

Construction Employers Federation Response to Water and Sewage Service Price Control 2010-2013 Draft Determination

The Construction Employers Federation (CEF) is the certified employers association for the construction industry in Northern Ireland. We have approximately 1300 member firms. The make up of our membership reflects the diversity of the industry in terms of work type, geographic location, turnover and numbers employed.

In 2007 there were approximately 80,000 people employed in construction locally, total annual output was £3.4bn and construction activity accounted for 14% of Northern Ireland's GVA (i.e. wealth creation). During the recession the local construction industry has suffered more than most sectors with a reported fall of 25%. Whilst over 20,000 construction workers have lost their jobs, the industry remains one of the largest industrial sectors in Northern Ireland.

Thank you for the opportunity to provide feedback on the water and sewage price control 2010-2013 draft determination.

Infrastructure Investment

The implementation of the draft determination would result in a 35% drop in infrastructure investment by NI Water. Such a substantial cut to investment would in the opinion of the Federation result in:

- an appreciable fall in customer satisfaction of NI Water
- negative consequences for the wider economy as investment in construction is a clearly established wealth generator
- further job losses from the construction sector at a time when the industry is more reliant than ever on public investment
- a reduction in opportunities for training of young construction operatives
- a step backwards in the efforts to address the legacy of over 30 years of underinvestment in Northern Ireland's infrastructure.

For these reasons the Federation believes that current levels of investment in infrastructure should be maintained as a priority.

Cost of Works

The draft determination has been based on the assumption that construction costs in Northern Ireland are 17% cheaper than those in GB. The Federation asks on what information this assumption has been made? We acknowledge that costs in Northern Ireland are somewhat lower but we would disagree with the magnitude of the difference. We would be grateful to discuss the details of this with you but would ask that this is reconsidered.

Maintenance

The implementation of the draft determination would result in reductions to the base maintenance expenditure. The Federation believes that these reductions would quickly result in incidents of failure that would impact on customer service.

Whilst a reduction in maintenance may bring short term savings, we believe that these savings will be considerably outweighed by the costs incurred in the future arising from inadequate maintenance.

The Federation would encourage you to reverse this decision and to avoid falling into the same situation as Roads Service now find themselves in. ie A significant backlog of maintenance work that is deemed essential to bring the network up to standard.