

# 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, 7 February 2025**.

### 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](http://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](http://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If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full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 If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.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](mailto: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 **details that identify me in** my submission to be kept confidential.

You may publish this submission but only after removing my personal details ; name, organisation, email address. This is largely because the responses represent the views of staff and staff have not yet had the opportunity to gain the approval of our Council of our submission responses due to the timing of the submission period and the lack of a meeting of our Council within the submission time period.

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

1. Personal details and privacy	
1.	<p>I have read and understand the Privacy Statement above. Please tick Yes if you wish to continue*</p> <p>[To check the boxes below Double click on box, then select 'checked']</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
2.	What is your name?*

	Privacy of natural persons	
3.	Do you consent to your name being published with your submission?*	
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?*	
	<input type="checkbox"/> Individual (skip to 8) <input checked="" type="checkbox"/> Organisation	
7.	If on behalf of an organisation, we require confirmation you are authorised to make a submission on behalf of this organisation.	
	<input checked="" type="checkbox"/> 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.	
	Privacy of natural persons	
9.	If you are submitting on behalf of an organisation, which of these best describes your organisation? Please tick one.	
	<input type="checkbox"/> Territorial authority <input type="checkbox"/> Regional council <input type="checkbox"/> Existing regulated supplier under the Commerce Act 1986 <input type="checkbox"/> Consumer organization <input type="checkbox"/> Non-governmental organisation <input type="checkbox"/> Academic Institution <input type="checkbox"/> Central government <input type="checkbox"/> Iwi, hapū or Māori organisation	

☐ Academic/Research

☒ Other. Please describe: **Unitary Authority**

# 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.

We do not support the principle of full cost recovery from Councils for this regulatory function. We consider the regulations and benefits are of national importance and therefore costs should be funded by central government.

If funded by Councils this levy imposes an additional financial burden and direct impact on our Council and our customers, from nationally mandated regulations.

If fully funded by Councils, we consider that Councils will assume they have some obligation and ability to influence and control this cost, to ensure benefits are realised and the expenditure provides some measurable value for their customers. We question the independence of the regulatory function under this model.

For this regulatory function to operate effectively and independently we strongly request that it is fully government funded.

In the current proposal, our Council and ratepayer appear to have no ability to manage, control or reduce this levy cost, which will contribute to and exacerbate the increase in operational expenditure and consequential increase in cost, without a guarantee of additional benefit, for our customer.

The Water Services Bill which includes economic regulation is currently out for consultation and is not expected to be enacted until at least 1 July 2025.

We request that if the levy is imposed on Councils, that implementation of this proposed model is delayed until the relevant legislation is enacted and not before 1 July 2026.

## Part 2: Levy design

2.

What are your views on the proposed levy design?

We are concerned with a lack of clarity around the value and benefit of the levy for our Council and our customers.

We request regular independent review and reporting to contributing organisations, of the associated costs, effectiveness and benefits of the levy.

For transparency and impartiality, we consider the costs associated with these performance reviews also need to be funded by central government not Councils.

	<p>We are concerned that the proposed model, if it does not include private service providers, is only based on total population of a district or region without any adjustment for actual numbers of customers served by Council water services, and unfairly allocates all levy cost to Councils and its customers.</p> <p>For example, our Council provides water services to approximately 55% of our district population and if levied based on the equivalent of 100% of the district population, our ratepayers would unfairly be subsidising private service providers. We consider that at least the proportional cost of private service providers (45% in our case) should be funded by Government in the interim, until contributions from private providers are included in the proposal. The corresponding cost adjustment based on the actual population Council provides water services to, can be a simple calculation for most Councils based on readily available information.</p> <p>For Councils unable to provide this information, the levy based on the total population within their authority could still apply.</p>
3.	<p>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.</p>
	<p>This levy imposes an additional unnecessary financial burden and direct impact on Council and our customers, from nationally mandated regulations. This levy cost will result in an increase in operational expenditure and consequential increase in cost for our customers. In our case, water services levies amount to almost \$1m over 3 years. This equates to an associated (non-budgetted) equivalent rate increase of approximately 0.3% each year for water services levies and will likely cause justified ratepayer dissatisfaction.</p> <p>This unjustified additional cost takes local funding away from improving infrastructure resilience, compliance with regulations and infrastructure renewal.</p>
4.	<p>Do you have any comments on how the levy design could be improved? Please provide reasons.</p>
	<p>We consider the regulations and benefits are of national importance and therefore costs should be funded by central government.</p> <p>If costs are to be recovered from Local Authorities/public water services providers, the cost recovery mechanism needs to be fair and equitable. We consider the current proposal proportioned according to population unfairly allocates cost.</p> <p>We request that if the proposed model is implemented, it includes an adjustment factor to recognise the actual population receiving water services to provide a fairer apportionment of cost.</p>
<b>Part 3: Levy apportionment</b>	
5.	<p>Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?</p>

	<p>Although the proposed method is stated as 'efficient' we consider the proposed apportionment of costs unfair and inequitable.</p> <p>The addition of an adjustment factor, based on the actual proportion of population serviced provided by Councils, would provide a simple and fairer apportionment of cost. We consider most Councils have this information readily available and report this information in Activity Management Plans, Long Term Plans, or Infrastructure Strategies. For councils unable to provide this information, the proposed levy based on total population could still apply.</p>
6.	<p>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.</p>
	<p>We consider the current levy model unfairly allocates a disproportionate cost to our Council and its customers. Although our Council provides water services to approximately 55% of the population in our district, the model allocates levy costs to our Council based on 100% of the population in our district. This means our customers are subsidising the cost that should be allocated to private water services providers.</p> <p>The extent of population provided water services by our Council is verified in our Long-Term Plan and Activity Management Plans. Other Councils should be able to easily provide this information to verify if their serviced population is less than 100% of the population of their territory. For Councils unable to verify this information, the proposed levy based on total population could still apply.</p>
7.	<p>Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.</p>
	<p>If the levy costs are to be allocated fairly, a simple adjustment factor based on 'serviced' population, provides for a fair allocation of cost.</p> <p>For example, our Council provides water services to approximately 55% of the district population, an adjustment factor of 0.55 would be applied to the allocated levy cost.</p> <p>If private water service providers are not to be included in this phase, the remaining cost, in our case to cater for the associated 45% of population not serviced by Council, needs to be funded by central government in the interim.</p>
<b>Part 4: Levy implementation</b>	
8.	<p>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?</p>
	<p>Yes. The levy as an operational cost will have a direct impact on costs for our customers. Council has consulted on and has an approved Long-Term Plan and expenditure for the financial year commencing 1 July 2025. The proposed water services levies cost equates to a non-budgetted additional increase equivalent to</p>

	approximately 0.3% per year in water services operational expenditure. This is a significant change for our ratepayers.
9.	<p>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?</p> <p>Yes. The proposed approach mandates a cost beyond the control of Council that will result in an increase in operational expenditure and consequential increase in rates, and will be passed on to customers, adding to customer financial burden and dissatisfaction.</p> <p>This unjustified levy cost takes funding away from improving infrastructure resilience, compliance with regulations and infrastructure renewal.</p> <p>We consider the regulations and benefits are of national importance and therefore request that these levy costs be funded by central government.</p>
10.	<p>Do you have a preference for when the levy should be reviewed next? If so, why?</p> <p>We consider the review period needs to align with the local government Long Term Plan 3-year planning cycle, with sufficient time so that any proposed cost adjustments can be included for in the planning, consultation and approval of Council Long Term Plans.</p> <p>The review needs to provide details of how benefits to our customers from the costs incurred, will be measured.</p> <p>We consider the cost of the review should be funded by central government for transparency and impartiality reasons.</p>
General Comments:	



Thank you for the opportunity to submit this response.

**Please note** that the responses represent the views of staff and staff have not yet had the opportunity to gain Council approval of our submission responses due to the timing of the submission period and the lack of a meeting of our Council within the submission time period.

We therefore request the personal details of applicant, name, organisation, and email are kept confidential.

Thank you.

## 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.