

Ms. Niamh Maguire,
Secretariat to the Committee of Public Accounts,
Leinster House
Dublin 2

30 May 2014

Re: Update as requested at the Committee meeting on Thursday 3 April 2014

Dear Niamh,

Further to my letter of 7 May 2014 I am pleased to enclose further updates to issues which arose at the meeting of the Public Accounts Committee on Thursday 3rd April 2014 as follows:

1. The amount of debt that will be transferred to Irish Water, for waste water service commitments when responsibility transfers from the local authorities.
2. A note on the up to date position and the steps taken to complete the unfinished Tipperary Hostel Project.

Yours sincerely,



Robert Watt

Secretary General

1. Amount of debt that will be transferred to Irish Water

Quantification of the amount of debt that will be transferred from Local Authorities to Irish Water is a complex matter. As part of the water reform programme, the Water Services (No. 2) Act 2013 provides that all water services assets and liabilities of the Local Authorities will transfer to Irish Water, on a phased basis during 2014.

I have been advised by the Department of the Environment and Local Government that work is currently ongoing, based on the financial positions as outlined in the local authority Annual Financial Statements, to ascertain the value of debt transferring to Irish Water from Local Authorities. The value of this debt is made up of several components including:

- Debt arising from non-domestic water charges
- Debt arising from unpaid development levies
- Borrowing incurred by Local Authorities to finance capital works on a water asset
- Unfunded balances on capital projects – where a defined funding stream is no longer available to the local authority through the cessation of the Department's investment programme and/or Local Authorities no longer being in a position to raise finance.

An updated response can be supplied when this work is complete.

When I appeared before the Committee on 3 April the discussion also referred to the contractual commitments for the 'operate' element of the PPP contracts which provides for the operation and maintenance (O&M) of the plant for a 20-year period. Under section 14 of the Water Services (No. 2) Act 2013, the Minister may designate by Order that water services contracts entered into by a water services authority transfer to Irish Water.

In this regard, the 20 Design-Build-Operate contracts listed in the C&AG Annual Report 2012 have all been transferred to Irish Water by Ministerial Order. Accordingly, Irish Water is now responsible for paying these contract costs.

2. A note on the up to date position and the steps taken to complete the unfinished Tipperary Hostel Project.

I understand that the Committee received an update from the Secretary General, Department of Environment, Community and Local Government in December 2013 stating that payments to Tipperary Hostel Ltd., remain the subject of Garda enquiries and that Pobal had sought recoupment of Dormant Accounts funding of €110,149. The updated position is that Pobal are still seeking a refund from Tipperary Hostel Ltd. but the figure has been revised down, following further audit work, to €85,132.