

*These notes refer to the Water and Sewerage Services (Amendment) Act (Northern Ireland) 2010 (c.5) which received Royal Assent on 12 March 2010*

# Water and Sewerage Services (Amendment) Act (Northern Ireland) 2010

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These Explanatory Notes relate to the Water and Sewerage Services (Amendment) Act (Northern Ireland) which received Royal Assent on 12 March 2010. They have been prepared by the Department for Regional Development in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The Notes needs to be read in conjunction with the Act. They do not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require an explanation or comment, none is given.

### **BACKGROUND AND POLICY OBJECTIVES**

3. The Water and Sewerage Services (Northern Ireland) Order 2006<sup>1</sup> (the 2006 Order) came into operation on 1 April 2007 providing for an "undertaker" to provide water and sewerage services in Northern Ireland. Northern Ireland Water Limited (NIW) – was appointed as the sole water and sewerage undertaker for Northern Ireland. The company is 100% owned by the government (with the Department for Regional Development (DRD) as the sole shareholder). It took over from the DRD's Water Service Agency on 1 April 2007.
4. Under Article 213(3) of the 2006 Order the Department has the power to make grants to the undertaker equal to the amount of discounts provided to consumers in the initial period. The initial period is 3 years from the coming into operation of the 2006 Order (Article 213(4)) – the period during which the previous Administration intended to phase in new water and sewerage charges. This provision runs out on 31 March 2010 which means that DRD will no longer be able to make these subsidy payments to NIW.
5. Although no decision has as yet been taken about the future funding of water and sewerage it is essential to ensure that subsidy can be paid to NIW beyond the initial three year period set out in the 2006 Order. In light of the Executive's decisions to defer domestic water and sewerage bills the payment of this

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<sup>1</sup> S.I. 2006/3336 (N.I. 21)

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subsidy to NIW is essential to the financial stability of the company. If DRD did not continue to provide these subsidy payments, NIW would be unable to fund the delivery of water and sewerage services.

6. The aim of this Act is to ensure that DRD can continue to make these subsidy payments to NIW for a further three years.

## **CONSULTATION**

7. The Act is technical in nature in that it simply provides for an extension of the current powers to subsidise NIW and therefore no consultation has been undertaken.

## **OPTIONS CONSIDERED**

8. There is no other option available apart from the “do nothing” option which would not allow the stated policy aim to be achieved.

## **OVERVIEW**

9. The Act will amend Article 213 of the 2006 Order to enable DRD to continue to make subsidy payments to NIW while domestic payments for water and sewerage services continue to be deferred.

## **COMMENTARY ON SECTIONS**

The Act consists of two sections; the first section deals with the substance of the Act and amends Article 213(4) of the 2006 Order. The definition of initial period in Article 213(4) is amended to extend its duration for a further three years. The second section in the Act deals with the short title of the Act.

## **HANSARD REPORTS**

10. The following table sets out the dates of the Hansard reports for each stage of the Act’s passage through the Northern Ireland Assembly.

Introduction of the Act to Committee for Regional Development	16 September 2009
Introduction to the Northern Ireland Assembly (“Assembly”)	21 September 2009
Second stage debate in the Assembly	29 September 2009
Committee stage – evidence from Northern Ireland Water and Consumer Council	14 October 2009
Committee stage – evidence from Departmental Officials	21 October 2009

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Committee stage – evidence from the Department of Finance and Personnel and Irish Congress of Trade Unions	11 November 2009
Committee stage – clause by clause consideration	9 December 2009
Committee’s Report on the Act – Report No. 11/09/10R	6 January 2010
Consideration stage in the Assembly	26 January 2010
Further consideration stage in the Assembly	8 February 2010
Final stage in the Assembly	16 February 2010
Royal Assent	12 March 2010