

Submission form

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If you consider that we should not publish any part of your submission, please indicate which part should not be published, explain why you consider we should not publish that part, and provide a version of your submission that we can publish (if we agree not to publish your full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 If you indicate that part of your submission should not be published, we will discuss with you before deciding whether to not publish that part of your submission.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

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Viewing or correcting your information

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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?* 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. Wellington 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

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 note a 100% Crown funded model was considered for this levy, but it is not clear whether partial Crown funding was considered, such as is being proposed under the current Water Services Authority - Taumata Arowai (WSA) levy consultation. The WSA proposal notes that the Crown contribution would cover the WSA's functions and activities that have a significant public good including reporting, regulatory system design and work that contributes to standards setting. Our view is that a Crown contribution for any similar aspects of the Commerce Commission's role would be more equitable (noting equity is one of the principles set out in the discussion document).

There is no proposal to provide any funding support to councils to implement the levy, even though there will be associated costs (refer to later answers). As such, ratepayers will bear the cost of the levy itself but also implementation costs. Given current cost-of-living pressures and the public good functions and activities of the Commission, we request that the Commission's costs receive some level of Crown funding.

We support the principles of equity, efficiency (which includes simplicity), justifiability, and transparency set out in the discussion document. However, as discussed in later answers, implementation of the levy as designed would create issues for councils and not meet these criteria.

It is unclear from the discussion document whether in the initial stages the levy would be charged by the Commission to Wellington City Council (the Council) or to our water services CCO. The discussion document states that the levy will be directed to 'regulated suppliers,' anticipating that this is 'a local government water service supplier that makes core decisions about water services, which is likely to include capital and operating expenditure on the service and the level of charges or revenue recovery for that service.' We have based our feedback on a scenario where the levy is directed at the Council, but clarity on this would be appreciated.

It would be helpful if terminology was consistent with the Local Government (Water Services) Bill, for example referring to 'water organisations' and/or 'water services providers' as relevant. This would indicate flexibility in the levy design to account for water services delivery models under Local Water Done Well.

The proposal to direct the levy at 'regulated water services suppliers' excludes private/community drinking water suppliers or Crown suppliers/network operators. Will the Commission be servicing these suppliers? If so, we note that under the proposed approach, councils will be meeting these costs unless they are covered by the Crown.

Part 2: Levy design	
2.	What are your views on the proposed levy design?
	We agree with the general approach that the Commission's costs related to a particular regulatory tool should be recoverable from those regulated suppliers subject to that regulatory tool at that time to avoid the potential for cross-subsidisation. As noted earlier, it is important that the levy design is flexible to cover future water services arrangements under Local Water Done Well.
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.
	Although we could indicate on invoices when on-charging that the item is to recover costs for the Commission, ratepayers may perceive the levy as a charge for Council services, and direct enquiries towards the Council instead of the Commission. Councils can be perceived to be heavy handed when acting on behalf of central agencies. New water organisations may be established within the proposed first levy period. In terms of future impacts, it should be clear whether this levy would be considered an 'existing contract' for the purposes of clause 39(1) of the Local Government (Water Services) Bill. This states that a territorial authority that proposes to establish or become a shareholder in a water organisation must consider how any existing contracts, agreements, or arrangements between the territorial authority and a third party that relate to providing water services will apply in relation to the water organisation. Given this clause, would the transfer of the levy to any new water organisation need to be determined and actioned by the territorial authority/authorities involved, or would this be addressed by the Commission on the establishment of the water organisation?
4.	Do you have any comments on how the levy design could be improved? Please provide reasons.
	We would appreciate funding support being provided to suppliers in recognition that there are costs of implementing the levy. As noted earlier, we request that some level of Crown contribution is included in recognition of the public good aspects of the Commission's activities.
Part 3: Levy apportionment	
5.	Do you have any comments on the preferred option for apportionment of the levy to each regulated supplier?
	We agree with the proposal that each regulated supplier should pay a portion of the total cost of the activities attributable to them, based on its share of the population normally residing within the district areas of all regulated suppliers subject to those activities. We include further comment on apportionment in the next two answers.

	It is not clear from the discussion document whether Greater Wellington Regional Council (GWRC) would be considered a 'regulated supplier' (given its responsibility for bulk water supply in the Wellington Region) and therefore charged the levy. The discussion document states that no exemptions or waivers of the levy are proposed. However, the concurrent WSA levy proposal excludes GWRC, recognising that charging GWRC could result in Wellington region ratepayers potentially being charged twice. We support that approach and suggest that GWRC is excluded from this levy as well if not already.
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.
	While we agree with the proposed method of population-based apportionment, as noted in our answer to the following question there are certain aspects of the Commission's activities for each supplier which will have the same cost regardless of the population serviced by the supplier. If the levy was charged directly to each council rather than to a regional water entity, the Council as a supplier serving a larger population could be subsidising some of these 'base' costs for other councils servicing smaller populations.
7.	Do you have any comments on alternative options to apportion the levy? If another option is preferred, please provide reasons.
	We note that there are certain aspects of the Commission's activities which will have the same cost regardless of the population serviced by the supplier. This could suggest that there is some merit in a base charge for those fixed components.
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?
	While we think that there is merit in displaying the levy as an explicit item on rates bills, this would come with a range of administrative impacts. For example, adding the levy to rates invoices would not be easily implemented within our invoicing system, and existing invoices would need to be redesigned to account for the new information. A new assessment notice would need to be created for the first instalment breaking down the costs. Although we would indicate on the invoice that the charge is to recover costs for the Commission, there would inevitably be public enquiries about the charge. Responding to these would be an extra requirement for staff and would potentially require additional staff in the rates team and contact centre. Implementation and ongoing administration costs would be borne by the ratepayer. The discussion document suggests that a territorial authority may choose to charge for the levy through a targeted rate, but this is complex to implement – especially given the lead-in time which would be available. If the levy is to be charged by councils, aligning the levy charges with quarterly rating processes will be critical.

	Leaving the determination of how to on-charge the levy costs up to each regulated supplier could create a range of differing, inconsistent approaches which could be confusing and frustrating for ratepayers. Additionally, depending on councils' decisions regarding the future delivery of water services under Local Water Done Well, determinations of how costs are passed on may need to be revisited by new water services entities in the coming years, which could introduce further change. These changes would need to be clearly communicated so that they were understood by the community.
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?
	It is not clear from the discussion document when the first invoices would be issued. We request that sufficient lead-in time is ensured prior to the first invoice, to enable councils to decide how best to recover costs, and to set up required systems for implementation. A later implementation date for the levy would be preferable, or backdating the first invoice if the levy regime does commence from 1 July 2025. As noted earlier, councils may receive enquiries and complaints from ratepayers who perceive the levy as a charge for council services.
10.	Do you have a preference for when the levy should be reviewed next? If so, why?
	We support the alternative option set out in the discussion document of aligning the levy review period to council long-term planning cycles to allow sufficient time for any design changes and cost implications to be factored into council planning. We have also noted in this in our submission on the WSA consultation.
General Comments:	