

# Thames Water set to collapse as UK's rivers and seas flooded with sewage by private operators

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11 April 2024

Thames Water is seeking either a taxpayer-funded bailout or a massive hike in customer bills, plus reduced fines for environmental breaches, to satisfy its investors. Cutting through the business jargon, its executives are essentially demanding workers pay the super-rich more money to pump more untreated sewage into Britain's seas and rivers.

Thames Water provides water and wastewater services for 16 million people in the UK. Parent company Kemble Water Holdings was told by auditors in December that it could run out of money in April trying to service Thames Water's £18 billion mountain of debt—80 percent of the value of the company. Investors offered to provide £500 million upfront and a further £3 billion if regulator Ofwat agreed to let the company raise bills by 40 percent and begin paying internal dividends to Kemble.

Attempting to force the issue, investors took the £500 million off the table last month, leading to Kemble missing a debt interest payment on a £400 million bond, asking creditors not to take action against the company, and announcing it could not repay a £190 million loan due to mature at the end of April.

Ofwat is to make a draft decision in June and a final one at the beginning of 2025.

The Conservative government has drawn up contingency rescue plans. According to the *Daily Telegraph*, after speaking with a Whitehall source, “If Thames Water is put into special administration, it is estimated that as much as £5bn of financial support would be needed from the outset ‘just to keep the lights on’.”

The company's finances are almost as much of a mess as the waters it has been relentlessly polluting for years. It was criticised and fined repeatedly throughout the 2010s for sewage spills, but the full scale of the problem has only recently come to light.

Since 2020, the company has pumped at least 72 billion litres of sewage into the River Thames that runs through London, equating to 29,000 Olympic swimming pools.

Figures released last month by the Environment Agency showed the company recorded a 163 percent increase in the number of hours it pumped raw sewage into rivers and seas in 2023—over 196,000 hours.

The scandal blighted the genteel occasion of the Oxford-Cambridge boat race this year, with competitors given safety instructions after campaign group River Action warned of “alarmingly high levels of dangerous *E. coli* bacteria” present in the Thames between Putney and Mortlake where the annual event takes place. Three members of the Oxford team were infected with the bacteria in the run-up to the event.

Lenny Jenkins of the Oxford team explained, “We've had a few guys go down pretty badly with *E. coli* strain... It would have been ideal not to have so much poo in the water.” Jenkins, incidentally, is a postgraduate student in Sustainability, Enterprise, and the Environment who described himself in a profile for the boat race as “super excited to learn more about the ways the private sector can work with government to solve complex problems across all shareholder groups.”

The same is done by all private water companies across England. In 2023, they were collectively responsible for at least 3.6 million hours of raw sewage discharge into rivers and seas, a 105 percent increase on 2022. Between 2020 and 2022, just nine companies were responsible for 7.4 million hours of discharge. The River Irwell, which runs through two major cities, Manchester and Salford, was listed as the most polluted waterway in terms of sewage spills, with 95 per mile of water in 2023.

Lack of monitoring at all overflow sites means what gets reported is just a fraction of the amount of sewage being poured into England's waterways practically every minute of every day.

In large part due to this pollution, just 14 percent of England's rivers now have a “good” ecological status, expected to fall to 6 percent by 2027, and none of them have

a “good” chemical status. Fewer than one in five estuaries and less than half of coastal waters have “good” ecological status, and none of them “good” chemical status. Of 256 freshwater habitats of special scientific interest assessed in 2023, only 23 were in a favourable condition.

The number of hospital admissions for waterborne diseases like dysentery and Weil’s disease has increased by 60 percent since 2010, to 3,286 in 2022-3.

Privatised in 1989, Thames Water was purchased by Australian company Macquarie (a top 50 global asset manager, responsible for more than \$735 billion in assets) in 2006. By the time it sold its stake in the company in 2017, it had tripled Thames Water’s debt to £10.5 billion.

Meanwhile, Macquarie paid dividends worth £2.8 billion, borrowing against the company’s assets to increase payouts to shareholders. In its first year of ownership, it hiked dividend payments to £656 million, against profits of just £241 million.

Thames Water is now owned by a consortium including Canadian pension funds, the UK university lecturer’s pension fund, a subsidiary of the Abu Dhabi Investment Authority and China’s sovereign wealth fund, which picked up where Macquarie left off in 2017.

In total, Thames Water has provided £7.2 billion in dividends since 1990. It spends 28 percent of its current income from water bills just servicing its debt. Very little makes its way into providing modern services. By 2014, the company was leaking 646 million litres a day. Almost a decade on, in 2023, it was still leaking 630 million litres a day.

This is only the most extreme example of a universal trend. Since privatisation, water companies have together paid £72 billion in dividends to their shareholders while accruing £60 billion in debt, which 20 percent of the average water bill goes towards servicing. Of £2.3 billion industry profits in 2022, £900 million was paid out in dividends. Another £24.8 million was paid to just 22 water company executives in salaries, bonuses, benefits and incentives.

In the same period, bills have risen by 40 percent on average and investment in infrastructure has fallen 15 percent. Between them, water companies in England and Wales lose nearly 3 billion litres a day to leaks.

The proceeds of this vast looting operation travel all around the world, with 70 percent of the value of England’s water companies owned abroad—mostly in America (17 percent), Canada (15 percent) and Australia (11 percent).

Big players include BlackRock (managing \$9 trillion of assets worldwide), the Vanguard Group (\$7 trillion), Lazard Asset Management (\$216 billion), IFM Global Infrastructure Fund (\$108 billion), Abu Dhabi Investment Authority (\$993 billion), Qatar Investment Authority (\$526 billion) and a

host of lesser-known private investment groups.

Southern Water, supplying 4.6 million people and responsible for secretly pumping 16-21 billion litres of sewage into protected seas over six years, has since 2021 been majority owned by none other than Macquarie, with JP Morgan another major equity holder.

The money-mad drive for dividends paid to a handful of people which has characterised England’s 35 years of privatised water companies highlights the toxic influence of the profit motive on society. Capitalism sees in the basic human need for water not a service to be provided, but a captive market to be leeches—under monopoly conditions to boot. It sees in rivers and seas not pillars of biodiversity and sources of beauty and leisure (unless commercialised), but a ready-made sewage pipe.

All of which is facilitated by a bought-and-paid-for state apparatus. According to the *Telegraph*, at least seven of the nine water and sewerage companies currently have senior staff in regulatory or strategic roles who have previously worked for regulator Ofwat. Cathryn Ross, head of Ofwat between 2013 and 2017 when Macquarie was taking on billions in debt to pay billions in dividends, is now head of strategy and regulatory affairs at Thames Water.

There can be no progressive capitalist solution to the company’s likely financial collapse and the turning of England’s waterways into liquid filth. The control of a few billionaires and corporate swindlers over water and all other essential services is irrational and harmful; they must be brought under the democratic control of the working class as part of the socialist reorganisation of society.



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