

CHAPTER 14

Conclusions

14.1. We are required to report upon the questions whether the two Authorities or either of them could take action to improve efficiency and thereby reduce their costs in discharging their sewerage functions, whether directly or through arrangements made under section 15(1) of the Water Act; whether, and if so how, any such arrangements might be varied or ended with a view to achieving such an improvement; how costs vary with the quality of service provided by the Authorities; and whether, in relation to any matter falling within the questions set out above, either Authority is pursuing a course of conduct which operates against the public interest.

14.2. In Chapters 6 to 13 we have made a number of findings and recommendations in answer to the first of the above questions. In Chapter 7 we have set out the reasons why, at this stage of development in the water industry, it is not possible to establish precise relationships between costs and the quality of service provided by the two Authorities in respect of sewerage. We are disappointed to find this is so; but we believe that the work in hand both to enhance knowledge of the condition of sewers and to relate costs to the several features of the system will within a few years enable RWAs to establish a useful, if approximate, relationship between sewerage costs and quality of service. This should be of value not only in determining whether maintenance expenditure in any area is unduly high, but also in planning investment in the renewal of sewers.

14.3. Before turning to the second question, namely whether any section 15 arrangements should be varied or ended, we summarise our detailed recommendations from earlier chapters.

Summary of conclusions and recommendations

*Recommendation
Number*

*Paragraph
Number*

1. It seems to us that the present system of consumer representation, in which consumers are represented indirectly by local authority nominees on the Authorities, does not work well. The constitution of RWAs is now to be changed, with fewer members nominated by local authorities. **We recommend that direct means be found by which customers' interests can be effectively represented in future.** This recommendation will be all the more important if the role of DCs in sewerage is reduced as a result of changes to section 15 arrangements.

6.18

AWA and NWWA have adopted different approaches in assessing the quality of service appropriate to their regions and in determining the corresponding level of expenditure upon sewerage. The decision taken in 1978 by NWWA to double operational expenditure on sewerage over a period of four years seems to us to have been fully justified in the light of the problems of dilapidation faced by that

*Recommendation
Number*

*Paragraph
Number*

Authority. AWA has taken a leading role in the development of measures of performance and service and has begun to apply these measures to the budgets both of its agents and of its own divisions.

7.52, 7.53 &
7.54

2. We approve of the participation by budget holders in the setting of the budgets for which they are responsible; but we regard it as essential that firm control is exercised from the centre by both Authorities. **NWWA should exercise stricter control over individual budget holders at cost centres to ensure that they adhere to their own budgets as originally set, adjusted only for centrally controlled allocations from contingency funds in respect of genuine emergencies, approved additional works and pay and price increases. AWA should take care in making the proposed change to multi-function divisions to prevent virement between services except in special circumstances and subject to strictly applied central controls.**

8.92 & 8.93

4. We commend AWA's efforts to make greater use of techniques such as performance ratios and indicators and technical auditing; but we consider that the allowance of 10 per cent for overspending by DCs on any particular expense head, which AWA feels obliged to give on its interpretation of clause 6, is over-generous. **We recommend that NWWA should place more emphasis on the detailed analysis of the needs of particular areas to set priorities and achieve value for money, and develop further the use of technical auditing and such techniques as performance ratios and indicators.**

8.94

6. **We recommend the Authorities to seek to achieve a greater degree of consistency in accounting practices and cost allocations between their divisions. We recommend that NWWA should reconcile the result shown by its management accounts with those shown by its audited accounts so as to authenticate the former. While we have noted AWA's reasons for not showing actual expenditure in its 'general summary' management accounts submitted to directors, we recommend that actual expenditure to date should also be included.**

8.96

We note that both Authorities devote considerable attention to their duty to produce annual plans and to make annual planning submissions to DoE. The allocation of resources they plan for sewerage, in respect of both revenue and capital account, appears to be appropriate.

9.25 & 9.26

8. **We recommend that both Authorities devote more attention to strategic planning for sewerage.**

9.27

9. **We recommend that both Authorities should review the controls on the number of non-manual employees and the deployment of non-manual effort.**

11.70

10. **We recommend that they should make efforts towards furthering the application of telemetry to groups of pumping stations, in co-operation with DCs where section 15 arrangements apply.**

11.71

11. **We recommend that arrangements for matters hitherto handled by the NWC should continue to provide for joint co-ordination of training for RWA and DC staff engaged**

<i>Recommendation Number</i>		<i>Paragraph Number</i>
	in sewerage, especially in health and safety measures and in project control.	11.72
12.	We found it difficult to follow AWA's description of its priority system for capital projects. Its mode of operation may not be clear to others, including those who use it. We recommend that the system be reviewed and properly recorded.	12.46
13.	The AWA case studies revealed weaknesses in the collection of basic information, development and appraisal of options, and issue of standard design criteria. We note that AWA intends to improve its procedures and we recommend that the proposed improvements should include changes to remedy the weaknesses identified above.	12.47
	We are satisfied that NWWA's appraisal procedures and priority system provide a reasonably sound framework within which to make investment decisions.	12.48
14.	We recommend that independent post-completion appraisal should be applied to selected projects, and that both Authorities should where practicable develop cost/benefit analysis.	12.49
15.	We recommend that more detailed consideration be given to the questions:	13.35
	(i) whether the costs of draining highways should be recovered only from owners or occupiers of properties connected to a public sewer;	
	(ii) whether there should be capital charges on properties to meet the costs of the benefits they receive from connection to extensions of the public sewer system; and	
	(iii) whether steps should be taken to move towards a system by which charges vary according to the costs incurred in serving customers in each area.	

Arrangements under section 15

14.4. The Water Act provides for the management of the entire water cycle by RWAs. Nothing that we have heard in the course of our investigation leads us to question the principle of management of the water cycle by a single authority. RWAs have a statutory duty to provide for sewerage as part of their duty to drain their area. It is evident that they should carry out that duty efficiently. For us, the central question is whether the existing section 15 arrangements provide a satisfactory framework for achieving efficiency.

14.5. RWAs are responsible to their customers for the charges they set. Those charges in turn have to cover their costs, but we do not accept that this responsibility, or their statutory duty to provide sewerage, or the need for efficiency, of themselves lead to a conclusion that RWAs must be allowed to exercise direct control over sewerage instead of using local authorities as agents. Deciding on the merits of section 15 requires examination of the facts, and detailed argument which cannot be short-circuited by relying on the existence of a statutory duty.

14.6. Similarly, we accept that the so-called 'agency' which is prescribed by section 15 is an odd one, under which the principal has no choice whom he employs as agent and sees great difficulty in dismissing him if his

performance turns out badly. But this does not in itself help us in deciding whether the present arrangements should continue.

14.7. Section 15 arrangements are generally in force for the operation of sewerage. We are not considering whether these arrangements should or should not be introduced *de novo*. Hence, in deciding whether they should be ended, we have to take into account the cost and difficulties which might be caused by moving to direct management by RWAs as well as the benefits claimed by the RWAs which might be found when the new system had finally settled down to smooth operation. We must consider particularly the effect on DCs of the residual costs which they may have to absorb, if part of their manpower and equipment is not taken over by the RWAs. In addition, there are the possible increases in costs to DCs of discharging their own responsibilities for drainage, council owned private sewers and public health, which may arise because economical scheduling of gangs becomes more difficult when their work level is reduced. Furthermore, the water industry and the operation of the sewerage function are still evolving. The 1974 reorganisation is still young. Many facts—about quality of service, the condition and even in places the location of sewers—are obscure. We must therefore be careful not to recommend changes which may turn out to be ill-advised in a few years when there is available improved knowledge of the sewerage system, as a result of the work we have described in Chapter 7.

14.8. In previous chapters we have detailed a variety of improvements which might be made in the way that AWA and NWWA at present carry out their statutory duties. But this is not enough to establish that section 15 arrangements should be terminated. For that, it has to be shown that the deficiencies do not arise from a failure to operate the present system well but are inherent in section 15, and incurable without its abolition. Even if they can be blamed on section 15 it may be possible and better to vary those arrangements rather than to abolish them altogether.

14.9. Apart from certain administrative duties, providing sewerage services involves three main operations:

- (a) the repair and maintenance of existing sewers;
- (b) monitoring and maintenance of pumping stations; and
- (c) capital investment in both sewers and pumping stations.

14.10. On the repair and maintenance of sewers, AWA and NWWA told us that economies could be achieved by the better organisation of gangs (see Chapter 10). The DCs put forward a variety of counter-arguments, of which we find persuasive their contentions that sewer repair and maintenance, because of the links with highways and local planning, will generally be handled more flexibly and efficiently by DCs than by RWAs; and that the maintenance of sewers fits naturally with their existing responsibility—which would continue whatever happened to section 15—to maintain Housing Act treatment works and other drains and sewers (which belong to them, not to the RWA). We note that NWWA, in their 1982 formal submission to DoE, recognise that DCs are in a position to employ considerable flexibility in the use of their manpower resources in response to emergencies. The evidence we have does not convince us that the net economies

claimed are large enough or certain enough to warrant the general abolition of section 154 arrangements which AWA and NWWA advocate; nor that their achievement depends on the abolition of those arrangements.

14.11. The two Authorities, and particularly AWA, say that the operation of pumping stations could be much more efficiently carried out if they were all under their control. Gangs could then be re-organised, if necessary across DC boundaries, and their deployment co-ordinated with the gangs which visit sewage treatment works and terminal pumping stations. Frequency of visits could be reduced. Another major argument is that to extend telemetry, which needs several neighbouring DCs to join in the same system, is difficult under section 15 arrangements. Its potential savings are therefore lost or delayed. There is not the same connection between pumping stations and planning or highways as there is in the case of sewer maintenance. However, some DCs own sewage treatment works and even a few pumping stations; and the gangs which visit these also visit in-line pumping stations on public sewers. In such districts the gain to the RWA in rescheduling visits may well be offset to an extent by losses to the DC, whose gangs will still have to travel around the district while visiting only the council's own installations. We were assured that DCs would be perfectly capable of speedy co-operation in telemetry schemes. We accept that there are savings to be made by rescheduling visits and introducing telemetry. However, for the reasons set out below we believe that the savings which are available should be achieved without the general abolition of section 15 arrangements.

14.12. If the day-to-day work of sewer maintenance and pumping station operation were performed directly by RWAs, they would take over those DC staff wholly or mainly employed on such work. This would probably not give rise to anything more than transitional difficulties so far as manual workers are concerned. There would, however, be residual costs for DCs, since they would have lost a source of income, while the administrative, professional and financial staff could probably not be reduced proportionately, and their costs would therefore be re-allocated so as to bear more heavily upon remaining DC functions. There may also be additional costs in the RWAs as they set up the organisation to control the staff and work transferred. Although several agencies have been terminated, the two Authorities were unable to provide clear evidence based on experience of such transfers, and so we have been unable to quantify this effect in AWA or NWWA, and obviously not nationally in respect of all DCs and the remaining RWAs. We conclude that there would be offsets to the savings claimed by the RWAs partly in the RWAs and partly in DCs, perhaps to the extent that there would be no net saving to the public. We discuss this matter in greater detail in relation to capital works in paragraph 14.27.

14.13. In our view it is not necessary for section 15 arrangements to be terminated in order to enable RWAs to have effective control of revenue expenditure on sewers and pumping stations for the purpose of securing efficiency and a reasonable uniformity in quality of service. On the face of it the fact that it is the RWA which pays for these services puts it in a position of considerable power over its agents. But there have in practice been two

particular obstacles to effective use of the RWA's powers. First there is no doubt that many DCs feel, more or less, that historically the sewerage business is theirs and whatever the statute or the model arrangements may say, they resent and resist interference by their principals. We believe that in future DCs should recognise that RWAs have the right to supervise their activities as closely as is necessary to achieve cost-effectiveness and qualitative standards. The DC must accept that it is acting as agent and must work to achieve the objectives set it within the cost, technical and design parameters laid down by the RWA.

14.14. Secondly, there are doubts about what powers RWAs can legally and in practice exercise under the model arrangements. These doubts are an important obstacle to the efficient operation of section 15; and their resolution ought not to be left to a dialogue between DCs and RWAs, or to the test of court proceedings. The model arrangements should be amended to put beyond doubt the powers of the RWAs to control the operations of their agents as may be needed. In the case of sewer maintenance, such control may include the setting of standards, for eg, frequency of inspection, establishing a timetable for CCTV surveys, and regular and prompt reports by DCs on their operations. Frequency of visits to pumping stations can also be laid down. It must be possible for an RWA to tell a group of DCs that telemetry is to be introduced for pumping stations in their district. RWAs may call for co-ordination of RWA and DC gangs to achieve a sensible division of labour, both within a DC area and across DC boundaries.

14.15. There are other areas of uncertainty. It appears to be thought by some that the exception in clause 6 allows a DC to overspend its allocation from the RWA by 10 per cent on any item of expenditure on works, without the express approval of the RWA. It appears to us that the exception is intended to apply only to capital works; but we consider that it should be deleted, and the RWA should itself be able to determine what flexibility, if any, should be allowed in budgets subject to its control. Clause 7 leaves room for dispute where expenditure has been incurred but the RWA is not satisfied that the most economical option has been taken. Clearly the RWA should be obliged to reimburse only necessary expenditure appropriate to the purpose. Arbitration procedures could be used in the unlikely event of irreconcilable differences. There appears also to be doubt whether RWAs have the right to carry out technical audits of agency work; we consider that any doubt on this score should be removed.

14.16. A clear right for the RWA to use its powers does not mean that they should necessarily be exercised to the full in every case. There is a risk, which should be avoided, of RWAs showing inflexibility in trying themselves to carry out operations which would be better delegated to a local level. We know that in many cases DCs and RWAs already have excellent co-operation and there is no need for the RWA as principal to take special steps to improve the efficiency of DCs; and we recognise that our proposals for more vigorous use of RWAs' powers, if abused, could put at risk the excellent relationship between RWAs and many DCs. Indeed it is not desirable to think always in terms of powers; sensible local arrangements can be (and already are) made to secure economies, eg on visits to pumping

stations; and DCs should be ready to consider asking RWAs to carry out certain functions for them. But it will be easier for RWAs to carry out their statutory duty efficiently if they can control DCs through powers which both sides recognise are effective and can properly be exercised.

14.17. We now turn to the critical question of the selection and control of capital works. The savings which may be made on sewer maintenance and pumping stations are useful, but comparatively minor against the background of the two Authorities' total costs, and hence the price which the customer pays for sewerage. Capital investment is another matter. The cost of sewerage (which charges have to cover) is dominated by capital-related elements such as depreciation and interest (or, under the new system, the financial target). In 1980–81 such charges formed 77 per cent and 70 per cent of total cost of sewerage in AWA and NWWA respectively.

14.18. The two Authorities, and in particular NWWA, argue that they cannot run an efficient capital programme for sewerage under the section 15 arrangements. AWA finds it difficult to make the DCs provide the information—eg on flooding and complaints—needed to evaluate projects properly, and finds that many DCs have difficulty in matching engineering staff to programmes. NWWA says that it cannot rely on the DCs to identify projects and establish the correct priorities. It cannot be sure that with 46 DCs proposing schemes the capital programme contains the most beneficial, and only the most beneficial, projects that could be undertaken. Design in a large number of DC offices is more expensive and less efficient than NWWA could achieve, particularly after its proposed re-organisation, when there will be only three design offices. Control of the progress of projects is too indirect, and slippage only shows itself when it is too late for NWWA to put it right. For these reasons NWWA believes it should take direct control of the capital programme and its progress.

14.19. These arguments are serious and substantial. The dilapidated state of the nineteenth century sewer system in the north west, and the frequency of sewer collapses, represent a major challenge both to NWWA and to the statutory framework under which they have to operate. If section 15 were an obstacle to dealing with these problems promptly and efficiently, that would be a very serious matter.

14.20. There is no doubt that NWWA has encountered serious difficulties in dealing with the capital renewal of the sewer system in its area. But section 15 is only one of the factors at work. There is also the scale of the problem, which would be daunting whatever the legal and institutional framework. To initiate and control a capital programme of the size needed would be extremely difficult in any case, whether it were done directly by NWWA, through sub-contractors, or through DC agencies. Failures in identifying priorities, organising design staff, and preventing slippage would have occurred (and indeed slippage has occurred in NWWA's directly controlled projects) however the arrangements for carrying out the work were structured. Further, the plans of NWWA (and of its agents) must have been complicated during the last few years by uncertainties about how much capital expenditure would be approved by DoE, and when, for example,

there was the moratorium on public sector contracts in 1976, which we refer to in Appendix 8.5. Apart from the question of how much money ought to be spent on sewers, central government controls on capital expenditure which are subject to frequent amendment are bound to make the task of NWWA and other RWAs difficult.

14.21. There is a further important consideration for us in deciding whether problems to do with capital investment in NWWA should dominate decisions on the future of section 15. AWA, the only other RWA which we have looked at in detail, is less insistent on the problems of capital expenditure. The other RWAs whom we have consulted, even when they advocate termination of section 15 arrangements, make less of this argument than does NWWA. No other RWA has problems of sewer renewal on the scale of NWWA. But we have borne in mind that generally RWAs do not make as much of their need directly to control capital works as does NWWA.

14.22. We accept that it is of greatest importance that RWAs be able to construct a regional strategy for sewerage, and establish the correct priorities between projects to carry that strategy into effect. We believe that a major cause of NWWA's uncertainty whether the correct priorities are being set is ignorance of the extent, capacity and condition of the sewerage system. The enhanced level of survey work now in hand will in the course of time improve knowledge of the system, and this will help to ensure that limited funds can be applied where they will yield the greatest benefits. The general termination of section 15 arrangements would not, by itself, contribute to this end.

14.23. However, we see that there may be more to the problem than this ignorance. There are two further difficulties. First, the model arrangements do not unambiguously give the RWA the authority it needs to establish a regional strategy and a capital programme. Clauses 2, 3 and 4 in particular must be amended to put this authority beyond doubt. Second, there is the problem of DC attitudes to RWA control. As we say in paragraph 14.13, many DCs see sewerage work as historically and naturally their own; and are therefore reluctant, or find it difficult, to subordinate themselves to RWAs as we believe is necessary if the RWAs are properly to control capital expenditure. We hope that the clarification of the model arrangements, and a greater determination by the RWAs to use their powers, will do much to put this right. In cases where more is needed, there is the appeal procedure, on which, see below.

14.24. We conclude therefore that the model arrangements should be varied, specifically and in detail, so as to ensure that the RWA has the powers to exercise close control over the capital programme. It should be made plain that the RWA is responsible for the formation of that programme, and does not merely respond to proposals put up on their own initiative and in their own time by DCs. It must be able to require and get prompt and accurate information on complaints, flooding and other aspects of service. It must be able to ensure that DCs comply with the project appraisal and design provisions of its sewerage manual and other such

circulars. It should institute a more rigorous system of progress reporting, so that slippage is promptly detected and put right. It must be free to determine the best solution to the problems of design and execution and be able to use, accordingly, the agent's or its own staff, or another DC's staff or, within its own procedures, outside consultants.

14.25. Where an RWA decides to use its own staff or alternative services for a substantial project, which we should expect it to do so only after consulting the DC concerned, this may amount to termination of the arrangements so far as capital works are concerned. If the DC were not prepared to accept such termination, the DC should be able to refer the question to the Secretary of State for decision under section 15(7), as though the RWA had formally proposed termination of the arrangements. We deal with determination of disputes in paragraph 14.31 below.

14.26. The operating subsidiaries of a large industrial organisation are responsible, in most cases, for the execution of capital works; but within expenditure limits set by the main board and subject to close monitoring and (if necessary) intervention by the centre which also approves large-scale capital projects and controls priorities. There are elements of this in the way the present arrangements between DCs and RWAs work. But we believe there is a need for both sides to recognise that the relationship should be of this kind, and for the model arrangements to put beyond doubt that the RWAs are intended, and have the power, to work the system in this way. This is not to say that an RWA should lightly undertake itself work which could be done by its DCs. There is a danger, which must be avoided, that RWAs, in their eagerness to take control, may rush into changes without adequate discussion and carrying out a thorough appraisal of the strengths of those DCs which are capable of doing satisfactory work for them.

14.27. We believe that the preferred solution of the two Authorities, that all agencies be terminated at once, is unnecessary to achieve their purposes. Moreover, it involves unnecessary risks to the ratepayer. If an RWA took over capital works, and enrolled those 'wholly or mainly engaged' on the works, it would leave behind in DCs pockets of spare capacity, so that an engineer or an accountant or a computer previously employed part-time on agency work would now to that extent be idle. This spare capacity, unless and until it was eliminated, which might be difficult in the smaller DCs, would represent a waste of real resources which must be put in the balance against the savings which RWAs claim. These residual costs, which were previously recovered by the DC through charges to the RWA, would necessarily have to be recovered through the local authority rates. There is also the danger that the RWA would need (unless it had spare capacity) to add to its own costs in order to carry out the functions of the people who did not transfer from the DCs. DCs might keep spare capacity, while RWAs created more capacity.

14.28. The existence of residual costs must not be used as a general argument against change; and merely to assert it should not entitle a DC to keep its agency. But we believe that where a proposal to terminate an agency is made, residual cost should be assessed and weighed against the savings

claimed by the RWA. Local authorities and the water industry have suffered a good deal of reorganisation. Even if, in the long run, the DC managed to adjust its staff and their employment to loss of the agency, there would be time and energy spent on the necessary reorganisation, just as there would be on the RWA's side as it adjusted. Although the costs and difficulties of abolishing section 15 arrangements are not of overwhelming significance, we have to be satisfied that there is no other, less disruptive, way of achieving what efficiency requires. We expect that under the new arrangements and with the new attitudes which we have outlined, the RWAs will be able to achieve what they need to carry out their statutory duties.

14.29. We would not wish our conclusions above to inhibit DCs from surrendering agencies either wholly or in respect of one or two operations where this is appropriate. Indeed, we believe that smaller DCs should be readier than they have been in the past to offer to give up the agency if they feel that, overall, it is not cost-effective. They may also, as noted above, ask an RWA to carry out work on their behalf.

14.30. No doubt there are, and will be, cases where DCs seek to retain agencies which do not work well enough. In such cases we believe that the RWAs should be more willing than they have been in the past to use the appeal procedure. DCs' ability to retain agencies must depend on whether the particular agency works; and the appeal procedure is there as a last resort to judge whether it does.

14.31. We do not recommend any change in the present provisions of section 15(7) whereby an RWA or a DC can apply to the Secretary of State to vary or amend the arrangements. But our enquiries have shown us that the three operations distinguished in paragraph 14.9—sewer repair and maintenance; pumping stations; and capital works—present problems which differ widely from one RWA to another, and from DC to DC. A section 15 agency may work well in one respect, but badly in others. We recommend therefore that it be made clear that a request for variation of section 15 arrangements may consist of termination in respect of any one or more of the above functions. In such cases DC employees should have the same rights, particularly as to transfer of employment, as are available under clause 18 of the model arrangements when an agency is formally terminated. Therefore we recommend that in such a case the DC would be entitled to invoke the provisions of clause 18 to the extent of the activity transferred.

14.32. We have considered whether a formal pre-appeal procedure should be instituted, so that before the RWA gives notice of termination, and thereby, in cases of dispute, starts the process of recourse to the Secretary of State, the parties are required, first, to consult each other about their differences; and then, if that fails, to allow a set period during which the allegedly defective agent can attempt to put its failings right. We hope and expect that an RWA will lay down and observe such procedures as a matter of ordinary competence. We do not recommend a particular system since one imposed from outside might entail delays and formalities that would not contribute to the effective management of sewerage. We think it likely that

in the event of an appeal the Secretary of State would require to be satisfied that a proper consultation procedure had been followed.

14.33. The two Authorities have emphasised to us that their estimates of the savings which would be made if they controlled sewerage directly take into full account only their own costs; NWWA attempted to estimate the residual costs which might remain with DCs, but was thinking of indirect staff costs only, and not of the prospect that some direct staff costs might remain. RWAs cannot know the cost structure of DCs in any detail, and in any case their concern must be limited to the costs of the operations for which they are responsible. But the issue of residual costs is an important one. We recommend that it is for the Secretary of State, in dealing with any application to him under section 15(7), to take into account in particular the balance between the benefits to the RWA, and the residual costs which may fall on the DC or DCs concerned if the agency is terminated in whole or in part.

14.34. We have made recommendations in paragraphs 14.14, 14.15, 14.23, 14.24 and 14.31 for variation of the arrangements currently in force. We have mentioned in particular clauses 2, 3, 4, 6, 7 and 18 of the present model arrangements. It is likely that some amendment of section 15 itself will be necessary, to enable a DC to act for an RWA in the area of another DC and because some of the clauses which we consider need to be varied are virtually laid down in section 15(2). If the Secretary of State again proposes model arrangements, as he did in 1973, this might with advantage be done in a manner similar to the way Table A under the Companies Act 1948 sets out provisions which will apply unless something different is agreed.

14.35. The fourth question in our terms of reference is whether either Authority is pursuing a course of conduct which operates against the public interest. We conclude that neither is doing so. During our discussions with AWA and NWWA we were impressed by the professional commitment of those whom we met and their desire to provide a good and cost-effective service.

C J M HARDIE (*Chairman*)

P J CUSTIS

L KELLY

S R LYONS

SIR ALAN NEALE

MISS R STEPHEN

N E D BURTON (*Secretary*)
23 September 1982