

In its response to Defra's Call for Evidence as part of their review of Ofwat, the Environmental Industries Commission (EIC) - representing over 80 companies in the water and wastewater sector - has called for the regulator to be reformed to put an end to the 'boom and bust' funding cycle that has long blighted the water industry's supply chain.

In giving evidence (full response attached), EIC highlights - as it has done for many years - how a 'boom and bust' funding cycle has led to job losses and the migration of skilled workers to more stable sectors, as well as seeing a negative impact on the UK's export potential and a lack of funding for innovation.

To solve these long-term problems, EIC is calling on Defra to urgently reform Ofwat's remit, placing greater emphasis on sustainability in the supply chain through, for example, longer and staggered investment cycles.

Commenting on the submission EIC's Water Management Working Group Chair, Chris Hoggart, said:

*“Since privatisation of the water industry in England and Wales in 1989, the water and wastewater supply chain has suffered from a regulatory framework which sees a pronounced ‘boom and bust’ funding cycle. This has led to job losses, the migration of skilled workers to more stable sectors, a drop-off in international competitiveness, and inadequate funding for innovation. Ultimately, this means higher costs for the customer.*

*“Combined with Ofwat’s own internal review and a Water White Paper due next year, we, as an industry, have a unique opportunity to solve a long-term, systematic problem that has had a negative effect on both the environment and the domestic jobs market for many years. We are determined that this will not be wasted.”*

The EIC’s Water Management Working Group Vice-Chair, Tim Door (ABB), added:

*“There are a number of practical steps that could be introduced to mitigate these problems. For example, we are calling for Ofwat to put a far greater emphasis on sustainability in the supply chain, with longer and staggered investment cycles for the water companies. EIC, as the voice of the water technology and services industry, will continue to engage fully with the Government on this issue – if we can get a revised framework right it will see positive benefits for the domestic jobs’ market, the environment and the consumer.”*