



# Three Waters Reform

## Case for change

Local government is facing significant challenges in managing drinking water, stormwater and wastewater services. Issues include funding historical infrastructure deficits, meeting future costs associated with community separation and rising safety and environmental standards, meeting iwi/Māori aspirations, building resilience to natural hazards and climate change, and supporting growth.

## Current state and issues

The current state is no longer working. Councils trying to address the challenges facing them and their communities alone would see large increases in household water costs across New Zealand. In many cases these would be unaffordable. In others, households would be paying much more than they would under reform.

A report by the Water Industry Commission for Scotland (WICS) estimates New Zealand will need to invest \$120 billion to \$185 billion in our three waters infrastructure over the next 30 years to catch up on the historic underinvestment and plan for the future. This modelling has been independently reviewed by Farrierswier and Beca New Zealand.

Without reform, these costs will be shared unevenly among New Zealand households. It is estimated these cost increases over the 30-year period could be up to 13 times higher for rural users, eight times higher for provincial areas and seven times higher for many metropolitan households. With reform, the cost will be affordable and keep all parts of our water system running.

Given these projected savings, the Government is committed to working with local government to ensure New Zealanders understand the scale of the challenge and the need for reform.

## The reforms

The Government's Three Waters Reform Programme will see four publicly-owned multi-regional entities that have the scale, expertise, operational efficiencies and financial flexibility to provide safe water services for New Zealanders. This will include the entities being able to borrow more than councils for necessary upgrades and maintenance.

These reforms will safeguard and enhance this critical infrastructure and associated services for generations to come. New Zealanders expect and deserve to have safe and affordable drinking water, and sewage and stormwater systems that work and have good environmental outcomes.

For further information, visit [Three Waters Reform Programme - dia.govt.nz](https://www.dia.govt.nz/three-waters-reform-programme)

**Estimated combined debt capacity with reform**

