

Submission on economic regulation and consumer protection for three waters services in New Zealand

Your name and organisation

Name	Felicity Blackmore, Environment and Planning Manager
Organisation (if applicable)	Christchurch International Airport Ltd

About Christchurch International Airport Ltd

Christchurch International Airport (the Airport) is the largest airport in the South Island and the second-largest in the country. It connects Canterbury and the wider South Island to destinations in New Zealand, Australia, Asia and the Pacific.

The Airport is a key strategic infrastructure asset, as recognised in the Canterbury Regional Policy Statement (CRPS).

The activities at Christchurch International Airport make a significant contribution to the social and economic wellbeing to the communities and economies of Christchurch, Canterbury, the South Island and New Zealand.

CIAL’s core business is to be an efficient airport operator, providing appropriate facilities for airport users, for the benefit of both commercial and non-commercial aviation users and to pursue commercial opportunities from wider complementary products, services and business solutions. CIAL owns the Airport terminal and the airfields, and approximately 859 hectares of land, CIAL refers to its landholdings as the “campus”

Three waters at CIAL:

CIAL is considered a self-supplier, CIAL owns / operates and, manages three waters across its landholdings supplying the Airport terminals and Airport campus including tenants. CIAL does not supply any residential activities. CIAL’s infrastructure and networks are designed and maintained to a high standard and CIAL complies with various resource consent conditions, drinking water standards, and bylaws in the management of its networks, so environmental and water quality outcomes are regulated. CIAL makes significant capital investment across its three waters infrastructure, most recently spending approx. \$5 million on potable water supply. CIAL strives to supply the Airport campus with resilience and reliability across the networks.

Water Supply:

CIAL supply’s water across all landholdings, (potable water to the terminal, supplying passengers and across the campus to all tenants) via two bores with recently completed treatment systems. In 2020 CIAL made a capital investment of approximately \$5million dollars delivering our ‘World Class Water’ programme with the installation of two brand new water treatment plants utilising modern UV and chlorination technologies. CIAL is proud to be one of the first community drinking water providers in the country to meet the updated Drinking-Water Standards for New Zealand 2005 (Revised 2018). CIAL continues to invest heavily in maintenance and on-going operation of its water treatment plants, investing approximately \$750,000 per annum.

Water supply at CIAL is currently heavily regulated and must meet rigorous compliance requirements, via the Resource Management Act (1991), (through water permits to take and use

water for potable drinking water supplies) and the Drinking-Water Standards for New Zealand 2005 NZ (CIAL is a community drinking water supply).

Stormwater:

CIAL owns and operates all stormwater assets across its land holdings through its own Stormwater treatment management systems and does not receive any land drainage service from the Council. The entirety of CIAL’s landholdings drains to CIAL’s own stormwater management system. CIAL has made a capital investment of approximately \$9 million in developing this system and continues to invest heavily in maintenance and upgrading of its land drainage system, which results in approximately \$360,000 per annum in ongoing costs.

Stormwater is heavily regulated through the Resource Management Act, CIAL operate under a suite of discharge resource consents, all of which have rigorous compliance requirements for the design, build and on-going operations of the stormwater network.

Wastewater:

CIAL owns and operates its own waste water network within its landholdings with two connections points to the municipal network. CIAL operates under a wastewater by law with the Christchurch City Council which also include rigorous compliance requirements on flow rates and the overall quantity of the discharges. The Christchurch District Plan also includes compliance requirements.

Responses

Economic regulation	
1	<p><i>What are your views on whether there is a case for the economic regulation of three waters infrastructure in New Zealand?</i></p> <p>No comment</p>
2	<p><i>What are your views on whether the stormwater networks that are currently operated by local authorities should be economically regulated, alongside drinking water and wastewater?</i></p> <p>No comment</p>
3	<p><i>What are your views on whether the four statutory Water Services Entities should be economically regulated?</i></p> <p>No comment</p>
4	<p><i>What are your views on whether economic regulation should apply to community schemes, private schemes, or self-suppliers? Please explain the reasons for your views.</i></p> <p>CIAL supports MIBEs position as described in points 59-63 of the discussion document.</p> <p>CIAL is self-supplier of water supply, stormwater and partially waste water (CIAL collects and manage wastewater within the campus, with two discharge points into the Christchurch City Councils network). CIAL supplies potable water within its landholdings, to passengers and tenants. CIAL does not provide water supply to domestic, residential consumers or any consumers outside of its landholdings.</p> <p>CIAL strongly supports MIBE position, in that economic regulations should not apply to community schemes, private schemes or self-suppliers.</p>

	<p>Generally, CIAL does not believe benefits of economic regulation outweigh the costs, and also does not believe there is a need place additional regulator burden on the supply of three water services. CIALs three waters networks are already heavily regulated through RMA(1991), By Laws and the Drinking-Water Standards for New Zealand 2005.</p>
5	<p><i>What are your views on whether the Water Services Entities should be subject to information disclosure regulation?</i></p> <p>No comment</p>
6	<p><i>What are your views on whether Water Services Entities should be subject to price-quality regulation in addition to information disclosure regulation?</i></p> <p>No comment</p>
7	<p><i>What are your views on the appropriateness of applying individual price-quality regulation to the Water Services Entities?</i></p> <p>No comment</p>
8	<p>A) <i>Do you consider that the economic regulation regime should be implemented gradually from 2024 to 2027, or do you consider that a transitional price-quality path is also required?</i></p> <p>B) <i>If you consider a transitional price-quality path is required, do you consider that this should be developed and implemented by an independent economic regulator, or by Government and implemented through a Government Policy Statement?</i></p> <p>No comment</p>
9	<p>A) <i>What are your views on whether the Minister of Commerce and Consumer Affairs should be able to reduce or extend the application of regulation on advice from the economic regulator?</i></p> <p>B) <i>What factors do you consider the economic regulator should include in their advice to the Minister?</i></p> <p>Generally, CIAL does not support this proposal as it creates unnecessary uncertainty for sel suppliers, however if this ability is included, the regulator should be required to consult with the suppliers that it is investigating / recommending regulation for (i.e. there should be an engagement process with the supplier(s) in question re whether and how the regulation should be expanded over them before any recommendation is formed).</p> <p>Generally, if the minster is able to reduce or extend the application of regulations CIAL supports factors for consideration raised under point 90, and strong supports advice should be provided if specifically requested by the minster.</p>
10	<p>A) <i>What are your views on whether the purpose statement for any economic regulation regime for the water sector should reflect existing purpose statements in the Telecommunications Act and Part 4 of the Commerce Act given their established jurisprudence and stakeholder understanding?</i></p> <p>B) <i>What are your views on whether the sub-purpose of limiting suppliers' ability to extract excessive profits should be modified or removed given that Water Services Entities will not</i></p>

	<p><i>have a profit motive or have the ability to pay dividends?</i></p> <p>C) <i>Are there any other considerations you believe should be included in the purpose statement, or as secondary statutory objectives?</i></p> <p>D) <i>What are your views on how Treaty of Waitangi principles, as well as the rights and interests of iwi/Māori, should be factored into the design of an economic regulatory regime for the three waters sector?</i></p>
	No comment
11	<p><i>What are your views on whether a sector specific economic regulation regime is more appropriate for the New Zealand three waters sector than the generic economic regulation regime provided in Part 4 of the Commerce Act?</i></p>
	No comment
12	<p><i>What are your views on whether the length of the regulatory period should be 5 years, unless the regulator considers that a different period would better meet the purposes of the legislation?</i></p>
	No comment
13	<p>A) <i>What are your views on whether the economic regulator should be required to develop and publish input methodologies that set out the key rules underpinning the application of economic regulation in advance of making determinations that implement economic regulation?</i></p> <p>B) <i>What are your views on whether the economic regulator should be able to minimise price shocks to consumers and suppliers?</i></p> <p>C) <i>What are your views on whether the economic regulator should be required to set a strong efficiency challenge for each regulated supplier? Would a strong 'active' styled efficiency challenge potentially require changes to the proposed statutory purpose statement?</i></p>
	No comment
14	<p>A) <i>What do you consider are the relevant policy objectives for the structure of three waters prices? Do you consider there is a case for parliament to directly control or regulate particular aspects in the structure of three waters prices?</i></p> <p>B) <i>Who do you consider should have primary responsibility for determining the structure of three waters prices:</i></p> <p>a) <i>The Water Services Entity, following engagement with their governance group, communities, and consumers?</i></p> <p>b) <i>The economic regulator?</i></p> <p>c) <i>The Government or Ministers?</i></p> <p>C) <i>If you consider the economic regulator should have a role, what do you think the role of the economic regulator should be? Should they be empowered to develop pricing</i></p>

	<i>structure methodologies, or should they be obliged to develop pricing structure methodologies?</i>
15	<i>What are your views on whether merits appeals should be available on the regulators decisions that determine input methodologies and the application of individual price-quality regulation?</i>
	No comment
16	<i>Do you broadly agree that with the compliance and enforcement tools? Are any additional tools required?</i>
	No comment
17	<i>Who do you think is the most suitable body to be the economic regulator for the three waters sector? Please provide reasons for your view.</i>
	No comment
18	<i>What are your views on whether the costs of implementing an economic regulation regime for the three waters sector should be funded via levies on regulated suppliers?</i>
	No comment
19	<i>Do you think that the levy regime should:</i> A) <i>Require the regulator to consult on and collect levy funding within the total amount determined by the Minister? OR</i> B) <i>Require the Ministry to consult on the levy (on behalf of the Minister) and collect levy funding within the total amount determined by the Minister?</i>
	No comment
20	<i>Are there any other levy design features that should be considered?</i>
	No comment
Consumer protection	
21	A) <i>What are your views on whether additional consumer protections are warranted for the three waters sector?</i> B) <i>What are your views on whether the consumer protection regime should contain a bespoke purpose statement that reflects the key elements of the regime, rather than relying on the purpose statements in the Consumer Guarantees Act and Fair Trading Act? If so, do you agree with the proposed limbs of the purpose statement?</i>
	No comment
22	<i>What are your views on whether the consumer protection regulator should be able to issue minimum service level requirements via a mandated code that has been developed with significant input from consumers?</i>

	No comment
23	<i>What are your views on whether the consumer protection regulator should also be empowered to issue guidance alongside a code?</i>
	No comment
24	<i>What are your views on whether it is preferable to have provisions that regulate water service quality (not regulated by Taumata Arowai) in a single piece of economic regulation and consumer protection legislation?</i>
	No comment
25	<i>What are your views on whether minimum service level requirements should be able to vary across different types of consumers?</i>
	No comment
26	<i>What are your views on whether the regulatory regime should include a positive obligation to protect vulnerable consumers, and that minimum service level requirements are flexible enough to accommodate a wide range of approaches to protecting vulnerable consumers?</i>
	No comment
27	<i>What are your views on how Treaty of Waitangi principles, as well as the rights and interests of iwi/Māori, should be factored into the design of a consumer protection regime for the three waters sector?</i>
	No comment
28	<p>A) <i>Do you consider that the consumer protection regime should apply to all water suppliers, water suppliers above a given number of customers, or just Water Services Entities? Could this question be left to the regulator?</i></p> <p>B) <i>Do you support any other options to manage the regulatory impost on community and private schemes?</i></p>
	<p>CIAL is both the owner and consumer of its services and does not supply residential consumers. So the considerations about fairness and vulnerability which this consumer protection regulation is aimed at achieving do not apply.</p> <p>Consumer protection regime could be imposed on water suppliers above a given number of customers or there should be some limited exemptions for suppliers who are self-suppliers, or who do not supply to residential / domestic users. CIAL believes the distinction between customers and consumers is important.</p>
29	<i>Do you broadly agree that with the compliance and enforcement tools proposed? Are any additional tools required?</i>
	No comment
30	<i>Do you agree with our preliminary view that the Commerce Commission is the most suitable body to be the consumer protection regulator for the three waters sector?</i>

	No comment
31	<i>What are your views on whether the regulator should be required to incentivise high-quality consumer engagement?</i>
	No comment
32	<i>What are your views on whether there is a need to create an expert advocacy body that can advocate technical issues on behalf of consumers?</i>
	No comment
33	<i>What are your views on whether the expert body should be established via an extension to the scope of the Consumer Advisory Council's jurisdiction?</i>
	No comment
34	<i>What are your views on whether there is a need for a dedicated three waters consumer disputes resolution scheme?</i>
	No comment
35	<i>What are your views on whether these kinds of disputes should be subject to a dispute resolution schemes? Are there any other kinds of issues that a consumer dispute resolution provider should be able to adjudicate on?</i>
	No comment
36	<i>What are your views on whether a mandatory statutory consumer disputes resolution scheme should be established for the water sector?</i>
	No comment
37	<i>Do you consider that a new mandatory statutory consumer disputes resolution scheme should be achieved via a new scheme or expanding the jurisdiction of an existing scheme or schemes?</i>
	No comment
38	<i>Do you consider that the consumer disputes resolution schemes should apply to all water suppliers, water suppliers with 500 or more customers, or just Water Services Entities?</i>
	For the reasons explained above it is not necessary for dispute resolution schemes to apply to self-suppliers who do not supply services to any domestic / residential customers.
39	<i>Do you think the consumer dispute resolution scheme should incentivise water suppliers to resolve complaints directly with consumers?</i>
	No comment
40	<i>Do you consider that there should be special considerations for traditionally under-served or vulnerable communities? If so, how do you think these should be given effect?</i>

	No comment
41	<i>What are your views on whether the costs of implementing a consumer protection regime for the three waters sector should be funded via levies on regulated suppliers?</i>
	No comment
42	<p><i>Do you think that the levy regime should:</i></p> <p>A) <i>Require the regulator to consult on and collect levy funding within the total amount determined by the Minister? OR</i></p> <p>B) <i>Require the Ministry to consult on the levy (on behalf of the Minister) and collect levy funding within the total amount determined by the Minister?</i></p>
	No comment
43	<i>Are there any other levy design features that should be considered?</i>
44	No comment

Implementation and regulatory stewardship

45	<i>Do you consider that regulatory charters and a council of water regulators arrangements will provide effective system governance? Are there other initiatives or arrangements that you consider are required?</i>
	No comment
46	<i>Do you consider it is useful and appropriate for the Government to be able to transmit its policies to the economic and consumer protection regulator(s) for them to have regard to?</i>
	No comment
47	<i>What are your views on whether the economic and consumer protection regulator should be able to share information with other regulatory agencies? Are there any restrictions that should apply to the type of information that could be shared, or the agencies that information could be shared with?</i>
	No comment

Other comments