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Is water different? [1]

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Is water different? That was the theme of OfWat chairman Philip Fletcher CBE at our Power Lunch in Westminster this week. He suggested that while the regulators wanted to see more competition, there was not a lot of scope for it in the water and sewage sector.

I'm not so sure. OK, the pipes are sort-of-natural monopolies: planning, cost, and common sense are all reasons why we don't have three or four set of pipes and drains coming into and out of our homes. But the whole operation of that infrastructure could, I would guess, be contracted out, with considerable savings. Of course, there is little reason for water-monopoly executives to give up parts of their empire (and their pay) to contractors. But they could be pushed into doing it. Or someone could just buy water companies and do it, cutting costs and pocketing a profit - or they could if the sector wasn't so heavily regulated.

There would be even more pressure for competition if Britain's water legislation wasn't so absurdly restrictive. At present, only the very largest customers, like universities, health trusts and big factories can switch to alternative water suppliers. Why not ordinary householders ? who can switch their gas, electricity or phone provider but not their water utility. That must change.

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