

The Department of Internal Affairs

**Te Tari Taiwhenua | Department of Internal Affairs**

Building a safe, prosperous and respected nation

## Water Services Reform Programme

# (DIA, 2023c)

Updated: 6 July 2023

The delivery of drinking water, wastewater and stormwater is changing.

All New Zealanders need safe, reliable drinking water, wastewater and stormwater - our water services. We depend on these for the health and wellbeing of our communities and our environment.

### Why do we need reform?

The evidence shows as a nation we haven't adequately maintained and improved our water service infrastructure. Without change, the safety, reliability and affordability of these services will continue to suffer, leading to more New Zealanders getting sick from contaminated drinking water, more sewage spills and increases in costs for households.

### How will our water services be improved?

The Government has worked with local government, iwi and water industry leaders to create a detailed, affordable plan to make sure our water services system is in good condition to meet challenges like population growth, climate change and natural disasters.

Under this plan ten new publicly-owned Water Services Entities will run New Zealand's drinking water, wastewater and stormwater services - currently operated by councils on behalf of communities.

The Government's plan will build these new Water Services Entities (WSEs) on the foundations of existing council infrastructure, people, and expertise. The plan is designed to give the new water organisations the financial flexibility to make the necessary upgrades more affordable for everyone.

### Water Services Legislation

The Government is implementing reform of water services through a suite of legislation:

- [The Water Services Entities Act](#)
- [The Water Services Legislation Bill](#)
- [The Water Services Economic Efficiency and Consumer Protection Bill](#)
- [The Water Services Entities Amendment Bill](#)

#### The Water Services Entities Act

The Water Services Entities Act establishes the new water services entities so they are ready to provide services from their 'go live' dates.

You can read more about the Act here: [The Water Services Entities Bill](#).

#### The Water Services Legislation Bill

This Bill establishes the detailed powers, functions and duties of the new water services entities which are necessary for them to deliver water services to communities. It also contains the mechanisms for transfer of assets and liabilities from local government to water services entities and amends local government legislation and other legislation relating to water services.

The Bill also contains:

- Provisions to recognise and respect the Crown's responsibility to give effect to the principles of Te Tiriti o Waitangi.
- A compliance, monitoring and enforcement regime.
- Regulatory functions and powers, which will replace and modernise the existing bylaws framework.
- A charging framework.
- Provisions to protect vulnerable consumers.
- A pathway for mixed-use rural water supplies to transfer from the water services entities into community ownership.

#### Select committee recommendations

On 8 June Parliament's Finance and Expenditure Committee reported The Water Services Legislation Bill back to Parliament. Among the more than 300 changes to the Bill recommended by the committee are:

- Greater clarity about how relationship agreements will work in practice to comprehensively manage areas where cooperation between water services entities councils and other partners is required. The changes make clear that these agreements will be enforceable and provide for a dispute resolution mechanism.
- Clarifying that only council-controlled organisations (CCOs) and council-controlled trading organisations (CCTOs) whose predominant purpose is to support territorial authorities in their management and operation of water services will transfer to the new water services entities. Predominant purpose is defined as 85% or more of revenue from provisions of water related services. The Committee has also exempted Citycare Water from the transfer provisions. This means that only Watercare and Wellington Water will transfer over.
- Water services entities must have a development code, which must set out a series of development principles that set out how entities will support and enable urban development and growth in their service area.
- Entities will be required to develop rural supply plans for mixed-use rural water supplies. The rural supply plan is intended to provide better recognition of the special nature of these schemes and to ensure that farming communities can continue to be involved in mixed-use rural water supply schemes.
- Requiring water services entities to identify deficiencies in access to water services for communities and to develop a plan to address them.
- Clarification of the Government's intention that water services entities will pay rates.
- Revised arrangements to provide greater certainty for roles and responsibilities for stormwater management including in relation to urban water courses on private land.
- The ability to require councils to pass-through billing on behalf of entities will expire on 30 June 2027 (instead of 30 June 2029).
- Ensuring the integrity, intent, and effect of Treaty settlement obligations are upheld by the entities, and providing a process for amending Treaty settlement Acts that are impacted by the water services reform.

A full copy of the Committee's Report and the bill is available on the Parliament website here: [Water Services Legislation Bill](#) (Parliament website)[Read the Bill \(on www.legislation.govt.nz\)](#)

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 Water Services Economic Efficiency and Consumer Protection Bill

Also introduced to Parliament in December 2022, the Water Services Economic Efficiency and Consumer Protection Bill implements Cabinet's agreement to establish an economic regulation and consumer protection regime as part of water services reform.

You can read more about economic regulation and consumer protection in three waters services on the Ministry of Business, Innovation and Employment's website here: [Economic regulation and consumer protection regime for water services](#)

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*Read the Bill (on [www.legislation.govt.nz](http://www.legislation.govt.nz)).*

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## The Water Services Entities Amendment Bill

The Water Services Entities Amendment Bill introduced to Parliament on 16 June 2023 gives effect to Cabinet decisions on the water services reforms made in April and May 2023.

The Bill forms part of the legislation that will reform the delivery of New Zealand's drinking water, wastewater and stormwater services.

The Bill mainly makes changes to the Water Services Entities Act 2022.

Key changes include:

- Establishing 10 new water services entities based on existing regional boundaries
- A staggered approach to WSE 'go live' dates, with all entities going live between 1 July 2024 and 1 July 2026
- Confirming the Northland and Auckland Entity will go live on 1 July 2024
- Providing for every territorial authority to be represented on the regional representative group (RRG) of their entity, together with an equal number of mana whenua representatives
- Introducing 'Community Priority Statements' which can be presented to regional representative groups by persons that have an interest in water bodies within the entity area
- A process to enable locally-led, voluntary mergers of two or more entities
- Entity financing arrangements, including provision for a dedicated Water Services Funding Agency to be established as a backstop financing mechanism, if required
- Shared services arrangements, including a provision for the responsible Minister to direct entities where collaboration or a whole of sector approach is required
- Councils will continue to provide and fund water services during the extended establishment period for the entities, including transitional arrangements to be inserted in local government legislation to deal with long-term planning, reporting, and rate setting obligations over this period.

The Bill had its first reading on 22 June 2023 and was referred to the Governance and Administration Committee for consideration. Public submissions closed on 5 July 2023.

Follow the Bill's progress on the Parliament website, at [Water Services Entities Amendment Bill \(bills.parliament.nz\)](http://Water_Services_Entities_Amendment_Bill_(bills.parliament.nz))

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The Government intends to pass all legislation to give effect to the water services reforms before the House rises for the General Election on 31 August 2023.

## Find out more

- [Frequently Asked Questions](#)
- [Iwi/Māori](#)
- [Councils](#)
- [Drinking Water](#)
- [Waste Water](#)
- [Stormwater](#)

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If you have any queries, please email: [waterservicesreform@dia.govt.nz](mailto:waterservicesreform@dia.govt.nz)

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