

Is Ofwat making waves?

It's been a busy time for the water industry. We ask Regina Finn, Chief Executive of Ofwat, how the water watchdog is helping the consumer

Q How can Ofwat encourage people to save water?

A The first thing is metering. Seeing what you are using really makes a difference to consumers' behaviour. And the other way of incentivising people is education. We certainly saw during last year's drought that consumers reduced their water usage to help save water. The consumer reaction was terrific because people were aware of it and they changed their behaviour.

Q Should water meters be made compulsory?

A We think meters are the fairest way of charging because you pay for what you use. We think they should be installed wherever it's beneficial in terms of protecting both current and future water supplies. And an awful lot of customers can save money by switching to meters – it encourages consumers to use water sensibly.

Q Why did it take Ofwat six years to act over Thames Water's leakage problems?

A It didn't. Over the past six years, it was Ofwat's actions which identified that Thames Water had a problem. Thames Water's own information was so poor that it didn't know how much leakage it was suffering. It was Ofwat's analysis of that data that prompted the company to start taking action.

Despite that and despite an action plan which was monitored by Ofwat, Thames didn't succeed. It failed to hit the very stringent targets we set for it. Most recently we got a binding commitment out of Thames Water to spend £150 million of shareholders' money on fixing that problem. Now, it still has targets and it still has to hit them. In the summer, we'll know whether it's hit the new targets and if it hasn't, I don't think there are many more chances left.

Q How do you penalise companies who continually fail consumers?

A There are a number of customer service standards that they have to meet in terms of providing adequate water pressure and dealing with supply interruptions. Where they fail customers, there are automatic penalty payments that they have to make to customers. We also measure all the companies on their overall performance. If a company scores badly, it gets tighter price limits so it has less money from its customers. Ultimately, if there's a systemic failure we will intervene and take regulatory action. We have given notice to three companies, Severn Trent, Southern and

Thames, that they face fines for their failures to meet standards for customer service. We will monitor their progress in repaying consumers and restoring services.

Q Are drought issues down to weather or do water companies share the blame?

A Dry weather causes drought; leakage or water companies don't. However, if there's a drought and consumers are asked to help out by using water wisely, they're entitled to ask what their water company is doing. Companies must manage their resources efficiently and they must reduce leakage. Both companies and consumers have a part to play. But some companies failed to live up to their part of the bargain during last year's drought.

Q Has lack of investment also been a factor?

A Investment has gone up sharply since privatisation in 1989, but companies need to keep on investing to maintain their networks. By 2010 they will have invested around £70 billion.

Q How much of a part will new technology play?

A With climate change, more housebuilding and water scarcity, water companies must look to innovate to meet demand. Traditionally, the industry has not been very technologically creative.



Regina Finn: 'Water meters are the fairest way of charging'

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