



# **The Irish Farmers' Association Submission**

to the Public Consultation issued by the  
Department of Environment, Community and Local  
Government on the reform of the water sector in Ireland

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## Contents

<b>Introduction.....</b>	<b>3</b>
<b>Part 1: Agriculture’s Contribution to Improved Water Quality.....</b>	<b>5</b>
1.1    Water Quality in Ireland .....	5
1.1.1    Nitrogen and Phosphorous .....	5
1.2    Drivers of Improved Water Quality.....	5
1.2.1    Farm Investment.....	5
1.2.2    Reduction in Chemical Fertiliser Use.....	6
1.2.3    Compliance with the Stringent Requirements of the Nitrates Vulnerable Zone.....	6
<b>Part 2: Learnings from Water Charging in Non-Domestic Sector .....</b>	<b>8</b>
2.1    Current Water Charging Regime .....	8
2.1.1    Case Study – Sligo County Council.....	8
2.2    Group Water Schemes .....	9
2.3    IFA Proposals .....	9
<b>Part 3: Duplication of Water Governance in the Agriculture Sector .....</b>	<b>11</b>
3.1    Multi-Agency Water Inspections in Agriculture.....	11
3.2    IFA Proposals .....	11
<b>Part 4: The Role &amp; Operation of a new Water Service Authority .....</b>	<b>12</b>
4.1    Water Abstraction .....	12
4.2    Sludge Disposal.....	12
4.3    Flood Protection.....	12
4.4    Water Leakage .....	13
4.5    Representation on the Board of Water Services Authority.....	13
4.6    IFA Proposals .....	13

## Introduction

The Irish Farmers' Association (IFA) is a national organisation representing the interests and views of farmers and the rural community in Ireland, over 90,000 farm families are members of IFA.

The Association welcomes the proposal to reform the delivery of water services. This reform is a necessary measure that must reduce water costs to customers, and end the duplication and inefficiency in the delivery of service by the 34 county and city councils that currently have responsibility for water investment and maintenance.

This consultation provides a timely opportunity to:

- Outline the substantial investment made by the farming community to ensure that the sector contributes to the achievement of the ambitions of the Water Framework Directive.
- Evaluate the learnings from the roll-out of volumetric charging and metering in the non-domestic sector, which also included domestic farm households.
- Highlight the cost saving which can be accrued by ending the duplication of water governance between various state agencies.
- Describe some preliminary issues which must be resolved by existing local authorities or the new Water Services Authority, so that the Authority will be able to carry out its functions.
- Highlight the importance of representation of the views of farmers and rural dwellers on the interim and subsequent board of the new Water Services Authority.

IFA continues to oppose excessive and unjustifiable water charges and *profiteering* from the roll-out of water meters.

Responding to the position paper IFA makes a number of recommendations, including a call for:

- The ending of the wasteful multi-agency water inspection regime imposed on farmers, with the Department of Agriculture appointed as the sole agency with responsibility for water quality inspections.
- A reduction in the cost of water to farmers and other users, who already pay for water. The cost of supplying the service should be spread equally over a larger number of users of the public water supply. Cost efficiencies must also be delivered through centralised administration and service delivery.
- The annual standing charge, per meter, should be replaced with a one-off contribution charge for the cost of the meter and the installation cost.
- The introduction of leakage incentive targets, to link future water infrastructure investment by Government to a reduction in water leakage.
- The introduction of water conservation incentives, to encourage homeowners and farmers to reduce water bills and consumption by harvesting water for use at a later stage.
- The provision of adequate funding and supports to ensure group water schemes continue to carry out their important rural water delivery service.

Farmers continue to invest in improved water quality, spending over €2.5 billion to ensure that farm yards achieve the highest standards and meet the obligations under the Water Framework Directive. In addition, a rejuvenation of the countryside has taken place, with farmers: planting over 10,000km

of hedgerows, building over 3,000km of stonewalls, planting over 1 million broadleaf trees, and in 2011 recycling over 20,000 tonnes of farm plastic.

The agri-food sector is playing a key role in Ireland's export led economic recovery. The positive growth experienced in 2010 in the sector has continued into 2011 and 2012, with output growth in primary agriculture and export growth in food and drinks far outpacing the rest of the economy.

However, this growth and the 300,000 jobs that agriculture and the food industry support will only be sustained if the sector remains competitive. To this end, it is essential that this consultation is used as an opportunity to ensure the delivery of the most cost effective and highest quality water service, without adding additional costs and bureaucracy. In addition, the current multi-agency administrative and regulatory burden imposed on farmers must be reduced.

## Part 1: Agriculture's Contribution to Improved Water Quality

### 1.1 Water Quality in Ireland

"Ireland generally enjoys *good biological quality* in its rivers, lakes and in-shore and marine waters."<sup>1</sup> Farming has played its part in contributing to this good environmental standard, while seeking to achieve the ambitions of the Water Framework Directive through on-farm investment, recycling and improved nutrient management.

Since 2005 over €2.5 billion has been spent upgrading farmyards, increasing slurry storage facilities and improving run-off management. In addition to this, farmers recycled over 20,000 tonnes of silage plastic in 2011.

This investment by farmers in Ireland's environment is paying dividend, with the most recent EPA Water Quality in Ireland 2007-2009 report showing that 85% of groundwater bodies are described as *good status*, 10% of rivers considered to be of a *poor status* and just three lakes described as being in a "most enriched state". This high standard of water quality is part of a continuous trend of improvement with "decreases in groundwater nitrate and phosphates generally seen."<sup>2</sup>

#### 1.1.1 Nitrogen and Phosphorous

Agriculture policy measures aimed at improving water quality mainly concentrate on nitrogen and phosphorous use. The nitrates regulation (which also governs the use of phosphorous) is the implementation regulation of the Nitrates Directive. This Directive is the daughter Directive of the Water Framework Directive (WFD) and represents agriculture's contribution to the delivery of the requirements of the WFD.

The nitrates regulations establish baseline water quality for nitrate (NO<sub>3</sub>) and phosphorous. In the case of NO<sub>3</sub>, the defined parametric value is 50mg/l. Data produced by the EPA shows that 97% of water monitoring sites have mean concentrations of less than 25mg/l NO<sub>3</sub>, with 100% of monitoring sites reporting a mean concentration of less than 37.5 mg/l NO<sub>3</sub>. With regard to phosphorous, "72% and 81.3% of rivers and lake monitoring sites respectively were of good or better quality, and there was a decrease in the percentage [of] groundwater monitoring locations with average phosphorous concentrations greater than 0.035mg/l."<sup>3</sup>

### 1.2 Drivers of Improved Water Quality

#### 1.2.1 Farm Investment

Since 2005 the largest ever farm investment programme has taken place, involving the construction of farm buildings and upgrading of farmyards. Over €2.5 billion has been spent as part of this farm

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<sup>1</sup> OECD (2010) Environmental Performance Reviews IRELAND

<sup>2</sup> EPA (2010), *Water Quality in Ireland 2007-2009*, Environmental Protection Agency, Johnstown Castle, Wexford.

<sup>3</sup> EPA, Office of Environmental Enforcement (2010) Progress Report on the Implementation of European Communities (Good Agricultural Practices for Protection of Waters) Regulations 2009 (S.I. No. 101 of 2009)

investment programme to comply with the WFD implementing directive for agriculture, the Nitrates Directive.

Farmers have financed this farm building programme through a 45% increase in borrowing, escalating from €3.7billion in 2005 to €5.4 in 2009. Many farmers are struggling today to meet their bank repayments, with average farm incomes in 2010 at €17,771, a 46% increase in income when compared with 2009. This problem is exacerbated by the increase in interest rates imposed by financial institutions.

### **1.2.2 Reduction in Chemical Fertiliser Use**

Between 2000 and 2009, the use of chemical fertiliser reduced by 25%, 59% and 57% for nitrogen (N), phosphorous (P) and potassium (K) respectively, with P and K usage now at 1950's levels. This reduction in fertiliser use can be associated with more efficient use of fertilisers and therefore may be considered as environmentally desirable. However, this dramatic reduction in fertiliser use is raising soil fertility concerns<sup>4</sup>, which are impacting on crop yields and animal husbandry, and has resulted in a slight recovery in fertiliser use in recent years. Fertiliser use continues to remain within the requirements of the regulations and best agronomic advice.

### **1.2.3 Compliance with the Stringent Requirements of the Nitrates Vulnerable Zone**

When the nitrates regulation was introduced it was agreed that a national implementation approach would be adopted in Ireland, with the entire country designated as a Nitrates Vulnerable Zone (NVZ). This is unique when compared to England and other western European countries. This whole territory NVZ designation requires 100% of farmers in Ireland to achieve the highest water quality standards, while within the EU approximately 55% of the total farmed area is required to achieve the same standards.

Therefore, each one of the 128,000 farm families in Ireland are subject to the costly and onerous measures contained in the nitrates regulation.

These measures include:

- Building additional slurry storage facilities.
- Developing farmyards.
- Increased costs, due to compliance obligations.
- Improving run-off management.
- Completion of fertiliser import and export records.
- Estimating annual fertiliser requirements.
- Notification of temporary movement of cattle and sheep.
- Calculating slurry storage capacity.
- Compliance with reduced fertiliser application rates.
- Reduced income, yield and output because of reduced stocking rate obligations.
- Increased cross-compliance obligations.

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<sup>4</sup> Lalor S. (2010) *Fertilizer P and K usage back to 1950s levels*. Irish Farmers Journal. 27<sup>th</sup> March 2010, 6-7

- Restrictions on the dates when nutrients can be applied to land.
- The devaluation of land and income, and yield loss due to excessive land sterilisation.

As previously outlined, Ireland's water quality is of a high standard. However, a time-lag of up to 20 years exists between the implementation of the measures set out above and further improvement in water quality.<sup>5</sup> Therefore it is essential that these measures are afforded their full opportunity to reduce nutrient loss from agricultural sources.

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<sup>5</sup> Teagasc (2009), *Teagasc Submission on the draft River Basin District Management Plans and the draft Fresh Water Pearl Mussel Sub-Basin Management Plans*, Teagasc, Agricultural and Food Development Authority, Oak Park, Carlow.

## Part 2: Learnings from Water Charging in Non-Domestic Sector

### 2.1 Current Water Charging Regime

The agriculture sector is classified as a non-domestic user of water and is subject to a volumetric charge for the water used and a standing charge for each meter. The water charges imposed vary by 70% between local authorities, with a 400% variation between the highest and lowest standing charge. This variation in water charge adds substantial costs to the business of farming.

In addition, farmers are obliged to pay up to €200 (County Limerick) per meter. The meter charge is limited to full cost for the first meter, 50% of the charge for the second meter and 30% of the charge for the third meter, with no subsequent charge. However, this policy decision by the Department of Environment is being implemented haphazardly by local authorities. Water meters can be purchased for a one-off charge of less than €80 and it is therefore unexplainable that a recurring charge of up to €200 is applied each year for each meter. The Association is of a clear view that a level of inexplicable profiteering is taking place regarding the standing charge per meter imposed on non-domestic customers.

Farmers who receive a combined water supply to their farmyard and dwelling are allocated a domestic usage allowance of 50,000 gallons per year. However, this domestic usage allowance is sometimes allocated over four quarters each year and a *use it or lose it* clause applies. This unacceptable clause ignores the seasonal usage requirements such as increase water usage at Christmas and other family occasions.

#### 2.1.1 Case Study – Sligo County Council

The transition from a flat rate water charge to a volumetric rate has been extremely costly for users of water and the principle of cost recovery as set out in article 9 of the WFD is used to support inefficiency in delivery of public service.

In 2009 IFA conducted a review of the introduction of volumetric charging in Sligo and found that:

- Between 2005 and 2008, the volumetric charge had increased by 255%.
- In 2008, the local authority water charge was 45% higher than the water charge from private group water schemes.
- 55% of water never reached the end user and was unaccounted for. Based on the Principle of Cost Recovery, non-domestic users were expected to subsidise the inadequate service.
- Sligo County Council had failed to set out efficiency targets for the reduction of water leakage.
- Farmers were required to pay for the full cost of water received, while domestic customers did not pay for water and the industrial sector received large concessions.
- An analysis of the water charging methodology found that a 20% depreciation rate was applied on the capital replacement fund. A long-term asset such as water supply infrastructure should be depreciated over a much longer period. An element of the water charge was attributed to a contingency fund, loss of income due to special agreements and waivers and bad debts. It is unusual to charge a customer for a contingency fund to some

unknown cost that may or may not occur. Where waivers are applied it is normal practice that the cost is borne by the Government or Local Authority on behalf of the Government. The analysis indicated that the bad debts/monies not collected are included in direct costs. It is inequitable to levy compliant payers with a charge to cover the cost of non-compliant customers.

## 2.2 Group Water Schemes

There are almost 1,500 group water schemes in Ireland. Community Groups who operate and manage these water schemes epitomise everything that is good about the co-operative movement and philosophy in Ireland. Any changes to the delivery of water services must adequately finance and support the continuation and development of group water schemes.

Group water schemes have accepted and implemented a number of significant changes in recent years, including water conservation, metering of all water supplied and the achievement of higher water quality standards. Some group water schemes have also amalgamated to provide viable design, build and operate bundles. In addition, existing boreholes have been refurbished and sealed down to the source, irrespective of the depth.

On water conservation, the group water schemes have replaced thousands of kilometres of existing pipe network, to eliminate leakage. District meters have been installed to monitor water loss between source and user, providing an indication of any water loss before it reaches the end user. Meters have also been installed in users' homes and premises.

The success of group water schemes have been dependant on better water conservation through reducing water leakage and the installation of water meters, good water quality controls and fair and equitable charges to all consumers.

## 2.3 IFA Proposals

- On the Domestic Use Allowance:
  - The 50,000 gallon domestic usage allowance should be increased, to accommodate larger families and families with high water use due to medical needs.
  - It should be an allowance per house, regardless of the number of people living in the house.
  - It should be available for use over a twelve month period and not allocated on a quarterly *use it or lose it* basis.
- On water charging:
  - Charges should be reduced for farmers and other users, who already pay for water. The cost of supplying the service should be spread equally over a larger number of users of the public water supply.
  - Cost efficiencies and reductions must be delivered through centralised administration and service delivery.
  - Farm animals do not require ultraviolet, chlorinated or fluorinated treated water to drink. Farmers should receive a rebate or reduced rate which recognises that the present service supply obliges farmers to accept this treated water.

- The water pricing policy adopted should follow the example of other EU countries. Councils and any new water authority should accept responsibility for historical under-investment and excessive water leakage. It is unacceptable to expect water users to pay for ineffective public service delivery.
- The charge must be limited to the service provided, i.e. separate charges must exist for the water and the waste water.
- On water metering:
  - The annual standing charge per meter should be replaced with a one-off contribution charge for the cost of the meter and the installation cost.
  - Where new water meters are installed, they should be installed for a full twelve month period, before volumetric charging is introduced. This will allow homeowners to budget for their water charge.
  - District meters should be installed to monitor water loss between source and user, providing an indication of any water loss before it reaches the end user.
- On funding for water services:
  - Future funding to local/regional water authorities must be based on high performance. The key performance indicators that underpin funding must include reducing unaccounted for water and water charges to users.
  - Funding must remain in place for capital works planned and already started, which are taking place during the transition to the establishments of a new water service authority.
- On Water Conservation:
  - A water conservation scheme should be introduced, to encourage homeowners and farmers to reduce water bills and consumption by harvesting water for use at a later stage.
- On Group Water Schemes:
  - Group water schemes receive funding through local authorities and the Department of Environment. In recognition of the unique service and function of the group water schemes it is essential that adequate funding levels and supports are maintained for group water schemes

## **Part 3: Duplication of Water Governance in the Agriculture Sector**

### **3.1 Multi-Agency Water Inspections in Agriculture**

The plethora of agencies that impose their own water inspection regime on farming is both excessive and an unnecessary waste of taxpayers' money which Ireland can no longer afford. Some of the agencies that inspect farmers are themselves in breach of water quality regulations.

Farmers can currently be inspected by any one of the following:

- Local Authorities – 34.
- Department of Agriculture, Food and the Marine.
- Department of Environment, Community and Local Government.
- Environmental Protection Agency.
- Inland Fisheries Ireland.

In recent years IFA has led a campaign to streamline the inspection regime imposed on farmers. The Department of Environment, EPA, Local Authorities and Department of Agriculture have in the absence of IFA reached an agreement that the Department of Agriculture would carry out over one thousand nitrates inspection on behalf of local authorities. The purpose of this agreement was to end the duplication of water quality inspections. However, this new cross agency inspection agreement has actually further increased the number of inspections imposed on farmers because each local authority continues to conduct several hundred water quality inspections. Each one of these inspections can cost the State up to €1,800.

### **3.2 IFA Proposals**

- The wasteful duplication of water quality inspections imposed on farmers must end.
- The Department of Agriculture, as the State Agency that interacts most frequently with farmers, must take the initiative to end this waste of taxpayers' money.

## **Part 4: The Role & Operation of a new Water Service Authority**

IFA supports the establishment of a Water Service Authority, such as Irish Water, as proposed in the position paper. The position paper sets out specific functions of Irish Water including drinking water abstraction, sludge disposal and source protection.

### **4.1 Water Abstraction**

IFA welcomes the clarity provided by Environment Minister Phil Hogan and the Environmental Protection Agency that farmers and households that have provided their own water sources would and should not be subject to any additional charges. This is a fundamental principle which must be included in any new enabling legislation for the establishment of a Water Services Authority.

Article 17 of the nitrates regulation specifies certain distances from a water body from which fertilisers cannot be spread. This setback distance or *buffer zone* prohibits the spreading of chemical fertiliser, organic fertiliser and farmyard manure, and is in essence a land designation. In many instances the water body is an abstraction point which farmers provided *ex gratia* to the local community, and is now managed by the county council.

To-date local authorities have failed to put an adequate compensation plan in place to recompense landowners, where an existing or new water abstract point is established. Precedent exists for the payment of compensation, where land designation and sterilisation arises because of EU legislation. For example, under the EU Habitats and Birds Directive the farming restrictions imposed are compensated.

The Association welcomes the guidance note issued by the EPA, within which the procedure for proposing alternative distances, other than those contained in article 17 are permitted. However, the basis for refusal of reduced setback distances remains unclear.

Buffer zones must be decided based on best scientific and environmental evidence of threat to water quality.

### **4.2 Sludge Disposal**

Sludge and bio-solids are residual by-products of waste water treatment plants. The constituents of this sludge can vary, however it has a use on land as a natural replacement fertiliser.

Ambiguity exists as to the acceptability of using this product, with some quality assurance schemes prohibiting the use of sludge and customers expressing the wish that sludge must not have been spread on crops.

### **4.3 Flood Protection**

It is envisaged that the proposed Water Service Authority will have a specific role in water resource management and strategic planning. Currently a large number of state agencies including the ESB,

Waterways Ireland, the OPW and the Department of Environment have varying and sometimes unclear levels of responsibility regarding flood risk management. It is unhelpful that another proposed state agency would impose itself in flood protection, without clearly establishing roles and responsibilities.

#### **4.4 Water Leakage**

Current water leakage rates are abnormally high in Ireland, when compared with the UK. The percentage leakage rate in the UK is less than 30%, while the vast majority of local authorities in Ireland have percentage leakage rates of between 30% and 60%.

County councils have failed to adequately reduce percentage leakage rates in Ireland, and have instead applied the principle of cost recovery and seek the cost of this inefficiency from water users such as farmers in the non-domestic sector.

#### **4.5 Representation on the Board of Water Services Authority**

IFA has an active interest in water management, with members participating in local authority Strategic Policy Committees, River Basin District Advisory Councils, the National Federation of Group Water Schemes, the Rural Water Monitoring Committee and Inland Fisheries Ireland. It is essential that a level of continuity exists and that farming interests are represented by IFA on the Board of the proposed Water Services Authority.

#### **4.6 IFA Proposals**

- On water abstraction:
  - The commitment given by Environment Minister Phil Hogan that charges will not be imposed on farmers and households who supply their own water source should be included in the Water Services Authority implementation regulation.
  - The Department of the Environment should commence negotiations with IFA and agree a package of measures, which compensates farmers for yield and income losses, and property devaluation where water abstractions take place.
  - An appeals mechanism should be introduced for farmers, where lands are designated because of the nitrates regulations, and income and yield losses are endured because of reduced fertiliser application rates.
- On flood protection:
  - Roles and responsibilities of existing state agencies must be clearly defined.
  - The function of a new Water Services Authority must also be clearly defined
  - Any duplication in roles must be removed.
- On water leakage:
  - Local authorities should absorb the inefficiency cost of water leakage above 30% themselves and future funding should be based on reducing the cost of water to end users, based on reducing water leakage. This 30% water leakage should be reduced to 10% by 2015.

- Repair time targets should be established – each water user should have a clear understanding of when the water leak/outage will be repaired. Water users should be reimbursed where repair target times are exceeded.
- On sludge:
  - Clear standards must be set out.
  - Farmers must receive indemnification, where sludge coming from a local authority site is used on their crops.
  - More frequent and rigorous testing of all registered sludge products either wet or dry is required.
- On representation on the Board of the New Water Services Authority:
  - It is important that farming concerns are adequately represented, by IFA on the Board of the proposed Water Services Authority.