

# PRESS RELEASE

Department for Regional Development

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## **SPELLAR RULES OUT WATER PRIVATISATION AND FLAT CHARGE**

**Minister of State John Spellar MP today ruled out privatisation and the 'not for dividend' business models as options for the future delivery of water and sewerage services in Northern Ireland.**

The Minister also ruled out a flat rate as a charging option and said that there would be clear and firm protection for those on low incomes.

Additionally, Mr Spellar offered reassurances to staff saying that everything possible will be done to avoid redundancies within Water Service and staff will transfer to the new organisation with their terms and conditions intact.

**The Minister said: "On the basis of preliminary analysis of the feasibility of the policy options and the comments received from the public, organisations and stakeholder groups, I have decided to rule out a number of options.**

**"I have ruled out the use of a universal flat rate household water charge. I share the serious concerns expressed about the fairness of a charge that takes no account of a household's ability to pay, or to the costs of providing water and sewerage services.**

**"I can confirm that, in line with the Executive's thinking, we will ensure that there is clear and firm protection for those on low incomes, so that the necessary additional payments for water and sewerage come from those who can afford them, on a fair basis.**

Mr Spellar stated that he had ruled out privatisation and the not for dividend business models for the future delivery of water and sewerage services

**He said: “Many respondents argued that these options cannot be viable until a secure and sustainable funding stream for water and sewerage services is established. I have accepted that argument.**

The Minister said that there had been a huge response to the issue of metering of household water supplies.

**“In recognition of the interest in this issue, I have commissioned further analysis of the costs and feasibility of operating an optional metering regime in Northern Ireland.”**

The Minister recognised the concerns of Water Service staff regarding their terms and conditions of employment.

**He said: “While we are not in a position to spell out the detail at this stage, I think it is important to provide certain reassurances to staff and their representatives.**

**“I can confirm that we are taking all possible steps to avoid redundancies, and that staff will transfer to the new organisation with their terms and conditions of service intact and with broadly comparable pension rights which will be subject to independent validation.”**

The Minister announced that a report on the submissions received during the consultation process has been produced and that a copy of the report will be issued to everyone who participated in the consultation exercise.

The Minister said: **“I am grateful to the many people and organisations that took time to comment on the options set out in the consultation document. I am particularly grateful to members of the public who made**

**an active contribution to one of the most important debates to have been held on Northern Ireland's public services in recent years.**

**“The Government wants to ensure that Northern Ireland's citizens can have access to efficient water and sewerage services that meet the exacting standards and demands of the 21<sup>st</sup> century and are delivered at a fair and affordable price. Reform is critical to achieving this vision.**

**“We have already begun a major programme of investment to address the glaring deficiencies in the water and sewerage infrastructure. Some additional contribution is needed from people here to help sustain that investment in the long term.**

**“I recognise that Water Reform presents many difficult issues. The introduction of domestic water charges was never going to be a popular policy. However, arguing, that “the Treasury should pay” would mean that we would be asking taxpayers in Great Britain to pay more when we are already paying much less than they do in Council Tax and water charges.”**

**“We are now examining the remaining policy options for water charges, business model and the introduction of customer representation and regulation arrangements. Ultimately this will lead to the development of preferred options which will be subject to equality impact assessment”.**