



## **Irish Congress of Trade Unions**

### **Statement to the Joint Committee on Housing, Planning and Local Government.**

### **Irish Water Proposed Move to a Single Utility by 2021.**

**14 June 2018**

1. On behalf of the Irish Congress of Trade Unions (ICTU), I wish to begin this submission by formally thanking the Chair of the Committee, Maria Bailey, TD and all committee members, for their invitation to participate in this discussion with regard to the Irish Water Proposal to move to a single utility by 2021.
2. In September 2017, the Managing Director of Irish Water, Gerry Grant attended a meeting of the Irish Water Consultative Group (IWCG). It was at this meeting that the unions were formally advised that the Board of Ervia has decided that they wished to take full control of the delivery of the public water service and they wished to end the service level agreements in 2021, four years before they are due to expire. He also informed the unions that the Board of Ervia had advised Minister Eoghan Murphy of their decision. He requested that the unions enter into a negotiation to create a national framework that would provide for implementation of the Irish Water proposal.
3. Following the Irish Water announcement, the unions sought and held meetings with Minister Eoghan Murphy, with Irish Water and with Local Authority management. The purpose of these meetings was gauge the level of support for the Irish Water proposal amongst the other stakeholders in the sector. We also used these meetings to outline our initial concerns about the Irish Water proposal.
4. On the 15 January 2018 we received correspondence from Minister Murphy in which he sought to address some of the issues we had raised with him. He also requested that we engage in process of meaningful dialogue with the other stakeholders in the sector. He re-iterated that the current arrangements for the delivery of public water services would remain in place until an alternative arrangement was agreed. A copy of this correspondence is attached at appendix one of this statement.
5. On the 8 February 2018, we replied to the Minister's letter and copy of our reply is attached at appendix two of this submission.
6. I would like to take this opportunity to summarise the main points in our response to the Minister:
  - We note the assurance that there will be no unilateral change to the arrangements for the delivery of the public water service. On that basis, we are willing to participate in a process of active dialogue with other stakeholders in the sector;
  - We have insisted that if the process of dialogue is to be meaningful it cannot have a pre-determined outcome;
  - The Irish Water proposal has emerged without any explanation of what problem it is seeking to resolve. In an earlier presentation to this Committee Irish Water contended that their proposal would allow them to address structural inefficiencies in the current delivery model and this would result in savings of €70 million a year. The structural inefficiencies they refer to have never been raised with the unions at the Irish Water Consultative Group;

- The unions favour the continuation of the delivery of the public water service through the Local Authorities;
  - The unions are open to considering any proposal to streamline or improve the efficiency of the current system;
  - The unions are prepared to consider other options of delivery however, our attitude to any other model will be guided by the extent to which it is rooted in the public sector, employs public servants, use direct labour to discharge its functions and the extent to which it is accountable to the democratic structures of the state;
  - We are opposed to the Irish Water proposal to establish the single water utility under the control of Ervia. We have formed the view that the Irish Water proposals is incapable of been implemented not least because it envisages the forced transfer of our members out of the employment of Local Authorities to employment outside of the public sector;
  - We believe that there is broad public support for the holding of a constitutional referendum to prevent the future privatisation of the public water system. We note that the Minister has confirmed that he is willing to facilitate the holding of a referendum. We understand that a Bill to give effect to the holding of a referendum is currently under consideration. We would urge all parties to co-operate to ensure that a referendum is held as soon as possible.
  - Any proposal to create a single water utility must have regard to the need to have a long term and sustainable system of Local Government. Over the last number of years, Local Authorities have relinquished responsibility for delivering important local services and this has not been to the benefit of the citizens who rely on these services. We place a high value on an effective system of Local Government and in Local Authorities delivering important public services.
7. On the 17 May 2018 the Minister wrote to Oonagh Buckley requesting the WRC to engage with the parties to identify the issues that arise in the context of the Irish Water Proposal and to prepare a report for this consideration, letter attached at appendix three of this submission. A plenary meeting will take place on Thursday 5 July 2018 and the unions will be attending this meeting.
8. My colleagues and I would be happy to attempt to answer any questions, which the members of the Committee might have.

ENDS.

# Appendix One



An Roinn Tithíochta, Pleanála  
agus Rialtais Áitiúil  
Department of Housing, Planning  
and Local Government



Óifig an Aire  
Office of the Minister

15 January 2018

Mr. Liam Berney,  
Irish Congress of Trade Union,  
31/32 Parnell Square,  
Dublin 1.

### **Irish Water Transformation**

Dear Liam,

It was good to meet with you and colleagues representing SIPTU, IMPACT, TEEU, Unite and LAPO in December last, and to have the opportunity of hearing the views of workers' representatives in relation to plans to transform the delivery of water services in Ireland.

As you are aware, the Irish Water Business Plan to 2021, published in 2015, sets out the priorities of the utility to 2021 and underpins the transformation plan for the water sector. This plan was considered by Government and was approved subject to budgetary and regulatory review. The Confidence and Supply Arrangement between Fine Gael and Fianna Fáil in support of the minority Government has confirmed the retention of Irish Water as a single national utility in public ownership responsible for the delivery of water and waste water services. The Water Services Act 2017, enacted on 17 November 2017, has given statutory underpinning to the new funding model for Irish Water, following on from the recommendations of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services.

I am already on the public record in noting that since 2013, working through Service Level Agreements (SLAs) with the Local Authorities, Irish Water has made significant progress in establishing the utility capability, which has included investing over €2 billion in the system to date. I want to acknowledge the role played by local authorities and their staff in the provision of water services over this period; a period which has been at times very challenging. The ongoing commitment of water services staff to ensuring both continuity of service and service improvement remains the hallmark of water services in Ireland.



It is important to acknowledge also that over this time, some key components of the operating environment for Irish Water have changed from that envisaged in the Water Sector Reform Implementation Strategy published in December 2012. While the central commitment to a single regulated water services utility in public ownership remains at the heart of the reform programme, the utility is now reflected on the Government's balance sheet, will be funded largely through my Department's Vote and its commercial debt will be replaced with State debt over time. This places new demands on Irish Water in terms of accountability, governance and delivering value for money for taxpayers.

Within this new funding environment, it is critical that Irish Water, which now has full statutory responsibility for the delivery of water services, is appropriately equipped to carry out its statutory functions as efficiently and effectively as possible. It was a central understanding of the Joint Oireachtas Committee report (approved by the Oireachtas), that the change in funding structure should not impede in any way the delivery of the requisite level of investment and operational projects in line with the Irish Water Business Plan. Furthermore the Water Services Act 2017 provides for enhanced governance arrangements for Irish Water which includes the establishment of a new statutory Water Advisory Body which will make recommendations to improve the transparency and public accountability of Irish Water and also report to the Oireachtas on the implementation of the Business Plan. During the passage of this legislation I indicated that I intend examining options with a view to developing a role for the Comptroller and Auditor General with respect to Irish Water. I am open to considering other governance, accountability and structural changes which improve the delivery of public water services by Irish Water.

A critical component of the Business Plan is the transformation of the water services operating model to a single way of working. Examples of similar plans in other water utilities, particularly public water utilities such as Northern Ireland Water and Scottish Water, show that best practice utility approaches can deliver greater efficiency from economies of scale, use of standard operating models and technologies and the appropriate assignment of functions at local, regional and national level. These approaches can also lead to enhanced opportunities for staff in terms of upskilling and career structure.

In this context, Ervia/Irish Water have concluded that the public water system would benefit significantly by greater integration of operations into the single utility. From Ervia/Irish Water's perspective, this would involve the development of a transformation programme premised on the current SLAs not being renewed beyond 2025 (when they are due to end) and working with local authorities and staff representatives to manage the move to a full integrated public utility operations model within the life of the current Business Plan (i.e. by end of 2021). The Government has noted this position.

A process of engagement on the proposed next steps on the transformation programme should now commence. I am asking that trade unions would engage actively in this process. This is on the understanding that current SLAs remain in place until such time as an alternative is agreed. It is also on the understanding that no compulsory redundancies would arise as an outcome from the transformation process.

During our meeting the issue of the potential future ownership of Irish Water was raised with me. I want to reiterate that the Government has no intention of privatising Irish Water. The Water Services Act 2014 provides strong protection against the privatisation of Irish Water by providing that if it is proposed to alienate all or any shares in Irish Water, three steps would be required:-

- Resolution of both Houses to the proposal;
- Proposal submitted to a Plebiscite of the people; and,
- A majority of votes cast in the plebiscite would have to be in favour of the proposal.

This builds on other legislative protections in Water Services legislation which prohibit Irish Water from entering into any arrangement which involves the transfer of its assets or infrastructure to a private entity (2007 Act, as amended) and prohibit the alienation of shareholdings in Irish Water by the relevant Ministers or Ervia (2013 Act).

Notwithstanding these provisions, I am willing to facilitate the holding of a referendum. The question of a referendum is currently before the Joint Committee on Housing, Planning and Local Government. The Thirty-fifth Amendment of the Constitution (Water in Public Ownership) (No.2) Bill 2016 has already been approved at Second Stage in the Dáil as part of the legislative process. There are issues around the timing of such a referendum in the first half of 2018, and challenges in framing the wording in such a way as to avoid adverse and unintended consequences. I am committed to working with the Committee over the coming months to address these matters.

In addition to this shared understanding on the objective of retaining water services in public ownership, I believe our dialogue also demonstrated a common understanding on the need to evolve the service over time and avail of opportunities for increased efficiency and effectiveness. I appreciate that, notwithstanding the existing protections for staff within water services legislation, the proposals from Ervia/Irish Water present issues for your members, which need to be fully explored during the period of engagement ahead. I will be asking all parties to approach this engagement in an open and constructive manner, to ensure that in developing a transformation programme, all of the potential issues have been aired and considered. Account will have to be taken of potential impacts on the wider local authority system to ensure that the process of transformation of water services does not give rise to stranded costs for local authorities which would impact on other services.

I believe that a significant programme of transformation is necessary to ensure that we have modern and effective systems for the delivery of water and waste water services in Ireland. To this end, I would welcome the active participation of trade unions in dialogue with Ervia/Irish Water and local authorities to examine relevant issues in developing the appropriate national framework for the Irish Water transformation programme. I am asking that all parties involved would engage on this matter, and report to me by Easter 2018 on progress made.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'E. Murphy', written over a faint circular stamp.

Eoghan Murphy T.D.,  
Minister for Housing, Planning and Local Government

# Appendix Two

8<sup>th</sup> February 2018.

Mr. Eoghan Murphy TD  
Minister for Housing, Planning and Local Government  
Department of Housing, Planning and Local Government  
Custom House  
Dublin 1.

Dear Minister

Over the last number of weeks, we have been considering the Irish Water proposal to take full control of the public water service.

Our considerations have been informed by the meeting we held with you and your officials in December 2017 and your letter of the 15<sup>th</sup> January 2018. You will also be aware that we held bilateral meetings with Irish Water and with representatives of Local Authority management. These meetings and your letter have formed the backdrop against which we have discussed your request for the unions to participate in active dialogue with the other stakeholders in the sector.

The unions have noted that there is no intention to unilaterally change the current arrangements and that the service level agreements will continue to operate. In light of this assurance the unions have decided to participate in the process of dialogue as you have requested. However, there needs to be an acceptance that the outcome of the discussions cannot be predetermined.

There will be a number of detailed issues to be discussed as part of this process. I wanted to take this opportunity to set out the view of the unions on some of these.

The creation of a single water utility is proposed. The difficulty with this proposal is that it has emerged without any explanation as to what problem it is seeking to address. The unions are of the view that the organisation of water services through Local Authorities represents the optimum means of delivering the service. We are of course open to agreeing improvements that will streamline and improve the efficiency of the current system. There may be other models proposed for consideration during the process. For example, a new non-commercial state entity could be created that would take over the responsibility for delivering the public water service.

While the unions are open to considering the benefits of other approaches such as this, ultimately our attitude will be guided by the extent to which they are rooted in the public service, employ public servants, use direct labour to discharge their functions and the extent to which they are accountable to the democratic structures of the state. However, it would be remiss of us not to point out that we are opposed to the Irish Water proposal to establish the single utility under the control of Ervia. We have formed the view that the Irish Water proposal is incapable of been implemented, not least because it envisages the forced transfer of our members from Local Authority Employment to employment outside of the public service for which there is no appetite.

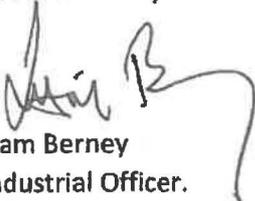
We have noted from your letter that you will facilitate the holding of constitutional referendum on the ownership of the public water service. We regard the holding of this referendum as a crucial part of any reform package and we will be pressing you, as part of the process, to bring forward as soon as possible, the wording of the proposed amendment to the Constitution and the date on which the referendum will be held.

Any proposal to create a single water utility must have regard to the need to have a long term and sustainable system of Local Government. Over the last number of years, Local Authorities have relinquished responsibility for delivering important local services and this has not been to the benefit of the citizens who rely on these services. We place a high value on an effective system of Local Government and in Local Authorities delivering important public services.

I would be obliged if you could advise us as to how you see the process of dialogue being structured.

I look forward to hearing from you in the near future.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Liam Berney', with a long, sweeping horizontal stroke extending to the right.

Liam Berney  
Industrial Officer.

# Appendix Three



An Roinn Tithfochta,  
Pleanála agus Rialtais Áitiúil  
Department of Housing,  
Planning and Local Government

17 May, 2018

Ms Oonagh Buckley  
Director General  
Workplace Relations Commission

**Re: Irish Water & Transformation**

Dear Ms Buckley,

I understand that there has been some engagement by my officials with the Workplace Relations Commission (WRC) in relation to the development of the next phase of the transformation programme for Irish Water. In this context, my officials will have outlined the progress made to date and the current state of play. In this regard, it is notable that since the original transfer of functions to Irish Water in 2014, some key components of the operating environment have changed. While the central commitment to a single regulated water services authority in public ownership remains at the heart of the water sector reform programme, Irish Water is now reflected on the Government's balance sheet, is funded largely through this Department's Vote and its commercial debt will be replaced with State debt over time. This places new demands on Irish Water in terms of accountability, governance and delivering value for money for taxpayers.

Against this backdrop, during the course of 2017, Ervia/Irish Water examined the options to meet its regulatory and business plan targets and concluded that the public water system would benefit significantly by greater integration of operations into the single utility. From Ervia/Irish Water's perspective, this would involve the development of a transformation programme premised on the current Service Level Agreements (SLAs) in place with local authorities not being renewed beyond 2025 (when they are due to end) and working with local authorities and staff representatives to manage the move to a full integrated public utility operations model within the life of the current Business Plan (i.e. by end of 2021). The Government has noted this position.

I recognise that by working with local authorities through the SLA arrangements, significant progress has been made by Irish Water since 2013. However, I agree that a significant programme of transformation is necessary in the period ahead to ensure that we have modern and effective systems for the delivery of water and waste water services in Ireland. Following on from the Ervia/Irish Water proposals, I met late last year with representatives of the Trade Unions, County and City Management Association (CCMA) and Ervia/Irish Water. I requested the active participation of all the parties in a constructive dialogue to examine relevant issues in

developing the appropriate national framework for the Irish Water transformation programme. This is on the understanding that the current SLAs remain in place until such time as an alternative is agreed and that no compulsory redundancies would arise as an outcome from the transformation process.

Over the course of 2018 the focus has been on the appropriate means of structuring this dialogue, acknowledging that this comprehends both policy and industrial relations issues. In relation to the latter, I am conscious and very appreciative of the role that the WRC has played in supporting the parties in working through issues associated with the reform programme to date through the Irish Water Consultative Group. Building on this, it would be very useful to the current phase of the transformation process, as an initial step, if the WRC could engage with the parties in relation to the issues arising, and provide me with a short report outlining the key issues and concerns. I would see this as an important opportunity for all the potential issues to be aired and synthesised into a single short report, which would enable me to consider the next steps. This is separate to wider policy issues being considered, such as the progression of work on the Private Members Bill on the protection of the public water system in public ownership.

I would be grateful if you could consider this request and confirm that you will be willing to undertake this work.

Yours sincerely,



Eoghan Murphy T.D.  
Minister for Housing, Planning & Local Government