



Northern Ireland Anti-Poverty Network

WATER TAX CONSULTATION

Submission June 2003

The Northern Ireland Anti-Poverty Network was established in 1991 to create a focus on poverty. It is an interactive network with over 300 members drawn from the voluntary and community sectors, public and statutory bodies. NIAPN provide newsletters, organise seminars, meetings and conferences, undertake research and disseminate information on poverty and social exclusion.

We are one of 15 members of the European Anti-Poverty Network. EAPN monitor and analyse EU policies, which have an impact on people in poverty. EAPN lobby the European Institutions for the adoption of policies and programmes to combat poverty and social exclusion, provide a monthly newsletter and organises working groups & trans-national seminars.

NIAPN are making a submission to the Water Tax consultation to express our total opposition to plans to introduce water charges. This proposed system of double taxation is of particular relevance to Section 75 groups, the most vulnerable members of our society, especially people living on benefits and low wage employees. The proposed charges will impact most on those least able to pay. Particular concerns have been expressed by NIAPN members living in rural areas as to how these proposals will impact on them, especially those people who have access to their own water supply and sewerage systems.

Facts on poverty in Northern Ireland

- People in NI earn less and have a higher cost of living than elsewhere in the UK.
- On average 21% of NI households exist on key benefits as opposed to 13% in England.

Or to put it another way:

- 25% of NI population lives on less than £97. p/w
- 50% of NI population lives on less than £200. p/w

We are extremely concerned for the particularly marginalized and most vulnerable sections of our society. To put it simply many people do not have the income to pay an additional form of taxation.

As a NIAPN member has stated so clearly:

“Poverty is a hidden problem, others would say that it doesn’t exist.

People with money don’t see it and the DHSS increase it with loans.....once your in it you go into freefall.”

(Armagh Unemployed Group, Poverty and Powerlessness – An Information Pack on Poverty in Northern Ireland- NIAPN 2002)

What we at NIAPN find very worrying about this ‘consultation’ is that the Northern Ireland public is not being asked whether there should be water and sewerage charges but HOW they will be paid for. This makes a mockery of the titled, Consultation document and is misleading, to say the least. This approach leaves no room for participative democracy to occur, and is a very worrying scenario for Northern Ireland in general.

Poor people living in affluent areas, may have their water charge set by the value of their house, but this does not reflect their actual income (asset rich and income poor). The outcome could be, having to move to an area you can afford to live in; resulting in the loss of neighbours you have known for a lifetime and the breakdown of local familiar community infrastructures. This would cause increased isolation for the more vulnerable sections of our community.

The proposal for water metering is particularly alarming to NIAPN and would impact most on larger families living on low incomes, men and women with caring responsibilities, and people with a disability. Such a system would raise levels of debt and have serious health implications, as flushing a toilet or having a bath could become a luxury people were unable to afford.

No one is disputing that we need to look at financing the water and sewerage system to sustain it for future generations, what we do dispute is why the Northern Ireland householder is being handed the bill. The consultation at present has a narrow and limited focus, information has not been provided on the private sector in terms of consumption and charges. Water and sewerage are not a service provided exclusively to the Northern Ireland householder, there’s a hefty provision for the non-domestic sector.

Questions have been raised over the identified deficit. How has it been calculated and are figures based on the domestic **and** non-domestic sector.

We have serious concerns over the figures estimated within this document. Research carried out by the *Public Services International Research Unit* (SEE ENCLOSED INFORMATION) has concluded that exaggerated estimates are often suggested by Government to brow beat the public into accepting the proposals they favour. It has also been concluded from research into the privatisation of water at a global level, that such figures are then used by private companies to justify increased costs handed on mainly to the domestic user.

At a recent water tax consultation in Belfast last week attendees were informed by a local civil servant that the industrial sector consumed 7/8 of 1/2 of total consumption. If these figures are accurate this basically means they are responsible for almost half the total cost. There is a challenge here for government to provide this data to ensure a more equitable discussion on this issue, especially with relation to responsibility for costs.

As others' have and will say this form of double taxation is unjust. Within the consultation document itself, we are told we do not pay for water. However at previous public consultations government representatives have acknowledged that we do pay for water through our rates bills.

We are told that 30 years of under-investment must be paid for to bring our system up to European Union standards. Again we have the issue of responsibility. This 30-year period was a time where investment in infrastructure was the responsibility of the Government at Westminster, so why are ordinary people living in Northern Ireland being handed the bill for this period of suggested poor management?

There are a range of inter-related issues within the DRD/DOE proposal on the water tax, from human rights to health, from double taxation to increasing charges for rates and water tax proposals and the move toward privatisation of another Northern Ireland resource.

What is not part of this discussion is the logical conclusion that if we are going to pay separately for water then we should see an equivalent reduction in our rates bills.

Instead what we have been informed is that we are going to be brought to an equivalent payment scale with England, Scotland and Wales. This cannot be accepted. Income levels in Northern Ireland are lower, food, fuel, child-care, the overall cost of living is higher. The figures simply do not add up.

The Public Services International Research Unit (PSIRU) based at the University of Greenwich, UK have carried out research at a global level on Paying for Water and Privatisation. Their study shows what has happened in other parts of the world and highlights a worrying pattern that indicates the poor and marginalized are those most at risk from such economic policies. This research provides an overview of how this move toward privatisation and increased charges has been rolled out across the world. Interestingly it also shows how many countries including the United States are now moving back to publicly owned water authorities. There is an obvious lesson here that we should avoid the mistakes other countries are now trying to reverse.

In South Africa over 100 people died from Cholera after the privatisation and introduction of meters as a form of regulating payment. Poor people were afraid to use what is after all a natural resource. The issues of profit and rights are seriously intermingled within this issue. The move toward privatisation is a very worrying factor, which could indicate that this basic human right will become the privilege of the affluent and a luxury for the poor.

NIAPN are totally opposed to the privatisation of the water service. There is a mistaken concept that the private sector is more efficient and so will run a better service with increased efficiency. What many studies actually show, is that the pursuit of profit is often at the expense of the customer and indeed of the service provided. Another concern with private contractors is the lack of transparency and accountability of their business tenders and general practices. So there is no public accountability.

The main concerns of NIAPN are that those most vulnerable will suffer most. Low income families, lone parents, larger families or families with caring duties for children, parents, or people with a disability. Those people simply surviving on benefits and those members of ethnic minorities and asylum seekers who live on 70% of income support, where are they supposed to find £400 to 600. per year?

NIAPN are of the opinion that changes are required in the Water and Sewerage system; there is a need for investment but not from the poorest members of our society. There are no real solutions presented within this document, which has made no reference to ability to pay or exemption from charges. It is our opinion that this document should be withdrawn. What is needed is a serious and informed debate involving disadvantaged communities and our locally elected politicians.

Crucially, Equality Impact Assessments must be carried out on the proposal of a policy of charging per se. We need EQIA's on the impact on the rates review, the loss of 600 jobs within the sector, and all Section 75 groups must be considered in the light of proposals put forward. EQIA must include the impact of existing rates bills, the impact of making industry pay more and consumers less. To summarise we need an informed and real debate, which includes an analysis of all equality implications for all aspects of the debate.