

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?* Stephanie Osborn
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.
	Waikato Local Authority Shared Services, trading as Co-Lab
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: Co-Lab is a Council Controlled Organisation, owned by 12 councils in the Waikato and Bay of Plenty. The content of Co-Lab's submission was informed by staff from some of our shareholding councils i.e., the views from staff have not had any formal endorsement at a Council or Committee level of any of the contributing councils. Some shareholding councils may make their own submissions, which will highlight their own views.

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 acknowledge that this regulation is necessary for the Commerce Commission to effectively oversee the true cost of water services. However, our overall concern is that by imposing the full costs of the Commerce Commission's economic regulation from 1 July 2025, this levy is an unbudgeted and unexpected expense that doesn't fall within councils' planning timeframes. This levy adds to the growing financial burden imposed by regulatory authorities, despite the objectives of the Local Water Done Well legislation, which include ensuring that water services are delivered at the lowest possible cost to consumers and businesses. The rationale provided by MBIE—that regulated suppliers, who drive the need for the Commission's functions, should bear the costs—is problematic. It overlooks the fact that this approach places the entire cost burden on ratepayers. Given that everyone benefits from the delivery of high-quality water services, there is a clear role for Crown funding to ensure a more equitable model. Without such funding, there is a significant risk that other essential, planned works may remain incomplete in order to cover the costs of regulation.
Part 2: Levy design	
2.	What are your views on the proposed levy design? We would like the Commission to direct how the levy is derived and how this is split across water, waste water and storm waters respectively, so we can understand costs (levy apportionment) that may go to Councils and/or CCOs. This cost-split information will be useful for Councils and CCOs to consider when determining how best to fund payment of the levy.
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.

	With the indicative costs covering only the core regulation of water services, we are concerned about the possible future financial burden of compliance costs as additional tools outside of core regulation are added. We recognise the need to strike a balance between an equitable levy and ensuring that levy costs do not increase due to administrative burdens
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?
	Crown funding would provide greater efficiency by eliminating the administrative burden of the levy from both the Commerce Commission and the local authorities. A 100% crown funded model would also provide greater incentive for cost containment within the regulatory authorities. Alternatively, we do not support the sole use of population-based apportionment, for the following reasons: - It does not adequately account for the different circumstances of different councils e.g. rural communities that are not using/connected to water services or communities that have a small resident population, but have systems that are geared towards peak holiday loading. - It does not recognise expected future diminishing regulatory costs for the Commerce Commission as less entities are regulated due to CCO amalgamations. - It gives no incentive for larger water organisations under Local Water Done Well. While we acknowledge that current data may be insufficient to base the levy apportionment on serviced population or water volume, we would prefer these metrics once they are standardized and become more reliable. We recommend that future reviews consider these more nuanced metrics to promote greater fairness and equity. We agree that suppliers who fail to comply should bear the costs of managing non-compliance. Given all of the above, we believe Crown funding would be particularly relevant and necessary in the initial year of implementation.

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.
	As previously noted, a purely population-based model would disproportionately burden those councils and communities with a high proportion of rural residents who do not have water and wastewater services. This approach lacks equity and could adversely affect the reputation of local authorities and service providers.
7.	Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.
	As mentioned, we'd like the use of Crown funding to be considered.
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 see significant benefits in aligning the implementation timeline with the requirements of Bill #3. Given that the costs are likely to be initially funded through debt before they can be rated for, or will necessitate reprioritising other community projects, we believe that Crown funding will play a particularly important role during the implementation period. Additionally, we request that Councils be given sufficient time to collect the fee before making payment. This is likely to be a concern only in the first year of implementation.
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?
	As previously mentioned, this levy represents an unbudgeted and unforeseen expense that falls outside councils' planning timeframes. This creates a risk that other planned and budgeted projects may remain incomplete in order to fund the regulation. These risks could be mitigated by implementing a 1-2 year transition period, during which the Commerce Commission's costs are partially recovered through a levy, with the remainder funded by the Crown. This would alleviate

	financial strain and allow for alignment with the Water Services Strategy planning period once full costs are implemented. Additionally, there are cost implications beyond the levies themselves that must be considered. The changes councils will need to make to accommodate regulatory requirements will result in additional unplanned and unbudgeted expenses. Given that both the Authority and the Commerce Commission are consulting on their respective levies, with final decisions not expected until mid-2025, we question the feasibility of meeting the timeframe to allocate these significant sums into financial budgets so late in the process. We would prefer the first review of the levy to occur before Water Service Strategies need to be finalised. Since this review must happen promptly after implementation, it does not need to be exhaustive but could focus on resetting review periods to better align with future planning cycles, particularly with the Water Service Strategy. Long-term alignment of timing is critical for the effective and efficient planning and management of water services and their associated costs, including reporting timelines across organisations.
10.	Do you have a preference for when the levy should be reviewed next? If so, why?
	We'd like to review 2026-27 for 2027-28 charges to align with 2027-28 LTP timeframes.
General Comments:	

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.