



NORTHERN IRELAND DEPARTMENT FOR INFRASTRUCTURE

## **DEVELOPER CONTRIBUTIONS FOR WASTEWATER INFRASTRUCTURE**

PUBLIC CONSULTATION: 21 MARCH TO 27 JUNE 2025

The Builders Merchants' Federation is the trade association for businesses in the building materials' supply chain in the United Kingdom and Ireland. Since 1908, we have represented builders, plumbing & heating, roofing, timber and other merchants and manufacturers who make and deliver building materials, home improvement products and civils & drainage systems.

Our Northern Ireland members account for approx. £830 million combined annual sales and operate from 92 merchant branches and 55 manufacturing sites. For example: manufacturers like Breedon Group (Newtownabbey), FP McCann (Magherafelt) & Brett Martin (Newtownabbey) and merchants like Haldane Fisher, Macnaughton Blair, JP Corry and Murdock Builders Merchants.

The BMF is an economic trade association and we welcome the chance to contribute given our unique position as described throughout this response.

### **BACKGROUND AND CONTEXT**

#### **What is Wastewater Infrastructure?**

BMF members have a direct financial interest in this consultation:

- as manufacturers and suppliers of pre-cast concrete pipes, manhole rings, inspection chambers and box culverts used above- and below-ground for drainage & sewerage.
- as manufacturers and suppliers of water & wastewater treatment solutions - including cesspools, septic tanks, water attenuation tanks & oil separators.

#### **Paying for the Delivery of Wastewater Infrastructure to Households**

Under-investment in Northern Ireland's waste-water infrastructure is a long-standing issue that has to be tackled. For too long now, overall capacity has failed to keep up with a growing need to provide a modern sewerage system fit for the 21<sup>st</sup> century.

#### **Price Control**

The BMF acknowledges that Northern Ireland Water is subject to a price control mechanism in which the regulator sets the budget and performance framework for a 6-year period. But this does not guarantee sufficient funding to allow NI Water to fulfil its remit and invest at levels required to modernise its universal service. Many in construction & housebuilding want NI Water to receive a generous funding settlement, over a longer period of time, to upgrade existing facilities and build extra capacity into its network.

#### **The Current State of Wastewater Infrastructure**

House-builders, property developers and contractors tell us that the completion of much-needed new homes is being prevented because the sewerage network, and water treatment works, are seriously underfunded and operating at (or beyond) capacity.

BMF members see the consequences of projects being stalled, or deferred, because builders or developers cannot get new connections to the existing network. As the consultation says (page 12), we know there are more than 100 locations where development cannot proceed. We note that NI Water estimates a further 30 sites may emerge during the current Price Control period.

## **Housing**

The BMF notes that the NI Executive has identified increasing housing supply - especially social housing - as a key priority in its current Programme for Government. The slow-down in housing completions has a direct impact on the BMF's wider membership - namely the merchants who stock and deliver the primary materials and valued-add products used on-site.

We welcome efforts to increase the level of investment in infrastructure. It ought to encourage the customers of BMF members to do what they do best - build more homes of all types & tenures, on many sites, that people can afford to buy or rent - to deliver the target of 100,000 homes or more.

## **Environmental Issues and the Northern Ireland Environment Agency**

The BMF notes the role of the Northern Ireland Environment Agency as described on page 14. We assume this refers to the well-publicised problem of algal bloom in Lough Neagh that supplies much of Belfast's drinking water.

## **What DfI is doing about the Capacity Issues: the Three-Pronged Approach**

The BMF acknowledges that the scope & scale of the problem is a huge undertaking, costing £££ billions, that may take 7-10 years to fix. We urge ministers in both Belfast and London to grasp the seriousness of the situation and increase capital allocations wherever possible. We have written to a previous NI Minister for Infrastructure and a Northern Ireland Office Minister to lobby them to persuade their respective Finance Ministries to prioritise the investment that NI Water and our supply chain so badly needs.

## **DEVELOPER CONTRIBUTIONS FOR WASTEWATER INFRASTRUCTURE**

### **What are Developer Contributions?**

The BMF notes that (at present) NI Water is precluded by law from accepting direct payments from developers for the type of connections described on page 16. We remind the Department that many in construction and house-building believe that builders & developers already pay a lot of money in planning gain taxes and other fees & charges. Care is required in formulating these proposals as developer contributions may not be universally popular.

### **To What Extent are Developer Contributions Currently Permitted?**

The BMF notes that certain contributions are currently accepted as described on page 16.

### **Stormwater Offsetting**

BMF members make the type of water management systems described.

### **Flow Transfer Schemes**

BMF members understand the different uses of flow transfer schemes and stormwater offsetting.

### **Package Wastewater Treatment Plants**

BMF members make package wastewater treatment plants and other necessary systems.

## Are Developer Contributions Used Elsewhere?

In England, Wales & Scotland, payments to water companies to improve wastewater treatment are made through customers' water bills. It is not clear to us why the NI Executive is so vehemently opposed to water charges in Northern Ireland when it is commonplace elsewhere. We remind the Department that (this month) the Northern Ireland Fiscal Council said changing the structure of NI Water will not make sufficient difference - and raising money from water charges will be required. This follows similar remarks made in February by the NI Water Chief Executive to the Assembly's Infrastructure Committee.

## How Much Does Wastewater Infrastructure Cost?

It is helpful to set out indicative costs (page 18) to illustrate the level of spending required. The BMF notes the expectation that developer contributions will not provide all (or even most) of the necessary funding to fix the problem described.

## Impacts of Introducing Developer Contributions

The Department ought to be in no doubt that adopting these proposals will add specification, conformity & familiarisation costs to BMF members and their professional trade customers. This will, in turn, make certain house-building projects unviable. It is also fair to assume that such costs will be passed onto the eventual buyer with the inevitable consequence of raising house prices.

## OPTIONS FOR INTRODUCING DEVELOPER CONTRIBUTIONS

### Introduction

As stated above, we note the expectation that developer contributions will not provide all (or even most) of the necessary funds. We cannot support the introduction of these developer contributions.

### Option 1: Voluntary Developer Contributions for Wastewater Infrastructure

The BMF notes that this option is intended to be voluntary - either a site-specific payment or by pooling payments from two or more builders or developers. We have no strong preference for either (a) or (b) as set out on page 22. Other respondents will doubtless have firm views. The points made about bankruptcy and defaulted payments are logical.

#### Key Considerations

- this option could encourage house-builders & property developers to collaborate more.
- we note that payment agreements would be taken into consideration (positively) when granting planning permission.
- legislation is required that will (inevitably) hold up these proposals.
- the points about fairness and the type of housing that may result are logical.
- a reimbursement scheme may prove unwieldy or complex - more thought is required.

### Option 2: Compulsory Developer Wastewater Contribution Levy

This option amounts to a new tax on all house-builders & property developers. That said, it may have advantages and drawbacks as set out on page 25. The Department is applauded for its honesty in recognising that this new levy will increase costs to obligated builders & developers. It is unlikely that such costs will be absorbed - and they will (inevitably) be passed onto the eventual buyer with the inevitable consequence of raising house prices.

#### Key Considerations

**Levy Amount and Calculation Method:** we note the need for another consultation to determine the way that levy payments will be calculated and applied. The BMF finds it strange that this

consultation does not give any indication of the likely level of levy payments under consideration. Yet on page 18, indicative costs are given on how much the actual works typically cost. It would have been much more helpful to industry respondents to set out a range of likely fee levels.

**Purpose of Levy:** we agree that the purpose must be properly & tightly defined in law - and what such monies can (and cannot) be used for - preferably by ring-fencing.

**Exemptions/Reduced Rates:** it is both desirable & necessary to make exemptions and reductions for (among others) SME builders and for off-grid rural & coastal homes that use septic tanks.

**Combining Options 1 and 2:** we are not persuaded that this is wise or practicable. It may prove tempting to the Department to start with Option 1 as a temporary stepping-stone - before fully implementing Option 2 after all the teething problems are sorted out.

## CONSULTATION QUESTIONS

Question 1: do you agree with the principle that a pathway for developer contributions should be introduced in Northern Ireland? (Tick only one answer)

Disagree. Northern Ireland's waste-water infrastructure ought to be paid for from general taxation and/or water charges on bill payers - not further charges on house-builders, property developers and social housing providers.

Question 2: referring to Section 4 of the consultation report which option do you think would be the best pathway? (Tick only one answer)

On balance, the BMF prefers Option 2, a Compulsory Developer Wastewater Contribution Levy.

Regardless of how you answered Question 2, we would welcome your responses to questions 3, 4, 5 and 6 below.

### Option 1: Voluntary Development Contributions for Wastewater Infrastructure

Question 3: if voluntary developer contributions are introduced, how should these be made? (Tick only one answer)

Question not answered: this is for house-builders, property developers and social housing providers to answer.

Question 4: if voluntary developer contributions are introduced, do you agree that there should be a reimbursement scheme? (Tick only one answer)

Question not answered: this is for house-builders, property developers and social housing providers to answer.

### Option 2: Compulsory Developer Wastewater Contribution Levy

Question 5: what are your views on how a compulsory levy should be introduced? You might want to tell us about what factors you think should be taken into consideration in designing the levy process, such as whether there should be an exemption or reduction scheme introduced, how the amount of the levy might be calculated, what that amount should be and how you think it should operate.

Question not answered: this is for house-builders, property developers and social housing providers to answer.

## Impact Assessments

Question 6: do you have any comments to make on any of the impact assessments that accompany this consultation? The link to all the impact assessments is available on page 4.

Question not answered: this is for house-builders, property developers and social housing providers to answer.

### CONCLUSION

The BMF recognises this is a complex and intractable problem. We appreciate the Department's efforts in trying to solve the cumulative effect of public under-investment in Northern Ireland's waste-water infrastructure over many years. The lack of available homes - especially affordable & social housing - is an acute socio-economic problem.

It is in everybody's interest to find a practical solution. The BMF urges Ms Kimmins MLA, her officials and fellow ministers to find a way forward that is not too burdensome or costly for local businesses. Construction (inc. house-building) is a primary driver of home-grown economic activity that leads to improved productivity, better employment prospects, and rising living standards.

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