

Background Notes to SIPTU NEC Statement on water charges

1. We recognise the need for new investment on a very significant scale over the next number of years, if a proper public water supply is to be maintained and developed. That is why, through our participation in the original “Right2Water” campaign, which has been underway under the auspices of the European Public Services Union (EPSU) since 2009, we have advocated the creation of a democratically controlled “Water Authority” to co-ordinate the activities of the Local Councils in the provision of this essential public good.
2. The problem with the “Water Authority” approach is that its establishment would have entailed loading all the costs on the State balance sheet at a time when exchequer resources were most severely restricted. (It is understood that this would run to about €625m in 2014 and €850m in 2015, and beyond, which would affect the calculation of the deficit and require additional taxation or public expenditure cuts or both). Irish Water, as a fully publicly owned commercial utility provides a solution.
3. The Government has set a target deficit of 2.7% of GDP in Budget 2015. This amounts to €5.3 billion. The reason for this is that it is a requirement of EU rules as well as the Memorandum of Understanding that was agreed by the previous Government with the Troika that the deficit would be reduced to below 3% of GDP. Apart from this, it is critical to ensuring that we can borrow at sustainable rates for the future. If a water charges system does not go ahead then next year an additional €850 million will go on the State balance sheet. This will increase the deficit to over €6 billion or 3.1% of GDP. In order to get it back down towards 2.7% there will have to be additional tax increases or public spending cuts, or a combination of both, equal to about €800 million.
4. We are alert to the potential danger of the privatisation of Irish Water. However, the legislation which provided for its establishment prohibits it. Moreover, all the major political parties in the state, Fine Gael, Fianna Fáil, Sinn Fein and Labour have declared their opposition to its privatisation. We intend to ask them to reiterate this commitment in their election manifestos and to publish their responses to this request.

