

Water Sector Reform in Ireland

Process, Challenges and Achievements
Water New Zealand Conference 2018

Jerry Grant

Managing Director, Irish Water
Thursday 20th September 2018



How were water services delivered, pre-reform in 2014?

There were many serious challenges;

34 individual Local Authorities (3,800 staff) running our water services



Large Scale Wastewater Non-compliance and EU Court Case against Ireland.



No strategic approach to managing almost 7,000 individual assets & 95,000km of pipes.



Drinking water risks 20,000 on Boil Water Notice, but 1 million on “At Risk” supplies.



Water & Wastewater Capacity Deficits East Coast Region with 45% Unaccounted for Water nationally.



34 Separate Regulatory Relationships.



Irish Water took over water services in 2014 with a mandate from Government to:

1

Develop a National Utility, operating the assets under Service Level Agreements with 31 LA's.

2

Deliver a universal Domestic Metering Program - Phase 1 for 1 million households of 1.6 million total.

3

Implement a new Charging Regime to fund Domestic Water Services, towards getting the Utility 'Off Balance Sheet' in time.

4

Plan & Deliver the required Investment Programme.

Irish Water was set up, as a public utility company, based on a 'three regions' structure with 31 Service Level Agreements

1. Asset Management

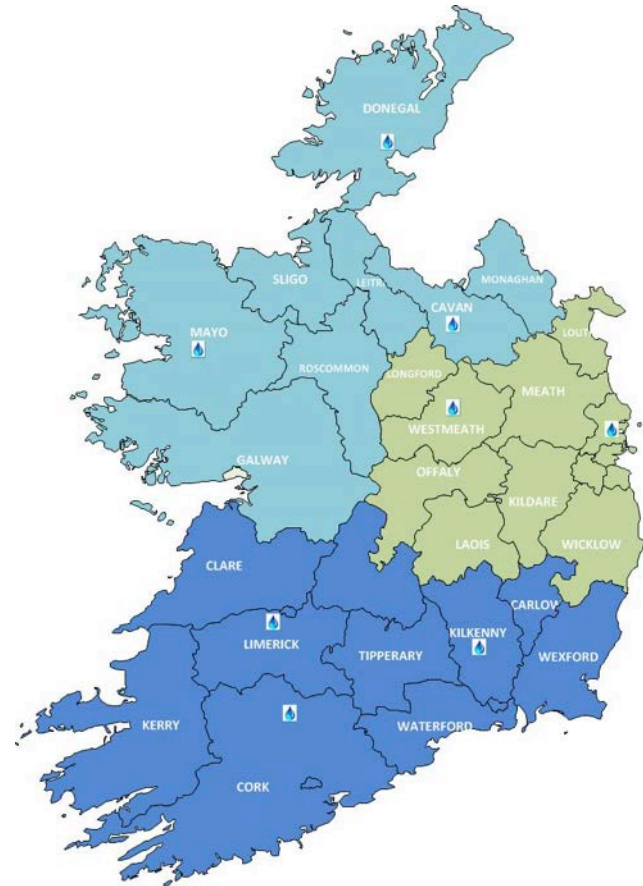
2. Asset Delivery

3. Asset Operations

4. Customer Operations

5. Regulatory Teams

6. Support Services



We invested in best in class systems and technology

<p>Maximo</p> <p>Used to plan and record work. Holds the “master” of the data in relation to assets, jobs in progress etc. Data that is entered into other systems (e.g. Syclo) ends up in Maximo.</p>	<p>Syclo Work Manager</p> <p>Used to return real time asset and work management data, entered in the field, to Maximo.</p>	<p>Syclo Inventory Manager</p> <p>Used for return real time data about materials usage.</p>
<p>Click</p> <p>Used for scheduling and dispatch of outdoor staff.</p>	<p>Primavera P6 / PCM</p> <p>Used for project and resource management.</p>	<p>GIS</p> <p>Used to capture, store, manage, retrieve, analyze, and display spatial information, and then support complex modelling, analysis and decision making.</p>
<p>ECM</p> <p>Used for organising and storing Irish Water documents.</p>	<p>Oracle eBusiness</p> <p>Used to manage finances and support procurement.</p>	<p>SCADA Integration</p> <p>SCADA (Supervisory Control and Data Acquisition) monitors the safety of the assets and raises an alarm when issued present.</p>
<p>Customer Care and Billing</p> <p>Used by the contact centre to manage all customer contact. It will also be used to manage the production of bills and revenue collection from customers.</p>	<p>Customer Website</p> <p>Provides information about Irish Water and its goals and objectives.</p>	<p>Meter Data Management</p> <p>Used for long term storage of data collected from meter reads. Validates this data and then makes it available to the billing system.</p>

We recruited a talented workforce of experts

An experienced and educated team

734 = 90 + 490 + 154

Irish Water

Gas Utility Experience

Water Industry Experience

Local Authority Experience

Highly Educated

- 74% Honours Degree
- 36% Masters Degree or MBA
- 14% Post Grad Diploma
- 2% PhD



From a Range of Disciplines

- Engineering
- Environmental and Biological Sciences
- Maths and Mathematical Physics
- Spatial Planning
- Flood Management
- IT, Legal, Project Management
- Procurement, Finance, HR



Strategic Planning Context (25 Year Plan)



€13.5 billion Investment Plan to 2034

Fixing Ireland's Water & Wastewater Issues will require sustained high levels of investment, together with effective operation & maintenance of the assets.

€5.5bn

2014-2021

Drinking Water – Public Health Risks

Wastewater Priorities – EU Case & 44 Untreated Coastal Towns

Reduce Leakage by 10%; Urgent Growth provision

Critical Maintenance & Upgrades of Assets

€4.5bn

2022-2027

Critical Assets, Growth and Leakage

Compliance and High Risk Assets.

Objectives of EU Water Framework Directive

Single Project to secure Water Supply to 40% Pop.

€4.0bn

2028-2034

Critical Assets, Sustainable Water resources

Climate adaptation and resilience

Towards Sustainable Leakage Targets





Automation & Control

Capital Investment €5.5 billion in 7 years

Capital Investment programmes

2018 Plan will Deliver €650 million

Capital Delivery Portfolios

<p>Infrastructure (€1.5bn Investment 2017-2021)</p> 	<p>Networks (€0.5bn Investment 2017-2021)</p> 	<p>Capital Programmes (€0.6bn Investment 2017-2021)</p> 	<p>Major Projects (€0.7bn Investment 2017-2021)</p> 
<p>Large Infrastructure Projects</p> <p>Two Programmes:</p> <ul style="list-style-type: none"> • Water • Waste Water <p>Water</p> <ul style="list-style-type: none"> • Quality • Capacity • BWN <p>Waste Water</p> <ul style="list-style-type: none"> • ECJ • Capacity • Untreated Agg 	<p>Water Networks Activities.</p> <p>Seven Programmes;</p> <ul style="list-style-type: none"> • Mains Rehab • Find and Fix • First Fix • ND Metering • Lead Replacement • Pressure Management • DMA Establishment 	<p>Repetitive National Programmes.</p> <p>Four Programmes</p> <ul style="list-style-type: none"> • Water Above Ground • Waste Water Above Ground • Waste Water Below Ground • Unique Programmes. 	<p>5 Strategic Projects</p> <ul style="list-style-type: none"> • Ringsend Upgrade • Greater Dublin Drainage (GDD). • Water Supply Project (WSP). • Cork Lower Harbour. • Vartry Water Supply.

Critical is the investment in large scale infrastructure



Ringsend Wastewater Treatment Plant



Vartry Water supply project



Cork Harbour Main Drainage Scheme



Water Supply Project



Greater Dublin Drainage Scheme



Regional Biosolids Storage Facility

How did we plan to fund domestic water services in Ireland?

The Funding Challenge

Introducing Domestic Billing - a bridge too far

Government decision in 2014

A self-funded regulated state owned utility. Beginning with a universal metering project

We would charge for water:

Historically water was paid for out of taxation and the government (in agreement with the Troika), in recession, moved to bill customers and install water meters. Irish Water worked to implement the agreed government usage based charging policy.



We delivered one of the most successful metering programmes ever, installing 890,000 meters in 3 years.



The Irish public, hit by recession, reacted



Hit hard by recession, the public reacted at the 'austerity tax on water' and protested against water meter installations which became the focus of anger.



Media coverage was unprecedented and extremely negative

- 65,000 media mentions in 2 years
- 60% Negative, 35% Neutral (factual), 5% positive
- Completely dominated national media

Water Charges Coverage =
(Hospitals + Pylons + Homelessness) x 2



A joint political committee reviewed charges and agreed to refund €178 million to customers

Post election, a Parliamentary Committee agreed to refund all charges – (€178M) and transfer domestic water funding back to Exchequer – but Confirmed Irish Water's Future.



How did we plan to fund domestic water services in Ireland

Revised Mandate & Funding Plan

Exchequer to pay for Domestic Water Services

Post Election Agreement June 2017

Domestic Water to be paid for by Exchequer

- Tariff Determined by Independent Economic Regulator
- Funding Plan to be shaped by Ministerial Policy Position
- Separate Revenue from Businesses & Connections
- Domestic Meters to support “Excess Use” Charge (2019)

Irish Water Confirmed as the Single Water Utility

- Commercial State Company with own Board & Economic Regulator
- Deliver it's 2015 Business Plan (Service & Efficiency Targets)
- Continue Transformation – to Full Utility Capability (Single Org)
- Subject to Ministerial Policy Direction guiding priorities

Water Services in Public Ownership and Control

- Irish Water accountable to Parliamentary Committee
- Oversight Group to Monitor & Report on Performance
- Regular accountability to Parliamentary Committee
- Public Stakeholder Forum – Voice of Citizen (Referendum ??)

Revised Funding Model was agreed

Irish Water Investment Plan 2020-2024 – Process Policy Led by Minister

Nov 2017

Water Services Act

Water Services Act
Requirement for Strategic
Funding
Plan within 3 months
of Water Services Policy
Statement

May 2018

Water Services
Policy Statement

Water Services Policy
Statement issued by Dept
on 21ST May, outlining
expectations for water
services in Ireland

August 2018

Strategic Funding
Plan

Strategic Funding Plan
to be formally submitted
by 21ST August Following
Board Approval

Sept 2018

Ministerial
acceptance &
Regulator submission

Post ministerial
acceptance of the
Strategic Funding Plan,
Irish Water will make its
Price Control submission
to the Economic
Regulator.

SLA Model proved useful for Transition but a challenge to transformation

Delivering Improved Operational Performance through the Service Level Agreements

Annual Service Plans for each SLA



Regulator Driven Efficiencies (5% pa)



Water Safety Plans & Quality Reporting



Risk based approach with Environment & Health Regulators



Health & Safety Culture program



Process optimisation & training



Customer Service put at the heart of Utility



Limited Transformation of Work Practices



Transforming to a Single Public Utility Organisation by 2021

Exchequer Funding & Economic Regulation

One of the largest and most complex transformations ever undertaken in the public sector in Ireland

From

To



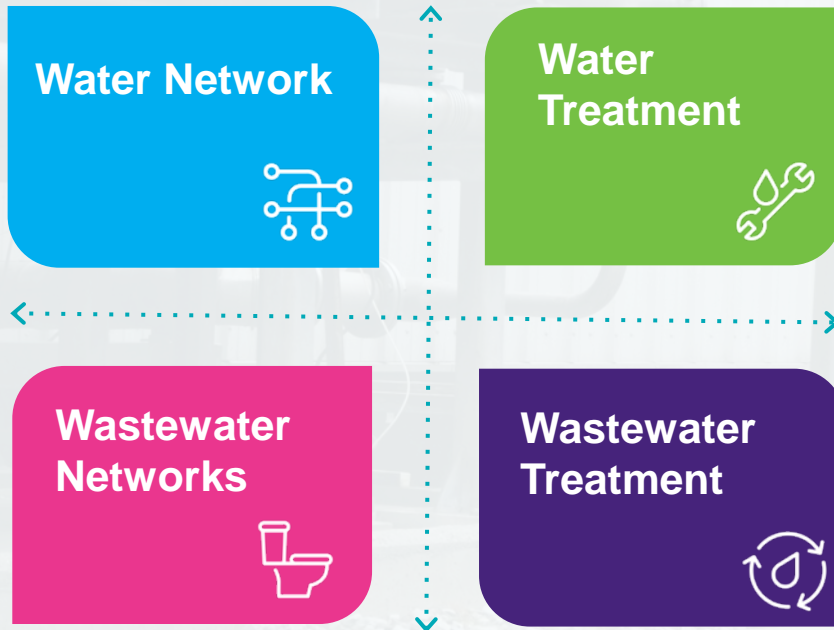
- 31 local authorities & Irish Water 
- +15 org layers 
- Multiple ways of working 
- Cost recovery SLA 
- No direct line of sight to customers, staff assets, service delivery 
- Inconsistent customer experience 



- Irish Water Organisation 
- 7 org layers 
- Single standardised way of working 
- Business plan delivery 
- Full control of customer staff assets & service delivery in use 
- Consistent customer service 

Exchequer Funding & Economic Regulation

Work streamed into 4 core operational areas



National Direction

- National design standards maintenance and data
- Network information (GIS)



Work Management

- Work issued directly via mobile devices
- Work specific equipment held in vans



Local Delivery

- Staff continue to work locally
- Cross boundary working
- Field force supported with mobile technology
- More efficient use of time












Ongoing working relationship with local authorities

- Supporting Economic and Social Development
- Emergency Planning
- IW/LA Liaison Office Network



What are the Benefits of changing to a Single Public Utility?

<p>Improved Customer Service</p> 	<p>Energy Response Capability</p> 	<p>Technology & Automation</p> 
<p>Single way of Working</p> 	<p>Planned Maintenance of Assets</p> 	<p>Specialists in Process & Systems</p> 
<p>Single Developer Services Process</p> 	<p>Planning ahead — Links to LA Plans</p> 	<p>Operational Efficiencies of €70m p/a</p> 

Safeguarding our water for the future: One Plan, One Team, One Vision



Vision

A unified water services industry, delivering excellent customer service and safeguarding our water for our customers.



Customer

Working together our ambition is that all customers can expect a consistent quality service



Workforce

Expertise and knowledge of water services is essential to the future success of Irish Water. Excellent careers in a water industry specialisation



Local Development

Supporting economic and social development

Capacity

Resilience

Climate proofed.

Irish Water is looking to the future



If you'd like to stay in touch, please join us on our social media platforms



If you'd like to stay in touch, please join us on our social media platforms



www.facebook.com/irishwater



www.linkedin.com/company/irish-water



www.linkedin.com/company/irish-water



www.youtube.com/user/officialirishwater