



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Water Bill: DRD Briefing

4 June 2014

NORTHERN IRELAND ASSEMBLY

Committee for Regional Development

Water Bill: Department for Regional Development Briefing

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Members present for all or part of the proceedings:

Mr Jimmy Spratt (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr Joe Byrne
Mr John Dallat
Mr Alex Easton
Mrs Brenda Hale
Mr Declan McAleer
Mr Kieran McCarthy
Mr David McNarry
Mr Cathal Ó hOisín

Witnesses:

Mr Robert Crawford	Department for Regional Development
Ms Louise Green	Department for Regional Development
Mr Stuart Wightman	Department for Regional Development

The Chairperson: I welcome Robert Crawford, the head of the water policy division in DRD, and Stuart Wightman and Louise Green, who are also from the water policy division. You are all very welcome. Some of you are no strangers to the Committee. I ask you to make your presentation and then leave yourselves open for appropriate questions.

Mr Robert Crawford (Department for Regional Development): Chair, thank you very much. First, I want to thank the Committee for agreeing to reschedule for a later date the long-term water strategy briefing, which was to be taken today. That is very helpful. Thank you very much.

We are with you to seek the Committee's approval to proceed to consultation on a number of measures that the Minister for Regional Development proposes to include in a new water Bill. We provided the Committee with a copy of the draft consultation paper and, for ease of reference, a copy of the presentation that we are about to give you.

The main reason for bringing forward primary legislation at this time is that the Assembly's mandate has been extended by a year. That means that the existing legislative provision that allows Northern Ireland Water to be funded by direct subsidy would run out before the end of the mandate. So, it is necessary to extend that by a further year to ensure that that provision is available and that money can continue to go to NI Water throughout the mandate.

We are also using the opportunity of primary legislation to bring forward a number of other proposals, including a couple that I think have attracted discussion at the Committee. In particular, I refer to the

problem of unadopted private sewers, which came up in previous discussions in the Committee. I also think that lead in drinking water has featured in briefings to you before.

If the Committee is content with the proposals, we propose to commence consultation immediately, and the intention is that that will last for 12 weeks. We will return to the Committee, most likely in late September, with the outcome of that consultation and our final proposals for the Committee's consideration in detail.

I will ask Stuart to do the presentation on the proposed contents of the Bill, and we will then be very happy to take any questions you may have.

Mr Stuart Wightman (Department for Regional Development): Thanks, Robert. I will run through the slides that have been sent to the Committee.

The second slide covers the proposed timetable. As Robert said, the policy consultation will run to the end of August. Following public consultation, we will review the responses and come back to the Committee with a draft consultation feedback report before seeking Executive clearance for final policy proposals in the autumn. Subject to Executive approval, the Bill will be drafted over the winter months and introduced in the Assembly next spring. Hopefully, that would enable its Committee Stage being taken this time next year. It would start in or around June.

The next slide outlines the key drivers for the legislation. First, as Robert said, with the current Assembly's mandate being extended by one year to 2016, it is necessary to extend the Department's powers to pay subsidies to Northern Ireland Water to 2017 to fulfil the Programme for Government's commitment of not introducing household water charges during the current mandate.

Secondly, in line with the Government's red tape challenge, we are proposing to reduce some of the regulatory burden on Northern Ireland Water. We are also proposing some governance changes through social and environmental guidance to improve the Department's and the Minister's control of and influence over Northern Ireland Water; some changes with sewer connection and adoption to implement the Committee's recommendations from its inquiry into unadopted roads; and some changes to improve the future management and maintenance of private drinking water supply pipes. Finally, we are proposing to introduce changes to sewer connections to protect and improve the resilience of the public sewerage system.

The next slide outlines the first proposal — the extension of subsidy — in a bit more detail. The Committee will recall considering a water Bill in 2012, which extended the existing subsidy powers by three years to March 2016. We now need to extend that power again following the Assembly's one-year extension to facilitate the elections in 2016. A one-year extension is proposed to the subsidy power, and that will allow the next Assembly to consider the long-term funding arrangements for water and sewerage services.

We also propose to include an enabling power in the legislation so that future extensions to the subsidy period can be made using subordinate legislation rather than primary legislation. This will be the third Bill to extend the subsidy period, and providing that enabling power would reduce the administrative burden of taking a future Bill through the Assembly.

The next slide outlines the second proposal, which is to give the Minister powers to issue directions to the Utility Regulator on social and environmental matters. At present, the Minister issues social and environmental guidance to the Utility Regulator. We recently briefed the Committee on the Minister's draft guidance for price control 15 (PC15). The Utility Regulator must have regard to the ministerial guidance, but it is not mandatory, ie it does not have to abide by the guidance. The Executive currently provides over 75% of Northern Ireland Water's income and, through the investment strategy, nearly £1 billion of investment is earmarked for Northern Ireland Water during PC15. It therefore seems reasonable that the Minister should have more influence over how that money is spent.

In addition, to manage flood risks going forward, it may be necessary to require Northern Ireland Water to carry out additional duties over and above those of a typical water and sewerage company. Similar arrangements now exist in England and Wales. The Water Act 2014, which received Royal Assent last month, gives the Secretary of State new powers to publish a statement setting out strategic priorities and objectives that the regulator, Ofwat, must follow in England and Wales.

The next slide outlines the third proposal, which is to streamline the requirements on Northern Ireland Water for water resource management plans and drought plans. A water resource management plan

is a 25-year look into the future of how water resources will be managed to meet future drinking water supply needs, and drought plans set out how water supplies can continue to be provided without compromising the environment during a period of drought. Northern Ireland Water currently has to provide a water resource management plan every five years and a drought plan every three years. The proposals are to reduce the individual requirements for those two plans by replacing the requirement to produce two separate plans to a requirement to produce one plan to cover water resource management plans, drought planning aspects and additional resilience aspects. Northern Ireland Water estimates that producing one plan will save around £200,000. If you extend that to a 12-year period, we would basically be looking at producing two plans instead of seven, with estimated savings of £1.5 million.

The next slide is on the proposal for private residential sewerage systems. The Committee will be well aware of that issue from its 2012 inquiry into unadopted roads. Prior to 2007, joint road and sewer bonds were a requirement, but, after 2007, sewer bonds were no longer a requirement and have been taken away and separated from the road bonds. As a minimum, we want sewers that are connected to a public system in the future to be constructed to appropriate standards and adopted. That is proposal 1 on the slide.

The second proposal is to link sewer adoption agreements, which include bonds, to private street adoption in the future. That would ensure that any residential sewerage systems in public roads are satisfactorily constructed and adopted, regardless of whether they are to be connected. That is proposal 2.

Proposal 3 is very important because the level of bond is critical to this. Central to that is that the bond level is set at a level that is high enough to cover the cost of remedial works in a situation where developers default on their obligations through insolvency or whatever. Equally, however, bonds must be set at a level that is affordable to the construction industry. We will, therefore, review the level of bonds in the consultation document, and we welcome comments on that.

Turning to the next slide, you will see that this proposal is about reducing the amount of surface water entering the combined sewerage system. Existing legislation effectively provides developers with a right to connect surface water drainage to combined sewers if no separate storm drain or public sewer is available. We want to reverse the current presumption and make the connection of surface water drains to combined sewers a last resort. Effectively, we are proposing that there be no connection at all for commercial development, thereby formalising existing practice. Northern Ireland Water already effectively has limited powers to turn down the likes of large car parks because of the impact of surface water from car parks and roofs on the sewerage system. We are also proposing that restrictions be placed on residential combined sewer connections for surface water. I emphasise that this affects only the surface water aspects of the connections; it does not affect the foul side of it.

The intention is to encourage developers to employ sustainable drainage systems, often referred to as SuDS, on-site to manage and attenuate surface water locally. Sustainable drainage systems not only reduce the surface water loading on the combined sewerage system but can provide amenity benefits and are often cheaper than conventional engineering solutions, such as large pipes and pumping stations.

The next slide provides two illustrations. The first illustration is of the flooding at Sicily Park back in June 2012, which members will be aware of. It emphasises the need to reduce the amount of surface water entering the sewerage system and to reduce loading.

The second illustration is an example of a proposed sustainable drainage scheme in Scotland. It shows how a new development can be designed and landscaped to attenuate and manage surface water locally on-site on the surface rather than by collecting it in pipes.

The next slide shows the final proposals, which are focused on managing the water quality and leakage risks posed by private supply pipes. Proposal 1 is about introducing a public awareness campaign to educate customers on how to manage the risks posed by lead supply pipes. The private supply pipe is the part of the pipe that goes from the boundary of the property — the curtilage — to the wall or sink in somebody's kitchen, and it is the responsibility of the householder.

The public awareness campaign could include things such as the need to run a tap for 30 seconds or a minute in the morning to remove the water that has maybe been sitting in the pipe overnight. It could also emphasise that other internal plumbing in people's houses may have lead and encourage people to drink the water from their kitchen tap rather than water from other taps in the house.

Proposal 2 is about enabling Northern Ireland Water to replace private lead supply pipes, with the permission of the householder, during routine water mains rehabilitation work. Northern Ireland Water could come across lead supply pipes on a street, and this would effectively give it the power to replace the lead pipes, with the permission of the householder, as part of that routine work.

Proposal 3 is about providing the Department with powers to introduce a grant scheme to subsidise the costs of supply pipe replacement. It is estimated that the costs are around £500 on average for each property. This scheme would potentially cover the full cost or partially subsidise the cost to householders.

Proposal 4 is about promoting lead supply pipe replacement through future house sales or lets by requiring the person selling or letting a property to either declare the presence of lead supply pipes or remove them. That would apply only to houses built before 1970 where lead supply pipes exist. Finally, proposal 5 is about giving Northern Ireland Water powers to enter private land without prior permission to address emergencies, such as major bursts. During the major freeze/thaw event in December 2010, there were a number of scenarios where Northern Ireland Water could not get on-site to address what were quite large bursts at large commercial industrial estates because they were closed for the holidays. This would effectively give it emergency powers to be able to go on-site to address bursts and to minimise the damage to property.

The last slide gives an explanation of the water distribution system. It shows where the water mains and communication pipes are and where the supply pipes are.

That was a very quick run through the proposals, and I welcome questions.

Mr Crawford: Chair, there are a number of options set out in the consultation paper, so, clearly, there is a lot of detailed work to be done on exactly how we take them forward. We do not intend to solve all the issues on each of the options, but we intend to deal with the questions that you have.

The Chairperson: I will start by trying to clarify some issues. You want to make an enabling power to extend water paying subsidy by means of subordination. By means of which resolution?

Mr Crawford: We want to talk to the draftsman about that primarily, but, normally, if the policy is settled and you are simply extending an existing policy, it would be by negative resolution.

The Chairperson: I make it very clear that the Committee's view is that it should be done by affirmative.

Mr Crawford: That will be taken into account during the consultation. Without extension, there will be no subsidy and therefore no money for NI Water. So, we will not be inviting the Committee to consider a change in the current policy by extending the existing policy of the Executive.

The Chairperson: Yes, but it is a very serious issue that, from our point of view as a Committee, needs to be brought to the Floor of the House. That is the view on that. Everybody should have an opportunity to have a say in the Assembly, and that would not extend the time limit. That is a discussion that we need to have, but I am putting that marker down so that you are aware of where we might stand on the issue.

Stuart, you raised the surface water issue. I understand the systems that can be put in but some of them are very expensive, which has a knock-on effect for the person who eventually buys the property and all the rest of it. What discussions have taken place with the experts on those systems? I am not saying that you are not also experts on it, but I am talking about the planners and those in the industry that is involved.

It strikes me that not every site will be capable of running surface water into a system, particularly in urban areas. Nobody knows better than me about the Sicily area that you mentioned, and anything that alleviates any of those problems is very welcome. I understand what you are saying about the engineering and the construction that needs to happen to try to alleviate the problems in the likes of Sicily. A multimillion pound exercise will have to take place there to alleviate the problem. It may well be that it is the best method, and I am not knocking the method, but I wonder what discussions you had before you reverted to paper. I understand that there will be a consultation process, but I assume that you took some advice from somebody. Could you share that with us?

Mr Wightman: Yes. Sustainable drainage systems have been talked about for some time. I have been in water for six and a half years, and, since I have come in, it has been on the agenda. I jointly chair the storm water management group, which is an interdepartmental group that includes colleagues from the Environment Agency, planning policy divisions, Northern Ireland Water, the Rivers Agency, DARD and DOE.

We have been looking at this issue and at a desk-based case study that was done for Ballyclare, for example. Northern Ireland Water has done quite a bit of work on the PC15 piece, looking at potential locations for sustainable drainage. This very estate that we are on is a good example of an area where you could potentially take rainwater out of the system and reduce the loading on the sewerage system going down the Newtownards Road. So, we have had discussions.

One of the biggest challenges for a sustainable drainage system; in fact, I will explain what sustainable drainage systems are. People sometimes assume that we are talking about a big pond. They can range from a water butt in everybody's garden to a large lake. Craigavon lakes, for example, is, effectively, a sustainable drainage system. The more sustainable the solution, the earlier it appears in the development or planning stage. You do not want to get into retrofitting, because that is expensive.

One recommendation in the Northern Ireland Environment Agency (NIEA) document 'Managing Stormwater', published in September 2011, was to remove the right to connect because there is no incentive for developers to put in sustainable drainage systems. Examples across the water have shown that they can be substantially cheaper than traditional drainage. If there are certain types of solutions, you are quite right, Chair, to say that it depends on the site. A lot of this stuff will be on slightly larger sites, certainly with more than five properties.

The photograph in the presentation showed how sustainable drainage can be built in at even individual property level. One of the biggest challenges is maintenance and approval. There is a SuDS approval body in Scotland, which I think is in the councils. When developments are going through planning, this body approves the plans and councils adopt and look after these systems. There is no such body in Northern Ireland. These issues still need to be teased out.

We are limiting residential connections, not prohibiting them, because we realise that there will come a time when those structures and who will approve these subsystems needs to be clarified. In the interim, we are examining whether the storm water management group, which has Rivers Agency, the Environment Agency, Northern Ireland Water and ourselves on it, could act as a shadow approval body and look at only the bigger developments with, say, more than 30 houses, until we see which systems are best.

DARD is proposing a floods Bill, possibly in the next mandate, which might formalise some of these arrangements, and which, hopefully, would include bringing the new local councils on board.

Mr Crawford: Our overall strategy is to reduce storm water coming out of the sewerage system. As you said, it will not be possible to do that through SuDS on every occasion. Part of the consultation objective is to tease out how we would manage that so we do not impose an unreasonable burden on a developer while giving a bit of a push around developments so that we start seeing this kind of arrangement being developed more widely and where it is appropriate. As Stuart said, in some cases, it can be cheaper.

Northern Ireland Water estimates that it spends £34 million a year on dealing with storm water that does not need to be in the sewerage system. That is 20% of its operating cost dealing with rainwater that could quite properly be dealt with in another way, allowing it to soak away, flow into a holding lake or wherever and gradually evaporate. There is a big potential benefit out of this, and there will be other measures that we want to work with NI Water on developing.

NI Water has put money into its business plan for the PC15 period to do work itself on sustainable drainage systems. We are trying to join that up with the planning that the developer goes through so they at least consider SuDS and, where appropriate, make that part of their development planning.

The Chairperson: I think that both of you, Stuart in particular, have recognised that not every site will be suitable.

Mr Crawford: Absolutely.

The Chairperson: You have recognised the unreasonable burden that could be put on a developer, and that burden moves from the developer to the person purchasing the property in terms of price or whatever. Although it has to be looked at — all of us would probably welcome that if we can get rid of a lot of surface water — it is important that the legislation makes clear that there has to be recognition of an unreasonable burden being put on people who may well be developing a site.

Mr Crawford: We recognise that, Chair, and would want to take that into consideration.

The Chairperson: OK. It is probably early days to be going into such minute detail, but if some of these issues are raised now, at least it gives us a bit of a head start. I just want to clarify a couple of other things. When is the Budget review group expected to report its findings on the Northern Ireland Water financial and governance arrangements? Is there any indication that that might improve these arrangements?

Mr Crawford: We have no information on that. I have not been able to ascertain when it is expected.

The Chairperson: The fact is that some of their recommendations may well improve, or help to improve, what you are doing with these arrangements at present.

Mr Crawford: If we have recommendations from the Budget review group, we will want to adjust our planning to take account of them. At present, however, in the absence of any recommendations from the Budget review group, and given the timescale to get primary legislation through the Assembly, we need to bring forward the proposal now.

The Chairperson: I understand that.

I have just one final question. Do you believe that the Department has allowed sufficient time for the Committee Stage of the Bill? I think you referred to June 2015, which would mean a consultation process over the summer months, which is not really ideal for a consultation process with regard to Committee Stage. Perhaps there is a pretty tight time frame around it. Have you considered that?

Mr Crawford: We have considered it. We hoped that we would have had some information from the Budget review group before now, of course. In the absence of that, we have gone ahead with the primary legislation proposals. We believe that sufficient time has been given. We have brought it to the office of the legislative draftsmen. Although it is not particularly desirable to have any consultation over the summer period — or a recess period, more properly — it is probably unavoidable in this case if we are to leave enough time for the Committee to consider representations, and so on.

Mr Lynch: We welcome discussion around bonds, particularly after the inquiry that we had. Some of your language is interesting. You said "could be" required, rather than "would be". What is the Department's position on making bonds compulsory?

Mr Wightman: I am sorry; maybe my language did not make it clear. With our proposals, the bond would be a requirement in the future. Developers would not be able to get a connection to the public sewerage system unless they had entered into an adoption agreement, which would include a surety bond. That would be — not could be — a requirement.

Mr Crawford: Effectively, that is the change we are proposing.

Mr Lynch: I think it would be reasonable that the level of bond would be sufficient to cover whatever the public money would be. What resistance have you had to bonds?

Mr Crawford: We understand that there may be opposition from representatives in the construction industry. However, in discussions to date, it has not been clear whether all developers would necessarily agree with that opposition. Again, this is something that we hope to test as part of the consultation. We are actively attempting to identify areas where there have been difficulties so that we can ensure that the developers involved in those areas are provided with direct copies of the consultation paper and have a clear opportunity to make their comments known. Yes; we expect some resistance to it.

Mr Lynch: What would their argument be, Robert? Would it be that it would have a negative impact on the development?

Mr Crawford: There are a couple of arguments. Stuart can help me on this. Part of the argument is that, very often, they have to borrow the money to fund the development. That includes the bond. It means that the money is tied up for a considerable time. In particular, the bond will not necessarily be released until some considerable time after the development has been completed. They are obviously seeking to get their money returned to them as quickly as possible. Timing, and how all of that works, is one issue. The other issue that they might well argue is quite simply that the level of the bond does not need to be as much as it is and could be released in part at earlier stages, as indeed happens elsewhere.

Mr Lynch: A phased release?

Mr Crawford: Perhaps. The difficulty with phased release is that you do not really know whether a sewerage system is working properly until it works. The fact that the pipes are in the ground does not necessarily prove that it has all been done properly. Again, this is why the current bonding difficulties exist, because you find, sometimes, that the level of engineering work is inadequate. Clearly, the money would not be there if you have released the bond in advance.

It is a complicated area, and we are keen to get into a proper debate with developers and others on how best to take it forward. We are open to that discussion. We do not want to put an unreasonable burden on developers. At the same time, we do not want public money having to be brought in as an emergency to pay for something that developers should have done.

Mr Wightman: It is worth drawing the distinction between road bonds and sewerage bonds; 50% of road bonds are released very early in the process, effectively when the stone is down and the kerbs are done. That is because Roads Service is happy that the sub-base of the road is satisfactory. The sewerage bond cannot be released until the whole system can be tested. It is more difficult to do it in phases because you need to be assured that all 100 houses in a development are working and not just the first 20. So, there are slightly different operational issues in releasing the moneys, which are worth examining.

Mr Lynch: We should prevent some of the disasters that have happened previously.

Mr Wightman: Exactly.

Mr McNarry: You are welcome to the Committee. What costs are involved in extending the current funding for the additional 12 months? Have you done those costs? What is your assessment of how the subsidy could be affected by the delay of the Welfare Reform Bill?

Mr Crawford: We have not looked at the Welfare Reform Bill at all, because we did not see it as having an impact on the level of subsidy, which is calculated as the level of operating expenditure that Northern Ireland Water needs to run its business. It is not related to the specific —

Mr McNarry: We regularly hear a lot of Ministers voicing concerns about the impact that the introduction of welfare reform will have on their money distribution and their budgets.

Mr Crawford: Obviously, our Minister is equally concerned about his budget. However, this specific subsidy is calculated as the amount that would have been levied on domestic customers. That amount is calculated on the basis of what Northern Ireland Water needs to provide a service.

Mr McNarry: I appreciate that, but I am trying to get at whether you are telling us that the subsidies — come hell or high water, and whatever happens to the Welfare Reform Bill or anything — are untouchable? In other words, that you and your Minister are not going to dip in to find some compensation funding from these subsidies. That is what I am saying. I am asking for the costs of the extension.

Mr Crawford: I cannot say, because I am not in the position where I have any power to decide how the Department's finances are allocated. I presume that that will be a discussion that can be raised with our finance colleagues. The subsidy is currently running at about £280 million a year. That is the

amount that comes through a direct subsidy. This provision is about extending the power to continue that funding.

Without seeming to try to evade your question, there is a more general point about the amount of money that Northern Ireland Water would need in future years to fund its business. We acknowledge our concern about that. If adequate funding is not available — whether caused by the Welfare Reform Bill or anything else — there is a concern about the operating costs and capital sides.

Mr McNarry: Do you have any contingency in place in case something happens with the Welfare Reform Bill that leads the Department to think that it might need to make some reductions?

Mr Crawford: The Department has considered this and has developed a number of contingency arrangements, and NI Water has been part of that consideration.

Mr McNarry: Is water subsidy exempt?

Mr Crawford: It is not a question of water subsidy. It is about what work does not get taken forward and the work that Northern Ireland Water, or any other part of the Department, is unable to take forward because the funding is not there. I am probably being a bit pedantic: the point is not about the subsidy; it is about what you cannot do because there is not enough money to put in.

Mr McNarry: I appreciate that. Finally, have you had talks with the Utility Regulator to ascertain its opinion on introducing this mandatory strategic social and environmental direction as opposed to this change that you are perhaps proposing?

Mr Crawford: I have had several discussions with the regulator on the water side about the proposal. We understand that there are issues regarding the regulator's independence and so on. We fully expect the regulator to put in a reasoned submission as part of the consultation process. We have not sought to reach agreement with the regulator on it; we have simply alerted the regulator to the proposal we are putting into the consultation paper. This has already been done in England and Wales, so it is not entirely a surprise to the regulator over here.

Mr McNarry: I see that. It bears out what the Chairman said about the timescale you are affording the Committee. I am sure that, if the regulator had certain opinions, the Committee might also want to hear from him. I am sure that provision will be made for that in due course.

Mr Crawford: We anticipate that.

As a general proposition, the only time-driven proposal in our consultation paper is the need to extend the subsidy arrangements. Without that, there is no mechanism for paying money to NIW. If there were a delay, we would clearly need to consider the position of the Bill.

Mr Easton: Thanks for your presentation. Did you say that private residential sewers were a standard size?

Mr Wightman: The proposals, including the connection and surface water proposals, will apply to developments of five or more dwellings. Roads Service also applies that to a private street. You do not want to end up with a scenario in which you had a large house being changed into an apartment block and, suddenly, have to adopt the driveway and the surfaced sewer. There are limitations. The same thing applies to waste water treatment. When you get down to that sort of scale, you are really talking about a large septic tank as opposed to a treatment facility. That applies to all proposals. There are limitations on very small size developments.

Mr Easton: On the extension of the subsidy, the presentation states that the:

"Water Framework Directive promotes household charging to encourage water efficiency".

What do you mean by "household charging"?

Mr Wightman: Article 9 of the water framework directive states that, by 2010, member states were to have water-pricing arrangements that incentivised efficient water use. You can interpret that

whichever way you want. The water pricing is, effectively, a charging regime that incentivises sustainable water use.

Mr Crawford: The logic in the water framework directive is that, if a consumer has to pay for the quantity of water they use, that will inevitably lead to the consumer considering how to use less water. In Northern Ireland, we have gone halfway: we have a pricing mechanism, which is managed by the regulator, but public money funds it. That incentive does not currently exist for the consumer.

Mr Easton: So, you are putting that in place for the potential to create water charges. Is that why it is happening?

Mr Crawford: No. In effect, we are proposing to continue the subsidy so that we do not introduce water charges. This is to ensure that the Programme for Government commitment not to introduce water charges during this mandate can be met. Otherwise, the provision to fund NI Water through subsidy would run out before the end of the mandate.

Mr Easton: OK, so the one-year extension allows you to do that so that the Assembly can consider its approach to charging.

Mr Crawford: Precisely.

Mr Easton: Have you had the discussion with the Minister about possible charging down the line?

Mr Crawford: It would be wrong to say that. We have discussed with the Minister the need to extend the current arrangements to meet the commitment in the Programme for Government. As I understand it, the Budget review group has been mandated to consider the issue of future water charges. We await the outcome of that group's consideration.

Mr Easton: But the Minister has had discussions with you on this.

Mr Crawford: Any discussion we have had with the Minister about water charges has been about the need to extend the subsidy to make sure that the Programme for Government commitment is met. Beyond that, our Minister is awaiting the outcome of the Budget review group's consideration.

Mr Easton: What is your opinion of charging? Do you think it should happen?

The Chairperson: I think that that is an unfair question to the official. *[Laughter.]*

Mr Crawford: I was just about to suggest that, Chair.

The Chairperson: It is a political decision. It is totally unfair to ask the officials.

Mr Wightman: The reference to the water framework directive was in there simply to highlight that we could not extend the remit by a year, say, because that would be sending a clear message to Europe that charges would not be coming in.

Mr Easton: Water charges are not a good idea.

Mr McAleer: In relation to the bonds, you referred to propositions that make sure that adoption agreements are prerequisites. How do you propose to deal with partially completed sewers in private developments where the developer has gone bust and the bond is an element?

Mr Wightman: The proposals are very much about making sure that the situation does not get any worse in the future, so they are not going to address the legacy issue. That is for PC15, and Northern Ireland Water representatives are coming up in two weeks time to discuss PC15.

We are proposing, through social and environmental guidance, that Northern Ireland Water has a programme so that it can start going around and addressing those problematic sites. That will be separate to this.

Mr Crawford: One of the reasons that we want to take this forward now is that we do not want to be saying, "It is all right, NI Water will come and pay for all of that in the end." We want it to be a prerequisite that it is done right, because then the problem will only exist in legacy areas. Pragmatically, because there is no other way of fixing the problem, Northern Ireland Water may pick up some of the costs of doing so. However, that cannot be done quickly because the cost of doing it all at once would be very significant. That is why it is important that we draw a line and prevent the problem occurring in the future.

Mr McAleer: One of the suggestions in the inquiry that was carried out by this Committee was that, in conjunction with NILGA, the DRD should complete a prioritisation audit. Has any progress been made on that audit?

Mr Wightman: I will have to come back to you on that. Transport NI has been working with NILGA to carry out such a review. There was an update to go back to the Committee. We can check and come back to you on that.

Mr Dallat: Thank you for your presentation. Representing a largely rural area, I am very mindful that there are many houses that are not connected and whose owners would wish them to be connected in the future. How will this affect them with respect to separated drainage, water and sewerage? I am thinking of neat bungalows with driveways covered by tarmac and all that. Are people going to have to rip up their driveways to have separated systems?

Mr Crawford: Stuart can elaborate on this, but basically we are looking at redevelopment of a significant size primarily as the target for separated systems. If you have an individual householder who wants to connect, and all that work has already been done, the process will be the same as it is at present and the issue will be whether that person wishes to pay the additional money required over and above the cost allowance that NI Water can provide. That may be a different issue to be picked up separately, but there is nothing in our proposals today that would affect that situation.

Mr Dallat: We have the opportunity to ask questions, because the unforeseen will arise in the future. If you talk to people in the rural community, you will hear about connection charges. First-time buyers and builders are already outraged at being charged thousands of pounds for a half-inch water connection. I am at sea about the cost implications for people in the future, not just those in newbuilds but those who, under European legislation, may be compelled to abandon their septic tanks and connect to the new systems.

Mr Crawford: To give you a better answer, we could come prepared to deal with that issue when we come to the Committee on 18 June to discuss our long-term water strategy.

Mr Dallat: Chairperson, I humbly ask for your endorsement to do that, because I am mindful that this is a major issue in the Republic of Ireland.

The Chairperson: The officials are coming on 18 June, and we can cover that point then.

Mr Byrne: Thanks for the presentation. In relation to the annual subvention of £280 million, is that the total in revenue and capital?

Mr Crawford: That is the total. In 2013-14, subject to audit, there is approximately £187 million in revenue operating expenditure and £164 million in capital expenditure. As I say, those figures are subject to audit, and the accounts are being prepared.

Mr Byrne: Thanks. Secondly, how much has the £34 million that is spent on the surface water processing that goes into the waste water sewerage system gone up in recent years? Is that a fixed figure or a moveable feast?

Mr Wightman: It will go up.

Mr Crawford: It will go up year on year.

Mr Wightman: It is very much linked to power cost, treatment cost and chemical cost. It will go up year on year with power costs.

Mr Byrne: Just to take a simple bog man's view, let us say a developer builds 200 houses. What is the saving that you guys envisage as a result of having this surface water treatment process?

Mr Crawford: We do not have a figure with us for that but we can write to the Committee with that information. We envisage that this is the kind of detailed calculation we would be doing during the consultation period because the point you are making is that we need to know whether it makes value-for-money sense and at what size of development it would be appropriate.

Ms Louise Green (Department for Regional Development): It is a site-specific matter and not a case of one size fits all but it is probably worthwhile noting that sustainable drainage systems can increase public amenity in a development. They tend to look pleasant and pretty green spaces, so there are more benefits than purely drainage. You also have public amenity benefits.

Mr Crawford: We will do work on that, Chair, and report when we come back to the Committee after consultation. The point that Louise made, and a point that was already picked up, is that in some areas, for example in hard clay, drainage is not going to be a good option and we need to look at something different. So, I appreciate the question and will follow it up.

Mr Byrne: Just to make reference to Sicily Park, we have our own Sicily Park in Fintona, where the same problem happened last week. We had a cloud burst and surface water caused massive flooding.

The Chairperson: OK, Joe. Cathal Ó hOisín.

Mr Ó hOisín: Thank you, Chair. Keep practising.

The Chairperson: Was that good? We are getting there.

Mr Ó hOisín: Another 400 years, maybe. *[Laughter.]* You might learn the language.

Mr McNarry: I can wait that length of time. That will do me, all right.

Mr Ó hOisín: I have nearly forgotten what I was going to say. The 20% of rainwater that goes into the sewerage system has to be treated, at a fairly substantial cost. I take it that that is an average figure because in many towns and villages the entire system is virtually combined. Proposals to limit surface water coming from residential developments or, indeed, to prohibit surface water coming from non-residential developments is quite impracticable. Would you agree?

Mr Wightman: You are right in what you say. Even though, since the 1980s, all new developments have been separated, where those developments join the main road you will inevitably find a separate storm pipe going back into the old combined system. One of the challenges is to not make the situation worse. There are several consequences. Not all additional storm water going into the system makes its way through the treatment works. The way the combined sewerage system is designed, it will spill out. So, you end up with potentially pollution, flooding and higher treatment costs.

I picked up your point in that there will be areas that are prone to flooding and it will not be practicable. The surface water has to go somewhere, and sometimes it might require a pump and a pipe. We recognise that, particularly in areas highlighted in the River Agency's maps. There will be low-lying areas where you will have to pump the water out. So, back to Louise's point, it will be site specific.

Mr Crawford: SuDS has a number of solutions. The three critical problems facing us regarding waste water are how to get a system of sewerage and waste water disposal that supports economic growth, how to protect the environment properly and avoid infringement, and how to prevent flooding. SuDS will be a contribution towards that. There still needs to be significant investment in traditional solutions on top of that.

Mr Ó hOisín: In recent years, there has been huge investment in waste water treatment plants, particularly in smaller rural areas. It seems to me that you are standing at the end of the sewer pipe, rather than the top, in dealing with this issue. I know that, in some of the villages and towns in my constituency, there are issues of sewage on the streets, in the environment and elsewhere when there is extreme weather. That is not really being addressed in this. There are limitations.

Mr Crawford: I acknowledge that the level of funding currently available to NIW does not allow that to be addressed. We will perhaps pick this up in two weeks' time, but the simple fact is that, at the end of the PC21 period, NI Water will have dealt with about 19 waste water treatment works, when, in fact, the total needed is something more in the order of 70 or 80. That is a simple fact. However, you are absolutely right; it is a problem and will continue to be so.

Mr McCarthy: Thanks very much for your presentation. I want to go back to the surface water and the separation. We spoke about that the last time you were here, if I remember right. Nowhere in your plan is there anything about recycling, and when you spoke about surface water and rainwater you used the phrase, "get rid of it". Surely, we should be thinking of some way or recycling and reusing it and saving money.

Mr Wightman: Sustainable drainage will be done through a range of measures, from green roofs, rainwater harvesting and recycling and grey water recycling, right through to having a large lake in a new development. As I mentioned, the earlier you can influence the development, the more opportunity you will have. Rainwater recycling facilities are very expensive if retrofitted to existing properties, whereas they can be factored in if they are built into a design early on. I totally support what you are saying.

Mr Crawford: We may also be in a position to give more detail on that in two weeks' time. Our Minister is very keen to develop more sustainable approaches, including recycling, and has asked for some work to be done on demonstrations and how that can be taken forward. I am not in a position to give more detail today, but I hope that, two weeks from now, we might be able to give you some more briefing on that. I know that we are adding to the briefing for 18 June, but I am very happy to pick up those points and give people more detail if that would be helpful.

Mr McCarthy: That is grand. OK. Thanks.

The Chairperson: I have one final point. Are you required to clear the proposals through the EU Commission under the incentivisation provisions under article 9(1) of the water framework directive? Do you have any issues with that?

Mr Wightman: Not for the extension. However, as part of the river basin management plans that the DOE published in 2009, we had to provide a summary of how water and sewerage services are funded in Northern Ireland. That was published and the Commission came back, I think in 2012, to confirm that the situation was that there were no domestic household charges, and we reaffirmed that. The Commission is aware of the matter and of the ongoing subsidy arrangements.

Mr Crawford: We are content that we do not need clearance for an extension from the Commission. We anticipate that the Commission will ask us again at some point in the near future, at which point we will explain what we have done.

On the point that Stuart made earlier, if we look for the power to have a rolling extension until such time as we no longer need it, the Commission is likely to focus on that. You are absolutely right.

The Chairperson: OK. Robert, Stuart and Louise, thank you very much for the presentation. No doubt you will be back with us to discuss this subject in the not too distant future.