

Issued on behalf of the Independent Water Review Panel by Carlton Baxter Communications

## **No increase in water and sewerage charges until April 2009**

- **No metering**
- **Direct rule proposals abandoned**
- **Privatisation ruled out**
- **No standing charge**
- **No separate collection or billing system**
- **Total savings for users of £296 million over two years**

NORTHERN Ireland households should not pay any additional water charges until April 2009 claims the Independent Water Review Panel in its Strand One report published today.

The panel, established in June this year by the Minister for Regional Development Conor Murphy, to carry out a comprehensive analysis of the direct rule ministers' 2004 proposals on the water and sewerage services says those proposals should be abandoned, saving householders around £143m in 2008/09 and £153m in 2009/10.

This is in recognition that ratepayers are already paying a substantial annual contribution towards the costs of the water and sewerage service totaling £109 million.

Panel chair, Professor Paddy Hillyard said, "Let's be clear: Northern Ireland households shouldn't have to pay twice. They are already paying on average £160 per household for their water and sewerage services.

"The consumer won't pay any more for 18 months."

From 2009/10 the extra average household contribution will equate to the cost of three small bottles of water on a weekly shopping bill. For many this figure will be less as calculations will be based on property values and supported by an improved affordability scheme to prevent water poverty.

Panel member Joan Whiteside OBE said; "Our intention has been to restore public confidence in the arrangements for financing and delivering our water and sewerage services. We have been determined to ensure that the people of Northern Ireland get value for their money as citizens and service users; that the funding mechanism is fair and progressive; and that people's payments openly cover the costs of providing water and sewerage services and nothing else."

Professor Hillyard added; "We recommend scrapping metering for domestic customers for the foreseeable future. To install and run a metering system would cost the average household an estimated £47 every year, before they have consumed a single drop of water. Metering would bear down most harshly on the poorest families. And there are other cheaper ways to conserve water."

There would be distinct payments for water and sewerage charges, which would be clearly identified on customers' rates bills as the most cost effective collection method available. This recommendation would require a fundamental review of

Northern Ireland Water's contract with Crystal Alliance, given that the Panel's suggestion would considerably alter the nature and scale of the work required.

The Panel also recommended that NIW's operating cost efficiency target should be raised from 22% to a more challenging but still achievable target 40% for the period ending 2009/10. And the Department for Regional Development should review NIW's arrangements for performance related pay to ensure that it is directly related to outperforming the efficiency target.

Given the principle that water and sewerage services should be self-financing with no extras included, the Roads Service should in future meet the full cost of road drainage.

Professor Hillyard added; "It appears there was a lack of openness and transparency in the reform process under direct rule. The potential costs and alternative policy options may not have been adequately evaluated in advance. Moreover, direct rule ministers' disregard for public opinion deeply damaged confidence in the integrity of the entire process."

## **Ends**

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## **Notes to Editors**

The Panel Members are:

- Paddy Hillyard - panel chair and Professor of Sociology at QUB
- Charles Coulthard - chair of the Gas and Electricity Consumer Council in Scotland and a member of the Water Industry Commission for Scotland
- Joan Whiteside OBE - former chair of the Consumer Council for Northern Ireland
- Professor John Fitzgerald, the Economic and Social Research Institute in Dublin