

Government Three Waters Review

On 20 November 2018 the Government announced more details on its Three Waters Review. This is a wide ranging review, potentially leading to dramatic change on how drinking water, stormwater and wastewater systems currently administered by Councils will be operated.

A link to the approved Cabinet paper is [here](#).

The Government has announced it intends to consult widely with Local Government and Māori on the shape of this reform. However from the Cabinet paper it is clear that there are some key principles and options that the Government is focusing on. These include:

- There is a clear case to reform drinking water supply.
- There currently is no guarantee drinking water is fit for purpose.
- Three Waters infrastructure is to remain publicly owned (and not privatised).
- Three Waters need to be delivered in a way that is "efficient, effective, resilient and accountable with transparent information about performance, and prices consumers can afford".
- Wastewater disposal is to be regulated within the current Resource Management Act framework.
- Regulatory oversight is needed to provide assurance that these outcomes are being achieved and safeguarded.
- A whole-of-system approach is required and regulations across the Three Waters.

By June 2019 the Government intends to make decisions on the preferred policy for drinking water supply and environmental regulation of the Three Waters system. This will potentially lead to new legislation (mentioned as planned for 2020).

One of the key issues that is being looked at for drinking water supply is whether there is to be voluntary compliance, or an aggregation of drinking water, wastewater and potentially stormwater service delivery into either 12 large regional suppliers, or on a multi-regional basis with between 3 and 5 suppliers across the country. Clearly this would be a fundamental shift away from Councils providing drinking water supply to their communities and processing wastewater. This would be especially dramatic for smaller District Councils where Three Waters work is the majority of their service provision.

The final policy decision proposed is that in late 2019 the Cabinet will consider any proposals for "the economic regulation of the Three Waters services". What this means is not clear, but presumably is to consider whether there is any pricing control on supply of water, or levying rates or fees for the supply of wastewater or stormwater reticulation services. Presumably this is tied to an aggregation of suppliers and whether a smaller number of suppliers need to have price regulation imposed if their function is taken off Councils.

Consultation

The Government is inviting consultation on these proposals leading up to the first series of Cabinet papers for decisions in June 2019. Should Local Authorities have any views, then they need to be expressed promptly to either Ministry officials, or feed into this Government policy development via the Three Waters Reference Group, or via other channels.

If you would like any legal advice on any of these issues please contact one of our [local government team](#).