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CONSULTATION ON THE PROPOSED COMMERCE COMMISSION LEVY

Introduction

The Gore District Council welcomes the opportunity to provide feedback on the discussion document regarding the Commerce Commission levy for the economic regulation of water services. While we acknowledge the intent to promote equity, transparency, and efficiency in water services regulation, we must express significant concerns regarding the financial impact of this levy on local communities

Key Issues

1. **Communities' Capacity to Pay**

The introduction of this levy represents yet another unfunded mandate from central government, shifting costs directly to local councils and, by extension, ratepayers. Communities across New Zealand are facing growing financial pressures due to inflation, rising living costs, and extensive infrastructure investment demands. This levy, while aiming to ensure better water service outcomes, adds a financial burden that many communities simply cannot afford.

The current proposal assumes councils can absorb and redistribute these costs through rates or water charges. However, this approach disproportionately affects low-income households, particularly in areas with aging infrastructure or a small ratepayer base. The lack of financial support from central government exacerbates existing inequalities.

2. **Equity and Justifiability**

The principles of equity and justifiability are stated as foundational to the levy's design. Yet, requiring councils to fully recover these costs from ratepayers contradicts these principles. The regulation benefits all New Zealanders by improving water quality and infrastructure resilience; therefore, it is reasonable to expect central government to bear a share of the costs to ensure these benefits are equitably funded.

3. **Alternates to Full Cost Recovery**

Rather than a 100% cost recovery model, we strongly advocate for a co-funding arrangement. Central government funding should complement local contributions, recognising the shared national interest in water service improvements. This would reduce the immediate financial pressure on communities while ensuring the success of the regulatory framework.

4. Cumulative Burden of Reforms

This levy adds to the cumulative financial burden of recent government reforms, including Three Waters, the Resource Management Act overhaul, and other regulatory changes. Each reform imposes direct and indirect costs on councils, further straining local budgets. This trend risks undermining councils' ability to deliver other essential services and infrastructure.

Recommendations

1. **Adopt a Co-Funding Model**

Central government should contribute to the levy costs to alleviate the financial pressure on local councils and communities.

2. **Impact Assessment**

Conduct a detailed analysis of the levy's affordability for ratepayers, particularly in low-income and high-need areas.

3. **Phased Implementation**

Introduce the levy gradually, with initial funding from central government, allowing councils time to adjust their budgets.

4. **Regular Reviews**

Implement a robust review mechanism to assess the levy's effectiveness and affordability, with input from local government stakeholders

Conclusion

The Gore District Council urges MBIE and the government to reconsider the proposed funding model for the Commerce Commission's economic regulation of water services. While we support the goals of improved water service regulation, these must not come at the expense of community well-being or financial sustainability.

We look forward to engaging further on this matter and are happy to provide additional information or clarification as needed.

Yours sincerely,

Privacy of natural persons

Debbie Lascelles
Chief Executive
Gore District Council

Comment	Signature
	Privacy of natural persons Mayor Ben Bell
The formal response from the Council is politely worded and understates my anger and frustration of yet another unfunded half-baked mandate from government. I believe the Government needs to start over from first principles focusing on costs and benefits, not only with regard to users but also the wider social and environmental considerations. For example, the Government has an opportunity to incentivise the efficient use of water resources and discourage waste. Leakage is a major problem in all municipal reticulated supplies, and many individuals act on the premise that they have a right to unlimited watering of gardens and lawns. This needs to change. I am opposed to the proposed levy in principle, but if there is to be a cost to users then it should factor in the actual usage within reticulated community supplies, excluding consideration of those persons providing their own supply, and also recognising those who supplement their supply, be that from rainwater, bores or reuse. I favour an approach linked to actual water usage at a Council level. While requiring a standardised reporting framework, this would incentivise the timely location and repair of leaks at a Council level and effectively mandate the installation of water meters for all users. Users would then contribute for what they use. Councils would also need to consider how ratepayers contribute to use by Councils for public facilities, including public toilets, public buildings etc. That may well be funded by all ratepayers, but that is an issue for individual Councils to determine.	Privacy of natural persons Deputy Mayor Keith Hovell