

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL AGUS RIALTAS ÁITIÚIL

JOINT COMMITTEE ON HOUSING, PLANNING AND LOCAL GOVERNMENT

Dé Céadaoin, 19 Meán Fómhair 2018

Wednesday, 19 September 2018

The Joint Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Mick Barry,*	Senator Victor Boyhan,
Deputy Pat Casey,	Senator Grace O'Sullivan.
Deputy Mattie McGrath,	
Deputy Fergus O'Dowd,	
Deputy Eoin Ó Broin,	

* In the absence of Deputy Ruth Coppinger.

DEPUTY MARIA BAILEY IN THE CHAIR.

National Oversight and Audit Commission: Chairperson Designate

Chairman: We are now in public session. At the request of the broadcasting and recording services, members and visitors in the Public Gallery are requested to ensure that mobiles phones are switched off completely or to airplane, flight or safe mode, depending on the device, for the duration of the meeting. It is not sufficient to just put phones on silent mode as this will maintain a level of interference with the broadcasting system. Apologies have been received from Senator Martin Conway, Deputy Ruth Coppinger and Senator Jennifer Murnane O'Connor. Deputy Mick Barry will be substituting for Deputy Coppinger.

I remind members that we will have a private session following our engagement with Mr. McCarthy and Mr. McGowan. No. 1 on the agenda is the chairperson designate of the National Oversight and Audit Commission, NOAC. Today's meeting will involve two sessions. The purpose of our first session is to engage with the chairperson designate of NOAC, Mr. Michael McCarthy, who is no stranger to this room, and discuss his strategic priorities for his role and his views on the challenges currently facing NOAC. The committee welcomes the opportunity to meet with the chairperson designate in public session to hear his views and we trust that this serves to provide greater transparency to the process of appointments to our State boards and bodies. On behalf of the committee, I welcome Mr. McCarthy back in a different role - I know he sat in this chair a number of times prior to me. I welcome him back to the committee and I look forward to his opening statement.

Mr. Michael McCarthy: I thank the Chair, the committee members and the secretariat for the opportunity to address the committee this morning. I reiterate my thanks to the committee for the invitation. It is an honour for me to be present as the Minister's nominee for the chair of the National Oversight and Audit Commission. I welcome this important first engagement and I am very much looking forward to working with all stakeholders in this new role. I hope to continue the good work that has already been completed to date and to build on this work so that real reform is evident and that any challenges in perception and reality are addressed. I am aware that real reform takes time and that only through working together will we continue to make the necessary progress over the coming years. I come to NOAC with great interest and an understanding of local government and with a genuine belief that I can make a useful contribution to the work of NOAC. I am coming into this role without baggage or any conflict of interest. This will allow me to engage credibly with all stakeholders and hopefully bring some fresh thinking and new ideas to further enhance the role of NOAC.

I will begin by outlining what NOAC is about and how it operates. NOAC was established in July 2014 as an independent statutory body to provide oversight of the local government sector in Ireland. It is a key element of the local government reform agenda that emerged from the proposals set out in the action programme for effective local government. It is underpinned by the Local Government Reform Act 2014. NOAC's functions are wide-ranging, involving the scrutiny of performance generally and financial performance specifically. NOAC also supports best practice, oversees the implementation of national local government policy, monitors and evaluates implementation of corporate plans, adherence to service level agreements and public service reform by local government bodies. A Government Minister may also request that NOAC be asked to prepare a report, relevant to its functions, on any specified aspect of local government.

NOAC has published 18 reports to date. Its reports and recommendations are presented to key decision makers in the local and national government sector including the relevant Joint

Committee of the Houses of the Oireachtas. NOAC publishes annual local authority performance indicators and composite public spending code quality assurance reports. Those published to date cover the years 2014, 2015 and 2016. The 2017 reports will be published early in quarter four of 2018. The annual performance indicator report published by NOAC is one of its key reports every year. NOAC has the function of scrutinising local authority performance against relevant indicators. The performance indicator sub-group's mandate is to recommend appropriate performance indicators for local authority activity and to oversee the data collection, verification, compilation and publication of a report on those indicators annually. NOAC believes that monitoring performance over time and against comparable authorities has the potential to encourage continuous improvement in local authority service provision. A list of all NOAC's published reports is available on the NOAC website.

NOAC operates a sub-group structure covering the areas of performance indicator reporting, customer surveys, financial performance, housing studies, local enterprise offices, LEOs, reporting under the public spending code, PSC, and the oversight of efficiency reform implementation. Each sub-group consists of three to four members, who take responsibility for progressing various projects, with regular reporting to the full NOAC when key decisions are required. The nature of NOAC's statutory functions means that there will be an on-going requirement for some sub-groups, while others may only exist for the duration of a particular project. NOAC's membership is statutorily prescribed as a minimum of six and a maximum of nine members. There is provision for the Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy, to increase, by order, the number of members to a maximum of 12 for a period of up to two years. SI 536 made by the Minister on 19 October 2016 increased the number of members to 11. NOAC does not have a separate executive and the Department of Housing, Planning and Local Government provides its secretariat. Earlier this year, a new section was established with a staff complement of five to provide the secretariat functions for both NOAC and the new water advisory body.

As I have mentioned, NOAC's role in local government policy is to oversee how the national policy is implemented by local government bodies. NOAC does not have a function of providing input into the development of policy for the sector. When it comes to financial performance, NOAC's role is to scrutinise the performance of any local government body in respect of the financial resources available to it, including value for money. To fulfil this function, NOAC carried out a review of local authority rates collection performance because this is a significant revenue source for the sector. It also reviews the reports by the Local Government Audit Service, LGAS, of its annual audits of local authority financial statements and follows up on selected aspects raised in those reports. NOAC also reviews value for money reports produced by the value for money unit of the LGAS. Regular meetings are held between NOAC and the director of the LGAS, and NOAC has established a good working relationship with the director there and her team.

In 2017, NOAC started compiling profiles of each local authority based primarily on the material in our reports and meetings with the chief executives. The profile also included information provided by the authorities themselves outlining the particular context within which they each operate. The chief executive and management team attend a NOAC meeting to answer questions from the NOAC members on topics such as finances, customer service, corporate planning, housing issues, performance indicators, tourism initiatives, employment within the county, and economic and community development. To date, three meetings have taken place with Louth and Offaly county councils and Cork City Council. It is planned to progress and expand on this work in the remainder of 2018 and into 2019 using the recent validation

visits for the performance indicators report as a first step in this process.

Customer service is an important area and NOAC is engaged in a three-year programme of carrying out a customer survey for similarly sized local authorities. The report for the largest ten local authorities was published this summer. Work will continue in 2018 on a local authority customer satisfaction survey for the next ten largest local authorities. Other areas being worked on are reviews of aspects of financial performance and the internal audit function, as well as the annual performance indicators and public spending code quality assurance reports.

I am aware that NOAC receives substantial support and assistance from the Local Government Management Agency, LGMA, particularly in the collection and compilation of data for the performance indicators report. The LGMA's assistance in organising NOAC events such as the very successful good practice in local authorities seminar and the customer service workshops was also invaluable. NOAC will periodically hold such events to disseminate clever and innovative practices or examples of efficiencies in the performance of local authorities that it encounters in its work. It is important that this relationship continues to grow and develop so that real alignment with the local government sector is evident.

At all times I will be conscious of the role of NOAC and will be striving to see NOAC recognised as an organisation that can deliver real reform. Central to this will be making sure that local authorities are delivering real value for money while adhering to proper governance. NOAC will also ensure that it supports the best practices that are central to the work of local authorities. Successful transformation requires robust planning, clear and coherent leadership and suitably skilled staff. The impact of increasing demands across local government, the changing landscape in which councils operate, and the impact of the significant uncertainty as well as increasing complexity brought about by Brexit mean that planning and oversight have never been more important. Robust plans that project how local authorities' outcomes and priorities will be delivered and funded are essential to ensuring the sustainability of services to the public. It is important that NOAC be there to ensure that these decisions are taken in a planned and co-ordinated way and that the impact of decisions on communities and outcomes is transparent and understood.

I very much look forward to working with the NOAC members, chief executives, liaison officials and performance indicator co-ordinators of the 31 local authorities and with the other bodies, agencies and Departments that supported NOAC in its work. I express my gratitude to the outgoing chairman, Pat McLoughlin, for the time he has taken to update me on the role and for the valuable and extensive work that he has carried out during his time as chairman of NOAC. He and his board members have done some valuable work, and I look forward to continuing the very important work they have started.

Chairman: A number of people are indicating to ask questions but I made an oversight in that I forgot to read the note on privilege.

I wish to draw attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. Members are reminded of

the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

Our first question is from Senator Boyhan.

Senator Victor Boyhan: I wish Michael McCarthy well and congratulate him on what is ultimately a nomination by the Minister. I want to be clear that this is not an interview process and I thank him for coming in and sharing with us his hopes, aspirations and plans for NOAC.

I take the view that before every meeting of the Joint Committee on Housing Planning and Local Government I notify councillors around the country of all groups and none on what is going on and the agenda. I told them yesterday that Mr. McCarthy would be coming here and I did some research on NOAC. It was interesting to me that within 20 minutes I had seven emails. I will not talk about the councillors' questions but they came back immediately from Fingal, Kildare, Dublin City Council, Dún Laoghaire-Rathdown twice, Kildare again and then Waterford. The gist of those emails was that some of them did not fully understand what NOAC is about and what its functions are. A common and recurring theme was that it has no teeth, it is a public relations, PR, exercise, and that it is commissioning reports with only 100 people surveyed so it cannot be accurate. Those are just some of the criticisms. Someone correctly suggested that NOAC picked ten of the largest sitting local authorities out of the 31 local authorities, and Mr. McCarthy would know about all of that.

One of the challenges for NOAC is to explain its role more. It has completed 18 reports so far and some of them are very well done, but what is happening behind that? NOAC carried out a major survey on the subsidiary companies of local authorities and we have a plethora of subsidiary companies across the 31 local authorities, of which serious questions must be asked about their corporate governance and, more importantly, about their impact on local authorities, where the authorities are finding themselves having to give letters and guarantees in terms of funding to prop up some of these companies. I would go as far as to say that some of these companies are not viable if not totally insolvent. They are only trading on the basis of letters of guarantee and backup. They vary from property companies to other companies involved in sports, leisure and recreation, but I am more concerned about the property companies. I have had a look at the accounts of some of these property companies and there are serious questions about them.

My concern is, and NOAC's concern should be, the impact this will have on the taxpayer and the local authorities and the deficit in corporate governance from the elected members. If there are council nominees, their duty of care would be to the corporate affairs of the company, but if they are elected members as well then there is a conflict. Mr. McCarthy's predecessor identified these issues in a recent report and I appeal to Mr. McCarthy to look at the reports that NOAC has done, without looking to do more reports, and examine how NOAC can act on the impact of those reports after six or eight months. There are serious concerns and NOAC has done good work. It may require further legislation and that is a matter for Mr. McCarthy, his board and colleagues and his contacts with the Department and the Minister. I suggest that he looks at a closer synergy and a greater relationship with the Local Government Audit Service.

Another deficit coming from these emails that I wish to raise, even though I acknowledge and appreciate that it is not Mr. McCarthy's direct responsibility, is the audit committees and their relationship with the greater local authorities. If Mr. McCarthy is sending a report on the NOAC, he should write to the cathaoirleach of each local authority to ask to have it put on the

agenda because sometimes it is all about communication. The NOAC is doing good work and if information is being sent to a city or county manager - the chief executive as he or she is now called - I am not convinced that it is filtering down. For instance, a number of members of local authorities contacted me to say they had not seen the NOAC's audit report. The challenge must be to have greater engagement with elected members to explain the NOAC's role and functions. That might mean a road show for Mr. McCarthy throughout the country to explain them to them and encourage them as major stakeholders in ensuring good local governance. It is a two-way street. It involves not just the executive but also the elected members. If anything, there is a deficit in that regard.

I wish Mr. McCarthy well. I am aware of his experience. I took some time yesterday to look him up. I am aware that he is committed to assisting local authorities. I am confident that he has the necessary skills and hunger to succeed. He might take on board some of the issues I have raised.

Senator Grace O'Sullivan: I welcome Mr. McCarthy and congratulate him on his appointment. What is his current analysis of the local authorities? I am interested in knowing, as he enters this new position, what his overview is. On his ambitions for the NOAC, what is his vision and set of priorities for it?

In his presentation Mr. McCarthy talked about the different areas in which NOAC members were involved, one of which is housing. How, in his view, are the local authorities performing in the delivery of housing to the market?

To support what Senator Victor Boyhan said, communication is key and critical in the functioning of any agency, particularly one with a public face and one with an interface with the community. How can Mr. McCarthy improve communication with elected members and, moreover, communities in order that we will have openness and transparency and that communities will be able to engage with the NOAC in what it is doing?

Deputy Pat Casey: I wish Mr. McCarthy the very best of luck in his new role.

Senator Victor Boyhan identified many of the key points I was going to mention. The NOAC does an incredible amount of good work. As Mr. McCarthy stated, 18 reports have been completed. I often wonder how many of the actions or recommendations made within those reports have been implemented by local authorities.

From my point of view, having served on the audit committee when it was first established, I found it to be a fantastic body in moving the local authority in the right direction. Equally, it gave guidance to the chief executive, but, again, many of the recommendations of the audit committee were not implemented.

I have looked at some of the reports. The report on commercial rates was one on which I would have always focused at local authority level. Has each local authority been sent copies of the reports or are NOAC reports sent directly to the relevant SPCs? The amount of information contained in the reports is incredible and can help.

I always find trying to make comparisons between local authorities almost impossible because they all have different interpretations of matters and different ways of presenting information, including on performance indicators. I would have been involved in planning and seen that one local authority presented information in a different way from another. It is time to standardise how information is presented across the 31 local authorities.

Going back to commercial rates, having served for 12 years on a local authority, it was eight years before I realised housing rent payments were written off in the budget process and that one could see the figure. I could not understand how collection rates were high in the case of social housing rent payments, yet in the case of commercial rates we were not doing what we should have been.

Another issue I had at local authority level was no one ever went out to collect money. Local authorities did not take a proactive approach, even though they the power to do so. They had a lean on commercial property which could not be sold until commercial rates were paid. Rates that were owed by an individual which could be dealt with in a year or two were manageable, but in year eight or nine they became unmanageable and the business closed. That had a knock-on effect. The local authority was not proactive in collecting the rates due.

I wish Mr. McCarthy well in his position. The NOAC does an incredible amount of work, but how much do the members of the local authorities know about it?

Mr. Michael McCarthy: I thank members for their courteous comments and constructive engagement. I will give an holistic response and try to touch on as many of the topics raised as possible.

In response to Senator Victor Boyhan, I have examined the position. I am no different from the Senator, Deputy Pat Casey and Senator Grace O'Sullivan. My previous life did not differ from that of the vast majority of practitioners of the political arts. It would have been born primarily out of a local government base. At that rudimentary democratic level one become involved in the business of the local authority and aware of how it does its business. There are a number of issues that stand out from that experience, one of which is the manner in which different local authorities do their business differently from others and successive administrations have tried to co-ordinate their activities or put them on a level platform. It is splintered in that way. There are now 31 local authorities, some of which are good at doing some things, while others may be not as good in some respects.

There is a big challenge for me, as chairperson, to raise the profile of the NOAC and sell its message. It does a lot of good work. I, too, share the view that once someone has a good story to tell, it is difficult to tell it. If someone was doing something wrong, everybody would be aware of it and it would dominate the news cycle. That is how it is nowadays. I see its work as important in the context of stakeholder engagement. I refer to the Local Government Audit Service, the County and City Management Association and the elected members of local authorities. I have great respect for the system of public administration, but I have always deferred to the manner in which local authority members go about their work. They are the eyes and ears of communities throughout the country in every parish and one cannot but be affected in some positive way by the roles played by local authorities, be it in the provision of housing, roads, libraries and playgrounds. It is a meaningful part of the democratic system. In my chairmanship of the NOAC I am anxious to co-ordinate the activities of the different stakeholders and focus on areas where we think there are improvements to be made, bearing in mind the remit is one of oversight.

To answer Senator Grace O'Sullivan's question, particularly about housing, I reiterate this line because it is important that I do not create the impression that I can comment on it directly or can directly influence policy because I am expressly forbidden from doing so. The NOAC does not have a function or an input in the development of policy for the sector. Our role strictly is to oversee how national policy is being implemented at local government level.

To chime with Deputy Pat Casey's point, I see the valuable work audit committees are doing across local authorities. There is an obvious connection between the overarching role of the NOAC and the individual work being completed by audit committees in local authorities.

Being in mind that I have not been officially appointed, I have only had a tertiary role in monitoring the functions of the NOAC. I am aware, however, that all of the reports have been sent to key decision makers in local authorities. I want to ensure all elected members have access to them. The reports are put up on the website. I am anxious to ensure all of the reports and the stories surrounding them will be directly communicated to local authorities members because they include important information that has been gleaned from the Local Government Audit Service, also on behalf of the NOAC. That can be useful and beneficial to local authority members when it comes to budgetary planning issues, audit services and so on.

Primarily, I see the role as being very important in raising the profile of NOAC, but also in engaging critically with the stakeholders, beginning with the local authority members and their organisational and representative associations.

Chairman: I thank Mr. McCarthy. Are there any further comments for him?

Senator Victor Boyhan: I will pick up on one or two things mentioned by Mr. McCarthy. I fully agree that councils are the eyes and ears of every community. What can be done is to shine a light on a dark place by upping one's game as to how one launches one's reports and how one engages with the media on those reports. Councillors and local authorities are particularly sensitive to criticism. That can be used in a positive way, or it can be a negative if one sees it as a negative. I see it as a positive. One has guidelines and national indicators and where people are not performing, they should be flushed out and exposed. I see that as a role for the commission. It is about imaginatively using one's role. One can push out the parameters of one's role but can also stay within the remit set down for the commission by the Minister and the Department.

In relation to Mr. McCarthy's comment on the audit committees, I believe that they are not working as well as he might think. Mr. McCarthy will learn this in time. It is sometimes the dynamic of a local authority that is evident. There are certain predictables on the audit committees. By their very nature they are a closed shop. That is not necessarily a good thing, which is another issue one might look at. When one has reports, good, bad or indifferent, the commission should use its office and resources. That is the challenge I am putting to the commission, to use its resources, its office and its staff to go to the public and inform them. The media will not be slow to pick up on this. That is perhaps the best lever to effect change. I wish Mr. McCarthy well.

Chairman: Has Mr. McCarthy any further comments?

Deputy Fergus O'Dowd: I am sorry I am late. One of the reasons, about which the Cathaoirleach will be glad to hear, is that there was a dog on the M1. I do not know if it was a Fianna Fáil dog or not. It caused a bit of disruption but went quietly in the end. It held us all up for about 20 minutes.

I welcome Mr. McCarthy to the committee. I know he has been the chairperson of committees and is very knowledgeable. I wish to make a number of small points. The accountability of local government and audits is hugely important. When was the last independent analysis of local government financing done? This relates to how councils present their accounts and data. I often felt councillors were very knowledgeable but they are given reports in a set format by

the local authority. When I was a member - we cannot be, and have not been, members for a number of years - one of the things I was aware of was that the headings and subheadings could not be changed. One could find a couple of million euro in a miscellaneous account and one did not know what it was for. An independent analysis of the structures to look behind these miscellaneous items and to look at what I always believed was hidden expenditure that was not accountable and that one could not get at might change the perception.

The other point relates to the annual budget. Councillors have always had a statutory role in passing the local authority finance provisions but they never had the time or expertise to go through the budget properly, that is, line by line, item by item. If councillors had access to an independent view or analysis of what was there and of what they were being told, that there might be a better outcome. I am not accusing local authority officials of hiding things; I am not. The more transparency there is, the better. In County Louth, there is a great deficit in the local authority. Parking spaces for commuters are being cut as are high profile items of great importance which everybody wants. We must try to see behind this and get accountability. I am not sure if that is the role of the commission. This would very helpful as far as I am concerned.

Mr. Michael McCarthy: I thank Deputy O'Dowd. In relation to the direct question about the last independent analysis of local government finances, many reports have been done by the local government audit service and other stakeholders, I am not in a position now to give a direct answer to that question, but I will supply this information to the committee later. I thank the Deputy for his comments and want to reiterate the importance of the operation of NOAC but also the transparency involved in how local authorities do their work and how that story is transmitted through NOAC and through to other stakeholders. That will be a key feature of the development of NOAC during my tenure as chair. Key to my chairmanship of the board will be selling the message, which is really important, and explaining that in an accountable and transparent fashion.

Chairman: I wish Mr. McCarthy the best. There is an open invitation to him from this committee. Senator Boyhan wants NOAC to be on our work programme later in the year. He was very proactive in wanting NOAC to come into the committee. We look forward to further engagement with Mr. McCarthy. He comes with vast experience and it is very appropriate that he is in that position. On behalf of the committee, I wish him the very best and thank him for attending this morning.

I propose we suspend for a few moments to allow our second witness to take his seat. Is that agreed? Agreed.

Sitting suspended at 10.06 a.m. and resumed at 10.12 a.m.

Water Advisory Body: Discussion

Chairman: In our second session today, we will engage with Mr. Paul McGowan, chairperson of the Water Advisory Body. On behalf of the committee, I welcome Mr. McGowan, Mr. Darragh Page and Ms Sharon Kennedy. The purpose of this session is to engage with the witnesses and hear about the work of the newly established Water Advisory Body. In particular, we are keen to learn how the committee can engage with the body on an ongoing basis.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defama-

tion Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable.

Dr. Paul McGowan: Good morning. I thank the Chair and committee members for the opportunity to give evidence.

I have been appointed recently by the Minister as chair of the Water Advisory Body. I am currently a commissioner and chairperson of the Commission for Regulation of Utilities, CRU. I am joined by the other two members of the Water Advisory Body, also recently appointed by the Minister. They are Mr. Darragh Page, programme manager with the office of environmental enforcement at the Environmental Protection Agency, EPA, and Ms Sharon Kennedy, senior executive officer with An Fóram Uisce. We have been appointed to the Water Advisory Body for a five-year term with an end date of May 2023. The remaining two members of the advisory body will be appointed through the Public Appointments Service. The advertisement for the two positions was published on 22 August 2018 on *stateboards.ie*. The closing date for submission of expressions of interest is today, 19 September 2018. I am hopeful that these appointments will be made in October of this year. We look forward to the appointment of the remaining two members in order that the Water Advisory Body can consider and submit its first report to the Oireachtas committee.

We are conscious that the Water Advisory Body has been established to provide a level of assurance to the Oireachtas and members of the public on the transparency, accountability and performance of Irish Water. Specifically, the advisory body has a legal function to advise the Minister on measures needed to improve the transparency and accountability of Irish Water and to provide an annual report to the Minister on the performance of the Water Advisory Body's functions during the period since its establishment.

The Water Advisory Body will also furnish a quarterly report to the joint committee on the performance of Irish Water in the implementation of its business plan with particular regard to the following areas: infrastructure delivery and leakage reductions; cost reduction and efficiency improvements; improvements in water quality, including the elimination of "boil water" notices; procurement, remuneration and staffing policies; and responsiveness to the needs of communities and enterprise.

I will briefly outline progress to date. The Water Advisory Body has met on two occasions, 13 July and 31 August 2018. Early discussions have focused on several matters, including governance, rules of procedure and terms of reference for the advisory body, as well as the establishment of a website and identity to facilitate the transparency of our work. We have also commenced discussion on the content and format of quarterly reports to the joint committee. With specific reference to our reports, we have considered the sources of information which will feed into these reports and the frequency with which that information is available.

We are keen to ensure that the reports we prepare provide meaningful information about Irish Water's performance in the key areas identified in the legislation. Our aim is to focus on what is important and explain why that is the case. We aim to identify and draw together a set of key performance metrics from various sources. These will include various CRU and EPA reports and data and information from other sources, including An Fóram Uisce and Irish Water. Our aim is for this set of metrics to help to demonstrate how Irish Water is performing against these headings over time.

Over the next few months, we will continue to develop our report structures and content sources, identify these metrics and determine how often they are updated. We will also explore how we might use each quarterly report to explore particular aspects of Irish Water's performance in more detail. As soon as the remaining two members of the advisory body are appointed, the members will finalise the reporting structure and content and prepare the first formal report for submission to the joint committee. We look forward to meeting the committee regularly in the future to discuss our findings.

Deputy Pat Casey: I thank Dr. McGowan for his presentation. I wish the advisory body the best of luck. I was not a supporter of the establishment of Irish Water five years ago, but we are where we are. My objection concerned local democracy, not the national issue. The establishment of Irish Water removed from local representatives the power to decide how their county grew. I still hold that point of view.

I wish to raise some very frustrating issues regarding Irish Water. The first concerns the interaction between Irish Water and local authorities in respect of the planning process and how planning permissions are granted. An issue arise regarding whether such permissions are granted with Irish Water having agreed on connections and whether a service is provided. Local authorities are not accepting communications from Irish Water to developers indicating that a development may proceed. Clarity needs to be brought to the entire interaction surrounding the planning process. Once planning permission is granted, it should be possible for work to commence. In many cases, the developer must first enter negotiations with Irish Water on the provision of water and sewerage services or with other utilities on the provision of other services. This is hampering the process. Work needs to be done on streamlining interactions between Irish Water and local authorities in granting planning permission. I could provide examples of cases where this process is not working.

I have had many communications with Irish Water, often very positive. However, one area on which I receive few replies is infrastructure. I have raised this matter a number of times and I will not let it go. Irish Water is doing a good job on critical infrastructure and larger projects but does not look beyond that, unless a wastewater treatment plant causes problems. In rural areas and in towns with fewer than 2,000 inhabitants, Irish Water is not at the races. It does not even consider these places unless they are polluting and causing problems. We need to address the issue as to whether Irish Water has to set aside a team or a specific budget. These communities cannot be forgotten about but they are. The economic model does not stack up for small villages. The horizon which Irish Water set in its first report required payback within 15 and 20 years. There is no way a small town or a village will have a payback like that. Is there any report from Irish Water stating it will deal with small villages? In County Wicklow, villages such as Donard, Laragh, Glendalough and Avoca have no water infrastructure. As a result, they cannot expand or planning permission cannot be granted for houses. There is nothing coming forward on the infrastructure being upgraded in these areas. Irish Water needs to dedicate a budget or a team to that aspect of rural Ireland.

WATER ADVISORY BODY: DISCUSSION

On the issue of charges, Irish Water has been established for five years but there is still not a national commercial rate charge. There are still 31 different charges across the country. Connection fees, whether to just connect into a sewer or the provision of a sewerage facility, are not done. At this stage, I have lost track of how a developer calculates how much the infrastructure will cost in a project.

Irish Water is working well in certain regards and I will not take away from that. While it is tackling key issues, many others need to be addressed. Elements in Irish Water are adding to the housing crisis because we are not getting clear communications on the granting of planning permissions in respect of who is responsible, who is making a final decision and who has the authority to allow it go ahead

I wish Dr. McGowan the best of luck. I am sure he will be before the committee in the future.

Senator Victor Boyhan: I welcome Dr. McGowan and wish him well in his appointment which the Minister has made. This is not an interview process but I thank him for the courtesy of attending the committee and sharing some of his ideas as new chairperson of the Water Advisory Body.

The main issues for Irish Water, and the main challenges Dr. McGowan will have, relate to accountability, transparency and its performance. These problems have fed into many of the controversies relating to Irish Water. It was always going to be difficult when transferring a utility service from 31 local authorities in a disjointed way. There were HR, personnel and resources issues, as well as issues of responsibility and who would lead out from that. There are still difficulties and it is working its way through.

There are boil water notices and substantial leaks in the service. The citizen is rightly demanding a high-quality and consistent water supply. Infrastructure has to be both national and local. We cannot forget the small community. The challenge is how one is going to be responsive to the needs of the customers from big industry and enterprise, as well as small communities.

I wish Dr. McGowan well but he needs to go back to the same issue, namely what citizens are demanding of Irish Water and any service provider for that matter, which is accountability, transparency and performance. Those issues need to be kept to the fore in the delivery of public services and this is no exception. I wish Dr. McGowan the best of luck with his job and, hopefully, he will engage regularly with the committee. We certainly will seek to engage with him regularly.

Senator Grace O'Sullivan: I congratulate Dr. McGowan on his appointment. He has one of the most important tasks because water is such an important resource for so many services and users. It is of significant importance and we saw that in the large demonstrations with regard to the implementation of water metering. It has not gone away in people's minds. People still remember it.

With regard to his ambition and vision for his new task, what will be his key priorities? How does he believe he can improve communications between the advisory body, members of the public and local authorities? We have witnessed droughts in recent months and flooding last year due to different storms. How will the Water Advisory Body deal with emergencies? With the information we are getting on extreme weather in the coming years, I am curious as to how

he sees his function with regard to climate change.

Deputy Fergus O'Dowd: I welcome our guests. The interaction my constituents and I have had with Irish Water is top-class. Irish Water goes the extra mile to help the individual. That is important in the work it is doing. We have many complaints and issues about water services but they are dealt with efficiently. When one picks up the phone, the staff are courteous and efficient. They will get back to one within an hour or two with the reference number. They are attentive to the individual's needs. On one occasion, a developer had a problem and could not get a supply because of some bureaucratic nonsense going on with the county council. It was sorted out quickly at a high level in Irish Water.

There was an occasion at the Donore reservoir when the water supply system collapsed. There was inadequate emergency planning, which meant the water supply for the town of Drogheda and east County Meath suffered greatly for several days. As a result of the excoriation Irish Water received at the time, which it properly deserved, it changed its ways. When it happened again, the company was much better prepared. When the pipes failed at 4 p.m., they had workers on site at 6 p.m. who worked throughout the night. Irish Water is learning its lessons.

Due to incidents and accidents such as this, as well as climate change and acts of God, I am concerned about water supply in the greater Dublin area. What role does the advisory body have in that? Part of the solution to preventing water supply to the greater Dublin area being interrupted and not adequately resolved for a significant time, is getting water from the Shannon. While I am not sure what involvement the Water Advisory Body will have in that, it is important the process be explained properly to the people in the areas from where the water will be extracted. There should be a complete immersion in all of the issues that affected residents might have by Irish Water. It is important, however, that the water needs of the greater Dublin area will be met.

I have had many problems and issues with Irish Water in the past. There is an outstanding issue that involves transparency, notwithstanding everything I have said. We can get access online to the meetings of its board but it has refused under FOI to give me copies of the minutes of its management meetings, that is, when it meets at a level just below board level. I could appeal it to the Information Commissioner if I wish. In the interests of transparency, it might be useful if I could send the witnesses a copy of the correspondence. We should be able to see everything Irish Water does and no part of its activity should be excluded from public scrutiny and transparency. I do not know what is going on. The area I was trying to get at involved some of the issues in my own area. I do not have an answer to that but the role of the Water Advisory Body might be effective in ensuring all meetings are transparent. If there are commercial issues, that is fine. We do not need to see them but we do need to see what Irish Water is saying and doing and how it is planning. That will provide the public with increased confidence as the entity continues into the future.

Deputy Eoin Ó Broin: I apologise for not being present earlier but I had to attend another event. I thank the witnesses for the brief presentation. The quarterly reports mentioned by them will be important for the committee's work. I wish to flag a few issues so that when the first of those reports comes in, they might be addressed. One of the big issues, particularly in the context of water shortages caused by weather difficulties recently, is leakage reduction. There has been significant public attention, particularly among the media and others, on leakage reduction and domestic wastewater reduction, which is legitimate and to which I have no objection. One issue we have raised with the Department and Irish Water is the need to address

the greater level of leakage in the system, which is on the public distribution system, and in particular, whether the relatively modest targets for tacking leakage within the infrastructure are the most appropriate. Irish Water's capital investment starts to increase significantly over the next number of years. A figure of €777 million is in the programme for next year, €800 million for the following year and €900-odd million after that. When we compare the programme of leakage reduction with what happened recently in London, which is an old city with many of the comparable challenges of infrastructural upgrading, it seems Irish Water's targets are modest. When we put that to the company representatives, they told us that closing down the city centre is a challenge, but not all the leaks are within the city centre. There are large urban areas inside and outside the canals where work could be done. It is important that the witnesses give us a sense of what progress has been made on this and, by way of international comparisons with comparable cities, whether more work could be done.

In respect of cost reduction and efficiency improvements, which, again, are important issues, one of the concerns is that there is a change in the way in which Irish Water is accounting for capital and current expenditure because it is now working within the OECD's defined set of rules. One of the consequences is the fact that certain items that would have previously come under current expenditure such as the relatively small to medium-sized cost for repair of water treatments plants will be classed as capital expenditure because they are subcontracted to private contractors. If we are being presented with current expenditure reductions, it is important that they are genuine reductions and not something that has been transferred to the capital expenditure side for whatever reason.

Regarding procurement, remuneration and staffing policies, when Deputies talk to water engineers in local authorities, there is a value in having that local knowledge within local authorities. These water engineers know the community and the area and have a level of intelligence or institutional memory that is built up over a long period of time. One of the difficulties is that is lost by using subcontractors for regional-based bodies of work in which Irish Water is engaged. People who do not necessarily know the county or region could be in Cork one week, Donegal next week and Dublin the week after that. That is not to say they are not as skilled but they do not have that local knowledge. In respect of staffing policies and efficiency, is there a gain in terms of shifting towards contractors but a loss in terms of local knowledge and information?

In terms of responsiveness and the needs of communities, I agree with Deputy O'Dowd that Irish Water's response to elected Members is good. I am a long-standing critic of Irish Water but I acknowledge that. I hear from many members of the public that they do not get the same response. That may not be the case across the board. It may just be isolated incidents but it would be interesting to know how we determine in respect of the public when they make the call because people often come to us after they have gone to Irish Water or the local authority and not received a response. It would be interesting to look at that.

I am not necessarily looking for comments on those issues, although I would welcome anything the witnesses have to say about them. They are some of the answers we will seek in the first report so if it would be helpful if the witnesses could keep that in mind when they are drafting the report.

Senator Grace O'Sullivan: My question is probably pertinent to Mr. Page. I will provide an example of a problem in Tramore, County Waterford, the area I am from. We have a Blue Flag beach, which is affected by rogue pipes and grey water or sewage water enters the bay area and people get sick as a result. In one case, members of the RNLi became sick. It is an ongoing occurrence. What can be done to alleviate that problem?

Dr. Paul McGowan: Members raised many issues that we, as a body, need to absorb and take on board in how we interact with Members in the future. We are mindful that our function relates to accountability and transparency, and whether Irish Water is performing compared to what it says it is going to do. I represent the Water Advisory Body but I also work for the Commission for Regulation of Utilities. We will draw on whatever we can use from our own work, as will the EPA and An Fóram Uisce. We will also have the external view from the two other members of the body. It is important that the five members act together. I come back to what is important and why. Members of the committee have set forth some issues and we will take them on board.

I ask members to be patient because holding Irish Water to account across such a range is a tall order. We expect to deliver four reports per year to this committee. Each of those reports will not be a full and comprehensive report on every aspect of Irish Water's performance because the data do not get generated with that level of frequency. Each quarter, we are looking for a theme for a report. What area might we look at? If members bear with us, we will try to come up with a reporting structure that will meet the requirements of the committee. As we interact with the committee, we will take feedback and try to the best of our abilities to do the job with which we have been tasked.

I will try to address a few of the questions that were asked. Our vision is at the core of what the legislation says. We recognise that this is about transparency. It is about holding Irish Water to account to the Oireachtas and the public at large. There is a huge volume of information out there and there will be increasing amounts of information coming forward from Irish Water. It is about cutting through that to identify what is important and what people are interested in. Hearing the views of members today will help us frame that.

How can we improve communication? It is only through having reports that cut to the chase and that look at the important issues, and through interacting with the committee as we produce quarterly reports to explain what we have found, that we can identify further areas at which we can look not only on behalf of the Oireachtas, but also on behalf of the public.

Deputy O'Dowd raised a point about emergencies, which was well made. As Irish Water would admit, it is learning from the experiences it has had, for example, in respect of the burst pipe at Staleen. Subsequent to that burst, it identified where it needs to improve. One would expect of any utility that it should learn. What has been highlighted by the recent events, in terms of both the cold snap and the drought, is the resilience, or lack of resilience in some instances, of the water system. That comes down to investment in infrastructure and process and ensuring not only that water and wastewater are processed to quality standards, but also that the capacity is available and conservation is at the core. That means conservation on both the public side and the user side of the stopcock. All of these matters are of relevance to the role of the Water Advisory Body as we report to the committee.

I will just clarify in respect of Deputy O'Dowd's question on our involvement in the water supply project to bring water to the Dublin and eastern region that we do not have a direct role in any project. Our role is to report and to try to bring some level of transparency and structure to the data and information that exist out there so that we can be much more effective in communicating how well Irish Water is performing against its business plan. Of course part of that - and this speaks to the issue of operating expenditure, opex, and capital expenditure, capex, which was raised by Deputy Ó Broin - is being very clear. What is the baseline? What has Irish Water set itself up to achieve and how is it performing against that baseline? Part of our work is to try to ensure that we are clear about how it is performing, but also about what it is performing

against - the targets it has set or the targets that were set for it.

I welcome this interaction with the committee at this first opportunity we have had. I hope we will have a full complement within a small number of weeks. I do not know exactly what the timing of that will be, but the committee can rest assured that our focus is on determining when we can produce the first report. To be clear, after producing the first report, our obligation will then be to do them quarterly. We want to get this right, but, at the same time, we are conscious that the committee will look for the first report. I hope it will bear with us. We will seek to produce it at the earliest opportunity. We very much look forward to interacting with the committee, taking feedback, and ensuring we can fulfil our statutory function in respect of transparency and accountability.

Deputy Fergus O'Dowd: I acknowledge Mr. McGowan's comments but I still have to make my point clearer. The key failure that might occur in the State in terms of water supply is a collapse in the Dublin system. The key demand is to make sure that does not happen by being alert and aware and by dealing with public opinion that is opposed to this. That is a fair comment. Public opinion in Limerick or wherever the Parteen weir is opposes this. While I acknowledge and accept that the Water Advisory Body has no role whatsoever in the day-to-day administration, I am referring to the risks and transparency. If this does not happen, it will lead to an appalling vista. I acknowledge Mr. McGowan's definitions but the board should have a role in ensuring Irish Water's high priorities. Irish Water should tell the board what its priorities are and how it intends to ensure they are achieved as quickly as possible. I worry about the interests of the greater Dublin area and those of the people who live in the abstraction area. This project has been there for many years. I do not want to comment on it because I am not part of the process, but it does require attention if Mr. McGowan can find a mechanism to say that this is a high-priority area, to ask Irish Water what its plans are and what it is doing, and to benchmark it against its efficiencies in that respect.

Mr. McGowan did not comment on the question I raised about the transparency of the organisation, which is accountable under freedom of information, and about how it can say that some of its meetings are not subject to freedom of information requests. That is not acceptable. I could give him some of that correspondence and, perhaps, he could examine it and form an opinion in light of his role in ensuring the accountability and transparency of Irish Water.

Senator Grace O'Sullivan: As the CEO of the Water Advisory Body, does Mr. McGowan advise the Minister, Irish Water, or both?

Dr. Paul McGowan: Our function is to advise the Minister and our other function is to report to the Oireachtas. We see both of those roles as being relevant to ensuring accountability and transparency around Irish Water's performance. We would make recommendations to the Minister in respect of how the accountability or transparency of Irish Water could be improved.

Chairman: Mr. McGowan might catch Deputy O'Dowd after the meeting.

Dr. Paul McGowan: Sure.

Chairman: In the same way, in respect of Tramore, Senator O'Sullivan might catch Mr. Page after the meeting rather than getting into local issues here. I thank Mr. McGowan, Mr. Page and Ms Kennedy for attending this morning. This will be an ongoing engagement. I wish them well in their new positions. They have a vital function in respect of the infrastructure and the transparency that is required to develop the island. I thank them very much for engaging

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with the committee. I propose to go into private session to deal with some housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 10.45 a.m. and adjourned at 11.25 a.m. until 5 p.m. on Wednesday, 26 September 2018.