

Submission from Nelson City Council

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If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full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 If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.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

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. Nelson City 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. Nelson City Council disagrees with the 100% cost recovery and its timing from 1 July 2025. This will add costs for ratepayers at a time when councils are trying to constrain rate increases. This additional sum of about \$68,900 per year comes on top of the Taumata Arowai charges of approx. \$220,000 per year. We see these extra administrative costs as adding little value to our work in delivering good-quality water services at the least possible cost to our community. We also note that the cost is not just this new levy but the costs to Council of staff providing information and reports to the Commission. If Government wants to add this additional regulatory burden on Councils, it should pay.
Part 2: Levy design	
2.	What are your views on the proposed levy design? The levy is structured as a tax on councils and bears no resemblance to the costs of the Commission's work. It will vary with the complexity of councils' water networks and charging regimes. It is the Government that wants this additional regulation – it should pay for it. If a levy is to be introduced, it should be aligned to the actual cost.
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. There will be an additional cost to the ratepayer with no demonstrable value for money.
4.	Do you have any comments on how the levy design could be improved? Please provide reasons. See response to 2.

Part 3: Levy apportionment	
5.	Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?
	See response to 2.
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.
	See response to 3.
7.	Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.
	We support the exacerbator pays principle and well performing councils such as Nelson should not be subject to levy charges. Core regulation charges should also be apportioned in line with both population, scheme complexity and current performance. For well-performing Councils the proposed levy is simply an unjustified additional cost to the ratepayer.
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?
	The proposed levy is simply an additional cost with no clear value for the ratepayer. We anticipate pushback from ratepayers if the levy is introduced.
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 levy will result in additional challenges for Council. The levy will increase water costs and Council expects significant pushback given: • The current economic climate • The lack of any obvious value to the ratepayer • Proposed Levy charges from Taumata Arowai

10.	Do you have a preference for when the levy should be reviewed next? If so, why?
	We consider the levy proposal should be put on hold for 5 years to allow the economic climate to improve and to give the Commission time to fine-tune work programmes and improve the design of any future levy structure.
General Comments:	
To Whom It May Concern, We acknowledge the importance of effective regulation in ensuring high-quality water services. However, we have significant concerns regarding the proposal to introduce a levy to recover the Commerce Commission's costs under the new Water Services Act. Unjustified Additional Costs – The proposed levy introduces yet another financial burden on local authorities at a time when they are under clear direction from Central Government to reduce expenditure. Ratepayers and councils cannot afford further cost increases, particularly in a constrained economic environment. Duplication of Regulatory Functions – There is a growing trend of regulatory overlap within central government agencies. The regulation of water services is already subject to oversight by multiple entities. The introduction of this levy suggests a duplication of effort rather than an efficient regulatory framework. Lack of Value for Money – It is unclear whether the proposed levy will result in tangible improvements to water service regulation that justify the cost. Existing funding mechanisms should be fully explored before imposing new charges. Economic Implications – Additional regulatory costs inevitably translate into higher charges for water consumers, at a time when households and businesses are already facing significant financial pressures. We urge the Government to reconsider this levy and explore more cost-effective regulatory approaches that do not impose unnecessary financial strain on local authorities and communities.	

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.