

DÁIL ÉIREANN

MAOINIÚ AR SHEIRBHÍSÍ UISCE TÍ SA TODHCHAÍ: AN COMHCHOISTE UM JOINT COMMITTEE ON FUTURE FUNDING OF DOMESTIC WATER SERVICES

Dé Céadaoin, 22 Feabhra 2017

Wednesday, 22 February 2017

The Joint Committee met at 1.30 p.m.

MEMBERS PRESENT:

Deputy Colm Brophy,	Senator Lorraine Clifford-Lee,
Deputy Mary Butler,	Senator Paudie Coffey,
Deputy Jim Daly,	Senator Grace O'Sullivan.
Deputy Alan Farrell,	
Deputy Seamus Healy,	
Deputy John Lahart,	
Deputy Paul Murphy,	
Deputy Eoin Ó Broin,	
Deputy Jan O'Sullivan,	
Deputy Thomas Pringle,	

SENATOR PÁDRAIG Ó CÉIDIGH IN THE CHAIR.

BUSINESS OF COMMITTEE

Business of Committee

Chairman: Apologies have been received from Deputy Kate O’Connell. I understand that some members of the committee may have to leave early for other meetings and commitments.

Deputy Alan Farrell: Deputy Heydon also extends his apologies.

Chairman: Okay.

At the request of the broadcasting and recording services members are requested to ensure that for the duration of the meeting their mobile phones are turned off completely or switched to airplane safe or flight mode, depending on the device. It is not sufficient for members to just put their phones on silent mode as there will still be a level of interference with the broadcasting system. The proceedings are being broadcast live on television. In accordance with standard procedures for paperless committees agreed by the Committee on Procedure and Privileges all documentation for the meeting has been circulated to members on the document database. I propose now to go into private session.

The joint committee went into private session at 1.36 p.m. and resumed in public session at 1.43 p.m.

Public Water Forum

Chairman: I wish to draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on the committee’s website after this meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

At the request of the broadcasting and recording services witnesses and those in the Visitors Gallery are requested to ensure that for the duration of the meeting their mobile phones are turned off completely or switched to airplane, safe or flight mode, depending on their device, and not just to silent mode.

In the first part of our meeting today we will consider the issues of equity and fairness and in the second we will deal with conservation measures. I welcome Professor Tom Collins, Ms Mindy O’Brien, Mr. David Wright and Ms Suzanne Linnane from the Public Water Forum. From the Department of Housing, Planning, Community and Local Government, I welcome Ms Maria Graham.

I am taking it that members have read the presentation of witnesses from the Public Water Forum and I am going straight to discussions.

Deputy Jan O’Sullivan: Ms Graham’s presentation gives a figure of €173.76 million which has been collected in water charges so far, while a significant figure has not been collected. The Public Water Forum stated that equity must apply to both those who paid the charges and those who did not pay, though it states that it has not had the opportunity to look at the issue in detail yet. It is an issue we need to address under equity and fairness and my view is that people who have paid should be repaid if there is no intention of pursuing those who have not paid. Do the witnesses from the Public Water Forum have any comments on that?

The document of the Public Water Forum refers to an adequate allowance for personal use and suggests a differential charge would apply for all users above the mean. It states that the forum finds it difficult to conceptualise ways in which this could be applied where all households are not metered. This is the crux of the issue for us and the question of metering as against not metering comes into the equity and fairness topic too. If there is to be a charge for excessive use, how is that calculated? Yesterday, the Right2Water group said it was in favour of charging for excessive use. Many of us are now in favour of charging for excessive use. Do the witnesses have any further views on how that can be done? We will have to deal with this as a committee.

The Public Water Forum also suggested the use of water bonds for funding water provision. Perhaps the witnesses can comment on that.

Ms Maria Graham: The figure of €173 million is the amount outstanding while the figure of €165 million is the amount paid. Most of the other questions were directed at the Public Water Forum.

Professor Tom Collins: We could find a way of capturing the median use, which might be fairer than taking average use, at an aggregated level. However, we have not found a way to conceptualise penalising, charging, sanctioning or giving an incentive for conservation in the absence of measuring the amount of usage at household level. There may be a way to do it. In Australia they imposed a swimming pool tax through the planning regulations, though not necessarily by metering, but I do not know of any way we could do it. However, there may well be a way.

In response to the two other very quick questions that were asked by Deputy Jan O’Sullivan, water bonds are used in the United States a lot. Ms O’Brien has some experience of them and will be able to address the question in more detail. They are also used by Welsh Water. We have a general point to make as a forum. The last day we met I made the point that this is a forum which does not have any designated research or technical expertise. There are many areas where we have expertise among the members but one area where we lack expertise is in the area of finance. The reinvestment requirement of Irish Water is such that the technicalities of the financial instruments that will be used are outside of our scope of expertise. Our main suggestion is that the joint Oireachtas committee might be a place that could examine the feasibility of the model and how it might be applied to Ireland, in the case of Welsh Water in particular. The water system in Wales is a public system like ours.

As a forum we did not yet have an opportunity to discuss how to apply the principle of equity and fairness, which as we say in our document we consider to be indivisible. One can ask what that means when it comes to people who have paid and those who have not paid. The

forum has not discussed it but we put it on our agenda for our next meeting on 8 March. I did say we would make a written submission to the joint Oireachtas committee arising from the discussion on the question.

Ms Mindy O'Brien: I grew up in the States and my father invested in all sorts of public bonds, from wastewater treatment bonds to highway bonds. Those are very feasible here and would provide a steady income for people who do not want a lot of risk in their investment. That is something that could be done. The National Treasury Management Agency, NTMA, or the Department of Finance might be able to give some assistance. I am not an expert in finance.

There was reference to excessive use and how to measure it. The main thing is to define what is excessive use. The median is in the region of 150 litres a day per person. It might have been said yesterday that three times that amount is considered excessive use but I think that is far too much. If one rates it that high it will become the norm. It needs to be above the average or median use unless there are outliers. It is important to take care of the people who need it but not to make the exception the rule. The definition is the key point.

Ms Maria Graham: In response to the question Deputy Jan O'Sullivan asked about excessive use in cases where there is metering or non-metering, on a general point, in most jurisdictions regulators deal with both metered and unmetered charges as a norm in terms of how one assesses charging regimes, if there is charging, for those who do not have meters as a proxy. In any system that would have an excessive use charge, one would be looking at other ways for the non-metered people to identify excessive usage within that cohort. There is obviously quite rich data around consumption and consumption patterns from the metered use. There is the overlay that it can go with district meter areas to look at areas that have high volumes of usage that might suggest there seems to be excessive use in that, but it is more generalised than at a household level. It depends on whether one is looking at cost-effective metering in the longer term and increasing the pool of people who are metered for that purpose or new builds that are metered. It depends on a number of approaches that one might take that might increase the information in that regard. This is something that sometimes can be resolved through the regulatory process. Following consultation with people, while it might not be perfect, one can come to some arrangement that people feel are a close proxy.

Deputy Jan O'Sullivan: If it is not an individual meter then if somebody is to be charged for overuse one has to have a method of appeal or some way of dealing fairly with people. I do not know whether one can measure individual water flows if one does not have a meter but any information in that regard would be useful to us as we come closer to conclusions.

Ms Maria Graham: We can talk to the regulator or Irish Water might be able to give more technical information. I was simply saying that in a district metered area one would know, given the nature of the households and the expected consumption patterns by virtue of a comparison to the metered usage, if it appears there is excessive usage, in which case one might target particular areas to look at the water flow or individual households in the same way as was done prior to meters. It is not a perfect alignment. Apartment blocks can have bulk meters. It may be something one could ask Irish Water to find out what the technical options might be in that regard.

Chairman: Essentially, there are many jurisdictions that have both metered and non-metered usage.

Ms Maria Graham: That is usually a charge, to be fair. I am just saying that is a process

regulators go through of saying if some people are metered how one can fairly set a charge for those who are not metered.

Deputy Mary Butler: Today we were discussing equity, fairness and conservation. The expert commission under Mr. Duffy reported that the necessary measures should be put in place to give effect to the commitment that those who have paid their water bills to date will be treated no less favourably than those who have not. I firmly believe that a huge portion of our deliberations will be based on the issue so we must have specific figures in order for us to arrive at some sort of decision or consensus. My question is for Ms Graham. What is the estimated cost of refunding Irish Water payments? We will have to have figures in order to thrash this out because equity and fairness plays a huge part in our role. That is the first question.

If a decision is taken later that Irish Water payments would be refunded, should it take the form of a tax credit or direct payment? My third question is whether the water conservation grant payment of €100 per household last year be subtracted from the figure.

Ms Maria Graham: I will answer the questions. A range of policy issues have been raised by Deputy Butler that the committee must consider. I will deal with some of the technical and financial issues around that. As I mentioned earlier, the amount of funds collected was €165 million. There would clearly be some costs involved, transactionally, in refunding that. Deputy Butler mentioned two options. A tax credit would involve work for the Revenue Commissioners and a refund of bills would involve work for Irish Water in terms of raising cheques and contacting people. Some funding would be required in either scenario. In terms of making the refunds, obviously with the passage of time one has to contact customers, as people will have moved house and, sadly, others may have passed on. There will be a range of issues involved in giving the money back.

In terms of tax credits, obviously there is not a link between Irish Water payments and the Revenue Commissioners at the moment so it would depend on whether that was a matter for individuals to show their bills and get a rebate through that system, because there is no linkage and there is no sharing of information. The PPS numbers were destroyed.

The third issue that was raised related to the water conservation grant. That was an entirely separate system that was run by the Department of Social Protection on our behalf. We did get information transferred on people who were registered with Irish Water, namely, customers of Irish Water and non-customers of Irish Water, namely, people on group water schemes and with wells. That customer information was transferred but there was no link between whether people had paid bills or not because the system did not recognise who the water supplier was. That is a point of which the must be aware in terms of making refunds against the water conservation grant. A proportion of the water conservation grant was paid to people who were not Irish Water customers in the first instance. We do not have visibility on the people who received the grant, who were Irish Water customers, and whether they paid the bill or not.

Chairman: The committee would value the opinion of the Public Water Forum on question No. 2 in terms of the process it would recommend should the committee recommend refunds.

Professor Tom Collins: We will make a written submission on that issue. We have not yet discussed the issue but in terms of our own thinking on it, we have looked at various options such as that outlined. The technical administrative issues highlighted by Ms Graham would suggest there would be administrative problems regardless of what solution one opts for. As a forum, we have not taken a position on this matter, either in terms of the general principle of it

or the specifics of it, although we are of the strong view that fairness and equity is paramount.

Deputy Mary Butler: Professor Collins mentioned that the forum will meet on 9 March-----

Professor Tom Collins: The meeting is on 7 March.

Deputy Mary Butler: -----and that he will make a submission on the matter to the committee. It is important that we would get that submission as soon as possible because we are operating to a very tight timeframe and it will play a huge part in our deliberations.

Professor Tom Collins: I will ensure it is with the committee before the end of next week.

Chairman: The sooner we get it, the better. We value the contribution being made by the Public Water Forum and the contribution it will make it into the future. Its views are important to us. We will need to be in a position to finalise our draft report around the time and so we would need the submission before then.

Professor Tom Collins: I can begin a process immediately with members of online exploration of the issue such that we can arrive at a definitive position on the matter by Tuesday week and then have a submission sent to the committee the day after that. That should not be an issue.

Deputy Mary Butler: In regard to the earlier discussion with Ms Graham around what form repayments would take and the suggestion that this be done by way of increased tax credits, it is important to put on record that there are many people in Ireland who do not pay tax. For example, people aged 65 years or older do not pay tax and so a refund via tax credits would not work for them.

Chairman: The next grouping is Deputies Alan Farrell, John Lahart and Paul Murphy.

Deputy Alan Farrell: I thank the delegations for being here. I would like to focus on the questions already posed in relation to refunds which fall to Ms Graham as the Department official although I would value the opinion of the other witnesses. We know the cost of the collection of payments and set up of the system and so on. If we were analysing ten years of receipts we would be having a different conversation, but we are only analysing receipts for one year or less. The question that arises is what would be the cost of making refunds versus the amount collected, taking on board the pivotal and important need for equity and fairness. It has been said that it will cost €10 million or €15 million to refund €165 million. I presume there would always be legacy issues. There are also a lot of people who do not want the money back, I imagine. I am one of those people.

Deputy Paul Murphy: The Deputy might be the only one.

Deputy Alan Farrell: Fine. I will be unique and I will be happy enough with that. If refunding the money that was collected is going to cost us a huge amount surely we should be exploring every avenue. One such avenue is credits on utilities as opposed to tax credits, which, again, would be a massive administrative task. Given Ervia's involvement in Irish Water and in other institutions that are in the business of providing services to householders across the country could it, in tandem with Revenue, be used as a vehicle for the delivery of credits through utility accounts and-or, as a last resort, a cash refund from Irish Water? I would welcome the witnesses' view on that proposal. I do not believe any one solution will work and so I think we need to broaden the view.

Ms Maria Graham: It is reasonable for the committee to be engaged in examination of

what would be the most cost-effective method of making refunds. The data around the entire billing system, which is four bills per annum, indicates that take-in was €20 million per annum. I do not have the precise figure for the cost of issuing a single cheque in terms of refund but one would expect that to be considerably less of a transaction cost. That is a matter that could perhaps be followed up with Irish Water.

As mentioned by Deputy Butler, not everybody is covered within the taxation system. There may be a number of difficulties from a legal perspective in terms of transfers between the different utilities. Ervia is a gas network company and not everybody has gas coverage and among the other utilities there is a broadly competitive environment. I do not see the proposal in regard to Ervia as an option owing to its coverage of the population. The data I have given to the committee, which we received from Irish Water, relates to amounts that people have paid. Some people have paid all of their bills in full and others have paid smaller amounts such that a refund or credit could not be set at a particular amount.

Chairman: It is not simple and straightforward.

Professor Tom Collins: As I said, the forum has yet to take a view on the matter. I will be suggesting to the forum that it examine a menu of options that could be offered to each consumer, with the consumer opting in to their preferred option in terms of recovery. In light of the conversation we have just had on this issue I realise it will be necessary for the forum to have an off-line conversation with the Department around what is feasible. On the assumption that what I am saying is feasible, my preference would be that each person who has paid would be provided with a range of options in terms of refund, to include direct refund, credit against a future tax bill or credit towards a water saving initiative. For instance, if the committee recommends the introduction of incentives for retro-fitting houses with water saving devices, etc., then households in respect of which water payments were made would immediately qualify for a grant plus what they had already paid for water charges. There may be ways of doing that.

Given the level of contestation in this area over the past number of years, the ideal position must be that the individual householder who has paid be given a range of options and allowed to make the final call in terms of which option he or she prefers to avail of.

Deputy Alan Farrell: The conservation issue is quite broad. In terms of the blunt instrument that it is proposed to use in respect of those not subject to district metering and-or other measures, perhaps the committee needs to delve further into what is conservation and how we, as members of the Oireachtas, promote conservation. There is a body of evidence that shows that conservation and a reduction in water usage occurs where water meters are installed. I am sure the same would apply in respect of district metering. I am not expert in that regard but I am sure somebody here will have a view on it. The conservation method depends somewhat on the acceptable level of usage. Therefore, achieving the happy medium or median level is very important. I appreciate Professor Collins mentioning that.

We could talk about retrofitting, financial incentives from Irish Water and water audits, as the Department did in previous submissions, but I envisage a very significant change in building regulations, particularly as we ramp up housing delivery. I refer not just to a paltry consideration of our national standards but to really dramatic changes. All new houses have low-flow loos but the flow is not low enough. I know many people who put bricks in their cisterns, which is totally appropriate. We should consider this. I would like the witnesses' view on it.

With regard to the Department's and witnesses' views on that type of change, to building

regulations, for instance-----

Chairman: I would prefer if we kept that for the second section. I just want to deal with equity and fairness right now.

Deputy Alan Farrell: In that case, I will ask a specific question on the setting of the free allowance. It relates directly to fairness and equity for all consumers. How broadly or finely does the rate have to be set in terms of overall domestic usage and national consumption rates as a result of the installation of meters?

Mr. David Wright: During this period, good statistics have been gathered from the meters that have been put in place. We are better informed than we have been. What is currently proposed seems to be fair and equitable. Whether what is proposed should stay as it is for all its life is another question. The metering process will continue so we will be better informed statistically. We will have better equipment and better specifications in houses. I do not regard this as a revenue-generating idea but as a water-conservation idea. That is a key point. People are overly focused on the economics, which I acknowledge is very important, but the engagement of local communities is also very important. Education is equally important.

A complaint I hear from Irish Water is that there is fragmented infrastructure with 900 schemes and that the average number elsewhere is much lower. The 900 schemes, however, present a great opportunity to talk to local communities. Where I was born and reared, I know the lake from which the water comes, where it is treated and where it ends up. It is a matter of getting the whole community engaged.

For the present, we have a figure. I have not had an opportunity for research but, on the face of it, this matter should never be seen as a matter of revenue but as a matter of conservation. That should be reviewed later in light of experience with grants.

Professor Tom Collins: There are two pertinent questions. It has to be retrospective, ascertaining the median use last year. We now know what the median is. My sense is that one might then add on a decile or two in percentage terms. Obviously, there will be some variations. Then there will be specific cases, such as those associated with medical need, and they will have to be addressed. In the submission, I mentioned that the forum would happily get involved in that kind of process. There would need to be an appeals procedure. I have not figured out how one moves from individual consumption to household consumption. I suspect there would need to be some form of self-declaration such that one could say that, as an individual, one was allocated a certain number of litres per day. Of course, we are charged per household so one would have to identify one's household and the number of individuals therein. That is an administrative complexity and I am not sure how we could fully get over it.

Ms Maria Graham: Self-declaration, with some auditing, is usually the most cost-effective way of dealing with something if one is dealing with a large population cohort. It works very well in other regimes. There are just two points I would make on this. Based on my recollection of previous engagements and what we have heard from the Commission, the test of compliance around an excess charge ought to be reasonable. Therefore, it is a question of making a judgment on setting a threshold that could be considered reasonable in terms of a charge for excess consumption. A point was made on how that might change over time and on whether it would be reviewed in time. Water usage is dependent on water-saving devices and what the norms are. The norms now may be entirely different than they were ten or 20 years ago. The questions of reasonableness and changes over time might be considered as part of a test.

Deputy Alan Farrell: I appreciate that.

Ms Mindy O'Brien: On equity and fairness, it is asked where one gets the money back. Professor Collins referred to tax credits. There is a whole basket of sources of tax credits. I brainstormed and came up with a mechanism, although I do not know whether it would work. If one decided to have water bonds, people could get a water bond and be an owner of Irish Water. They would get a portion commensurate with the amount of money they put it. If they wanted to buy more, that would be great.

Deputy Alan Farrell: I actually received a paper on that recently. Somebody obviously had the same thoughts as Ms O'Brien.

I have a question on Professor Collins's point on vulnerable households and excess use, particularly for medical needs. It also concerns the financial side. If we had an excessive usage charge in place and if there were a vulnerable household that was not necessarily recognised as such, would there be a danger that what is being proposed might lead to an element of water poverty? Right across the spectrum of users, can Mr. Wright see such a scenario arising? There would have to be fairly robust self-declaration systems in place. Problems can arise. We could go down a road with our eyes wide open but come upon a problem, such as water poverty, after a period.

Mr. David Wright: Through the medical systems, social welfare and other means, there are ways of proceeding. I have spoken to the Disability Federation of Ireland in this regard. As long as there is a robust system of appeal and, in particular, registration and as long as decisions are made on a medical basis, one will pick up on a lot of the potential poverty issues. At this point, not having seen the appeals process and robustness, I remain optimistic.

Professor Tom Collins: Bearing in mind the networks, it is obviously something that would have to be avoided. Whoever is setting the criteria for appeal and for supplementary supports would have to have adequate links to the community to know the kinds of challenges people are confronting. Clearly, an organisation such as the forum could be usefully involved in that regard.

Chairman: Deputy Healy mentioned on a couple of occasions the importance of local community engagement. It has come up here again with Mr. Wright and Professor Collins. It may be a matter for us to deliberate on.

Ms Maria Graham: The medical issue was raised and we engaged with the Department of Health at one stage on considering various forms of charges. Irish Water has a list of priority customers and people identified as having critical dependency on water. It is not just a matter of the charge but also a matter of a breakage in supply. People who require kidney dialysis, for example, use huge volumes of water. It is very easy to see the reason for their consumption as they are on health lists. It is not as easy for those with other conditions. If people were given notice that they were about to get an excessive charge it is likely to be due to a leak, a medical condition, their household size, or using too much water. They should be given an opportunity to see what the reasons were and deal with them.

Deputy John Lahart: The previous Government's original solution to this was to cut people's water down to a trickle and that is one of the reasons we are facing this. I am interested in the excessive use of water. Scottish Water told us that they do not encounter excessive use or, specifically, wilful excessive use. I wonder how one can charge for unintentional or

unconscious excessive use. If there are still so many leaks in the system much of the excessive use could be down to those leaks until they are identified. One would not be able to identify excessive use in apartment complexes, which means that one would end up penalising one part of the population. Some statistics in the commission's report showed that water usage per head in Ireland is quite low by international standards, which is an important point. Excessive use, meanwhile, is tiny at 6%. Yet we are focusing on all these measures.

I think the Public Water Forum is out of touch. I am glad that Professor Collins's last point was about trying to reach into the community to see what issues individuals face. The obvious ones are medical and the use of swimming pools, which are easy to identify. One just has to knock on doors. One of the points that arose for me concerning household charges, was that thousands of grandparents now provide full-time preschool care for their grandchildren. In the middle of the furore, older people asked me if they would still be able to look after their grandchildren due to household charges. There are so many variables in this matter.

The original proposal contained an allowance for children but no allowance for over-18s. We are getting into a complicated area given the number of over-18s, and even over-25s, living at home with their parents. God knows how long it would take to analyse the extent of this, but I would like the witnesses to comment on that.

What is the estimated cost of pursuing non-payment and has that bill been considered? What information is available on the per household subsidisation of water supplies for group water schemes?

Chairman: Who would like to take those questions?

Ms Mindy O'Brien: I will talk about the excessive use of water. Deputy Lahart said a lot of it is due to leaks, which is true. I got a letter from Irish Water telling me that I was using a huge amount of water. I then found I had a leak under my house. I would not have found it without having a meter. If I am not paying for water, however, there is no incentive for me as a consumer of Irish Water to fix that leak.

Deputy John Lahart: Should Ms O'Brien be penalised and have to pay for a leak that she is unaware of?

Ms Mindy O'Brien: Well, should someone be incentivised to fix that leak, which is a public good and a publicly provided service, when one is wasting it and has a leak in the house?

Deputy John Lahart: It comes back to the point about wilful. Anyway, the first fix was free, was it not? That was the whole thing about it.

Ms Mindy O'Brien: Yes, it was supposed to be, but they only went to the house. My leak was inside my house, underneath my kitchen floor.

Deputy John Lahart: But it was not wilful.

Ms Mindy O'Brien: No. It is not wilful, but there is no incentive for me to fix it unless I was going to be penalised for it. I have therefore been looking at a lot of incentives which are in place, including getting grants for better washing machines and other water-saving measures in the house. People will not invest in those, however. One cannot just get a carrot, although possibly a carrot and a stick. This is me speaking personally. I am not saying that one is being charged for everything, but if one is not being charged for excessive use there is no incentive

for people to fix leaks.

Professor Tom Collins: I would see this as being about civic responsibility and civic duty. The Public Water Forum believes that every citizen should have a free entitlement to a water allowance. That includes teenagers as well as younger children. We believe every citizen has that entitlement, but we also believe that comes with a civic responsibility, especially for a resource like water. As Mr. Wright has pointed out, we do not see the excessive use charge as a revenue-generating one. We see it as an incentive to conserve. We also see it as an incentive for the individual citizen to take responsibility for what happens between the water meter and their house. If there is not an incentive for the householder to walk their land and assess whether there is a leakage problem, the likelihood is that it will not happen.

The Public Water Forum considered this recommendation of the commission and found it was in support of it purely on the conservation argument. It was also based on building citizen responsibility, recognising that there are citizen rights, but with those rights go duties. Part of the duty is that this is a scarce and vulnerable resource and so there is a duty on the individual householder to protect it. If there was a run on a privately-owned resource in a house, which the householder was not supervising - such as their credit card, for example - we would expect them to supervise, measure and manage it, and act accordingly. The same expectation applies here. That is how the Public Water Forum has considered the issue and arrived at a view on it.

I recognise that there are big transactional charges and cost recovery charges in all of this. Ultimately, the revenue and conservation questions almost become two separate discussions. The decision on whether to finish the metering process strikes me as a big one. There is a big recommendation confronting this committee in that regard. If one had never started out on the metering project, one might say that the returns on this do not necessarily add up. Having started on it, however, there is another question, which is: "Do you render as void all of the investment we've made to date, if we don't complete it?" Those are the kinds of choices the committee is faced with, but they are not easy calls.

Ms Maria Graham: There are a couple of questions I wish to address without commenting on the policy issues which the committee is examining. Deputy Lahart talked about the experience of Scotland versus Ireland. One of the things that people have commented on is the rich information we have obtained from consumption data to understand what our level of usage is. One of those factors is that a very small proportion of people are using a huge amount of water. Whatever way one tackles that it is an issue in the long run for a system in terms of operational costs and capital investment. That is because one would be seeking in some way to try to eliminate that, whatever mechanism is used. It is important to understand that it is not a normal bell curve. In combination with other measures, there are huge outliers to be addressed in terms of leakage. Specifically, the question was about collection charges. The collection of outstanding bills is something that was originally built into the operational costs in Irish Water's business plan so I do not have a disaggregated figure, and in the event of a return to a charging regime I am not sure whether there would be any additional costs arising, but that is something that might more appropriately be asked of Irish Water. My understanding is that in the normal course the regulator would look at Irish Water's operational costs, which would include collection of charges.

In the group water sector, as members are aware, there are two types of group water schemes. There are those who get their water from a public source and those who get it from a private source. The subsidy system recognises that. There are two levels of subsidy. The base subsidy is currently €70 per household for a connection using a public source and €140 for a connection

using a private source. Additionally, a number of those on private sources have design, build, operate, DBO, contracts which are more expensive and they get a top-up of up to €220 per household. Those levels were in place before domestic water charges were introduced. They were reduced when the water charges came in and they have been restored.

In dealing with the group water sector, we have been very conscious to set out principles around fair treatment, but recognising that there is an inherent difference in structure. They have their own particular cost structures. For example, that is why we were giving them extra money for DBOs. We were also conscious of the need to have a very simple arrangement for them because one is talking about a multiplicity of group water schemes, organised very much on a co-operative basis so they would want to have low administrative costs. Because they are co-operatives, they do not want to gather a lot of personal information about their members so they tend to deal with things at a household level. Those kinds of issues would have been factored in to the way we approached them. In terms of equity and fairness, sometimes it is around the outcomes not necessarily doing the same for all people. That is why we set out principles to achieve the same outcomes for the group water sector. The sector obviously gets capital grants as well and that reduces the costs. That includes not only things to improve quality but also metering, which reduces costs, water conservation and source protection and a range of other things to assist the sector.

Deputy John Lahart: What is the total annual cost of those three measures, bearing in mind that they were restored under the supply and confidence agreement?

Ms Maria Graham: A full year cost at that level would be expected to be around €24 million. The amount can vary from year to year because it is done in arrears.

Deputy Eoin Ó Broin: Does that include the capital subventions as well?

Ms Maria Graham: That does not include the capital. The capital programme is approximately €17 million. That just reflects where we are at. It is a multi-annual programme. In the past it has been as high as €100 million. We spent close to €1 billion on rural water programmes since the early 2000s. There was a huge quality deficit and that is when the big DBO schemes came in. Most of them are in place and it is a case of more targeted intervention at this stage.

Deputy Thomas Pringle: I find some of the discussion we are having today disturbing. There seems to be an ideology at play within the committee that one can only appreciate something if one pays for it. That is the crux of the problem. Merrion Square is a lovely park. I appreciate it, but one could ask whether we should pay to go into it. That is the logical conclusion of what we are saying, namely, that one cannot appreciate it unless we are paying for it.

If there is a leak in a house the risk of it undermining the foundations should be enough of an incentive for people to fix it, if it is identified and they are notified there is a problem. In terms of equity and fairness in the excessive use charge, it is accepted that there is practically no wilful misuse of water so therefore it is about identifying leaks. The question is whether we want to identify revenue that we can get through excessive use charges or if we want to identify the leaks and have them repaired and reduce water consumption that way. On that basis, could the Public Water Forum also consider the provisions under section 56 of the 2007 Act, which make it an offence to waste water? The fact that one could be taken to court and fined for the wilful waste of water is probably enough of an incentive to stop the wasting of water. That is where the focus should be in terms of water conservation. We already have the provisions under the 2007 Act. From the discussions today it appears we are considering creating a significant bu-

reaucratic system to identify excessive use and then monitoring it and changing it. The one useful thing meters which have already been installed is that each one has a wastewater alarm on it and if a leak is detected section 56 could kick in as the person wasting the water would be identified.

It does not make sense to consider how we can fairly charge 880,000 houses for excessive use and not charge 630,000 houses. We must knock that on the head. In terms of the repayment of people who have paid already, we have no choice in that regard. We have to do that. If one goes down the road of excessive use then one has to go through all of those people and see who among the ones who have paid was excessive in his or her use. It does not make any sense. I have not asked any questions but I will come to them now.

Chairman: Deputy Pringle is not the first.

Deputy Thomas Pringle: I am getting so frustrated listening to the way the conversation is going. I am not talking about previous speakers, unfortunately, I am talking about the witnesses and their ideology.

Under the 2007 Act the system allows for people who are wilfully wasting water to be identified and targeted. We can use the meters that are already in place for that purpose. Through district metering, individual households that are wasting water can be identified as well. We must examine whether that would achieve the conservation measures in the way an excessive use charge would work.

My final question relates to the group water schemes and subsidies. The subsidy figures outlined by Ms Graham do not include the contribution members of group water schemes are already paying to the scheme. In terms of fairness and equity, that would have to be taken into account as well. Would a system whereby each scheme would have to engage with CER in terms of agreeing a pricing policy and for that to be then repaid through general taxation, be workable?

Ms Mindy O'Brien: I was not familiar with section 56 of the 2007 Act. Has it ever been enforced? Have any cases ever gone to court under the Act?

Deputy Thomas Pringle: I am not sure if any cases ever went to court but before I was elected to the Dáil my day job involved serving wastewater notices on people to repair leaks. Whether people have gone to court or not is not the issue. Perhaps the implementation of the section needs to be streamlined and adjusted to ensure it is effective.

Ms Mindy O'Brien: This is another incentive to encourage people to repair leaks. There must be some sort of nudge to get people to do it. In the case of a running toilet or if one's cistern is not working that does not affect one's foundation but it involves a constant stream of water going down the drain. I can see that measure working. It could be put in place instead of money for conservation. I would like to see how that would work in terms of the cost of cases involving solicitors and barristers and the courts system. I do not know whether that would clog up the courts. I am not sure how it would function but a streamlined version of it might be an effective way to encourage people to fix the leak or a running toilet.

Professor Tom Collins: There is also a body of data on the notion of behavioural economics. If we are talking about a conservation charge the amount could be very little. The tax on plastic bags is a great example of how behaviour was impacted by a very small charge because it made people aware of what they were doing and they responded to it. The conservation charge

should not be approached as a volumetric charge. As has been pointed out it is a conservation charge rather than a revenue generator. It is quite possible that information to the householder or user might do it instead of a charge, provided they have a way of knowing how much water he or she has used and how much is used normally. I see that kind of information as fundamental to making decisions about a key resource. I am aware that the Department of Agriculture, Food and the Marine is developing models of mapping for farmers on nitrate load in their soil at the moment so that each farmer can look at a map of their farm and establish what the levels of nitrates are on their holding. This kind of information is fundamental to management.

Whether there is a cost or not is almost a secondary issue. There is a conservation demand and a revenue generation demand. I have no idea how the revenue generation requirement for the investment costs of Irish Water are going to be met. I do not have the expertise to comment on it and I do not know where it is going to come from. I certainly see a value in the excessive usage charge, even if it is nothing other than a wake up call to householders. It could be minimal. I do not know how I can work or make decisions in the absence of information.

Mr. David Wright: It is a type of “nor” argument, and it really has to be an “and”. If I thought people complied with laws and regulations and were not being taken to court we would have the best drivers in Europe driving on our roads and behaving themselves. In reality that has to be there, because it will have zero impact on a certain number of people no matter what one says or how often it is said. That process is there. The vast majority of people respond when they understand what is coming in, what average use is and understand their role. I want to go a step further and help them understand the source of that water and what is happening on the lands around the water, and to understand that we are taking treated water and putting it into a sewerage system to be treated again, and that that costs more than the original production. There is a huge educational task to undertake. I am very clear that there must be an incentive. The thrust should be on engagement, involvement at a community level and the education that goes with it. The meter does help that education process. I know that Ms Linnane has things to say about water protection as well.

Dr. Suzanne Linnane: In terms of education and engagement, when we talk about conservation and incentivising people to conserve we cannot look at it in isolation. We have to look at protection of waterways as well, because it is a holistic approach. There is no point in conserving our water if we are not protecting it in the first place. In terms of education that is where we should start. We are going from source right to tap at any given time. I have been involved in a large number of projects that have looked at community engagement from the outset and it is really effective. When there is real scientific data behind that and communities are brought along with that, the behavioural change can really make a difference.

If we had real time mobile apps where people can actually see their water usage at any given time and know what they should be using, that might be a simple technology accessible to everybody. There are a lot of ways we can look at it, but it has to be source to tap and very much holistic, and always engaging the community as we go.

Chairman: We are moving into the area of conservation, and I will let the meeting flow into that space, if that is okay.

Deputy Thomas Pringle: I asked a question on group schemes and the contribution of those schemes.

Ms Maria Graham: Deputy Pringle asked if there were charges that people faced beyond

those subsidies. He is correct - charges are set by each individual group water scheme. The charges people face or the degree to which the subsidy covers the domestic may vary from scheme to scheme because of the different types of usage, particularly farm usage and other usage in the rural environment. The subsidies that were agreed back in 1997 with the group water sector, against the background of there being no domestic charges, were the level of subsidies they were satisfied with, and we agreed the principles. From looking at previous meetings I think that perhaps the federation have undertaken to give some information beyond what the charges are. They are quite varied. There would be a huge issue around the regulation of that sector. The figures I gave include that in 2015 some 700 individual schemes looked for subsidies. Somewhere around 350 of those are schemes covered by drinking water, meaning that there are 50 or more people involved. Some of these group schemes are very small and some are large, and they all face very different cost structures which they have been happy to deal with in an independent way to date. We have had no requests from the sector to change that overall regulatory process.

Chairman: There are members from the group water schemes who are members of the Public Water Forum as well and have an input from that perspective.

Senator Lorraine Clifford-Lee: Before I ask a few questions I would like to make some brief comments. Ms Linnane spoke about a mobile app to gauge usage and that it would be accessible to everyone. I am not so sure that it would be, because having a smart phone is a privilege at the moment and not many people can afford to have that.

The medical need issue was brought up and we spoke about a robust appeals process, but people who are in the situation where they have a medical need and who are fighting the system to try to get medical cards and other supports do not need to engage in another process to get something as vital as water supplied to them. I would have particular concerns about that.

To echo some comments made by my colleague, Deputy Lahart, in relation to grandparents providing child care, that is something that I encounter quite a bit on the doors and pensioners were terrified that they would have to start turning away two, three or four grandchildren that they are looking after on a daily basis to help their struggling sons and daughters out. I also came across many people who have homeless relatives who do not have access to washing facilities and are letting them come in every couple of days to use their washing machine. That would not be captured. The homeless situation is not going to be resolved any time soon, so that is-----

Chairman: Do you have a question?

Senator Lorraine Clifford-Lee: I do have a question, yes.

Chairman: Can you get to it please?

Senator Lorraine Clifford-Lee: They were just a few points I wanted to put on the record. With regards educating people to help with conservation, what level of financial investment is required to launch a comprehensive education system?

Professor Tom Collins: How long is a piece of string? A comprehensive education campaign could go right through the school system. It could be curriculum based, and in that context there could be some very interesting conversations with the primary and second level school system in syllabuses like geography and science, for instance. It always strikes me as bizarre, coming from the world of education, that children study geography with almost no

reference to local rivers or local streams or local waterways. There is a wide public education dimension to it outside the school system, but there is also a personal information element. I am not suggesting that people are not hugely animated by and concerned about this issue, but decision-making can be enabled with good quality information at a personal level. The points that were made about grandparents and child-rearing is new information for me. It is so interesting. This kind of information needs to be captured and put into the public domain.

The education question is related to the consultation question. At the moment, river basin management plans are being published and there is enormous stakeholder interest in what that will mean for the agriculture, farming and ICT industries. Therefore this debate is much wider than just the domestic side of the equation.

The Public Water Forum has representation from sectors such as tourism, which is a huge user of water, but is also reliant on a pristine water system. We also have rural groups on the forum, including the food industry which is equally reliant and becoming increasingly more conscious of water as a critical input in that industry. Therefore this is a national debate. The education and information process needs to work with all these multiple sectors in different ways so that there can be a national process of reflection.

If the issue of water charges had been addressed after the issue of a public debate on water, it might not have been as contentious as it proved to be.

Senator Lorraine Clifford-Lee: I wish to return briefly to one question that was asked by my colleague, Deputy Lahart, but I do not think we got an answer to it. I would like to ask Ms Graham what is the estimated cost of pursuing non-payers of the water charge.

Ms Maria Graham: I did not have the figure and said that is was not disaggregated in the information we would have within the operational costs in the Irish Water business plan. The plan had been established on the basis of charges being collected, so it is embedded in those costs. That is my understanding, but it is something that we can follow up with Irish Water.

Chairman: We can follow up on that. We will contact Irish Water about that and get that information for the Senator.

Senator Lorraine Clifford-Lee: Yes, thank you.

Ms Maria Graham: May I follow up on the point that Professor Collins made about river basin management plans?

Chairman: Please do so.

Ms Maria Graham: I mentioned previously at the committee that the second cycle will shortly be published. We are trying to focus on public engagement in terms of river basin management plans, including reaching out to communities by examining things from a catchment perspective rather than simply at the tap. One of the things that has been established is a local authority water and communities office with a view to having specialist support officers and community water officers to deal with this broader water issue, as well as working with the Public Water Forum and other bodies to establish a stakeholder forum which would be more national. It would look not only at Irish Water issues and rural water issues but also wider river basin issues.

The point was made that this is all about protecting water as a resource from beginning to

end in that cycle. There is quite a lot to be rolled out in the near term in that engagement process and the forum has been integral to moving that agenda on.

Dr. Suzanne Linnane: I would like to see a commitment to sustaining the whole community engagement process. While it was a great start, there are only three co-ordinators and 12 people working on the ground. Significant resources are needed to deliver effective community engagement and education packages, particularly if one wants to sustain it over the long term. We need to be aware of that and have it built into any programme.

Chairman: I thank Deputy Ó Broin for his patience.

Deputy Eoin Ó Broin: No, it is okay. I thank the witnesses for their answers so far. I have three questions. First, I wish to follow up on the Senator's question about the cost of pursual versus the cost of refunds. Clearly, that would not have been included in the original Irish Water business plan because nobody would have expected us to end up where we are. Has the Department started establishing costs? Are there discussions between the Department and Irish Water to establish those costs? Clearly, if a committee such as ours was neutral on the substantive issues and was trying to decide on refunds versus pursuals, that kind of financial information would be pretty important to us in at least determining which was more cost-effective.

I have asked the second question before but I am still none the clearer. Group water schemes receive an annual subsidy but that does not cover the full annual cost of accessing the water supply. Therefore if the expert group's recommendations that ordinary household use for those people connected to the water supply who are currently customers of Irish Water do not pay an annual charge for accessing that supply, equity would mean that the State would cover the full annual cost of group water scheme users accessing that water supply. That would be obvious. I have asked via parliamentary questions if we know what that cost would be. We know the annual subvention cost is around €24 million, but does the Department have figures for the total cost of those group water schemes? I know they can vary from scheme to scheme. What is the distribution concerning the three different grant levels of €90, €140 and €220? It would be useful to have that information when we are in private session next week making some of these deliberations.

My last question is related to equity but it is not in the expert group's recommendations. It concerns the issue of water poverty. We heard from Welsh Water that they have significant levels of water poverty. Official figures show that 15% of households live in fuel poverty across the State, but in counties with a higher percentage of older people it goes up to about 19%, for example, in Donegal, Cavan and Monaghan. We are not at the top end of EU fuel poverty but we are above average.

What is disturbing about our fuel poverty figures is that we have one of the highest levels of what they unfortunately call "excess winter deaths". About 2,800 predominantly old people are affected and research shows that there is a clear link between both. In all this conversation about charging, given how poorly the State has responded to the issue of fuel poverty and the fact that we know it costs lives, does the Public Water Forum have any confidence in the State's ability to deal with water poverty when the Government's own figures clearly tell us that they are not doing a good job in dealing with fuel poverty?

Mr. David Wright: I will comment on fuel poverty because I deal with that issue. Fuel poverty has been squeezed between the starting and closing dates, the allowance and qualifications, but nobody took it away. It just grew. One is dealing with something exceptional here.

We are saying that there is a citizens' entitlement which is for everybody. It is relatively well defined and the leaks side of it has a significant impact on that.

I would be the first to join in any nervousness because I am not happy with how the fuel poverty scheme is operating or how poverty is being managed generally, including for the low-waged in Ireland. I am not standing on that soap-box today, however.

Because we are looking at it as a citizens' entitlement and because we have some statistical data, from the forum's viewpoint - unless my members tell me otherwise - I have relative confidence in what is being proposed here. That is really all I can say.

Ms Maria Graham: I was reflecting the business plan as it has been done, and I mentioned in responding to Deputy Lahart that any additional costs that might arise from returning to collection after a pause is not something I have, and is something Irish Water would need to do.

Deputy Eoin Ó Broin: That was not my question. My question was whether there have been discussions between the Department and Irish Water.

Ms Maria Graham: There have not been any discussions.

Deputy Eoin Ó Broin: That is fine.

Ms Maria Graham: The data we get from the group water sector is on claims of the subsidy but not on overall operational cost profiles. We have some information on groups which receive capital grants. We do not have an overall perspective on these costs for the sector. We did some work on a survey with the federation when we were looking at reducing the charges. It surveyed a number of its sector members. Based on that pre-January 2014 survey, the average charge for people on the public source group water schemes was €38.79. I give this figure with caution because I do not know whether farm or other usage was included. The private source was €60.50 and the average cost of all schemes based on an average household size of 2.7 was €52.88. This was in the context of reducing the subsidy. When we reduced the subsidy it brought the average to €92.29, which was broadly where the average charge from Irish Water would be because these are water only charges. This is why we were trying to get to an equitable position.

I recognise the Deputy has asked a number of parliamentary questions on this issue. In any of the discussions the only figure we can give is with regard to the subsidy from this perspective. The point I made earlier was we have had a relationship for a period of time with the group water sector with regard to funding it. This has included times where there were charges and no charges. This is the regime it has been happy and satisfied with. When there were no domestic charges this was the subsidy regime. Clearly, the subsidies must be kept under review in light of the costs being faced, but we have not had a demand for a significant revision in the subsidy. In fact, most of the demand has been on the multiannual capital programme, and the inclusion of issues such as source protection, water conservation and such issues, the rationalisation of schemes to give them a better cost structure, the appointment of quality officers and a number of softer measures with regard to involving professionals. These are the areas of funding they have tended to examine. I suggest it needs to be examined in the round.

Deputy Eoin Ó Broin: I appreciate all of this and I know the average figures are very speculative.

Ms Maria Graham: Absolutely.

Deputy Eoin Ó Broin: On this basis, an accurate figure for full subsidy of the schemes would be approximately €4.9 million annually. Clearly this is not a hard fact. It would be very useful if it were possible to have an indicative figure for our private deliberations next week. What is the ballpark figure for a 100% subsidy? While there has not been a demand for group water schemes until now, part of this is because group water schemes have seen the introduction of water charges. If water charges for the vast majority of public water service users are abolished and the expert group's recommendations are accepted in the round and it becomes Government policy it will mean the vast majority of households will not pay a metered domestic charge on an annual basis. We then need to know if we were to translate this situation to members of group water schemes what would it cost. On the basis of Ms Graham's figures it would come in at approximately €4.9 million, but this is as speculative as the averages.

Ms Maria Graham: It is quite speculative because some may face no charges and others may face more. I understand the federation has undertaken to do some work in this area.

Deputy Eoin Ó Broin: We have asked it for this also.

Ms Maria Graham: On the question of water poverty, when charges were being contemplated the ESRI did some work for the Department on water poverty and examining income distribution at different charge levels and what the impact might be. Several interesting points arose in the work. There was not a cohort of people potentially facing water poverty who were the same as an existing cohort of people in the social protection system. For instance, the fuel allowance people would not be the same as people who potentially would face water poverty. Water poverty tends to be looked at as water charges being more than 3% to 5% of income. The outcome of the work done by an interdepartmental group which included the Department and the Department of Social Protection was in the context of developing a free allowance, in the sense that if a universal free allowance was set at a percentage it would ensure people were not brought into this category. The charges as they are, compared to average industrial income, are less than 1%. These tests have been done.

Chairman: Approximately six weeks ago, the Department gave us a paper on the rural water funding programme which set out in detail the four areas of funding available and the capital grants and operational cost subsidies available for each. I suggest it would be helpful if we went through it in detail. It would be quite important in our deliberations.

Senator Paudie Coffey: I apologise for being late. I was involved in a debate in the Seanad. I also apologise if some of my questions have already been answered. I ask the Chairman to direct me on this and I will read the transcript later.

With regard to the expert commission's report to the committee for consideration, there must be equity between group water scheme members and rural dwellers versus public water users, and we must deal fairly with those who complied with the law and paid their water bills in the past so they are treated no less favourably than those who did not. These are the two key points on which the committee must focus. With this in mind, and following on from what Deputy Ó Broin has said on group schemes, I contended it has never been fair because they have always paid. They have always contributed to the supply of water through individual group schemes or through private wells and sewage treatment plants. We have been given a bigger task because we are being asked to ensure whatever we recommend is fair to those and to public users. Following what Deputy Ó Broin has said, this brings a heightened expectation from those on group schemes as they will expect equal subsidy and support as those on public water supplies. I am interested to hear the views of the witnesses on what it costs group water

PUBLIC WATER FORUM

schemes, to which Deputy Ó Broin has referred. We will need this information if they are to be treated equitably with those on public water supplies.

Something that has been lost in our debate is the environmental aspect of the sustainability of water supplies. The EPA referred to it briefly in its contribution when it appeared before the committee. In its submission to us on 30 January, the EPA discussed equity and fairness. It stated the quality of drinking water in public supplies is consistently better than has been found in private supplies. This is a fact quoted by the EPA and taken from its annual drinking water report. Automatically, there is now an expectation that we need to recommend a system that is equitable to private and group schemes because they have a legitimate expectation their quality should be the same as those on public schemes.

Committee members will know from parliamentary questions that grants to support and subsidise group water schemes are subject to availability in the Estimates. They have often been far less than what was applied for. If we are being realistic about being equitable and fair we need to hear from the Department that grants applied for will now be fully funded and that there cannot be shortages. Am I right in that assertion? If so, what type of capital provision are we talking about in our Estimates? Otherwise, it is not realistic and I believe it is unfair to expect equity and to raise expectation as is the case currently.

To refer to what Deputy's Pringle said earlier about appreciation, I think we all appreciate public infrastructure. However, the fundamental issue here is that somebody must pay for that infrastructure, whether it is a public park, a roadway, a light or water provision. It is either the taxpayer or the user or a combination of both. Somebody has to pay for it and I think we all appreciate that.

My second point relates to the issue of fairness and people who have either paid their existing water bills and complied with the law in the past versus those who have not. I know that views have been expressed and I have missed some of the discussion. However, if we are going to have equality and fairness, it is one or the other. Either we pursue payment from those who have not paid or we reimburse those who have paid. In the view of the Public Water Forum, how best should we achieve this fairness? Should we do one or the other? Obviously, we have to do one or other. I would like to hear the view of the Public Water Forum on that.

It is generally accepted now, from listening to various contributors over previous meetings, that there should be a charge for excessive use. Even Right2Water accepted that yesterday and is on the record as having done so. How can this be fairly achieved unless we install meters? How can we fairly implement a charge for excessive use unless we have meters? Is it possible at all? Unless there is a fundamental acceptance that meters are necessary to measure where excessive use comes in, I believe that it might not be possible. I would like to hear the views of the Public Water Forum on that. I hope I have not been too convoluted. I have mentioned two areas: group schemes and the people who have paid their existing bills. How do we treat both of those and manage the expectation that is out there in the public domain, given the task that this committee has?

Professor Tom Collins: With regard to two of the Senator's questions, we have discussed them already. We have given an undertaking that we will have a written submission in by the 8 March or 9 March on the equity question between those who have and have not paid. We have not discussed it as a forum as yet but we will begin the process immediately and give the committee a written report on it.

On the question of the group scheme, I cannot speak for the group schemes, although they are members of our committee as the Chairman has pointed out. I will say two things about the group schemes. At a personal level, I am a member of a group scheme and I also chaired the national rural water monitoring committee for ten years. I believe it is important to think about the group scheme sector as an entity that is different in itself. It is owned by the members. It is a co-op. One might argue that as a co-op, it is placed in slightly existentially different position than those who take their supply from the public scheme. As a member of a group scheme myself, if I was selling my house in the countryside in the morning, there would be additional charges for supplying water to the countryside. There are distance issues and isolation issues. Usually, the State covers those charges, such as with the postal system. Just because I am further away from the GPO than those in Dublin does not mean I pay more for my stamps. One could argue therefore that I should not pay more for my water just because I am in the countryside.

Deputy Eoin Ó Broin: Be careful now. Professor Collins might be giving them a good idea.

Professor Tom Collins: I think there are interesting questions about whether fairness means that everybody should pay the same amount. One might argue that fairness means that if one's supply costs more, maybe there should be some reflection of that in the cost to the user. In my connections and in my involvement with the group scheme sector - I say this making very clear that I am not speaking for the sector - within the forum, we have had very little pressure of any sort come to bear to change the existing situation as it impacts on the group scheme. However, as Deputy Ó Broin has pointed out, if water charges will be free for everybody and are not free for a sizeable minority - the last figure I saw was that there are 500,000 members of group schemes - it is going to be very difficult to explain on the grounds of fairness, even if there are additional charges and the group schemes are that bit different. As a member of a group scheme, I have a sense that I own it. I can impact on its decision-making and attend meetings, but I do not own it in the sense that I do not have private shares that I can sell. I still think it is a model that I am a very strong advocate for in terms of environmental management, in terms of people literally taking ownership for what is happening in their immediate environment and in terms of people having a very strong vested interest in how their scheme is managed. Was there one other question raised by the Senator that I have missed?

Senator Paudie Coffey: There was a question on excessive usage.

Professor Tom Collins: Yes. It is a matter we dealt with before the Senator arrived.

Ms Maria Graham: On the first question of what the cost of going beyond the current subsidy system might be, I know the federation is doing some work on it and we could liaise with it to seek to get material to the committee for next week. In terms of the issue of capital that Senator Coffey raised, all capital is always subject to the amount received which is prioritised. The investment in the rural water programme initially came from an adverse ruling of the European Court of Justice on drinking water compliance. We had a programme of over 700, schemes which Dr. Collins mentioned he was involved in bringing up to scratch through various methods. In our capital programmes, that is where the priority was for a number of years. The funding was put in place and those schemes have by and large all been done at this stage.

We then moved into a multi-annual rural water programme approach. With the Chairman's forbearance, I will state what the components of that funding are. The first measure is about public health compliance in the group water sector. We see it as really critical for the group

water sector to sustain the water quality improvements we have made and really to deal with the deficits there. Particularly within that, we have developed a remedial action list similar to the approach of the EPA to Irish Water in identifying those schemes that are risks and providing funding for them. This will also include group water schemes that are on the list of a pilot infringement on trihalomethanes in the water. That is the first measure and that is where most of the money goes.

The second measure is about enhancing existing schemes and making them more efficient in their operation. I mentioned this before. It involves water conservation, network upgrades and source protection. That is around protecting the investment of close to €1 billion that we have already put in. The next measure is rural development, which is about supporting social and economic development in rural towns and villages by providing new group schemes where private wells are not an option. That is probably the area that has been constrained. It may be one of the areas in which the Senator and his colleagues have been anxious to see schemes advancing, though they have not seen it as quality has been higher up the agenda. The fourth measure is about the transition of schemes to the public water and waste water sector. Either because the scheme members want it or because of public health issues, this is where the best option in the long term is for the scheme to move under the remit of Irish Water. Usually, investment is required to do that.

The fifth measure is around innovation and research. That is particularly looking at efficient and innovative measures to improve the rural water area. In the past, that has included things like integrated wetlands and solutions that may be more suitable for the rural environment. The final measure is individual wells and we give grants for on-site wells and septic tanks. In our change to the multi-annual programme, one of our initiatives was to bring in an expert panel of three people who review the bids from local authorities to ensure that they are done in an evidenced-based way and that they meet those priorities.

While extra funding can go in, it is important that we have a clear mechanism for deciding it and these are the measures that have been agreed with the federation. We have been sustaining the funding at around €17 million for the moment but it would have peaked at perhaps €130 million - €100 million anyway - when we would have had large design, build, operate, DBO, projects. Obviously, we would be anxious to ensure that the investment continues in that respect.

Senator Paudie Coffey: I have a brief supplementary question. To quote the expert commission report, whose recommendations we are now considering:

The Expert Commission recommends that this be reviewed [that is, the public versus the group schemes] when the allowances for consumers on public supplies are determined [and I presume they will be at some stage by us as a committee] and that equity for group schemes and private wells be maintained through additional subsidy or other means.

What Ms Graham has outlined to us is what existing subsidies and estimates have provided for. She outlined some of it in her answer, but my question is whether she foresees an enhanced grant scheme, for example, for private wells and sewerage schemes as a result of the recommendation from the expert commission and possibly as a result of what this committee may recommend. Is the Department working towards this in its Estimates preparation? Ms Graham has already outlined that €17 million is what is normally provided for. This will obviously create a much greater demand and expectation. We need to hear if that type of preparation is being implemented in the Department. We are due to report in a few weeks and

I think it is very likely to have an impact.

Ms Maria Graham: In the context of putting in the multi-annual programme, we revised some of the grants for group water schemes. While there is an overall allocation, this is worked on a per household grant basis. There is a household limit to the different types of funding. The number of these were increased and a number of new forms of support were brought in last year. We are examining the grant for private wells in the context of the confidence and supply agreement, which suggests that we should revise the grant levels there as well. This is under way and we will take account of it.

Deputy Colm Brophy: I appreciate that the Chairman has given me time. I would like to run through a couple of direct issues and get some confirmation on them. My understanding is that there is no real risk of water poverty being created if we move to a generous allowance-based system of payment for water. This is because there would be an allowance, which would be paid for, that would cover everyone's water requirements. Such a system would create a zero rate possibility of water poverty.

I appreciate that the witness gave an answer on this matter, but my understanding is that the 2014 system, because of the safeguards in it, effectively ensured that there was no real risk of water poverty. Will the witness confirm that to be the case?

I appreciate what Senator Coffey said in terms of group water schemes, but I am particularly interested in one aspect. Professor Collins alluded to being a member of one himself. In this perhaps political one-upmanship when it comes to group water schemes, there is a real risk that we - God forgive me for using the expression - throw the baby out with the bath water and that we lose an inherent value of group water schemes, which is the way they work within a community and provide a service. My understanding from the conversations I have had with some of their members is that they would be very adverse to the notion of what would amount to a State takeover and a loss of the ethos, control and way in which a group water scheme works within a community. We should be cognisant of that when addressing the group water scheme issue.

I want to go back to one key aspect on the conservation issue and I appreciate that the question was probably answered. I do not know what type of utopian world some people live in, but in the real world, which most of us inhabit, all the conservation notices, educational programmes and carrots, as I think they were referred to earlier on, in the world will not alter behaviour to the same extent that a very good and effective stick will. I would ask those who believe in the virtue of Merrion Square to think about it. If there was a sign around the no parking zones in Merrion Square that asked us to please give up the spot in two hours and let someone else use it because parking spots are scarce, how many people do we think would voluntarily pull their car out after two hours and head off? As one of those who remembers living in this city prior to clamping, I can assure the committee that those spots would be gone at 8 a.m. and that they would not be back. I would very much share the view which was outlined that it would be insanity not to have some enforcement.

On the notion that we could end up using the 2007 Act to fine people as an efficient means of trying to persuade them to conserve water, we are all aware of the absolutely calamitous situation we have with issuing fines in this country and trying to get people to pay them. Given the cost involved and the ability to appeal a fine for excessive water usage, possibly to the Supreme Court, to me this would be an insane system for this committee to consider. I hope that we would be guided by some of the advice provided in that regard.

At the heart of it, the witness seems to be siding very much with the commission's report in terms of its recommendation for the usage in this area. Will the witness confirm that to be so? I heard him say he would take it on board, so I reassure Dr. Collins that the biggest thing the grandparents of Ireland who are minding children have complained to me about over the past five or six years is the fact that someone destroyed the economy of our country, that they are delighted to have the children in the house and minding them and that their own children are out working.

Chairman: Deputy, hold on. I want to focus on the question. My good God.

Deputy Colm Brophy: Before the grandparents get too scared, so that people are not worried about them, we have to say that.

Chairman: I know what it is like. I am one too.

Ms Maria Graham: I will answer the first question, which was on water poverty. I was giving averages in terms of the average charge as compared to average income. On the work that was undertaken and in terms of targeting the group, I was indicating that a universal pre-allowance for households, if it was at a sufficient level, was likely to mean that water poverty would not be an issue. If there is an excess charge, some of the other components which would have been considered included the presumption that something would be done for those who had a high medical usage. That would be factored in so that it is addressed.

Professor Tom Collins: With the caveat that I am not speaking for the group sector, there is something in the question of the ethos and the point Deputy Brophy made around the kind of co-operative model of self-management and self-production that is involved in the group scheme. It is probably useful to remind the committee that the concept of the subsidy to the group scheme was introduced in the 1990s and coincided with the abolition of water charges at that time. Its introduction was triggered by the fact that households that had paid water charges prior to then were no longer paying them. It is therefore reasonable to expect that the group sector will have a view should the final determination of the matter be that their members will pay and others will not. I suspect that will be a difficult argument to hold.

As I stated, the ethos of self-management around a key resource is an important ethos to protect. I would also say that it is key to conservation. It is self-management and self-regulation and this probably could be applied in some other areas around conservation. Information on conservation is the first step. It is a necessary condition for conservation, though it might not be sufficient. Unlike a parking meter, people believe that if water is leaking on their property it is not depriving another user of water. It is seen as a non-rivalrous product.

Deputy Colm Brophy: All the more reason more stick is needed.

Professor Tom Collins: It could be argued that that is the logic. If a person is using the parking meter, they are denying another user. The question on the public park is a very interesting one. Is one, by using a public park, denying access to somebody else to that park? Because one is not, it is a non-rivalrous good.

Deputy Thomas Pringle: Can it only be appreciated if it is being paid for?

Professor Tom Collins: Perhaps it will be appreciated more. I do not think so.

Deputy Colm Brophy: It must be remembered that someone paid for that park, either

through general taxation or through other means. It did not appear by magic.

Deputy Thomas Pringle: We are all taxpayers here.

Chairman: We need to move on.

Deputy Seamus Healy: I welcome the emphasis on community engagement by the Public Water Forum. There has been no community engagement from Irish Water. They have no local offices or staff, there are no local contacts of any kind.

People who have paid their water charges should be refunded. Many of them paid out of fear. What will be the cost of pursuing those who have not paid?

This committee has been told several times, most recently by Scottish Water, that in their experience there is little or no wilful waste of water. Does the Public Water Forum agree with that statement? If it is true, then how can it be cost-effective to put a billing regime into place for the collection of an excessive usage charge when there is no excessive usage?

Chairman: Those questions have been answered previously before the committee. The Deputy may not have been present.

Ms Maria Graham: I have undertaken to see if there are additional costs of pursuit for Irish Water beyond those noted in the business plan.

Professor Tom Collins: Wilful waste is unlikely, but accidental waste is a possibility. Excessive usage can be deliberate. A swimming pool could be considered wasteful, possibly wilfully so. We need to find a way of building personal responsibility for the use of the resource. This should not be seen as a revenue-generating exercise. There are issues on whether the return on investment justifies the investment. I am a member of a group water scheme. In the late 1990s that scheme was broke. It had been charging a flat rate to its members. Group water schemes include domestic users and non-domestic users such as farmers. When that scheme moved to meter-based charging, in one year usage was reduced from 18 million gallons to 11 million gallons. This was not entirely due to conservation. Farmers sank their own wells. The question of equity for different users is more complicated than just giving everybody the same amount. Those with private wells can supply their household, business and many other things.

Chairman: Ms Graham has previously outlined the Department's plan on public engagement, involving local authority water and community officers.

Deputy Paul Murphy: Right2Water yesterday clarified that they oppose any excessive usage charges. The witness may envisage an excessive usage charge that is about conservation as opposed to revenue-raising, and may possibly lose money. However, such an excessive usage charge could be a Trojan horse for broader charges. There could be pressure to raise revenue, reduce allowances and increase prices. What is originally introduced as a conservation measure could become a revenue-raising measure over time. Something similar happened with bin charges. At present, 51% of revenue due from water charges remains outstanding, a sum of €173.76 million. Probably the majority of people have paid only some of their bills. Does the Department have an estimate of how many people have water charges outstanding? Presumably it is in excess of 51%. It could be as high as 75%.

Professor Tom Collins: Once a gauge to determine the level of water use in a household has been installed, it will be open to future Governments to impose a charge. It is not the exces-

PUBLIC WATER FORUM

sive usage charge which is the Trojan horse. It is actually about physical infrastructure. The forum has not considered whether a water meter should be installed in every new house, but I anticipate that the forum would approve of such a measure. It is good management of a scarce resource. There will always be the potential, once a resource can be measured, that it can be charged for.

Ms Maria Graham: Going from memory, more than 900,000 customers have paid some part of their bill. That is out of the customer base. Rather than relying on my memory, I will get the figure to the Deputy.

Deputy Paul Murphy: I would like the figure of how many people owed something.

Ms Maria Graham: We will get that figure so that the Deputy will have it for next week. Apologies for that, I had moved stuff around in the folder.

Deputy Paul Murphy: It is okay.

Chairman: Great. I thank the Public Water Forum, all four of its members. We very much appreciate their attendance. It was very helpful. I also thank the Department of Housing, Planning, Community and Local Government for helping us again today. I propose now to go into private session.

The joint committee went into private session at 15.40 p.m. and adjourned at 16.10 p.m. until 11 a.m. on Tuesday, 28 February 2017.