

**National Water Symposium
Lancaster House, London, 21 October 2004**

Source 2004

**Rt. Hon. Margaret Beckett MP
Secretary of State for Environment, Food and Rural Affairs**

I am delighted to be speaking to you today. I congratulate Pamela Taylor and Water UK for setting up this event, which I am delighted to be formally hosting. This event is partnership in action and we shall continue to need a great deal of close partnership working in the water sector if we are going to address the significant challenges that lie ahead.

Can I first turn to the basics?

Water is a renewable resource, vital for human health and the environment. Safeguarding that resource and ensuring it's available for all is essential to sustainable development, which is the key purpose of my Department.

That means securing a better quality of life for all, now and in the future. That goal underpins everything we try to do. It means considering the impact of the decisions we make as Government, as business and as individuals, on all three pillars of sustainable development – the economy, society and the environment. And often making difficult choices to get that balance right.

For our part, we strive tirelessly to pursue that balance. Next year we will launch a new sustainable development strategy for the UK. We intend that it will deliver a significant step change, it will take us firmly on the path towards sustainable development.

One of the four priority areas for action within the new strategy will be 'sustainable consumption and production and the use of natural resources' of course in water, that will build on our policy document '*Directing the Flow*', which was launched in 2002, that took the first steps towards setting out our strategic aims and direction in this area.

But when I set out a moment ago the challenges of the year ahead, it was particularly the international sustainability agenda I had particularly in mind, rather than the domestic one.

The links between water quality and environmental health are real and I know you are conscious of them. Children are now being encouraged, as part of the Food In Schools programme sponsored by my Department, Health and the Department for Education and Schools, to drink water throughout the school day, as part of a drive to tackle obesity by reducing consumption of fizzy drinks, it also has the benefit I understand of helping to raise levels of concentration. Hospital managers and healthcare professionals have known for some time of the links between good hydration and effective medication and other treatment regimes and I think we are all aware that dehydration has been a leading cause or contributor to hospital deaths among elderly patients; so drinking the right amount of water, including tap water, is good for all of us, and benefits the healthcare and education systems, and the public purse, as a result.

We are working with other governments, the United Nations, the private sector and other stakeholders, in a concerted effort to deliver one of the key Millennium development goals by 2015 of halving the proportion of people without access to water and basic sanitation. Elliot Morley described this work when he addressed Source 2003 last year and I thought you might like a bit of an update.

This year, the Department for International Development published their Water Action Plan which sets out how they intend to deliver the Millennium Development Goals and World Summit on Sustainable Development goals on water and sanitation. Following up on the commitments that we made then.

CSD, at its 12th meeting in New York in April, which Elliot and I both attended, reviewed progress and identified challenges to implementation. We know that many countries – in fact I would say most countries - are not on track to meet the sanitation target, and that additional action is needed. And so at the next CSD meeting we will agree policy responses to tackle the obstacles. Water and sanitation need to be fitted into national development strategies and plans if real progress is to be achieved.

Later this year, the UN will be undertaking a Review of the whole set of the Millennium Declaration and other international commitments and there will be a summit in September 2005 at which overall action will be discussed. At that time, by that time, we will be holders of the Presidency of G8 and the EU at that time, the UK will be particularly well-placed to make a major contribution to this process. The Prime Minister has already made clear – most recently at the meeting of the Africa Commission in Addis Ababa – that Africa, along with the issue of climate change, will be the dominant themes for our G8 Presidency. The Commission was set up in London in May to help tackle poverty by creating a partnership with the developed world.

The UK is recognised worldwide for the breadth and depth of water industry expertise and experience that we have, and also for the effectiveness of the regulatory structures we have put in place, and partnerships I think flow naturally from these close and effective relationships.

And Partners for Water and Sanitation is a UK tri-sector initiative between Government, civil society and the private sector which is working very practically to assist developing countries, initially from Africa, with work to provide clean water and sanitation to achieve the Goals. I am very pleased that Water UK itself and individual water companies have been much involved in the Partnership, not only in sharing knowledge and experience of regulatory processes, but also playing a role in building capacity and developing sustainable solutions to water and sanitation issues at municipal level in South Africa – an area that's sometimes overlooked, so

I look forward to seeing the Partnership continue to make progress.

I think some would argue that the actions needed to deliver the MDGs by 2015 do not need any elaboration to take on board the consequences of climate change. That is simply a question of priorities. I don't think, however, that that is a defensible position in looking at the future implications for our water resources in the UK and how we manage and use them.

As the Prime Minister made clear in his speech in September, climate change is unquestioningly the world's greatest environmental challenge. Its effect on our environment is large and growing, so we must understand it and plan for it. In the UK, we're very fortunate both of those objectives are well served by the excellence of UK science in this area and also by the quality and sophistication of our modelling and prediction.

Over the next 100 years, climatic changes in the UK are expected to include further rises in sea-levels, an increase in winter precipitation with more rain falling as intense events, and a likely increase in the variability of weather patterns, and taken together with socio-economic factors, those changes will substantially increase national flood risks. Rising sea levels will mean increased risks from coastal waves and storm surges.

And we need to act now, not only to adapt to such impacts of climate change, but also to reduce emissions significantly, in order to avoid even more dangerous effects of climate change and prevent a situation where we would have to make almost impossibly large reductions in emissions later, given the current growth worldwide. So we see the G8 presidency as a significant opportunity to re-invigorate the debate on climate change and to seek some measure of agreement on ways forward, taking account both the scientific evidence and the technological challenge.

It's vital that international debate on climate change is supported by national action to reduce emissions. We've put in place a range of measures through our national climate change programme to reduce emissions across all sectors. One of the most innovative is emissions trading, where we've established the world's first economy-wide emissions trading scheme. That's helped to establish us as a world leader in carbon trading and put us in a strong position to take advantage of the wider opportunities offered by the forthcoming EU trading scheme. We are working towards achieving a step change in the way we use energy. We have already seen significant achievements in parts of the economy: the Climate Change Agreements with energy intensive industry and the Energy Efficiency Commitment in households are delivering energy savings on a greater scale than ever before. And the Energy Efficiency Action Plan that we published in April sets out how we intend to do more and how we deliver the commitments we made in the Energy White Paper.

Renewable energy will also play an important part in reducing carbon dioxide emissions. The White Paper confirmed our target to increase the proportion of energy provided by renewable sources to 10% by 2010, and our aspiration of doubling this by 2020. That's challenging, being we are starting from a low base, but we are working hard to meet it.

And of course the water industry is a major energy user, and that's why it's vital that it plays its part in increasing its efficiency and tackling its demand for energy, and seeks opportunities to use renewable sources, for example methane wherever possible.

I am very pleased that in their new water resource plans nearly all water companies have made an assessment of the impact of climate change and factored that into future supply provisions. And of course there are other factors, too. Rising consumption, local population increases put further pressure on water resources.

Most companies seem to be forecasting an increase in household demand for water over the next 25 years and the development on new resources will be expensive and, also potentially controversial. As I made clear in my Final Guidance on the Price Review, I would like to see demand management measures making a greater contribution to meeting that supply-demand balance, alongside the development of new resources.

It is up to all of us, whether we're water customers or water companies, to do our bit – whether this is turning the tap off when cleaning our teeth - and I always hesitate when saying this, as those of you who are old enough to remember Patrick Jenkin will remember cleaning your teeth in the dark. You'll also remember that he didn't! - or as a water company helping householders to use water more efficiently.

But where additional water resources are planned, companies need to be able to justify the need for this and show that they have fully considered and applied all the other options like further leakage control and water efficiency measures.

And again, climate change extends well into the future our thinking about the adequacy of our water resources. There is a shorter term – but still challenging – agenda for the quality of those resources. The Water Framework Directive sets down some exacting ecological objectives for 2015. Implementing this key piece of European legislation is a real opportunity for us to develop a longer term and more integrated approach to improving our water environment –in turn we think that will help the water industry and other stakeholders to plan ahead.

It will also in turn drive further improvements in water quality. Of course there have been significant improvements in the water quality over the past ten years. Drinking and bathing water quality, of course, are currently at record levels.

And as a result of my Guidance to Ofwat in the current price review, there will be further investment in cost effective schemes to improve the quality of drinking water and of our rivers and estuaries. The Water Framework Directive takes us to the next level of water management, by setting objectives not just for the chemical and biological content, but also for the ecological and physical characteristics of our waters. In September, the Environment Agency published its initial analysis of the likelihood of meeting WFD objectives. So we now have a fuller and better picture of the ecological health of our water bodies and more importantly perhaps, we now have a better toolkit for assessing our progress towards the delivery of WFD objectives.

Obviously the water industry will continue to be a major player in delivering these improvements. But of course this is not primarily an issue for point source pollution; we also need to begin to address the issue of diffuse pollution.

The main challenge we now face is diffuse water pollution from agriculture (DWPA) and the time has now come to take more action.

In the summer, my Department published a consultation paper on potential approaches we could take to begin to tackle Diffuse Pollution from Agriculture through catchment-sensitive farming. We got about 80 responses, we're currently analysing them and we will consult further on our ideas for potential approaches we might take.

We are also:

- promoting practical steps that farmers can take to reduce diffuse pollution
- exploring with stakeholders (including Water UK), the options for achieving early changes to more sustainable farming practices in priority conservation catchments

- We're considering non-agricultural diffuse pollution, even though that's less prominent, as it may affect our ability to meet objectives under the Water Framework Directive, particularly in urban catchments.

We held a series of stakeholder workshops this summer and will continue to keep closely in touch with stakeholders as the programme develops.

I cannot touch of climate change and water without referring also to our need to adapt to greater flood risk in future, whether from the sea or from more intense rainfall, as has been well captured in the recent Foresight Future Flooding report. Apart from our investment programme which is increasing spend on flood and coastal defence by 75% from 1997/8 levels to over 560 million pounds a year from 2005/6, we are as a Department now responding to this by consulting on a new holistic and sustainable strategy for flood risk management.

That strategy of course addresses land use and how we might make sure flood risk is taken sufficiently into account in planning decisions as well as in the provision of flood defences themselves. We are working across Government to ensure that the Sustainable Communities programme is just that – it is sustainable. Flood defences, for example in the Thames Gateway area, already offer a very high level of protection but we are not complacent, so we are making sure that development design builds in flood resilience and more sustainable drainage to try to reduce future problems.

Apart from how we might best manage flood risk from the sea and rivers, the strategy consultation also covers possible future directions for addressing the problems of groundwater and surface water flooding in urban areas. And so again I hope the water industry will respond to that consultation and will work with the EA and Local Authorities in reducing risks from all sources of flooding.

I know that new initiatives always prompt concerns about the prospect of new regulation. And I also know that better regulation is one of Water UK's themes for today.

As a highly regulated industry I know you understand why regulation is an important part of Defra's toolkit to deliver its policy objectives. We don't start, you'll be pleased to hear, with a presumption that regulation is always best but I am sure you will agree even if only privately that some regulation will always be necessary if we are to safeguard the environment, and protect human and animal health.

But we have to must ensure that regulation is fit for purpose and wherever possible we need to consider alternatives. My Department is committed to improving our regulatory performance and that is why last year I set up a Regulation Taskforce to consider how to improve regulation across the whole range of Defra's activities.

That Taskforce Report was published in April. It contains 54 recommendations, which are being taken forward by the newly created Defra Better Regulation Unit. The action plan for implementing the report is now being finalised and we are delighted and grateful that one of Water UK's policy team has been seconded to help with their work. I am sure we will benefit from that close work and their water industry based knowledge and expertise.

One of the recommendations of the Taskforce Report was that senior civil servants spend a week each year in industry and I am pleased to say that the 'Take Five' programme is now being taken forward, and I very much hope that water companies will be able to offer such opportunities to Defra and that we can benefit from your expertise as well.

But already a key recommendation is underway. Larry Whitty is chairing a Challenge Panel, which is exposing our regulatory and policy work to a robust analysis both from within and outside the Department.

As we go forward on this agenda in tackling diffuse pollution, or indeed across the spectrum of water sector challenges more generally, I think that it must self-evidently be the case that working collaboratively with external stakeholders such as the water industry is the most effective way to ensure better regulation, which is fit for purpose.

So: we must work with a determined and common commitment to tackle the important issues which now face your industry.

Events such as this are very valuable in helping us to focus on that work where we can identify and begin to focus on the main challenges and they stimulate our thinking on the most effective solutions. They are, I believe, worthwhile events, which is why I am honoured to host it, and I hope that you too find it worthwhile.

Thank you.

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