

Draft Final Report of the Recommendations of the Joint Committee on the Future Funding of Domestic Water Services

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1. Public Ownership

- 1.1 The Joint Committee on the Future Funding of Domestic Water Services ('the Committee') supports the concept of a referendum on the issue of water services continuing in public ownership and believes that public ownership should be enshrined in the constitution as an extra measure of protection against any privatisation. The wording of this amendment must be carefully scrutinised to ensure it does not impact upon the status of Group Water Schemes and individual domestic water supplies and their connection to the private network.
- 1.2 The Committee notes that, while existing legislation already provides a statutory prohibition on the privatisation of Irish Water, the Thirty-Fifth Amendment of the Constitution (Water in Public Ownership (No 2) Bill 2016, which proposes that the following subsection be inserted after subsection 2 of Article 28.4 of the Constitution:

"3° The Government shall be collectively responsible for the protection, management and maintenance of the public water system. The Government shall ensure in the public interest that this resource remains in public ownership and management.",

completed second stage in Dáil Éireann without division on 9 November 2016.

The Bill was subsequently referred to the Committee on Housing, Planning, Community and Local Government and that Committee has decided to take evidence in relation to the Bill.

2. Funding

- 2.1 The Committee recommends that domestic water charging as provided for under the Water Services Act 2014 be discontinued and replaced by alternative arrangements as outlined in this report
- 2.2 The Committee recommends that the water utility's current commercial loan facility be reviewed and replaced, where possible, with state lending facilities by arrangement with the National Treasury Management Agency (NTMA).
- 2.3 The Committee recommends that there must be funding certainty and long term stability for the water utility so that it can plan and deliver the requisite level of operational and infrastructure projects, in line with the commitments made in its business plan up to 2021, which in turn is based upon Ireland's EU obligations under the Water Framework Directive (WFD).
- 2.4 The Committee recommends that following a review of feasible options including the Water Services Act 2007 and new legislation, if required, the Government must:
 - a. Introduce measures to provide funding certainty for the water utility over a long term multi-annual budgetary cycle dedicated from within existing general taxation, and;
 - b. Ensure that this funding goes directly to the water utility for the specific purpose of investing into the water infrastructure so as to ensure full compliance with Ireland's EU obligations under the WFD.
- 2.5 The Committee recommends that domestic water use should be funded through general taxation. The Committee notes that such funding must be clearly identifiable within existing taxation to meet the cost of domestic water services for the water utility in order to comply with Ireland's EU obligations.
- 2.6 The Committee recommends that there be an identifiable link between the revenue provided to the water utility by the Exchequer and the services that such revenue effectively pays for. The funding model incorporates the principle of recovery of the costs of water services as set out in Annex III of Article 9 of the Water Framework Directive (WFD) and the promotion of conservation to ensure compliance with the WFD.

3. Public Engagement and Transparency

- 3.1 The user's voice must be put at the heart of the discussion and of the decision making on the delivery of water services in Ireland. There should also be greater public involvement in water policy. The Committee notes the intention of the Department of Housing, Planning, Community and Local Government to broaden the remit of the Public Water Forum to encompass and coordinate broader engagement on national issues, and to engage with the public on issues such as water quality, public water services, rural water issues, and with all water issues.
- 3.2 The role of the Public Water Forum should be further developed over time to support these objectives. This would include engaging with the CER and the EPA to provide recommendations in relation to the performance by the water utility of its functions. Where practicable, there should also be public involvement in the matter through the Public Participation Networks, Local Councils and community and environmental NGOs. Adequate funding should be provided to empower citizens and communities to engage fully in this process.
- 3.3 Therefore, the Committee recommends that the legislation establishing the Public Water Forum be reviewed to ensure that that there is no duplication of roles and responsibilities with other organisations, is adequately resourced and effectively structured to ensure that the user's voice is clearly represented.
- 3.4 The water utility should have effective local engagement with individual water services users, elected members, and community groups to provide relevant information and action plans, and to ensure that there are effective responses to local issues.

4. Role of Regulators and Compliance with EU Law

- 4.1 The Committee believes that both CER and the EPA have key central roles in the regulation of costs and environmental standards respectively and they should be appropriately funded. Both agencies also have important roles in assisting the Government, the Houses of the Oireachtas and Local Authorities in fully scrutinising the water utility on all aspects of water policy formation, value for money, service delivery and compliance with the environmental objectives arising from EU and domestic law.
- 4.2 The Committee recommends that, in line with practice in other countries, the establishment of a Drinking Water Inspectorate (DWI) should be considered by the Government. This is recommended with a view to having one body that makes the critical determinations regarding public health so that the appropriate balance can be struck between environmental and public health concerns (regarding water and wastewater investment decisions - for example with regard to lead, Trihalomethanes (THMs) etc.).
- 4.3 The Committee agrees that wilful wastage of water should be curbed. Wasteful water use should be monitored utilising district water meters, existing infrastructure and modern technology in order to explicitly and progressively target wilful wastage of water. This system should be kept under review to address pollution by ensuring leakages and any other water abuse are effectively identified so as to:
- a. Comply with the stated objectives of the WFD to preserve, protect and improve the quality of the environment; and
 - b. Take account of available scientific and technical data as well as environmental conditions in the various regions of the community.
- 4.4 The Committee recommends that CER should determine average consumption levels, which the committee understands to be currently 133 litres per day per person, and that the threshold indicating wasteful/abusive use should be set at 1.7 times this level above which is deemed to be wasteful/abusive save where proven otherwise. Appropriate allowances should be made for exceptional household circumstances.
- 4.5 The Committee recommends that the Water Services Act 2007 be amended and strengthened as necessary to ensure that the wastage or wilful abuse of water can adequately be addressed. Households affected by this threshold should be given adequate notice of six months to apply for exemptions, rectify wasteful/abusive usage levels, address leakage issues and if available utilise the First Fix policy or other supports that may be available. It is considered that an approach based on incentives and penalties and other measures proposed in this report will address the wastage of water thereby demonstrating that Ireland is compliant with all relevant EU water directives

5. Conservation measures

- 5.1 The Committee recommends that conservation of water resources should be embedded as a principle of water policy in Ireland. Clean, useable water is not free and represents a considerable investment of resources, energy, capital and labour. While the water utility usage figures have been shown to be low by international standards, the headroom in respect of water availability in some areas is relatively low. The Committee therefore wish to improve this situation in the long term by incentivising savings and discouraging wastage.
- 5.2 The Committee notes that one of the most urgent tasks of water conservation is reducing water lost in the public system. The Committee recommends that adequate resources are invested to reduce these leaks in the shortest possible timeframe.
- 5.3 The Committee recommends that the 'First Fix Free Scheme' remain in place and those options or schemes should be explored in order to address the cost of subsequent leaks, i.e. within the boundaries of the user's property. The Committee also recommends that the water utility engage in a national awareness campaign with regard to the existing scheme to assist with active conservation on the part of the user.
- 5.4 The Committee recommends that a much more proactive approach be taken to promoting awareness of the importance of domestic water conservation in Ireland. The PWF, in co-operation with the EPA and based on the agency's research programme, should mount a sustainable education campaign in this regard.
This campaign should, in a schools context, seek to establish synergies with the Green Schools programme.
With regard to educating the population, social media and innovative online tools should be utilised to the maximum effect.
- 5.5 The Committee recommends that the Government should develop a cross departmental strategy to increase water conservation. It should focus on education and awareness; retrofitting; stronger building standards and regulations for all new residential builds.
Specific initiatives should include:
- a proactive retrofitting programme to provide for the maximum level of water conservation an ambitious amendment to existing building standards and regulations to ensure the maximum level of water conservation;
 - incentives in respect of the installation of practical/innovative systems that reduce water consumption, for example, rain water harvesting systems, grey water systems, water meters and other water saving technologies to provide for the maximum level of water conservation.
- 5.6 The Committee recommends that, in order to achieve improved water conservation, all new domestic buildings should incorporate water conservation fittings. The Government should explore the establishment of a

water conservation grading scheme for dwellings, similar to the Building Energy Rating Scheme (BER).

- 5.7 The Committee recommends that the principle of open data should be adopted for water research purposes and the data collected by the water utility, CER and the EPA should be provided to the Public Water Forum and society for analysis and decision making purposes.
- 5.8 The EPA's research budget on water management and conservation should also be reviewed to ensure that it is adequate to support better water policy formulation and improved service delivery to water consumers.

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6. Equity and fairness

- 6.1 The Committee recommends that the principles of equity of treatment and equivalent financial support should be applied equally between households on public water supplies and those in Group Water Schemes (GWS), Group Sewerage Schemes (GSS), those using Domestic Waste Water Treatment Systems (DWWTS) and Individual Domestic Water Supplies (IDWS).
- 6.2 The Department of Housing, Planning, Community and Local Government (DHPCLG) should therefore conduct a review, in coordination with the National Federation of Group Water Schemes and other relevant stakeholders, to quantify what additional investment will be required to equalise treatment between those availing of domestic water services and those availing of private services. The Committee recommends that, following this review, identified investment should be provided.
- 6.3 In respect of the most cost efficient mechanism of adhering to the principle of equity of treatment for those who have paid and have not paid water charges the Committee recommends that, following consideration of payments made by the state to date through the water conservation grant and the most effective refund methods, such households should be compensated in an equitable manner.

7. Metering

- 7.1 The Committee recommends that the water utility place a high priority on investment aimed at ensuring that district water metering, existing infrastructure and modern technology are used in the most effective way possible to support the reduction of leakages and to ensure compliance with WFD.
- 7.2 The Committee is of the opinion that the most important function of metering, whether district, domestic or other is to promote conservation through leak reduction thereby alleviating pressure on existing facilities. The most effective combination of metering (including the existing stock of domestic meters) which can achieve that aim should be used.
- 7.3 The Committee recommends that the Government consider how best to incentivise voluntary take-up of a free domestic water meter supply and installation for conservation purposes.
- 7.4 The Committee recommends that bulk metering be installed for multi-unit developments such as apartment blocks.
- 7.5 The Committee recommends that all new dwellings should be required to have the facilities to enable householders to install water meters if they so wish (as per 7.3).

8. Review and Update

- 8.1 At the end of a five year period, an overall review should take place of the strategy based on this report and as adapted by Government and an outline strategy be recommended for the next five year period.
- 8.2 The Committee recommends that the relevant Oireachtas Committee should have an ongoing role in reviewing the implementation of recommendations of this Committee by the water utility and the Government

Noted:

The Committee acknowledges that the establishment of an External Advisory Body is recommended on a statutory basis to build public confidence in the water utility.

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