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## Draft Water Bill

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The importance of sustainable water management is highlighted by: the recent extremes of weather; groundwater drought and hosepipe bans; the threat of an unprecedented third dry winter running; heavy rainfall and flash floods.

The draft Water Bill offers an important opportunity to introduce reforms that will ensure that the water sector: 1) is resilient to the threats of climate change; 2) sufficiently protects the freshwater environment and; 3) meets the needs of customers with affordable water.

The draft Water Bill should (but currently does not):

- Include a legislative framework for abstraction reform, giving the Government powers to reform the abstraction regime from 2015 according to the Principles set out in the Water White Paper.
- Remove red tape to allow customers - no matter where they live - the option of compulsory metering supported by appropriate tariffs.
- Elevate Ofwat's current duty to sustainable development to a primary duty.

### Addressing current unsustainable abstraction

- The Water White Paper included plans for dealing with the environmental legacy of unsustainable abstraction, which, as the drought has demonstrated, is a problem here and now. WWF agrees with the Government that the current approach to tackling damaging abstraction has failed to encourage quick or cost-effective change.
- The Water White Paper provides some solutions, including: bringing Water Company *Restoring Sustainable Abstraction* schemes into the price review; and a clear intention to start using the power from the Water Act 2003 to revoke or vary abstraction licences that are causing serious environmental damage. It is essential that these proposals are implemented quickly – they do not need additional legislation to be progressed.

### A sustainable abstraction regime

The draft Water Bill should include a legislative framework for abstraction reform, giving the Government powers to reform the abstraction regime from 2015 according to the Principles set out in the White Paper.



President: His Royal Highness,  
The Prince of Wales KG, KT, GCB, OM  
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Alongside welcome plans to address the current problem of unsustainable abstraction, the Water White Paper set out a compelling case for systemic change of the abstraction regime. With a rising population and changing climate, the existing system will be increasingly unfit for purpose, limiting economic growth and threatening the integrity of our freshwater ecosystems.

To address this, the White Paper set out a vision of a future sustainable abstraction regime with clear goals for its design (e.g. abstraction licence availability, reflecting water value, protecting the environment and driving efficient use) and principles for the transition. These are a vision, goals and principles which WWF fully supports and we are working with the Government to develop.

While we understand that the Government intends that the reforms will be rolled out from 2018, and the reformed regime will not be in place before the late 2020s, WWF is extremely concerned that the Government has delayed legislation on abstraction reform until the next Parliament. The important work underway to develop the detailed implementation plan should not hold up the legislative process; instead, the Bill should provide for reform to be brought in at a later date by secondary legislation, after sufficient consultation.

### **Keeping bills affordable and reducing water waste through metering**

The draft Water Bill should remove red tape to allow customers - no matter where they live - the option of compulsory metering supported by appropriate tariffs.

Widespread metering with tariffs to protect the vulnerable provides a vital foundation for fair, affordable, sustainable and reliable water supplies. Significant reductions in leakage and per capita consumption are unlikely without widespread metering. There is clear evidence of the benefits of metering both to customers and the water environment.<sup>1</sup> Presently, red tape means that only water companies with areas designated as 'Serious Water Stress' can install meters on a compulsory basis. Unfortunately, the official designation of 'Serious Water Stress' is a blunt tool, which ignores customers outside the designated areas, denying them the option of widespread metering when it would be in their best interest to address affordability. The Government and Ofwat are now devolving more power to customers to decide the outcomes of the water price setting process – we believe this should include customer choice over compulsory metering.

### **A sustainable water sector**

The draft Water Bill should elevate the sustainable development duty of Ofwat to a primary duty, in order to tackle water waste and unsustainable water management more effectively.

Effective demand management is a cornerstone of a sustainable water sector. However, this is not pursued on the level that's needed, partly because the system does not reflect the value of water and is biased to supply side options. Ofwat has a duty to "contribute to the achievement of sustainable development". However, this is a secondary duty, which means that it is ignored if the contributions interfere with it's primary duty (i.e. significant financial implications for companies). The practical effect of this, as seen in PR09, is that Ofwat is forced to strike out investments to deliver demand management in 'over abstracted' areas or areas which would address supply deficits which exist beyond the 5-year planning horizon.

Giving Ofwat a primary duty on sustainable development would be in line with the primary duty of Ofgem, the energy regulator (the duty being critical in driving cultural change both within the regulator and across the energy industry).

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<sup>1</sup> Walker, 2009. *The Independent Review of Charging for Household Water and Sewerage Services: final report* and [www.fairnessontap.org.uk](http://www.fairnessontap.org.uk)