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Consultation on Commerce Commission Levy
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WAIMAKARIRI DISTRICT COUNCIL SUBMISSION ON COMMERCE COMMISSION LEVY FOR 2025 – 2028

1. Introduction

1.1. The Waimakariri District Council (the Council) thanks the Ministry of Business, Innovation for the opportunity to provide a submission on the Commerce Commission levy for the economic regulation of water services.

1.2. We note the Ministry of Business, Innovation and Employment is consulting on the Commerce Commission levy for the economic regulation of water services until 24 January 2025. This consultation relates to the Local Government Water Services Bill.

1.3. The Council supports the general intent of the Commerce Commission levy for the economic regulation of water services. However, we encourage further consideration be given to the proposals, notably timing, impact on already pressured budgets (and in turn ratepayers), and the apportionment calculation including residents that do not benefit from Council water services.

2. Background / Context

2.1. Waimakariri District is located in the Canterbury Region, north of the Waimakariri River. The district lies within the takiwā of Ngāi Tūāhuriri, a hapū of Ngāi Tahu. It extends from Pegasus Bay in the east to the Puketeraki Ranges in the west, sharing boundaries with Christchurch City to the south, Selwyn District to the south and west, and Hurunui District to the north.

2.2. The Waimakariri District is geographically diverse, ranging from provincial townships such as Rangiora and Kaiapoi, through to the remote high country farming area of Lees Valley. Eighty percent of the population is located in the east of the district and approximately 60 percent of residents live in the four main urban areas of Rangiora, Kaiapoi, Woodend/Pegasus and Oxford. The remainder live in smaller settlements or the district's rural area, including approximately 6000 on rural-residential or rural 'lifestyle' blocks.

2.3. Geographically, socio-culturally and economically Waimakariri District is primarily a rural district. People identify with and are attracted to a ‘country lifestyle’. However, the District’s proximity to Christchurch City means it has a significant and growing urban and ‘peri-urban’ population. As such, primary production and construction are the district’s two largest economic sectors.

2.4. The Council currently provides reticulated water supplies for approximately 80% of the District’s population, from 11 physically distinct schemes serving approximately 56,000 residents. The on-demand schemes are provided with a common level of service, while restricted and semi-restricted levels of service are scheme specific. All schemes are managed through Activity Management Plans (AMPs) and are operated in accordance with their respective resource consent conditions. The two main types of supplies are on-demand (supplying urban areas) and restricted or semi-restricted (supplying rural and rural-residential areas).

2.5. Approximately 20% of residents, including many on rural lifestyle blocks (0.5-4ha), have private drinking water supplies, on-site wastewater disposal systems, and are not connected to reticulated stormwater systems.

2.6. The majority of properties in the Ashley, Loburn and Sefton areas are connected to the Ashley Rural Water Supply scheme administered by the Hurunui District Council. This scheme supplies water to about 1,680 properties within the Waimakariri District Council boundaries, but is owned, managed and operated by the Hurunui District Council. This is an example in practice of shared service arrangements that have been in place prior to discussions about water reform.

2.7. Over the last 20 years WDC have spent $100m on three waters infrastructure upgrades. A further $139m is allocated in our Long-Term Plan (LTP) for drinking water safety upgrades, improved wastewater treatment and to address flood risk over the next 10 years. Our 30-Year Infrastructure Strategy is a risk-based renewals policy and operates in conjunction with a 150-year renewal programme which aims to replace highly critical infrastructure at 85% of its expected lifespan.

3. Key Submission Points

Part 1 – Levy Structure

3.1. **Question 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 and support the preferred option. However, we highlight concerns about the short time between this consultation and implementation. We support a capped budget for the Commission expenditure for core regulation of water services that will reduce the financial risk to councils.

Part 2 – Levy Design

3.2. **Question 2. What are your views on the proposed levy design?** We support the approach that all regulated suppliers will be required to fund core regulation of water services and further levies only apply to regulated suppliers requiring further Commission activities.

3.3. **Question 3. How would the proposed levy design impact on your organisation (whether now or in the future)?** The levy will be passed on to our ratepayers. This is at a time when our Council is taking a very constrained approach to our budgets in order to limit rate rises, and councils nationwide are being criticised for rate increases. The levy would be paid for by the community, and an increased cost outside of Council control to limit or minimise.

3.4. **Question 4. Do you have any comments on how the levy design could be improved? Please provide reasons.** The levy should be limited as much as possible, perhaps by phasing it in and building capacity in the sector initially. The levy should be targeted to users, rather than the general population, as described in the apportionment section below.

Part 3 – Levy apportionment

3.5. **Question 5. Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?** WDC supply water services to approximately 80% of the District (56,000 residents). The proposed apportionment is unfair to those who are not connected to a public scheme, and unfair to districts where there is a lower proportion of ratepayers connected to a public scheme. We recommend consideration be given to a model calculated on the number of water/service connections across the District rather than a per-person rate.

3.6. **Question 6. How would the proposed method of apportionment impact on your organisation (whether now or in the future)?** The burden of paying the cost of the levy will be apportioned to ratepayers including those who are not connected to a water or wastewater scheme. These property owners will be levied for a service they do not receive. Further to this, our organisation, and ultimately our District Ratepayers, will be charged a higher levy per connection when compared to the rest of the country.

3.7. **Question 7. Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.** We suggest consideration be given to an apportionment approach by connection as we consider this to be fairer to our ratepayers recognising that our connection rate (approximately 80%) is lower than the New Zealand average (84%). We note this option was considered in the consultation document and not progressed due to inaccurate data and non-standard methods of counting connections.

Part 4 – Levy Implementation

3.8. **Question 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 Council will need to determine how this levy will be reflected in the budget either as a flat rate or targeted rate. Once this has been determined it is not anticipated there will be any issues implementing the levy.

3.9. **Question 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?** We highlight the tight timeframe for implementing a new levy charge as we are well progressed in the development of the 2025/2026 Annual Plan. This consultation is being undertaken at a time when the draft Annual Plan has already been developed. We suggest delaying the levy commencing until 1 July 2026 that would allow sufficient time for the Council to plan how to implement the levy.

3.10. **Question 10. Do you have a preference for when the levy should be reviewed next? If so, why?** The Council supports a review after two years in line with the review of the Water Authority - Taumata Arowai Levy for councils and CCOs. This review is important as it will test the effectiveness to determine whether the levy is being administered and spent efficiently.

4. Summary of Position and Recommendations

The Council supports the general intent of the Commerce Commission levy for the economic regulation of water services. However, we encourage further consideration be given to the proposals, notably timing, impact on already pressurised budgets and the apportionment calculation including residents that do not benefit from Council water services.

The proposed Commerce Commission levy will necessitate an additional $86,120 (excluding GST). When combined with the proposed Water Services Authority levy of $274,258 (excluding GST), this will result in a rates increase of approximately 0.37%.

		Ex GST	Inc GST
Water Services Authority Levy	$4.14 pp	$274,258.44	$315,397.21
Commerce Commission Levy	$1.30 pp	$86,119.80	$99,037.77
Sub-total		$360,378.24	$414,434.98
Draft rates (ex GST)		$98,572,000.00	$113,357,800.00
Percentage		**0.37%**	

As a council that has consistently provided high quality service to our rate payers, met required standards and maintained low costs, the proposed levy seems like a punitive charge on our community. We suggest the levy be charged on a connection basis, rather than district population and that the levy take effect from 1 July 2026. We also recommend a phased approach with regular reviews to ensure it is being administered and spent efficiently as well as achieving the expected outcomes.

Our contact for service and questions is Privacy of natural persons Policy & Corporate Planning Team Leader Privacy of natural persons

The Council would like to speak in support of its submission.

Yours faithfully

Privacy of natural persons

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Mayor
Waimakariri District Council

Privacy of natural persons

Jeff Millward
Chief Executive
Waimakariri District Council