

Affordable Waters Reform update

In April the government announced significant changes to the water reforms previously known as "3 waters", which have been re-named the "affordable water reforms".

The number of public water entities was increased from four to ten regional entities. These entities will be owned by local councils on behalf of the public. Each entity will be managed by a professional board.

The Minister also signaled that the entities' commencement will be staggered, starting from 1 July 2024, and ending no later than 1 July 2026.

The Finance and Expenditure (F&E) Committee has now reported back on two affordable waters reform bills:

- The Water Services Legislation Bill; and
- The Economic Efficiency and Consumer Protection Bill

The Water Services Legislation Bill (WSL Bill)

The WSL bill amends the Water Services Entities Act 2022 (WSEA) which provides for the creation of the new water services entities (WSEs). This bill sets out WSE functions, powers, obligations, and oversight arrangements.

The F&E Committee received and considered written submissions from 438 interested groups and individuals and heard oral evidence from 95 submitters.

The F&E Committee recommended by majority that the WSL Bill be passed, and made a range of further observations and recommendations including that:

- The functions of WSEs should be expanded to include climate change adaptation and mitigation, and more extensive risk assessment and management functions;

- The receivership arrangements for WSEs should be modified to better align them with similar provisions in other legislation;
- New provisions should be inserted into the WSEA to strengthen the provisions relating to small mixed use rural water supplies, and to improve engagement with rural communities that use these supplies; and
- Amending the WSEA to give WSEs primary responsibility for managing and maintaining watercourses with a stormwater management function that they do not own, with the goal of achieving better maintenance of watercourses and reducing flooding risks.

For more information see: link to WSL bill ([WSL bill](#))

The Economic Efficiency and Consumer Protection Bill (EECP Bill)

The EECP Bill establishes an economic regulation and consumer protection regime for the water services sector, recognising that the ten regional entities will effectively operate as monopolies.

The F&E Committee received written submissions on the EECP from 136 groups and individuals, and heard evidence from 95 submitters.

The F&E Committee recommended by majority that the EECP Bill be passed, and made a range of further observations and recommendations including that:

- The economic regulation tools in the bill are far-reaching but appropriate;
- The bill should include provision for review of water infrastructure services in relation to both price quality regulation, and consumer protection;
- The bill requires the Commerce Commission to make a service quality code in relation to the provision of water infrastructure service. The committee has recommended inserting additional

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clauses to prescribe what must be included in this code; and

- The bill provides for consumer protection, and improvements in the quality of service provided to consumers. The committee recommended amendments to service quality improvement be made to "reflect consumer demands", to avoid cost increases associated with improvement not sought by consumers.

For more information see: The EECB Bill ([EECB Bill](#))

The bills will now move on to their second reading in the house.

Want to know more?

If you have any questions about these changes, please contact our specialist [Environment, planning and natural resources team](#).