



24 January 2025

To MBIE

competition.policy@mbie.govt.nz

Kia ora,

Commerce Commission water levies for councils

Thank you for the opportunity to make a submission on the above-mentioned water levies. I have made this submission on behalf of Central Hawke's Bay District Council. We wish to also note our support for the Hawke's Bay Regional submission made by the Hawke's Bay Recovery Agency.

The Central Hawke's Bay District Council (Council) generally supports the need to pay for these regulatory functions, however, the approach recommended charging the water levies based on population rather than connections to be inherently unfair. This approach will disproportionately disadvantage our ratepayers due to the high level of unconnected ratepayers.

Further levies are also likely to be included under the new Local Water Done Well regulatory regime. We suggest a fairer approach needs to be developed as this is likely to be used moving forward.

As you'll appreciate our 2024-2027 Long-term planning was challenging for the Central Hawke's Bay District. Many of the decisions were made in the context of our recovery from the effects of Cyclone Gabrielle. Our [Three Year Plan 2024 – 2027](#) required a ruthless approach to our existing and new expenditure for the next three years, by focusing on our three urgent key priorities being land transport, critical Three Waters investment and Cyclone Gabrielle recovery. Any changes, however minimal, will have an effect on our ratepayers.

Whilst we agree with the need to pay for regulatory systems, the combination of levying more and more costs onto councils is further burdening our ratepayers at a fiscally constrained time. Government is asking for councils to be more prudent and fiscally responsible, whilst simultaneously asking us to pay more at a financially difficult time.

The water levy costs will be about \$86K for Central Hawke's Bay District, which is not an insignificant amount for our small community. This includes \$64,044 for the Taumata Arowai levy and \$20,124 for the Commerce Commission levy and is based on population not water connections.

Only about half of our residents are connected to our water infrastructure. We have only 4,400 water connections for our 16,600 population (as at July 2024).

As you'll appreciate this is inherently unfair and represents about \$20 extra per connected household. Each connected resident will in effect be paying for those not connected in our district. This means again in effect they will be paying twice for the same services.

We understand the issue relates to urban areas where large apartment blocks may only have one connection for multiple residences. However, we suggest that both Taumata Arowai and MBIE consider other approaches. This is not a new issue and more urban areas are likely to have fairer solutions to manage this problem. We suggest other urban councils and entities have found ways to determine their rating systems for water and suggest this would be a fairer approach than using population.

Thank you again for this opportunity to make a submission. If you have any further queries do not hesitate to contact **Privacy of natural persons**

Ngā mihi,

Privacy of natural persons

Doug Tate

Chief Executive