



SEWERAGE (AMENDMENT) BILL 2014

EXPLANATORY NOTES

These notes are circulated for the information of Members with the approval of the Member in charge of the Bill, Mr A L Cannan, MHK

INTRODUCTION

- 1.** These explanatory notes relate to the Sewerage (Amendment) Bill 2014. They have been prepared by the Manx Utilities Authority in order to assist readers of the Bill. They do not form part of the Bill and have not been endorsed by the House of Keys.
- 2.** The notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill.

SUMMARY AND BACKGROUND

- 3.** The Manx Utilities Authority is the Sewerage Authority for the Isle of Man. The Authority needs to raise additional income to: offset a year-on-year withdrawal of its sewerage grant; fund the additional operational costs of the regional sewage treatment strategy; meet historic capital loan repayments and interest on capital loan debt.
- 4.** The aim of the Sewerage (Amendment) Bill 2014 is to enable the Authority to levy a rate on properties served by the public sewerage system, replacing the sewerage charge with a more equitable and fairer charging regime. Currently there is no statutory provision within the Sewerage Act 1999 for a sewerage rate to be levied.
- 5.** The Bill comprises 5 clauses and a schedule. For simplicity, clause 3 divides part 2 of 1999 Act into six Divisions.
- 6.** Clause 3 replaces the existing sewerage charge provisions (section 11), with six new sections enabling the Manx Utilities Authority to impose a sewerage rate based on the rateable value of properties served by the public sewerage system. The first five sections 10A to 10E (which gives effect to schedule 1A) are modelled on the corresponding provisions of the Water Act 1991. This will enable the Authority to operate the water and sewerage rating systems in a similar way.
- 7.** Section 10F prescribes the sewerage rate for 2015-16 as 61.29 pence in the pound, which on the current basis of computing the rate raises income equivalent to a sewerage charge of £100. For future years, the sewerage rate is subject to Tynwald approval.
- 8.** The Sewerage Rate will be levied on any premises or property with a drain or sewer which communicates with any public sewer and for which the Manx Utilities Authority provides a service under the Sewerage Act 1999.

9. Premises or property with private drainage systems which do not communicate with the public sewerage system will be exempt from the sewerage rate (for example, properties served by septic tanks or privately owned sewage treatment facilities).

EUROPEAN CONVENTION ON HUMAN RIGHTS (hereafter referred to as the "Convention")

10. Section 16 of the Human Rights Act 2001 requires the member moving the Bill to make a statement about the compatibility of the provisions of the Bill with the Convention rights (as defined by section 1 of that Act). In the opinion of the member moving the Bill, the provisions of the Sewerage (Amendment) Bill 2014 are compatible with the Convention rights.

FINANCIAL AND RESOURCE EFFECTS OF THE BILL

11. The sewerage rate will be derived from rateable values, as applied by the Treasury's Rating and Valuation Office under the authority of the Rating and Valuation Act 1953. There are no additional resources required.
12. An impact assessment has been prepared in relation to the Bill and the proposed rates to be levied under it. It is proposed that sewerage rate increases will be 'phased in' over a number of years.

NOTES ON CLAUSES

13. **Clause 1** gives the short title of the Act.
14. **Clause 2** provides for its commencement and gives effect to the Act from 1 April 2015.
15. **Clause 3** amends the Sewerage Act 1999, replacing the existing section 11 (under which sewerage charges may be imposed) with a series of provisions enabling the Manx Utilities Authority (referred to in the 1999 Act as "the Sewerage Authority") to impose a sewerage rate by reference to the rateable value of the premises provided with sewerage services by the Authority. The new provision made by clause 3 divides the existing Part 2 of the 1999 Act into a number of Parts and then replaces section 11 with six new sections (10A to 10F and the Schedule) the first five of which are modelled on the corresponding provisions of the Water Act 1991, enabling the Authority to operate the two sets of rating provisions in a similar way. Section 10F prescribes the sewerage rate for 2015-16 as 61.29 pence in the pound.
16. **Clause 4** repeals a paragraph of section 49(1) of the Rating and Valuation Act 1953 which is spent as a consequence of the restructuring of the Sewerage Act 1999 effected by clause 3.
17. **Clause 5** provides for the expiry of the resulting Act on the day following the later of its promulgation and the commencement of the last of its provisions, but without affecting the continuing operation of any amendment or repeal made by it.