

Southern Water and the Failed Regulatory System

A letter to the Herald, Nov 2007

Sir,

So Southern Water is to be fined over £20m. Quite right too.

This has been a saga of failures and lies, in which the company took advantage of its monopoly position, and customers lost out.

The new management have rightly taken this on the chin and confirmed that it won't be customers that end up effectively paying the fine. It is only a shame that apparently none of the former senior management are still around to bear responsibility.

But this also calls into question the role of the regulator, OfWat, and why it took so long to bring this action. It would appear OfWat took Southern's figures 'at face value'. Imagine if every private sector auditor did that.

The model of a single private service provider with a regulator acting as 'surrogate competitor' can work, but only if the latter has real teeth, is obsessive about representing customers' interests, and isn't afraid to fall out with the people it's regulating.

There is a danger that regulators like OfWat, and quasi-consumer bodies like PostWatch, can become just another strand of the ballooning public sector, ticking boxes marked 'oversight' and 'consultation'.

Instead, we need them to be tireless, and ruthless, in their defence of the public interest.

Sincerely,

Damian Hinds
Parliamentary candidate (Conservative) – East Hants
damian@damianhinds.info