

Select Committee Report on The Water Services Entities Bill

On 11 November the Finance and Expenditure Committee issued its report on the Water Services Entities Bill. The Bill establishes four publicly owned dedicated water services entities that will provide safe, reliable, and efficient water services through improved investment and management.

The Committee considered over 80,000 submissions on this legislation. As a result of submissions, approximately 130 amendments have been made to the Bill. Given the Bill has 228 clauses (plus schedules), the number of changes to address feedback is substantial and significant.

All the amendments improve the legislation and positively impact the way the entities will operate from 1 July 2024.

They will strengthen representation, magnify local voice, and increase transparency. They will also provide more certainty to councils, and those working in the three waters sector. These changes strengthen the ability of the Water Services Entities to deliver sustainable water services and protect the health and wellbeing of communities today and for future generations. Significant changes include:

- **WSE's are responsive to councils' planning processes**

Revisions to the Bill make it clear that WSEs need to support councils' planning processes and growth strategies.

- **Ensuring all voices are heard at the table**

The make-up of the regional representative group will be required to consider the appropriate mix of metro, provincial and rural councils to ensure smaller councils have a voice alongside larger councils.

- **Increased accountability to communities**

The Entities will be required to have an annual shareholder meeting to keep them accountable to communities. This is in addition to the existing requirements in the Bill around responsiveness and accountability to communities, which exceed the current requirements in the Local Government Act.

The three most substantive recommendations relate to the purpose of the water services entities, objectives of the entities, and expanding the operating principles.

1. Purpose – Clause 3.

- The purpose has been updated to help make the legislation more accessible, especially for those who do not have a legal background.
- This expands the purpose statement of the legislation to transforming the three waters service delivery system, to enable long term, sustainable improvement in the safety, quality resilience, accessibility, and performance of drinking water wastewater and stormwater in a manner that is efficient and affordable for New Zealanders.

2. Objectives – Clause 11. Two changes have been made:

- Including supporting and enabling planning processes and growth as an objective under clause 11(c).
- Expanding clause 11(f) to include a reference to climate change adaptation (in addition to climate change mitigation).

3. Operating principles – clause 13. Two changes have been made:

- A requirement for the water services entities to have regard to areas where services are delivered to communities, and ensure there is capability in, and an understanding of, local cultural or environmental factors. This will help drive socially responsible procurement.
- A requirement for the water services entities to take a whole of catchment approach to the delivery of water services and identification and management of risks and hazards relating to water services.

A second three waters bill, the Water Services Legislation Bill, will be introduced to Parliament before the end of the year. This second bill will establish the detailed powers, functions and duties of the new water services entities which are necessary for them to deliver water services to communities in place of territorial authorities.

This bill also encompasses transfer of assets and liabilities. It will provide water service entities with powers to carry out work in relation to water services infrastructure on or under land. These are a combination of existing powers available to local authorities under local government legislation, together with similar powers available to other utilities in the gas, electricity and telecommunications sectors. The powers include safeguards in relation to how these powers are exercised on Māori land.

The Water Services Legislation Bill will also integrate the entities into other regulatory systems, such as the resource management system. The Bill will also contain:

- 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.
- Provisions to protect vulnerable consumers.
- Provisions regarding transfers of local-government owned mixed-use rural water supplies.

You will have an opportunity to make submissions on The Water Services Legislation Bill once it reaches the select committee stage.