

Submission form

We welcome your feedback

This is the Submission Form for responding to the Discussion Paper released by the Competition Policy team at Ministry of Business, Innovation and Employment (MBIE) '[Commerce Commission levy for the economic regulation of water services](#)'. MBIE welcomes your comments by **5pm on Friday, 24 January 2025**.

Please make your submission as follows:

1. Please see the full Discussion Paper to help you have your say.
2. Please read the privacy statement and fill out your details under the 'Submission information' section.
3. Please fill out your responses to the questions in the tables provided. Your submission may respond to any or all of the questions. Questions which we require you to answer are indicated with an asterisk (*). Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples. If you would like to make other comments not covered by the questions, please provide these in the 'General Comments' section at the end of the form.
4. If your submission contains any confidential information, please:
 - a. State this in the cover page and/or in the e-mail accompanying your submission.
 - b. Indicate this on the front of your submission (e.g., the first page header may state "In Confidence").
 - c. Clearly mark all confidential information within the text of your submission.
 - d. Set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 (OIA) that you believe apply.
 - e. Provide an alternative version of your submission with confidential information removed in both Word and as a PDF, suitable for publication by MBIE.
5. Before sending your submission, please delete this first page of instructions.
6. Submit your submission by:
 - a. Emailing this form as both a Microsoft Word and PDF document to the Competition Policy team at competition.policy@mbie.govt.nz; or
 - b. Posting your submission to:

Competition Policy team
Ministry of Business, Innovation and Employment
15 Stout Street
PO Box 1473
Wellington 6140

Please direct any questions that you have in relation to the submissions process to competition.policy@mbie.govt.nz.

Release of Information

Please note that submissions are subject to the OIA and the Privacy Act 2020. In line with this, MBIE intends to upload copies of submissions received to MBIE's website at www.mbie.govt.nz. MBIE will consider you to have consented to uploading by making a submission unless you clearly specify otherwise in your submission. MBIE will take your views into account when responding to requests under the OIA and publishing submissions. Any decision to withhold information requested under the OIA can be reviewed by the Ombudsman.

Privacy statement

The information provided in your submission will be used to inform MBIE and other interested agencies' final recommendations to government on the design of a levy to recover the Commerce Commission's costs for economic regulation of water services. Your submission will also become official information, which means it may be requested under the Official Information Act 1982 (OIA). The OIA specifies that information is to be made available upon request unless there are sufficient grounds for withholding it.

Use and release of information

To support transparency in our decision-making, MBIE proactively releases a wide range of information. MBIE will upload copies of all submissions to its website at www.mbie.govt.nz. Your name, and/or that of your organisation, will be published with your submission on the MBIE website unless you clearly specify you would like your submission to be published anonymously. Please tick the box provided if you would like your submission to be published anonymously i.e., without your name attached to it.

If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full submission). If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.

We encourage you not to provide personally identifiable or sensitive information about yourself or others except if you feel it is required for the purposes of this consultation.

Personal information

All information you provide will be visible to the MBIE officials who are analysing the submissions and/or working on related policy matters, in line with the Privacy Act 2020. The Privacy Act 2020 includes principles that guide how personal information can be collected, used, stored and disclosed by agencies in New Zealand. Please refrain from including personal information about other people in your submission.

Contacting you about your submission

MBIE officials may use the information you provide to contact you regarding your submission. By making a submission, MBIE will consider you to have consented to being contacted, unless you clearly specify otherwise in your submission.

Viewing or correcting your information

We may share this information with other government agencies, in line with the Privacy Act 2020 or as otherwise required or permitted by law. This information will be securely held by MBIE. Generally, MBIE keeps public submission information for ten years. After that, it will be destroyed in line with MBIE's records retention and disposal policy. You have the right to ask for a copy of any personal

information you provided in this submission, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or to have it corrected, please contact MBIE by emailing competition.policy@mbie.govt.nz.

Submission information

(Please note we require responses to all questions marked with an *)

Release of information

Please let us know if you would like any part of your submission to be kept confidential.

☐ I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because
[\[Insert text\]](#)

[To check the boxes above: Double click on box, then select 'checked']

1. Personal details and privacy			
1.	I have read and understand the Privacy Statement above. Please tick Yes if you wish to continue* [To check the boxes below Double click on box, then select 'checked'] ☒ Yes ☐ No		
2.	What is your name?* Horowhenua District Council		
3.	Do you consent to your name being published with your submission?* ☒ Yes ☐ No		
4.	What is your email address? Please note this will not be published with your submission.* <table><tr><td>Privacy of natural persons</td><td>Submission email</td></tr></table>	Privacy of natural persons	Submission email
Privacy of natural persons	Submission email		
5.	What is your contact number? Please note this will not be published with your submission.*		

	Privacy of natural persons
6.	Are you submitting as an individual or on behalf of an organisation?*
	☐ Individual (skip to 8) ☒ Organisation
7.	If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation.
	☒ Yes, I am authorised to make a submission on behalf of my organisation
8.	If you are submitting on behalf of an organisation, what is your organisation's name? Please note this will be published with your submission.
	Horowhenua District Council
9.	If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one.
	☒ Territorial authority ☐ Regional council ☐ Existing regulated supplier under the Commerce Act 1986 ☐ Consumer organization ☐ Non-governmental organisation ☐ Academic Institution ☐ Central government ☐ Iwi, hapū or Māori organisation ☐ Academic/Research ☐ Other. Please describe:

Responses to questions

The Competition Policy team welcomes your feedback on as many sections as you wish to respond to, please note you do not need to answer every question.

Part 1: Levy structure

1.

What are your views on the preferred option for a levy to fully recover the costs of the Commission's new functions from 1 July 2025 onwards from regulated water services suppliers, excluding litigation and Crown Monitor costs for Watercare? Please provide reasons.

Our council has mixed views on the proposal to fully recover the Commission's costs starting from 1 July 2025. We understand the importance of regulating water services, and we agree that regulation is necessary. However, we have concerns about the approach to covering these costs through a levy.

The principle behind this proposal is that the suppliers who require regulation should pay for it. This is fair in theory, but the issue is that it places administrative burden on councils, especially when it comes to managing and passing on the levy.

Councils will need to handle billing, manage the costs, and address customer questions, which takes time and resources away from other important services. The problem is, we don't get to keep any part of the levy to cover these extra administrative costs, even though councils are doing the work. Additionally, once the new water service delivery organisations (CCOs) are set up, these responsibilities will likely be handed over, making it inefficient for councils to invest time and resources into something they won't manage long-term.

The timing of the levy should also be reconsidered to align with the establishment of the new water services organisations to make the transition smoother and avoid wasting time and resources.

Part 2: Levy design

2.

What are your views on the proposed levy design?

As a council, our view on the proposed levy design, particularly regarding core regulation of water services, raises several concerns. While the intention to apply information disclosure regulations to all regulated suppliers is understood, it is essential to recognise that the operational processes and systems established by councils may differ from other entities. Councils will be responsible for adhering to these regulatory processes, which may ultimately be handed over to a council-controlled organisation (CCO). This potential transition could result in inefficiencies and wasted staff resources, as time and effort may be spent on compliance that might soon be managed by another entity.

Given this context, we strongly believe that reconsidering the timing of the levy implementation to coincide with the establishment of new water service delivery organisations would be prudent. This alignment would ensure that the regulatory

	framework is effectively tailored to actual service provision, thereby reducing administrative burdens on councils.
3.	How would the proposed levy design impact on your organisation (whether now or in the future)? Please provide your assessment of the nature and extent of these impacts.
4.	Do you have any comments on how the levy design could be improved? Please provide reasons.
Part 3: Levy apportionment	
5.	Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?
	We have mixed views on the proposed apportionment method based on the total population within a district. While this method may work in larger urban areas, where it can be reasonably assumed that most of the population is connected to water services, it presents challenges for smaller rural communities. In our district, there is a clear distinction between urban areas, rural communities, and lifestyle properties, many of which are self-sufficient and not connected to the water supply. Under the proposed model, the general population would include households that are not connected to the water service. As a result, these self-sufficient properties would be required to subsidise the cost of regulation for those who are receiving the water services. This creates an inequitable situation, where the costs of regulation are shared by those who do not benefit from the service. In rural or lifestyle areas, where many households do not have water connections, this could place an unfair financial burden on residents who are already self-sufficient and not reliant on the regulated services. While the population-based method may work for larger urban centres, it does not accurately reflect the realities of smaller, more diverse communities where the proportion of connected versus non-connected properties is more pronounced. We believe that a different apportionment approach, one that considers actual service connections rather than population alone, would better reflect the diverse nature of our community. It is also important to note that the intent of the legislation, as well as the principle of local water management, is to regulate the water supply in such a way that those who receive the service are the ones who pay for it. It should not be the case that those who are not connected are subsidising those who do receive the service.
6.	How would the proposed method of apportionment impact on your organisation (whether now or in the future)? Please provide your assessment of the nature and extent of these impacts.

	Under the current proposal, some ratepayers would be required to pay a share of the levy that reflects the costs incurred by the regulated water suppliers, even though they do not directly benefit from the regulation or the services. We anticipate potential community backlash, as residents may question the purpose of the levy and argue against having to contribute to a service they do not use. Our organisation would have to take the time to respond to such queries etc. Some Councils may face challenges in implementing the general population targeted rates to all users, as doing so might not align with their revenue and financing policies. In such cases, Councils may not be able to collect revenue from all ratepayers, potentially having to target the rate solely to water users, which goes against the proposed method of broader application The administration and implementation of this levy, ahead of other work, only to potentially handover to a CCO is not an efficient use of time of our staff. This concern reinforces our belief in the necessity of a different approach that accounts for actual service connections, and re-consideration of the timing of implementing this levy to align with the establishment of new water service delivery organisations.
7.	Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.
	We support the idea of a charge based on the service connections of each regulated supplier, which would adjust data to reflect those actually receiving water services. This would exclude individuals and households not connected to the water supply, such as those on self-supply. However, we acknowledge that this option is currently not favoured due to concerns about the lack of accurate data and administrative complexity. The absence of precise data should not serve as a justification for not pursuing this option, particularly when this data has been shown in your supporting documentation. It is essential for the Commission to collaborate with councils to accurately gather and verify this information, ensuring a correct implementation from the outset. If this approach is not taken, we risk receiving one type of apportionment only to see it changed later during a review, particularly once Council-Controlled Organisations (CCOs) are established for water service delivery. The timing of this levy implementation also raises concerns. It is critical that this levy be well planned to avoid potential cross-subsidisation and ensure that the costs of establishing regulation are allocated fairly from day one. By addressing these issues upfront, we can create a more equitable and sustainable framework for all communities involved.
Part 4: Levy implementation	
8.	Do you see any issues with your implementation of the levy (receipt of invoices, payment and passing the cost on as you may determine)? If so, what are those issues?

	We anticipate challenges in implementing the levy, particularly regarding the administration of costs associated with on-charging, accounts payable and receivable, and managing customer queries. Establishing processes to manage these tasks could prove time-consuming and resource-intensive. Furthermore, if we set up these systems only to hand them over to new water service delivery organisations, it raises concerns about the efficient use of staff time and resources.
9.	Would the proposed implementation approach create any challenges for your organisation? If so, what would these be in practice and are there solutions you wish to propose?
	The proposed implementation approach poses several practical challenges for our organisation. Establishing the necessary administrative processes to manage invoicing and cost recovery could divert resources from our core functions, especially if these systems must be adjusted or handed over to new water service delivery organisations in the future. Additionally, the requirement for regulated suppliers to report on how the levy costs are incorporated into rates could create further administrative burdens. We suggest that the timing of implementing this levy be reconsidered to align with the establishment of these new organisations, ensuring a smoother transition and clearer communication for our community.
10.	Do you have a preference for when the levy should be reviewed next? If so, why?
General Comments: The timeline is rushed, placing undue pressure on councils to implement necessary processes quickly, which could lead to operational challenges and inadequate preparation. This haste may complicate efforts to manage community expectations regarding water service costs, particularly with a population-based apportionment method that risks unfairly burdening residents who do not receive these services. Rapid implementation could divert resources from essential services and lead to inefficiencies, especially if councils have to set up systems that may soon be handed over to council-controlled organisations (CCOs). This situation highlights the hidden costs associated with Councils implementing government policy and legislation. Ultimately, we recommend reconsidering the timing of the levy's introduction to align it with the establishment of new water CCOs, as well as address the proposed inequity in the levy apportionment method.	

Thank you

We appreciate you sharing your thoughts with us. Please find all instructions for how to return this form to us on the first page.