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Minister for Natural Resources and Food



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref MB/AD/4159/13
Dafydd Elis-Thomas AM
Chair Environment and
Sustainability Committee

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Environment and Sustainability Committee Report – Water policy in Wales

Thank you for your letter dated 13 August enclosing a copy of the report by the Environment and Sustainability Committee into Water Policy in Wales.

I welcome the publication of the report and have noted the committee's findings. I would like to provide you with an update about our policy on water affordability and address your recommendations in relation to metering and market reform

Water Affordability

Since the publication of our Social Tariff Guidance on 1 March, we have been working with the water companies to develop options to address affordability issues. There needs to be a balance between the cost of paying for such measures and any resulting increase in water bills. The impacts of any increases in water bills will need to be carefully considered so the generality of customers are not overly burdened and customer acceptability of such proposals will need to be demonstrated for the approval of Ofwat.

As well as monitoring the delivery, take up and effectiveness of any social tariffs we will also seek to identify gaps in customer affordability assistance provision and link with the wider advice services that the Welsh Government provides.

In June we published a consultation on tackling 'bad debt' within the water industry in Wales'. We are seeking views upon the "Water and Sewerage Information (Non-owner Occupiers) Regulations" to enable the provision of this information for properties served by water and sewerage companies operating wholly or mainly in Wales.

These Regulations would place a duty on owners of a property, typically landlords, to provide details of their own name and address along with an occupier's (typically a tenant's) name, date of birth and the date they started occupancy, to the relevant water company. This would make it easier for the water companies to collect payment for bills from the occupier. If the owner of a property chose not to provide these details within a certain period of time they would become jointly and severally liable for the water charges at that property until such time as they provided the required information.

It is not the intention of these regulations to make owners liable for the water debts of tenants at their properties, but only to ensure that those who do not already provide this information will do so. The provision of this information should not place any considerable or onerous burden upon landlords and constitutes the bare minimum required to be able to chase the debt incurred.

Water Metering

I agree with the views expressed by the Committee that we must consider the impact that water metering has on poorer people, and that a policy of extending water meters in the future should be accompanied by appropriate tariffs to ensure that poorer customers are not penalised. A metering programme for Wales would need to be supported by improved education material to help promote behaviour change in relation to water efficiency in the home and also in the wider sustainable management of what will become an increasingly precious resource.

I am committed to ensuring a water payment system that is fair and transparent for all types of households and businesses. Any proposed metering programme would need to be delivered in conjunction with innovative charging structures which would include social tariffs, in order to ensure that those with larger households or with affordability issues are not penalised. When taken alongside our Social Tariff Guidance and other Welsh Government policies, I believe that water companies can deliver fair and equitable charging schemes, based on consumption.

Market Reform

The study to look at the current water industry regulatory and legislative framework in Wales was commissioned on 7 June 2013 and work on this is underway. It will assess the current water industry regulatory and legislative framework in Wales (baseline). This will enable the Welsh Government to understand whether the current regulatory regime in Wales is fit for purpose and explore alternative options that will ensure customers in Wales receive the best service and continue to encourage our water companies to embrace the demands from efficiency. These options will include enhanced regulation and incentivisation and market solutions. I will publish the findings when the work has been completed early next year.

I can assure you that we will take account of the committee's recommendations as we develop our future policies relating to water in Wales. My officials have been engaging extensively with stakeholders on the development of the draft Water Strategy for Wales and I welcome your support of this work. It remains my intention to publish it for a full public consultation later this year.

A handwritten signature in black ink, appearing to read 'Alun Davies', with a stylized flourish at the end.

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