

Decisions on Auckland's water future

This document summarises the issues behind the Cabinet Paper Auckland Governance: Water Issues (CAB Minute (09) 37/12) proactively released by the Minister of Local Government, Hon Rodney Hide on November 5, 2009

The issues

Auckland's local authorities are being brought together into one city to handle both local and regional issues.

Providing residents with a safe and secure water supply, and removing wastewater, is one of the most important roles of local government.

Efficiency gains from better governance of water activities are an important reason for the establishment of the Auckland Council.

Current arrangements for the delivery of Auckland's water services are complex. Watercare provides bulk water and wastewater services to each of the councils. In turn, each council provides water services to their consumers. Some councils do this directly through council operations, while others provide these services indirectly through arms-length organisations.

In future, Watercare, as a council-controlled organisation, will be responsible for all drinking water and wastewater services in Auckland, on behalf of the Auckland Council. This is in line with the Royal Commission recommendations.

Key Decisions

- Watercare from 1 November 2010 will deliver Auckland's drinking water and treat and dispose of its wastewater. The water and wastewater assets and liabilities of the present Auckland councils, and their subsidiaries, will be transferred to Watercare.
- Watercare will be owned by the Auckland Council. From 1 July 2012 it will be a council-controlled organisation. This means:
 - Auckland Council will appoint the Watercare directors and have all the powers of shareholders in a company;
 - Auckland Council and Watercare will develop an annual, joint statement of intent; and
 - Auckland Council will monitor Watercare and disclose information about it in documents like its annual report.
- From 2015, the Auckland Council will be able to determine the governance arrangements and asset ownership for the delivery of water services.
- Watercare will maintain prices at minimum levels consistent with effectively managing its assets.

- Watercare will be prohibited from paying any of its profits to the Auckland Council. Any Watercare revenue will need to be put back into the organisation.

In making its decisions, the Government is mindful that Watercare will be a monopoly provider of an essential service. The Government's decisions reflect the need to protect consumers from the possible effects of a monopoly provider.

Watercare will also be a utility operator with a responsibility to deliver water services in a stable, and efficient manner. The Government is therefore giving further consideration to what powers and responsibilities need to be included in the law to ensure that Watercare can provide an efficient and effective service.