
EXPLANATORY NOTE

(This note is not part of the Order)

Section 22A of the Water Industry Act 1991 provides that, in certain circumstances, the Water Services Regulation Authority (and until it is fully established, the Director General of Water Services), the National Assembly for Wales or the Secretary of State may impose a financial penalty for certain regulatory infringements. Financial penalties may be imposed on a company appointed as a relevant undertaker or a licensed water supplier and must be reasonable in all the circumstances of the case. Financial penalties must not exceed 10 per cent of the turnover of the company in question.

This Order makes provision for the determination of the turnover of a company appointed as a relevant undertaker or a licensed water supplier for the purposes of financial penalties.

No regulatory impact assessment has been prepared in respect of this Order. A regulatory impact assessment in respect of the Water Act 2003 was prepared and placed in the library of each House of Parliament during the passage of the Water Bill. This included an assessment of the financial penalties provisions. Copies can be obtained from Water Supply and Regulation Division, Department for Environment, Food and Rural Affairs, Ashdown House, 123 Victoria Street, London SW1E 6DE or from the Department's website at www.defra.gov.uk/environment/water/legislation.