



AN BILL UM SHEIRBHÍSÍ UISCE, 2014
WATER SERVICES BILL 2014

EXPLANATORY AND FINANCIAL MEMORANDUM

General

The Water Services Act 2013 provided for establishment of Irish Water as a State-owned company, established as a subsidiary of Bord Gáis Éireann (now Ertia). The Water Services (No. 2) Act 2013 provided for the transfer of water services functions from the local authorities to Irish Water. The Act also provided that Irish Water shall charge its customers for water services, subject to the approval of the regulator established for water services within the Commission for Energy Regulation.

On 1 January 2014, Irish Water assumed responsibility for public water services and commenced preparations for the introduction of domestic water charges, which were scheduled to commence on 1 October 2014. The Commission for Energy Regulation published an approved water charges plan for Irish Water on 30 September 2014.

Subsequently the Government reviewed the policy parameters applying to the use of the subvention it provides to Irish Water in order to make charges more affordable. As a result, on 19 November 2014, the Government decided on a package of measures which impact on certain provisions of the water charges plan approved by the Commission. This Bill addresses elements of the Government's decisions on water charges in addition to a number of ancillary matters.

Financial Implications

From a financial perspective, the changes arising from the provisions in this Bill will involve a reduction in revenue for Irish Water — €21 million in 2015 and €56 million in 2016. However, Irish Water's costs will also be reduced as a result of the decision by Government to change the approach to the treatment of water infrastructure for commercial rates purposes, such that subvention does not need to be paid to Irish Water to fund this cost. Equivalent support is given directly to the local authorities through the Local Government Fund.

This Bill also provides for the introduction of a water conservation grant. Eligible householders are to be provided with an annual water conservation grant, which they can use to assist with water conservation in their homes. The Government has decided that annual grant should be €100 per household. The estimated cost of this grant in 2015 is €130 million.

Section 1

Definitions

This section sets out the definitions for terms used in the Bill.

Section 2

Plebiscite on the ownership of Irish Water

This section provides that in the future, where a Government proposes to initiate legislation which amends the ownership structure of Irish Water, such a proposal cannot be initiated without—

- (a) a Resolution from both Houses of the Oireachtas approving the changes and
- (b) subject to such Resolutions being passed, the proposal would be submitted to a plebiscite of all people eligible to vote on a referendum on a proposal for an amendment to the Constitution.

The section provides that the requirements above do not apply in circumstances where the amendment of the share ownership is restricted to transferring the share held by Ertia to the Minister for the Environment, Community and Local Government or the Minister for Finance.

Section 3

Water charges — dwellings

This section provides for amendments to the approved water charges plan. The amendments relate to water charges applying to domestic customers of Irish Water. This section also provides that Irish Water may not commence charges for the provision of water services to domestic customers before 1 January 2015. Charges in place for non-domestic customers or connection charges for dwellings are not altered by this section.

The main amendments proposed are as follows:

- (a) A capped maximum charge of €160 for a dwelling occupied by not more than one adult;
- (b) A capped maximum charge of €260 for an unoccupied dwelling or a dwelling occupied by two or more adults;
- (c) Provision that only 50% of the maximum charges may be applied where a dwelling receives only one service from Irish Water (i.e. only a water supply or sewage service);
- (d) The application of a charge of €260 for any dwelling that has not registered with Irish Water by a date to be prescribed;
- (e) Subject to the capped charges outlined, the setting of maximum volumetric charges of €1.85 per 1,000 litres of water or €3.70 for each 1,000 litres of water and sewage services provided;
- (f) The removal of the household water allowance previously provided for in the approved water charges plan;
- (g) Clarification that the child allowance provided under the approved water charges plan shall apply to all persons under the age of 18; and

(h) Limitation on the types of additional services for which Irish Water may charge.

This section provides that the capped charges shall apply for the period 1 January 2015 to 31 December 2018. It also provides that the Minister may after consulting with the Minister for Public Expenditure and Reform, by Order, set maximum charges for periods after 31 December 2018.

Section 4

Late payment charges — dwellings

This section provides that where a customer has not paid any water charges within a period of 12 months after the issuing of the first demand and has not entered into, and is complying with, a payment plan with Irish Water, Irish Water shall charge a late payment fee, for each year the charges remain unpaid.

Section 5

Water conservation grant

This section provides for the payment of an annual water conservation grant by the Minister for the Environment, Community and Local Government, following consultation with the Minister for Social Protection.

The section provides that to be eligible for a grant in 2015, a household shall have provided information on the water supply to their dwelling to Irish Water and any necessary information required by the Minister for Social Protection. The section provides for the Minister for the Environment Community and Local Government to prescribe a date by which householders should register with Irish Water, details of their water supply and waste water treatment.

The section also provides for the Minister to make regulations setting out the particulars of the grant including the amount of the grant, eligibility criteria and the application process. The section also provides that a person resident in a nursing home or other residential care facility would be eligible to claim the grant in respect of his or her own house, provided the house is not rented to another person.

Section 6

Prohibition on reduction of a supply to dwelling

Section 6 is an amendment to the Water Services (No. 2) Act 2013 and provides that Irish Water shall be prohibited from either disconnecting or reducing the supply of water to a dwelling due to an unpaid bill.

Section 7

Public Water Forum

The purpose of this section shall be to provide for the establishment of the Public Water Forum by the Commission for Energy Regulation to represent the interests of customers of Irish Water. It is proposed that the Forum would have at least 12 and no more than 60 members, who would be representative of the interests of all customers of Irish Water. The Forum would have a broad role in reviewing and commenting on the various strategies and plans of Irish Water, including investment plans and water charges plans. The section provides for the Minister to make regulations in respect of the composition of the Forum.

Section 8

Customer Dispute Resolution

This section provides that the Commission for Energy Regulation shall provide a dispute resolution service for unresolved complaints of customers of Irish Water. The service would be similar to that operated by the Commission for customers in the energy sector. The section also provides that the Commission would prepare an annual report on the number and types of complaints made under the section and more generally, the service levels provided by Irish Water.

Section 9

Superannuation

The purpose of this section is to provide for a number of technical amendments to the superannuation provisions contained in the Water Services (No. 2) Act 2013 and the Gas Act 1976. These amendments are necessary to clarify that Irish Water does not have financial liability for the past service of officers of the Minister or local authorities other than the net effect of any increase in pensionable remuneration due to actions of Irish Water. A separate scheme will cover the past service of such employees and this will remain funded by the State.

Section 10

Loans relating to property

The purpose of this section is to provide that, where the Minister makes an Order to provide that water services property is transferred from a local authority to Irish Water, any financial loans associated with the property are not automatically transferred to Irish Water. Section 14 of the Water Services (No. 2) Act 2013 allows for any liabilities to be separately transferred. It also provides that any transfer of property by the Minister shall not be treated as a disposal of property by a local authority. This is to ensure that there is no adverse impact on the financial standing of local authorities from the transfer of assets to Irish Water.

Section 11

Abolition of power of Irish Water to require the PPS numbers of its customer

The purpose of this section is to provide that Irish Water shall no longer have the power to request details of PPS numbers. The section, which makes amendments to the Social Welfare Consolidation Act 2005 and the Social Welfare and Pensions Act 2014, will be commenced by the Minister for Social Protection following consultation with the Minister for the Environment, Community and Local Government.

Section 12

Public water services property not rateable

The purpose of this provision is to provide that land used for the provision of public water services is not rateable for the purposes of the Valuation Act 2001. This exemption will apply to Irish Water for the provision of water supply and waste water treatment and to group water supplies.

Section 13

Increase in membership of board of Ervia

The purpose of this section is to provide for an increase in the maximum number of members who may be appointed to the Board of Ervia.

Section 14

Regulations and orders

This is a standard provision which provides that the Minister make regulations to prescribe any matter referred to in the Act as ‘prescribed’ or ‘to be prescribed’.

Section 15

Expenses

This is a standard provision providing that any expenses incurred by the Minister in the administration of this Act shall be paid out of moneys provided by the Oireachtas, subject to the sanction of the Minister for Public Expenditure and Reform.

Section 16

Short title, collective citation and construction

This is a standard provision to provide for the short title and that the Water Services Act 2007-2014 may be cited as such and construed together as one.

*An Roinn Comhshaoil, Pobail agus Rialtais Áitiúil,
Nollaig, 2014.*