If the regulator expects the efficiencies and changes to be successfully completed, then a change to the time frame is paramount.

5. CAPITAL EXPENDITURE (CAPEX)

The proposed reduction in CAPEX for Waste Water Treatment Works (WWTW) projects and Water Mains Rehabilitation, will place immense pressure on an already weakened and decaying infrastructure.

The proposed increase in targets, coupled with the CAPEX reductions, would not allow NIW to maintain it's existing assets, while continuing to provide the level of service expected by the consumer.

6. OPERATING EXPENDITURE (OPEX)

The NIW Strategic Business Plan (SBP) will result in a reduction of staff from approximately 1800 to 1412.

The proposals contained in your DD, that OPEX is further reduced, will make a further reduction in staff inevitable.

Considering that the existing staff within NIW are it's greatest asset, any further reductions, will remove the ability of NIW to continue to provide an efficient service.

7. RISK TO PUBLIC HEALTH

Considering the under investment by successive Governments over the last number of decades, coupled with proposals contained in your DD, we believe that these reductions pose a significant risk to public health given the nature of our business, which is to supply potable water and treated effluent.

SUMMARY

It is our contention, that should the DD remain in it's current form, NIW would be in a constant state of high risk, which would undoubtedly lead to it's failure, as we believe it is being set up to do.

Serious financial irregularities and errors, coupled with savage cuts in both OPEX and CAPEX and the lack of engagement with NIW, in advance of compiling your DD, led us to the conclusion that these targets are unprecedented and totally unrealistic.

The submissions within the DD would undoubtedly put stresses on the industrial workforce, which may lead to industrial action, something that has been ignored completely in the DD.

On Behalf of the Industrial Group of Trade Unions

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