

1 March 2005

Martin McKee  
Water Reform Unit  
Department for Regional Development  
6<sup>th</sup> Floor Lancashire House  
5 Linenhall Street  
Belfast BT2 8AA

Dear Mr McKee

### **Proposals for the Reform of Water and Sewerage Services in Northern Ireland**

NICVA welcomes the opportunity to respond to the issues that will be of particular concern to the voluntary and community sector in relation to the proposals for the Reform of Water and Sewerage Services in Northern Ireland.

The policy proposals paper sets out the rationale for much needed investment to upgrade the water and sewerage infrastructure and to ensure that the quality of water is improved not only to satisfy the new standards set by the European imperative, but also to meet the increasing demand for services brought about by increasing housing growth and higher levels of household demand for water. Whilst NICVA fully recognises the extent of the investment required and appreciates the principle of making the polluter pay, it does not agree with the charging proposals outlined in the consultation document.

NICVA is particularly concerned about the absolute lack of consideration that has been given to organisations in the voluntary and community sector. The voluntary and community sector has been grouped along with agricultural, commercial, industrial and public sectors under the 'Non-Domestic' classification. NICVA believes that special consideration needs to be given to charities as they are not-for-profit organisations operating for the public good and should not therefore be categorised along with profit-making organisations.

There is a special case to be made for introducing an exemption for charities and other not-for-profit organisations. This exemption is necessary if voluntary and community organisations are to pursue their charitable activities and survive in an already unstable funding environment, which increasingly is seeing charities and other not-for-profit organisations falling victim to funding cuts. The introduction of another running expense to these organisations could be devastating especially to some of the smaller organisations and most certainly would have a major impact on all voluntary and community organisations. As some of the respondents to the NICVA survey on 'Changes to non-domestic water charges' have stated:

*“Whatever is paid out for water will not be available for charitable causes.”*

*“The introduction of water charges would have a major impact on our organisation.”*

*“We will need to reduce our services in other areas to find funds necessary to pay any water charges.”*

*“Further pressure to fund increasing overheads with fewer funders wanting to contribute towards overheads.”*

In the recently published policy paper on the ‘Non-Domestic Charitable Exemptions and Reliefs from Rate Liability’ it is proposed to retain the rate reliefs for ‘deserving’ organisations. NICVA believes that the same ‘deserving’ organisations should be exempt from paying water and sewerage charges. In support of this argument, the Parliamentary Under-Secretary of State, Ian Pearson (in his Foreword to the same policy paper) has cited that:

*“Any reform of the existing exemptions or relief from rate liability should be consistent with government policy aims and should complement other support measures.”*

In light of this, NICVA proposes that there should be alignment between rates relief exemptions and water and sewerage charges exemptions for ‘deserving’ organisations.

NICVA is concerned that the proposal to set up a government owned company to operate the water service (GoCo) is only a temporary measure. The government has stated that it rules out privatisation “for the foreseeable future”. NICVA strongly believes that the water service in Northern Ireland should not be privatised and wants to see this written in legislation.

Finally, based on the proposals in the paper, calculations show that if the average bill for water and sewerage is £225 for organisations without meters, this will cost the sector at least an additional £1.1m per annum. NICVA is very concerned about where the funds will come from to pay for this. If government truly believes that the voluntary and community sector should be more involved in the delivery of public services, then it needs to ensure that government departments do more to ease the financial burden that voluntary and community organisations are currently under and not introduce new measures which increase that burden.

Yours sincerely



SEAMUS Mc ALEAVEY  
CHIEF EXECUTIVE