

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.

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If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full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 If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.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

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Waitaki

DISTRICT COUNCIL
TE KAUNIHERA Ā ROHE O WAITAKI

Growing strong communities.

Waitaki District Council submission - Commerce Commission levy for the economic regulation of water services

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.

[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?* Privacy of natural persons
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.
	Waitaki District Council (WDC)
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.

Waitaki District Council (WDC) does not support the introduction of a levy. However if a levy must be introduced then WDC requests that consideration is given to affordability for communities. Communities across New Zealand are living with significant increases in the cost of living and the addition of a levy will further contribute to cost pressures. In 2024/25 WDC rate payers had an average rates rise of 13.43% and in 2025/26 the average rates rise is currently estimated to be 11.18%.

A levy is also being introduced by the Water Services Authority – Taumata Arowai which will further increase costs to consumers.

Water Suppliers will be operating under two regulators. Has consideration been given to ensuring that the two regulators do not overlap in their functions which could create extra work for Water Suppliers for example in terms of reporting requirements?

The overarching challenge WDC faces is balancing spending and funding. WDC is continuing to face increasing costs to deliver infrastructure and associated services driven by a number of factors including inflation, interest rates, and insurance. As well as increasing costs there are also increasing community expectations for Council to deliver more for less. WDC needs to balance spending and funding so this needs to be taken into consideration with regards to the implementation of a new levy.

WDC's focus is on delivering good quality services that meet the changing needs of the community, while at the same time ensuring rates affordability and financial flexibility, by focusing on efficiency and effectiveness in order to maximise value for money and limit the use of debt.

As water services are subject to GST, has consideration been given to funding the costs incurred by the Commerce Commission via the GST that is collected on water services?

Has consideration been given to Water Suppliers being able to retain a small percentage of the levy collected to pay for the costs of collecting and administering the levy to their community? This system is used for the building levy that Local Authorities collect on behalf of MBIE.

Part 2: Levy design

2.

What are your views on the proposed levy design?

	It is very difficult to make informed comments about the different designations of supplier until more is known about the criteria for these different designations. The activities for which the levies are payable for those suppliers with the designation of <i>performance requirements</i> are \$0 until at least 2029/30. Is it possible that a Water Supplier could be classed under a number of the designations and therefore have to pay more than one levy in addition to the core 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.
	The impact of the introduction of a new regulatory approach will have much wider implications than the introduction of a levy. WDC has been in communication with an organisation in the district which operates under a similar regulatory regime, and this highlighted the fact that operating under a new regulatory regime has much wider implications than the payment of a levy. Operating under a new regulatory will require different rules, input methodologies and special asset registers. The reporting requirements need to be embedded across the entire organisation (not just finance) and the implication for WDC is that significant resources will need to be invested into managing the new regulatory framework.
4.	Do you have any comments on how the levy design could be improved? Please provide reasons.
	Has consideration been given to reduced levies for Water Suppliers that are practicing good asset management/a high level of compliance, to encourage good behaviour? WDC believes that Water Suppliers that are making good decisions/practicing good asset management, should not have to subsidise Water Suppliers that are not following best practice. WDC would like assurance that Water Suppliers which require a significant amount of resource from the Commerce Commission will not impact the levy for other Water Suppliers.
Part 3: Levy apportionment	
5.	Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?
	WDC only supplies a reticulated wastewater system to around 60% of its population, and a similar proportion of the population is serviced by a reticulated stormwater system. Compared to other Local Authorities which have a much higher proportion of their population serviced by these networks. Therefore, the proposed levies based on population are not fair because a significant proportion of Waitaki's population are not benefitting from these systems.

	A levy based on population would unfairly advantage areas with a small population but high demand such as areas that are highly industrialised or that have a small resident population and large numbers of tourists. A levy based on population would also unfairly disadvantage rural communities (such as Waitaki) which have a higher proportion of the population not serviced by the water networks. WDC proposes that the levy is based on the number of connections to supplies. This information can be provided by Local Authorities to the Commerce Commission and would be a fairer way of calculating the levy because it would only be charged to those who benefit from the networks.
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.
	Apportionment based on population is unfair for the reasons outlined above.
7.	Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.
	As outlined above WDC proposes that the levy is based on the number of connections to the water networks. In the Waitaki district there is a significant proportion of the population that is not serviced by the wastewater and stormwater networks therefore the total levy cost to the district would be fairer if it was based on the actual proportion of the population being serviced by these networks.
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?
	WDC is currently developing it's 2025-34 Long Term Plan (LTP) which will be adopted by 1 July 2025. The new levies will need to be passed onto ratepayers via fees and charges. Fees and charges for 2025-26 are incorporated into the 2025-34 LTP. WDC requests that consideration is given to the statutory timeframes Local Authorities are working under with regards to the timing of the implementation of the levy. Advance notification of the final levy amount will allow Local Authorities time to meet statutory timeframes.
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?

	If the levy is population based it will be harder for WDC to administer because of the proportion of the population who are not serviced by a wastewater or stormwater network. This is because it would be unfair to pass the levy onto ratepayers that are not on a wastewater or stormwater network which will add to the administrative burden of passing the levy onto relevant ratepayers.
10.	Do you have a preference for when the levy should be reviewed next? If so, why? WDC requests that the levy be reviewed in line with the end of the current LTP (2034). This would give Local Authorities/Water Suppliers the chance to incorporate the levy into processes and systems. A review in 2033-34 would allow any newly established Water Suppliers to be fully established. As previously mentioned, communities have had to deal with significant increases in the cost of living in recent years, including significant rates rises. If the next levy review was in 2033-34 this would give communities the chance to become accustomed to the levy. WDC believes that it is very important that any review of the levy takes into the account the principles of equity and affordability.
General Comments: WDC appreciates the opportunity to comment on the proposed Commerce Commission levy. The Waitaki district has a population of 23,472 (2023) and covers a large land area (7,152 km²) reaching inland from the Waitaki River mouth, up the Waitaki River Valley, through Ōhau to the top of the Ahuriri River Valley, extending south to Ōamaru, and down the east coast beyond Palmerston to Flag Swamp. The Waitaki district is the only Council in the South Island working with two regional Councils - Environment Canterbury and Otago Regional Council. WDC currently supplies water to around 90% of the district's population through the operation of 15 individual water supplies. Over the last few years, Council has progressively amalgamated water supplies, reducing the number of water supplies from 23 to the current 15 water supplies. In rural areas, water is also used by stock, and thus contributes to the rural economy. WDC provides eight wastewater systems which collect liquid waste from more than 14,000 residents across the district, before treating and disposing of it to acceptable environmental standards. Our stormwater systems are designed to provide a safe and effective collection of excess water and to protect properties from getting damaged. Approximately 60% of the district's population have access to a public reticulated stormwater system, with the remaining 40% being served by individual soak pits and associated disposal systems.	

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.