



Northern Ireland  
Assembly

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COMMITTEE FOR  
REGIONAL DEVELOPMENT

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**OFFICIAL REPORT**  
(Hansard)

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**Water and Sewerage Services  
(Amendment) Bill**

11 November 2009

# NORTHERN IRELAND ASSEMBLY

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## COMMITTEE FOR REGIONAL DEVELOPMENT

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### Water and Sewerage Services (Amendment) Bill

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**Members present for all or part of the proceedings:**

Mr Fred Cobain (Chairperson)  
Miss Michelle McIlveen (Deputy Chairperson)  
Mr Cathal Boylan  
Mr Willie Clarke  
Mr Tommy Gallagher  
Mr Danny Kinahan  
Mr Raymond McCartney  
Mr Ian McCrea  
Mr Brian Wilson

**Witnesses:**

|                  |   |  |
|------------------|---|--|
| Mr John Corey    | ) | Northern Ireland Public Service Alliance |
| Mr Damian Bannon | ) | Northern Ireland Public Service Alliance |
| Mr Peter Bunting | ) | Irish Congress of Trade Unions           |

**The Chairperson (Mr Cobain):**

Thank you very much for coming. Do you want to lead off, John?

**Mr John Corey (Northern Ireland Public Service Alliance):**

I thank the Committee for the opportunity to offer some views and comments in relation to this Bill. I think that we may be listed as representing NIPSA, but we are representing the broader trade union movement. Peter is here from the Irish Congress of Trade Unions, as well as our representing the NIPSA interest because of the large number of water service staff whom we

represent.

I will start with an apology to the Committee. If members have a NIPSA letter in front of them, it is probably confusing. It was an error on our part because when we examined this Bill, we also looked at the Water and Sewerage Services (Northern Ireland) Order 2006, which is the major piece of legislation that is being amended. Therefore, there were references to a “substantial Bill” and “part II of the Bill”, but that should have said “Order” rather than “Bill”. I apologise for that confusion.

We want to make a number of key points to the Committee today. First, we record in the letter that we accept that the proposed amendment is required, for the simple reason that it is necessary so that the Department can extend the period for grant payments that cover the cost of householders contributing water charges. We cannot see any practical alternative to accepting that this very short Bill is necessary. However, having made that point, we recognise and acknowledge the Committee’s strong concerns that the amendment Bill does not tackle or address the big issue of how water and sewerage services are going to be funded in the future. We also appreciate the Committee’s view that, although it is a minimal, technical amendment Bill — probably one of the shortest Bills you are ever likely to see as an Assembly Committee — it has very significant implications.

The point has already been made that, if the Bill is not enacted, it could conceivably force householders in Northern Ireland to pay water charges from April 2010, because otherwise Northern Ireland Water would be short of financing for operations. It is very difficult to predict what the consequences of that would be.

I must be clear about where the trade unions stand on the possibility of forcing householders in Northern Ireland to pay separate water charges. As we have stated previously, we strongly oppose that.

We are concerned that we have again reached the point where we are facing the question of water charges — it is in the public arena, and is spoken about constantly — but we went through a process three years ago. Almost two years ago, two reports from the independent review committee were made available to us, which addressed many of the relevant issues, yet there has been no outworking of those reports, as far as we can see. There has been no public consultation

on the wide range of recommendations that they made.

This Committee spent considerable time on those reports and produced comprehensive responses to them to the Minister, but now, two years later, we can find no evidence of the Department giving any serious consideration to that whole raft of recommendations, specifically, to how householders are going to contribute to water charges in Northern Ireland. That is something that we feel strongly about, which is why we felt that it was important to take this opportunity to speak to the Committee when considering the short amendment Bill.

A gap has now appeared; we think that an opportunity to deal with the issue has been missed during the last two years, or year and a half. We have opposed householder water charges — without wishing to repeat something that you are all familiar with — on two straightforward grounds. First, householders already pay. The independent review panel confirmed that householders at that point were contributing an average of £160 per household per year for water. Secondly, we do not think that there is any necessity for separate household water charges. On the basis that householders already pay, we think that it cannot be beyond the capacity of the Northern Ireland Administration to organise a financial system under which householders can contribute toward the cost of water and sewerage through the regional rates system, and contribute on a fair basis. We do not think it is impossible or that there is a barrier to doing that if there is a will to do so.

The point that we are anxious to make today, which we would like the Committee to consider and take on board, is that the Department had ample opportunity over the last two years to do that; to consult the public, develop proposals and seek to put arrangements in place so as to establish once and for all what the future is going to be in Northern Ireland in relation to payment for water.

We also think that it is reasonable and fair that, under such a system, the determination of what is a fair contribution should become a political matter, not a matter for the Utility Regulator. It should be a political matter to be determined by the Minister, with a role for this Committee, and ultimately, the Assembly. It would be a debate that would have to take place each year, but the people of Northern Ireland should contribute. As far as we are aware, none of that work has been taken forward, unless someone has other information. That is a major point that we wish to make.

Although our letter implied that those actions should be implemented through the amendment Bill, we accept, on reflection, that that is not practical politics, and is unlikely to happen. Nevertheless, the points should be made.

The third issue identified in our letter concerns the independent review panel's report, which addressed issues relating to privatisation of water, issues of governance, and the role of the regulator. All of those matters remain to be addressed. For example, although the current Minister gave firm statements on his opposition to privatisation of water, the earliest opportunity should have been taken to secure that through legislation. That has not happened, and is still not happening. We are not convinced that we should remain reliant on the so-called triple lock system only — the assurance given by the previous direct rule Administration. That should be encompassed in legislation. Those are points that we felt we should make to you.

At the end of the day, NIPSA wants to see Northern Ireland move to a future where we have clearly established that water and sewerage services will be a public service, and have established the mechanism through which householders contribute fairly to those costs, taking all factors into account, including the long-standing neglect of previous Governments and the lack of investment in the infrastructure. That is what we want to see in the future. We recognise that the amendment Bill will not bring about the changes to deliver all of those things, but we are anxious to make the point to the Committee — and hope the Committee will express it to the Assembly — that those are the issues that need to be addressed in public consultation with those affected, and that that should have happened before now.

In summary, we want to determine once and for all that our water and sewerage services are a public service. In fact, the current structures have added to bureaucracy in relation to the way in which Northern Ireland Water operates, not taken away from it. Householders should continue to contribute to water through the domestic rates system, and the fair determination of that contribution should be a political issue to be determined each year. Those are the things that we would have liked to have seen incorporated in an amendment Bill. We recognise that that is a tall order, and will not be achieved in the position that we are in today, as we accept that the amendment Bill has to be implemented in order to avoid the introduction of household water charges from next April.

We hope that the Committee, when addressing the Bill in the Assembly, will take on board the points that we have made, and that the Minister will be pressed to undertake the public consultation on the issue that has been outstanding for so long.

**The Chairperson:**

We are restricted by the fact that this is a one-clause Bill that enables the Executive to further defer water charges. The Minister has given the Committee an assurance that water charging will be introduced only after a full public consultation process involving bodies such as the Northern Ireland Public Service Alliance and the Committee. We already have an assurance that the matter will be discussed at the Committee and in the Assembly.

**Mr McCartney:**

I echo the Chairperson's comments that this work concerns the Water and Sewerage Services (Amendment) Bill, which is being presented to us as a technical Bill. The wider issues that you spoke about, and the concerns that are reflected in the Committee's work, go right back to the independent panel. It recommended that the issue should be dealt with by the Executive, rather than by a single Department. That approach would bring plusses and minuses to the way in which the matter is presented and argued in public.

The Committee has been advised that the Bill ensures that the Department will have the legal power to pass on the money from April 2009. Another vista is that people will be forced to pay for water. Another is that there will be no money to allow the water subsidies to go forward. That is the spirit in which we are approaching the Bill.

**Mr W Clarke:**

I echo Raymond's comments that the purpose of the Bill is to allow the Minister to defer any water charging. The deferral of water charges until 2010-11 will create a big funding gap. Have you given consideration to how that gap can be closed without jobs being lost in other bodies? We are very limited, because we do not have tax-raising powers; it may not be a good idea to raise taxes in a recession anyway. Therefore, we need either the block grant or an increase in regional rates. Do you have any other ideas on that?

**Mr Corey:**

We recognise that this is a technical Bill to give the Department for Regional Development power

to continue to meet the cost of household water charges through grants. Like the Committee, we accept that that is a necessity in the current circumstances. However, we have fears, groundless or otherwise, that the public could be bounced into paying water charges because financial constraints make that imperative. We are concerned that it has been presented as the only option. We are concerned that, over the last 18 months, opportunities to get the issue sorted, and to let everyone in Northern Ireland know where they stand, have not been taken.

You asked where money can be found to make up a funding deficit brought about by the deferral of water charges. We are not averse to someone conducting a fair examination of the costs of public services here, how money is used, and how it could be used more efficiently. We have plenty of ideas of how the funding gap could be closed. A brake must be put on Departments' use of external consultants. Virtually every day, Departments send us reports on a wide range of administrative issues that have been prepared by external consultants. That accounts for significant expenditure, and money could be saved in that area.

You also mentioned rates and the difficulties in raising taxes in the current climate. However, we have concerns about whether the arrangements are fair. We are concerned about whether those who can afford to pay are paying fairly, compared to those who cannot. We have issues about the use of the capital limit of £400,000. We are concerned by the fact that the regional rate increases have been frozen for a number of years. Those are issues that must be addressed seriously, so that those who can afford to pay do so. It might be claimed that that will not completely bridge the gap in the alleged funding shortfall, but those are issues that should be addressed. Trade unions have never been against efficient public services.

**Mr Peter Bunting (Irish Congress of Trade Unions):**

We would be reluctant to oppose a particular measure to make up the funding deficit in water. There are a range of economic arguments that we would put forward about how to make savings right across Northern Ireland, about making up funding and about where funding should go, other than just this. Therefore, there is a bit of reluctance on our part, because it is an economic view of Northern Ireland, as opposed to focusing on water alone.

It is imperative to separate elements of the rates bill so that everybody knows exactly what they are paying for water. That is crucial to building confidence. If people are to be convinced that they must pay x amount for water, it is important that it is accounted for separately on the

rates bill to enable changes over the years to be seen. Water charges should not be subsumed into a single bill that rises every year and that could lead to money that is allegedly for water going somewhere else.

**The Chairperson:**

That is a debate for another day.

**Mr Damian Bannon (Northern Ireland Public Service Alliance):**

We have been engaged with a number of Departments on looking at efficiencies across their corporate services, particularly in DRD. To date, some efficiencies have been identified. For example, money has been directed into public transport. We expect other Departments to follow suit.

That engagement is ongoing and throws into stark relief the costs of services that have been provided. For instance, NIW alone is meeting the cost of its pensions administration, communications, finance and legal services. The thrust of what the Department is doing involves looking at whether centralising those services would deliver them more efficiently. Yet, NIW pays for all those services at a very significant cost.

Clearly, that does not represent a nil cost to the Department. However, the cost of NIW providing its own services when they could be provided by the Department is worth considering. John made the point that it might be difficult to bring NIW back into the Department, but he also said that we would like to start the process of looking at alternative models and the financial implications. Thus, in answer to the question about the wider economic situation: we are engaged with the Department in looking at what efficiencies can be delivered.

**Mr Boylan:**

I do not want to deflect from the Bill, but I have another question.

**The Chairperson:**

Does it concern the Bill?

**Mr Boylan:**

It is relevant.



**The Chairperson:**

I have allowed a wide-ranging discussion, but as the member keeps reminding me, we are talking about a technical issue.

**Mr Boylan:**

It is important, because, ultimately, it is all about economics and we are going to pay. I have two quick points to make. First, a pound-by-pound breakdown of exactly what is paid for in rates cannot be obtained. My other point concerns consultants. The witnesses described how the Department paid for redundancies and spent money on consultants. Does the Department have staff with the expertise to do that work, rather than employing consultants and paying their fees?

**Mr Corey:**

Various expertise is available. All that I will say is that we receive many consultants' reports that contain blindingly obvious answers that were clear before those consultants ever examined the issues involved. What is more, those answers were available in the Department and could have been produced by a few civil servants very quickly.

**The Chairperson:**

There is good news and bad news. The good news is that there will not be any water charges in 2011; the bad news is that you will not get a £160 rates rebate, if there are not water charges.

**Mr Corey:**

We think that there is a better system, and we should get to it.

**Mr McCartney:**

Perhaps we could come back to your last point on the use of consultants. The Committee has received presentations from the Roads Service, which employs consultants because they, apparently, are necessary for road building. We are keen to hear of examples of areas in which it is blindingly obvious that the work can be done within the system, rather than with the assistance of consultants. We have every desire to ensure that money is not wasted, particularly on consultants.

**Mr Corey:**

There are significant sums of money being spent on consultants and the review of public administration.

**The Chairperson:**

Thank you for attending today's Committee meeting.