Three Waters Reform

Support package

The Government has announced a $2.5 billion support package for councils as part of the three waters reforms. This is in addition to the $761 million provided in 2020 and $296 million allocated for the costs associated with the establishment, of and transition to, the new entities.

The support package includes two key components:

- **A $2 billion better-off component**: this will enable investment into the future for local government and community wellbeing, to support the priorities of both central and local government; and

- **A $500 million no-worse-off component**: to ensure no council is financially worse off in the short-term following the transfer of their three waters services to the new entities.

When will councils get the funding?

Up to $500 million of the better-off component of the package will be made available for councils from 1 July 2022.

The remainder will be available when the transfer to the new entities takes place on 1 July 2024.

How was this package designed?

The support package has been developed in partnership with Local Government New Zealand under the Heads of Agreement (HoA) with the Government. Under the HoA it was agreed the use of this funding to support local wellbeing outcomes through meeting some or all of the following criteria:

- supporting communities to transition to a sustainable and low-emissions economy, including by building resilience to climate change and natural hazards;
- delivery of infrastructure and/or services that:
  - enable housing development and growth, with a focus on brownfield and infill development opportunities where those are available,
  - support local place-making and improvements in community well-being.

Local authorities will be also expected to engage with iwi/Māori in determining how it will use its funding allocation.

The Department of Internal Affairs and Local Government New Zealand will continue to work with councils to develop the process for accessing the various components of the support package, including conditions that would be attached to any funding.

Where is this money coming from?

The support package will be provided by the both the Crown and the new water services entities.

The Crown will contribute $1 billion of funding towards the better off component of the package, as an investment into the future of local government and community wellbeing.

The water services entities will provide the remaining $1.5 billion of funding. The water services entities will make this contribution. Future water customers will benefit from the additional investment into community wellbeing. Future water customers also stand to benefit most from reform. The value of these future benefits for customers are far greater than the contribution to the support package.

Find out more

For further information about the support package, visit three waters reform programme reform support package - dia.govt.nz