

DEPARTMENT FOR REGIONAL DEVELOPMENT

24 April 2008

MINISTER CLARIFIES NI WATER REAPPORTIONMENT COSTS FOR 2008/09

Responding to concerns about potential household bills, Conor Murphy, the Minister for Regional Development, clarified the position on NI Water reappportionment costs.

He said: **"The Executive's decisions meant that households did not have to pay water bills in 2007/08, and that they will also not have to pay in 2008/09.**

"It is understandable that householders have concerns about the additional contributions for water and sewerage services that the Executive has agreed they should make from 2009. Public confidence has been shaken because recent rebalancing of costs between households and businesses by NI Water (NIW) resulted in a gap in its funding in 2008/09. This would add costs to household bills in the longer term.

"The Executive is committed to keeping costs down and I have taken action to deal with the reappportionment issue this year and in the longer term.

"I asked the Company to put forward measures to deal with the shortfall in its budget in 2008/09. By reducing costs, achieving higher efficiencies and other measures the £16million shortfall in 2008/09 has been dealt with. I issued guidance to the Regulator to make sure these measures were put in place.

"By setting more stretching efficiency targets for NIW I aim to reduce the impact on household bills in the longer term. This will result in lower increases than originally feared.

"However, we now need to see if anything further can be done in the longer term to lessen the effects on household contributions when they are introduced. I am committed to making sure that every effort is made to keep costs down as well as ensuring that businesses and households pay a fair share.

"I have also asked NIW to look at how the error which led to this rebalancing came about. I expect to hear the results of that investigation shortly."

Turning to NIW's strategic business plan, the Minister said: **"This document was agreed by Direct Rule Ministers. Since then the Executive has decided to carry out a wide ranging and independent review of water and sewerage services. The review recommended that some issues, particularly around questions of efficiency, needed substantial revision. I have set more stretching targets and asked the Regulator to carry out further work. I think we all recognise that changes are necessary. "**

The guidance issued by the Minister to the Water Regulator about payments for water and sewerage services in 2008/09 is available on the DRD website - http://www.drdni.gov.uk/water_policy.htm

NOTES TO EDITORS:

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