
Economic Regulation and Water

Rotorua Lakes District Council presentation

4 March 2025

The Commerce Commission

- We are an independent competition, fair trading, consumer credit and economic regulator.
- We have regulatory responsibilities in telecommunications, energy networks, transport fuel, the banking retail payment system, groceries, dairy, airports, and now water.
- The three main areas of work that the Commission undertakes are:
 - Promoting competition in markets throughout the economy
 - Influencing monopoly infrastructure performance for better essential services
 - Tackling harm, including from unfair trade practices and irresponsible lending.
- Our four main outcomes as an organisation are:
 - **Stewardship:** New Zealanders, including Māori, have trust and confidence in the regulatory systems we implement and enforce
 - **Competitive Markets:** New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice.
 - **Fair Trade:** Consumers, including businesses, are informed, empowered and their interests are protected.
 - **Essential Services:** Consumers get quality and value from reliable essential services.



Our role in the wider water landscape

	Health outcomes	Environmental outcomes	Infrastructure sustainability and resilience outcomes	Financial Sustainability
Department of Internal Affairs	Policy, Stewardship, legislation – local government system / water services system. Requires and assesses Water Services Delivery Plans			
	Monitors Taumata Arowai			
Taumata Arowai	Drinking water regulations	Wastewater standards		
	Oversight of performance of wastewater and stormwater networks			
	Reviewing wastewater/source water risk management & drinking water safety plans			
Commerce Commission	Foundational Information Disclosure			
	Crown Monitor for Watercare			
	Enduring economic regulation regime (awaiting Local Government Water Services Bill)			
Ministry for the Environment	NES – sources of human drinking water		National Adaptation Plans	
		Freshwater management regulations (inc. NPS-FM)	Emissions reduction plans	
		Administers Environmental Reporting Act 2015		
		Policy, Stewardship – resource management system		
Regional Councils	Regulator – source and receiving waters, and wastewater/ stormwater networks (in region)			
		Regional Plans		
Ministry of Health	Policy advice – public health matters relating to drinking water			
National Emergency Management Agency			Administers Civil Defence Emergency Management Act 2002	
Te Arawhiti	Policy lead on the Crown’s Treaty of Waitangi obligations – including Treaty settlements			
Office of the Auditor General & Audit NZ	Annual auditing of public entities			

Information disclosure

Local government water services suppliers will be required to publicly disclose information in a prescribed form set by the Commerce Commission.

- The Commission will first be focusing on information disclosure to require water services providers to **publish robust information** on planning, investment, and performance.
- We expect to set initial ID requirements around **six months** after the commencement of the Local Government Water Services Bill.
- The information required will be set by the us but is expected to initially include details about **actual and forecast capital investment plans and expenditure, operating costs, revenue, tariffs/charges, financing plans, service quality, customer engagement and asset management**. It is likely to link to our **consumer protection regime**.
- These requirements will build on information provided under **Water Service Delivery Plans** in 2025.
- We have published an initial **Discussion Document on ID**. Submissions are due on 26 March and we would welcome your comments.



Other proposed tools – economic regulation

- While information disclosure will be our initial focus, we will have other tools available to us, should they be required.

Tool	Description	Timing
Revenue thresholds	Powers to set minimum and maximum revenue thresholds to issue clear expectations to providers regarding what level of revenue needs to be collected for investment in, and operating of, water infrastructure.	From 2026, when necessary.
Monitoring and enforcement of financial ringfence	The ability to monitor and enforce the requirement that water service revenue is spent on water services.	After commencement, when necessary.
Quality regulation and/or performance requirements	The ability to set infrastructure and service quality standards and require water services providers to take certain actions to improve performance, such as to make certain types of investments, to consult or seek approval from the Commerce Commission on investment programmes, or to undertake cost-benefit analysis.	If required, after designation from 2026.
Price-quality regulation	Ability to set minimum and/or maximum prices that may be charged, and/or minimum and/or maximum revenues. Alongside quality and performance requirements.	If required, after designation from mid-2026.

Working with other agencies

- There are areas of common interest between the **Water Services Authority – Taumata Arowai** and the Commerce Commission and that there are opportunities to coordinate and align our respective activities. We have a strong working relationship with them, backed by a Memorandum of Understanding and a joint work programme.
- We are also conscious that there are other key parties collecting and reviewing council information including the **Department of Internal Affairs, the Office of the Auditor General and Regional Councils.**
- A key focus for us is to ensure we minimise unnecessary duplication of reporting from suppliers and maximise opportunities to share information across the system insofar as the law allows.



Timelines

Workstream	December 2024	January to June 2025	July to December 2025	January to June 2026	July to Sep 2026	Nov 2026 onwards
ECONOMIC REGULATION						
Crown monitor for Watercare (interim economic regulator for Watercare)	Crown monitor quarterly reporting and annual reporting (first report for year ending 30 Jun 2025, due 30 Nov 2025)					
	Watercare develops business plan and submits to DIA					
	Watercare Charter under development	Watercare Charter in place (to Jun 2028)				
Information disclosure (ID)		Commerce Commission consultation on ID under Prelim Act	Commerce Commission consultation on a draft ID requirements for all suppliers (following enactment of Bill 3)	Commerce Commission sets ID requirements under Bill 3 (within 6 months of enactment)	ID requirements under Bill 3 in force from July 2026 for all suppliers	
		Councils/CCOs can be subject to foundational ID under Prelim Act, subject to Ministerial approval (providers can no longer be designated after Bill 3 commences)				
Ringfencing			Commerce Commission begins monitoring ringfencing requirements relating to water supply and wastewater (i.e. requirement for revenue from regulated water services to be spent on those services from enactment of Bill 3)			
Revenue thresholds				Revenue thresholds can apply (if required)		
Quality standards and performance requirements				Quality regulation and performance regulation can apply following designation (if required)		
Price-quality regulation					Price-quality regulation can apply following designation (if required)	

[Department of Internal Affairs: Local Water Done Well Implementation roadmap \(as at December 2024\)](#)



Please send through any questions to
wai@comcom.govt.nz, or let us know if you want to
be included in our mailing list.