



Te Kāwanatanga o Aotearoa
New Zealand Government



Te Tari Taiwhenua
Internal Affairs

Water Services Entities Bill – ownership and protections against privatisation

The Water Services Entities Bill ensures that the new water service entities will provide safe, affordable and sustainable water services for their communities, and that they will continue to be publicly-owned.

The Bill sets out the **ownership, governance, accountability arrangements** relating to these entities and includes essential provisions for ongoing public ownership and engagement, and **safeguards against future privatisation**. The Bill also provides for **transitional arrangements** relating to the establishment of the new entities.

This factsheet is an overview of the ownership arrangements and protections against future privatisation set out in this Bill to support submissions on these aspects during select committee.

Ownership

Under this legislation territorial authorities within an entity boundary will collectively own the water service entity on behalf of the communities they serve.

This council ownership will be through a **shareholding structure**. Each territorial authority will be given one share in the water services entities per 50,000 people in its district (rounded up).

Territorial authorities will be the only shareholders in these entities. These shares cannot be sold or otherwise transferred; and do not come with a financial benefit or liability.

This shareholding is designed as a protection against privatisation as all territorial authorities will hold shares. While larger councils will have a greater number of shares (based on population), this does not come with additional influence over the entities. For example, each shareholder would only have one vote in any privatisation proposal, regardless of the numbers of shares they hold.

The water services entities will own and operate three waters infrastructure and services.

The Three Waters reforms will not, through this Bill or any other Bill in this suite of legislation, transfer privately-owned water supplies to the new water services entities.

Safeguards against privatisation

The new water services entities will exist to ensure safe, affordable, resilient and environmentally responsible supplies of water services for their communities; rather than to turn a profit.

Continued public ownership of these water services is a bottom line for the Government. Safeguards against future privatisation are written into this legislation to maintain ongoing public ownership of the new water services entities.

This includes the public shareholding structure that makes community ownership clear, with shares held by councils on behalf of their communities. This share-holding model will help protect against privatisation, as **all shareholders would have to unanimously agree to any privatisation proposal**.

Following this, communities will be the ultimate guardians of public ownership through a provision for a public referendum with any future proposal for privatisation requiring **75 per cent of votes in favour** to carry it.

Further safeguards against future privatisation are written into the Bill to ensure ongoing public ownership of the new entities and the three waters assets transferred to them from local councils. This includes joint oversight of water services entities by mana whenua and local government and clear legislative protections that state that an entity must not divest its ownership in a water service, or sell or lose control of significant infrastructure.