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LOCAL WATER DONE WELL

Factsheet: Overview of the Local Government (Water Services) Act and Local Government (Water Services) (Repeals and Amendments) Act

This factsheet provides an overview of key aspects of the Local Government (Water Services) Act 2025 (referred to as **the standalone Act** in this factsheet) and the associated Local Government (Water Services) (Repeals and Amendments) Act 2025 (referred to as **the Repeals and Amendments Act** in this factsheet). It is designed to help readers navigate through different parts of the new legislation.

It replaces the Factsheet: *Local Government Water Services Bill overview* shared in December 2024, based on the provisions of the legislation as enacted in August 2025.

These Acts set out the enduring settings for the new water services system and make amendments to associated legislation. They complete the Government's three-stage process for implementing Local Water Done Well.

What is Local Water Done Well?

Local Water Done Well is the Coalition Government's plan to address New Zealand's long-standing water infrastructure challenges. It recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered. It will do this while ensuring a strong emphasis on meeting economic, environmental and water quality regulatory requirements.

What does the new legislation do?

The standalone Act establishes the enduring settings for the new water services delivery system.

The Repeals and Amendments Act amends existing legislation, including inserting new provisions into the Commerce Act 1986 to establish an economic regulation regime for water services, amending aspects of the water quality regulatory system, and making consequential amendments to other legislation – including the Local Government Act 2002 (LGA02).

The Local Government Repeals and Amendments Act was formerly part of the Local Government (Water Services) Bill that was considered by, and reported from, the Finance and Expenditure Committee. However, the committee of the whole House divided that Bill into two:

- a Local Government (Water Services) Bill comprising clauses 1 and 2, Parts 1 to 4 and 6, and Schedules 1 to 4;
- a Local Government (Water Services) (Repeals and Amendments) Bill comprising Part 5 and Schedules 5 to 12.

Overview of the standalone Act

The standalone Act provides for arrangements for the new water services delivery system. All of the provisions it contains came into force on the day after Royal assent.

Part 1: Preliminary provisions

This part includes:

- the purpose of the Act;
- the interpretation section, containing definitions of all the key terms used in the Act.

One of the key terms is “water service provider”. This incorporates:

- territorial authorities, with respect to any responsibilities for water services that have not been transferred to a water organisation;
- regional councils, if they provide any water services;
- a water organisation to which a territorial authority or regional council has transferred responsibilities for providing water services (using a transfer agreement);
- an Auckland water organisation (Watercare) in relation to its responsibilities for water supply and wastewater services as defined in section 4(1) of the Local Government (Auckland Council) Act 2009, and any other water services if responsibilities are transferred using a transfer agreement.

Another key term is “water organisation”. This incorporates a water organisation established under Part 2 of this Act; an Auckland water organisation; and any other council-controlled organisation that was providing water services immediately before the commencement of this Act (or had been established for this purpose), intends to continue to provide water services, and complies with certain requirements that apply to water organisations within six months.

“Water services” means any or all of the following: water supply services; stormwater services; wastewater services. Each of these terms is also defined.

Part 2: Structural arrangements for providing water services

This Part incorporates a number of subparts concerning the structural arrangements for providing water services.

- **Subpart 1** provides for territorial authorities’ responsibility for the provision of water services in their districts and the different methods by which they can structure service provision arrangements. It covers:

- the key role of water organisations as being, along with territorial authorities, water service providers;
 - how territorial authorities can transfer responsibilities, infrastructure, and other matters to water organisations through transfer agreements (which must include the content set out in Schedule 2);¹
 - the objectives, financial principles, and obligations of water service providers;
 - how water service providers can contract for the provision of services on their behalf or enter into joint arrangements with other water service providers;
 - the decision-making process that must be followed by a territorial authority that proposes to make a change to the structure of water services provision;²
 - provisions relating to significance and engagement policies – including requirements for water organisations to adopt these policies, and for territorial authorities to amend policies adopted under the LGA02 to align with their roles as water service providers or shareholders in water organisations.
- **Subpart 2** provides for the different ways a regional council may provide water services, for those regions in which the regional council also provides water services. (This may be relevant in relation to urban stormwater services, for example.)
 - **Subpart 3** provides for the establishment, ownership, and governance of water organisations, and for territorial authorities to establish consumer trusts. Water organisations must be companies with board directors appointed on the basis of their competence to perform the role, and must be wholly owned by:
 - one or more local authorities; or
 - one or more local authorities and the trustees of one or more consumer trusts; or
 - the trustees of one or more consumer trusts.
 - **Subpart 4** sets out the other roles of water service providers and includes a number of provisions that have been moved from the LGA02. It covers:
 - territorial authority responsibilities for undertaking assessments of communities' access to drinking water every three years (with the first assessment being conducted by 1 July 2026);
 - territorial authority responsibilities for undertaking assessments of wastewater and stormwater services every three years (with the first assessment being conducted by 1 July 2029);

¹ Note that Schedule 1 of the Act includes transitional provisions relating to territorial authority long-term plans under the LGA02, which enable these plans to be amended, as necessary, to implement a decision to transfer responsibilities for providing water services to a water organisation through a transfer agreement without the need to consult on the amendments or have them audited.

² Note that there are also provisions in Part 2 that manage the interactions between these sections of the Act and consultation and decision-making requirements under the LGA02 and Local Government (Water Services Preliminary Arrangements) Act 2024.

- obligations on water service providers to ensure water supplies in situations where a drinking water supplier (that is not another water service provider) is facing a significant problem or potential problem in relation to any of its drinking water supplies;
- the powers and processes for a water service provider to close down or transfer a small water service that has been operated by the provider, but it is no longer appropriate to maintain.
- **Subpart 5** includes requirements for water services delivery plans to be prepared and provided to the Secretary for Local Government every five years, starting on 3 September 2030. These requirements apply to territorial authority water service providers that have not transferred responsibilities for providing water supply and wastewater services to a water organisation.

Further details on the structural arrangements for water services provision can be found in the factsheet: [Water service delivery arrangements](#).

Regardless of the water service delivery arrangements councils choose to use, existing responsibilities, commitments and obligations between iwi/Māori and local authorities under the LGA02 and under Treaty settlement legislation will continue to apply.

Part 3: Provision of water services – operational matters

This Part of the Act covers a range of operational matters that relate to the provision of water services. It gives water organisations some of the powers that already apply to council water service providers through other legislation. It also contains new requirements relating to managing water networks that apply to all water service providers.

- **Subpart 1** enables water organisations to set and collect charges for water services (if they are the water service provider for those services) and contains related matters. (This subpart does not apply to Watercare.)
- **Subpart 2** enables water organisations to require development contributions for growth-related capital costs through a modified version of the development contributions regime in the LGA02.
- **Subpart 3** enables territorial authorities to make water services bylaws for their districts for the purposes of regulating connections to water services networks.
- **Subpart 4** provides for the power of a water service provider to enter land and carry out work in relation to water services infrastructure. Key provisions include that:
 - Water service providers must give 30 working days' notice for permission to access land for new infrastructure work, and the landowner must give consent and may require conditions.
 - Access for subsequent work, including inspection and maintenance, requires shorter notice and landowners can only require conditions – not withhold permission.
 - There is no notice period for urgent works (where an emergency has been declared or where a specified serious risk exists).
- **Subpart 5** provides for trade waste discharge plans and trade waste permits.

- **Subpart 6** sets out obligations on water service providers that have responsibility for the management of stormwater networks (including overland flow paths and watercourses), and related matters. It provides for:
 - stormwater risk management plans (the first of which must be adopted within three years of enactment);
 - stormwater network bylaws;
 - requirements for water service providers to work collaboratively with private landowners to address risks to critical infrastructure;
 - obligations on private landowners in relation to their activities that impair the conveyance of capacity of overland flow paths or watercourses;
 - integrated management of stormwater networks, through service agreements.
- **Subpart 7** covers the discharge of wastewater and trade wastes.
- **Subpart 8** provides for other operational matters – relating to restricting water supplies in specified circumstances, and requirements relating to fire hydrants.

Part 4: Planning, reporting, and financial management

This Part of the Act sets out a new planning and accountability framework for water services, which is fit-for-purpose for the new water services delivery system and supports an enhanced focus on water services.

- **Subparts 1 and 2** provide for a cycle of planning, performance, and reporting that promotes accountability to consumers of water services and to shareholders in water organisations. The cycle includes requirements that:
 - the shareholders of each water organisation must prepare and adopt a statement of expectations for the water organisation;
 - each water service provider must prepare and adopt a water services strategy, an annual budget, and a water services annual report. (**Schedules 3 and 4** set out the detailed content requirements for water services strategies and water services annual reports, respectively.)
- **Subpart 3** provides for additional planning, reporting, and performance requirements for water service providers that are water organisations.
- **Subpart 4** includes some financial matters that primarily apply to water organisations, including provisions relating to operating revenues, borrowing in foreign currency, charges as security, and income tax. It also contains an obligation on all water service providers to consider the cost-effectiveness of options relating to wastewater infrastructure and treatment.

Schedule 1 of the Act includes transitional provisions that deal with the timing of the first water services strategy and water services annual report.

Consequential amendments have also been made to the LGA02 (through the Repeals and Amendments Act) to manage the intersections with planning and reporting documents under the LGA02.

Further details on the new planning and reporting framework for water services, and the associated amendments to the LGA02, can be found in the factsheet [Planning and accountability for local government water services](#).

Part 5: Miscellaneous provisions

Subparts 1 to 3 of this Part of the standalone Act contain a new framework for water services bylaws, and compliance and enforcement tools.

- **Subpart 1** provides territorial authorities with powers to make water services bylaws and provides the process by which water organisations can propose bylaws are made, amended, or revoked. It enables territorial authorities to delegate certain functions or powers that relate to the administration or enforcement of a water services bylaw to a water organisation operating in the district. It also requires the initial and ongoing review of water services bylaws.
- **Subpart 2** covers compliance and enforcement matters, including providing for infringement offences, compliance officers, and compliance powers.
- **Subpart 3** provides for a range of offences and penalties relating to water infrastructure and water services networks.

Subpart 4 requires the Minister of Local Government to commission a review of the water services system, no sooner than 54 months after the commencement of the standalone Act. The review must examine and report on the overall operation and effectiveness of the water services legislation and local government arrangements for providing water services.

Overview of the Repeals and Amendments Act

This Act provides for:

- a new economic regulation and consumer protection regime for water services;
- changes to the water quality regulatory framework and the water services regulator;
- amendments to other Acts.

It is split into a number of Parts and Schedules, each of which make amendments to other Acts:

- **Part 1** amends civil defence legislation.
- **Part 2 and Schedules 1 and 2** amend the Commerce Act 1986.
- **Part 3** amends the Goods and Services Tax Act 1985.
- **Part 4** amends Income Tax Act 2007.
- **Part 5 and Schedule 3** amend the Local Government Act 2002 (relating to the Ministerial powers to act in Part 10, definition of council-controlled organisation in section 6, and Schedule 1AA).
 - **Part 6 and Schedule 4** amend the Local Government (Water Services Preliminary Arrangements) Act 2024.
- **Part 7** amends the Receiverships Act 1993.

- **Part 8 and Schedule 5** amend the Resource Management Act 1991.
- **Part 9 and Schedule 6** amend the Act previously called Taumata Arowai – the Water Services Regulator Act 2020.
- **Part 10** amends the Tax Administration Act 1994.
- **Part 11** amends Waikato River legislation.
- **Part 12 and Schedule 7** amend the Water Services Act 2021.
- **Schedule 8** makes additional consequential amendments to other legislation – including to the LGA02; Local Government Act 1974, Local Government (Rating) Act 2002, Local Government (Auckland Council) Act 2009, Ombudsmen Act 1975, Local Government (Official Information and Meetings) Act 1987, and Rates Rebate Act 1973.

Further details on the main amendments are provided below and in separate factsheets.

Further details on the main components of this Act

New economic regulation regime

The Commerce Act 1986 is amended to provide for regulation of water services by the Commerce Commission (the Commission).

The amendments set out a new regime for water services, based on the existing economic regulation regime in Part 4 of the Commerce Act (which currently applies to electricity lines services, gas pipeline services, and airport services).

Under the new economic regulation regime for water services, the Commission will have a range of regulatory options, including:

- information disclosure regulation;
- revenue threshold regulation;
- quality regulation;
- performance requirement regulation;
- price-quality regulation.

The Commission will also enforce a new “ring-fencing” rule, under which regulated suppliers will be required to spend the revenue they receive from providing water services on providing those services (see clause 3 of new Schedule 7). Pecuniary penalties will be available if the rule is breached.

Alongside the economic regulation regime is a consumer protection regime that will enable the Commission to collect and analyse information relating to consumer protections, such as service quality and customer engagement. If information gathered reveals that issues exist, the Commerce Act contains a range of tools to allow consumer protections to be strengthened.

Please refer to the factsheet, [Economic regulation and consumer protection](#), for further details.

Amendments affecting the Water Services Authority – Taumata Arowai and the drinking water quality regulatory framework

In line with the Government’s intention that government agencies have an English name first, amendments are made to the Taumata Arowai – the Water Services Regulator Act 2020 (and related legislation) to refer to the ‘Water Services Authority – Taumata Arowai’.

Changes have also been made to the water quality regulatory framework and to how the Water Services Authority (the Authority) regulates drinking water suppliers. These include amending the Water Services Act 2021 to reduce the regulatory burden of the drinking water quality regime and improve proportionality in the application of regulatory powers.

The Authority’s operating principles (in the Taumata Arowai – the Water Services Regulator Act) have been amended so it is required to consider the costs of regulatory compliance for drinking water suppliers, in particular mixed-use rural water suppliers, and ensure the regulation is proportionate to the scale, complexity, and risk profile of each supply. The Authority is also required to proactively engage with suppliers and network operators to ensure there is a path to compliance that takes into account the risk profile and capacity of each supply.

In addition, amendments to the Water Services Act require the Authority to include specific information on mixed-use rural water suppliers in its annual drinking water regulation report and its drinking water compliance, monitoring, and enforcement strategy.

Change in approach to Te Mana o te Wai

Requirements in water services legislation to give effect to Te Mana o te Wai have been repealed.

A new national set of standards for wastewater and stormwater environmental performance

Amendments have been made to the Water Services Act and the Resource Management Act to provide for a national set of standards for wastewater and stormwater environmental performance. This will ensure regional councils implement a standardised approach to resource consents, with a mechanism for exceptions.

Regional councils will be unable to set additional requirements either higher or lower than the standards. Wastewater and stormwater environmental performance standards will be made by Order in Council.

Please see the factsheet, [Wastewater and stormwater environmental performance standards](#), for further details.

National engineering design standards

Amendments have been made to introduce a mechanism for establishing mandatory national engineering design standards to ensure consistent standards for the design and construction of water network infrastructure. National engineering design standards will be made by Order in Council.

Please see the factsheet, [National Engineering Design Standards](#), for further details.

Ministerial powers to address problems facing local government water service providers

Amendments have been made to Part 10 of the LGA02: *Ministerial powers to act in relation to local authorities*. The amendments:

- enable the powers in Part 10 to be used in relation to all water service providers (water organisations, as well as local authorities), and shareholders in water organisations (including trustees and consumer trusts);
- expand the definition of a ‘problem’ to cover a range of situations that may be relevant in a water services context (including significant and persistent non-compliance with the economic regulation regime in the Commerce Act);
- provide for two new Ministerial bodies that can be considered in a water services context: a Crown facilitator – water services, and Crown commissioners – water services.

These changes are designed to apply on an enduring basis, if problems or potential problems emerge over the longer term.

Amending the definition of CCO in the LGA02 to include water organisations

Amendments have been made to the definitions of council-controlled organisation and council-controlled trading organisation in section 6 of the LGA02.

A new provision has been added, so that “council-controlled organisation” also includes a water organisation within the meaning of section 4 of the Local Government (Water Services) Act 2025, if:

- the organisation is owned by one or more local authorities; or
- the organisation is owned by one or more local authorities and the trustees of 1 or more consumer trusts, and the local authorities hold 50 percent or more of the shares and voting rights in the organisation.

This helps to clarify where a water organisation is also a CCO. Schedule 1 of the Local Government (Water Services) Act 2025 includes a transitional provision for existing water services CCOs, which become water organisations upon enactment.

In addition, the definition of “council-controlled trading organisation” has been replaced with a new definition, so it:

- means a council-controlled organisation that operates a trading undertaking for the purpose of making a profit; but
- excludes a water organisation within the meaning of section 4 of the Local Government (Water Services) Act 2025.

Further information

The Local Government (Water Services) Act 2025 and Local Government (Water Services) (Repeals and Amendments) Act 2025 are available at www.legislation.govt.nz.

For further information about Local Water Done Well, including guidance and information for councils, visit www.dia.govt.nz/Water-Services-Policy-and-Legislation

Questions? Contact waterservices@dia.govt.nz