This Explanatory Memorandum refers to the draft Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017 [insert N.I number after Order made].

EXPLANATORY MEMORANDUM TO

The Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017

S.R. 2017 No.

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Infrastructure to accompany the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017 which is laid before the Assembly in draft.

1.2 The Statutory Rule is being made under section 1 of the Water and Sewerage Services Act (Northern Ireland) 2016 ("the 2016 Act") and is subject to draft affirmative resolution.

2. Purpose

2.1 The purpose of the Order is to amend Article 213 of the Water and Sewerage Services (Northern Ireland) Order 2006 ("the 2006 Order") to extend the period in which the Department for Infrastructure shall pay a subsidy to Northern Ireland Water (NI Water) in lieu of charges for domestic water and sewerage services until 31 March 2022.

3. Background

3.1 Since 2007 the Northern Ireland Executive has paid a subsidy to NI Water in lieu of domestic water charges. The NI Executive agreed the continuation of the current policy on water charging at its meeting on 14 September 2016. It agreed not to introduce water charging for domestic customers for the lifetime of the current mandate.

3.2 The Order extends the period during which the subsidy shall be paid to NI Water to 31 March 2022 to allow the incoming Executive time to review the payment of the subsidy to NI Water and make a decision on the future funding of water and sewerage services.

3.2 Article 213 of the 2006 Order sets out the period that the Department for Infrastructure shall pay a subsidy to NI Water in lieu of charges for domestic water and sewerage services.

3.3 The 2016 Act amended the 2006 Order to extend the period of the subsidy until 31 March 2017. The 2016 Act also gave the Department the

power to extend the payment of a subsidy to NI Water, on behalf of domestic customers, by subordinate legislation.

3.4 Article 2 of this Order amends Article 213 of the 2006 Order, to extend the subsidy period until 31st March 2022.

4. Consultation

4.1 The Department consulted on the 2016 Act and policy relating to the extension of the water subsidy from 5 June 2014 for a 12-week public consultation period. The majority of consultees who responded to the question on the extension of the subsidy were in favour of the extension and subsequent powers to extend the subsidy further through subordinate legislation.

5. Regulatory Impact

5.1 The Department has considered the proposed legislative provisions against the criteria for regulatory impact and concluded that a full Regulatory Impact Assessment is not required for these proposals.

6. Financial Implications

6.1 The Department currently pays a subsidy of approximately £285m per annum to NI Water.

7. Section 24 of the Northern Ireland Act 1998

7.1 Consideration has been given to compliance with section 24 of the Northern Ireland Act 1998. No human rights issues have been identified by the Department.

8. Equality Impact

8.1 Consideration has been given to section 75 of the Northern Ireland Act 1998. An equality impact screening assessment has been completed which identified no impact on Section 75 groups. A full Equality Impact Assessment is not therefore necessary.