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### **Christchurch City Council submission on *Economic Regulation and Consumer Protection for Three Waters Services in New Zealand***

Christchurch City Council thanks the Ministry of Business, Innovation and Employment for the opportunity to provide comment on the Economic Regulation and Consumer Protection for Three Waters Services in New Zealand discussion document.

We agree that there is a need for change in the way three waters services are delivered in New Zealand, and we are committed to working within the reform programme to ensure the best outcomes for our community. However, we do not agree with the blanket assertion in the discussion document that councils have not been delivering efficient and effective three waters services.

We acknowledge that there are a range of infrastructure deficits and legacy issues that need to be addressed, and increasing challenges being faced by councils (including natural hazards and climate change). However, we are constantly reminded of the exceptions – such as the Havelock North incident - meaning the discussion does not focus on the real issues and the reality of having to identify and prioritise the work required, in order to bring our systems into the 21st century in a way that meets our environmental objectives for clean rivers, as well as ensuring delivery of drinking water and wastewater systems.

In Christchurch, we pride ourselves on the quality of the teams that are responsible for our drinking and wastewater networks, and fully integrated systems that stores, guides and cleans our urban stormwater.

Recognising this is a relatively high-level discussion paper, we suggest that you create a Steering Group, with a mixture of elected members, Iwi representatives and technical experts to facilitate proper discussion prior to any final decisions being made. This work would also benefit from a Regulatory Impact Statement, as some of the issues raised in the Discussion Document don't have the clarity required to provide substantive feedback. These reforms has suffered from a lack of co-design, and this is something that MBIE could pick up in its approach.

Please find **attached** the Council's response to the questions included in the discussion document. For any clarification on the points within this submission please contact Teresa Wooding, Programme Manager Water Reform ([Teresa.Wooding@ccc.govt.nz](mailto:Teresa.Wooding@ccc.govt.nz))

Yours faithfully



Lianne Dalziel  
Mayor of Christchurch

# Submission on economic regulation and consumer protection for three waters services in New Zealand

<b>Name</b>	Lianne Dalziel, Mayor
<b>Organisation (if applicable)</b>	Christchurch City Council

## Responses

Economic regulation	
1	<p><i>What are your views on whether there is a case for the economic regulation of three waters infrastructure in New Zealand?</i></p> <p>The proposed three waters services entities (WSEs) will be monopoly providers of water services within their respective geographic boundaries. The absence of current or future competition and the lack of direct local democratic accountability makes economic regulation of the entities essential.</p> <p>The economic regulation must ensure residents and businesses served by the entities receive high quality services that are value for money.</p> <p>A big part of providing the service and value for money our communities deserve is the establishment of an accurate, coherent and consistent information base on which the WSEs, the water service industry sector, regulators and consumers can base their decision-making. The reality is that we don't currently have a universal information base across the country, and different Councils have different levels of asset management maturity. This is why we believe that the regulatory framework needs to start with information disclosure, which includes an assessment of the legacy infrastructure network issues that will need to be addressed by the WSEs, ahead of the expiry of resource consents and the priorities that will need to be determined to achieve this. As the Canterbury Mayoral Forum said in its submission, the risk of over-engineering would be high if the full solution was created at the start.</p>
2	<p><i>What are your views on whether the stormwater networks that are currently operated by local authorities should be economically regulated, alongside drinking water and wastewater?</i></p> <p>The challenges raised in the discussion document align with the reasons this Council believes stormwater asset ownership and service delivery should remain with councils (unless transferred by agreement of the relevant council and WSE). Stormwater services are provided for public benefit, as opposed to water and wastewater services which more directly benefit individual consumers – meaning that charging for these services is not as straight forward as it is for other water services.</p> <p>The stormwater and flood management challenges Christchurch faces are more acute than many other locations. Christchurch is a low-lying coastal city that is largely flat and built on a swamp, making for some unique challenges and solutions. This is recognised by the</p>

Christchurch District Drainage Act 1951 which gives the Council powers and responsibilities that most other territorial local authorities don't have. Thought needs to be given to how the WSE structure could impact on flood response management. It is not a one-size-fits all approach.

Stormwater networks are normally highly integrated with council roading, parks and natural waterways assets - to the point where separating the assets into various connected networks simply doesn't make sense. As the Canterbury Mayoral Forum submission states, there is a demonstrated lack of understanding of stormwater networks and service delivery in the discussion document. This has been recurrent throughout the reform process, and the Steering Group established to consider its integration into the WSEs only reported in July. This was not properly assessed in the RIS, which was completed prior to then.

If councils and WSEs are jointly responsible for providing and maintaining elements of the stormwater network, then defining where infrastructure demarcations lie, and therefore who is regulated for what, will be problematic. The Council strongly reiterates that stormwater services should to be excluded from the three waters reform process. However, if stormwater services are to be provided by the proposed WSEs, the services should be economically regulated. The WSEs would be monopoly providers of stormwater services and economic regulation will be required to ensure quality sustainable infrastructure and services are delivered cost-effectively.

3

*What are your views on whether the four statutory Water Services Entities should be economically regulated?*

As monopoly providers of essential services, there needs to be the ability to economically regulate the WSEs. However, as stated below, this should start with information disclosure as the key mechanism to offer consumer protection. The information required to be disclosed should be appropriate to demonstrate to the community the extent of efficiency gains achieved over time and enable transparency around the work that needs to be done to incrementally improve efficiency and quality of service.

4

*What are your views on whether economic regulation should apply to community schemes, private schemes, or self-suppliers? Please explain the reasons for your views.*

The Council agrees that cost-benefit considerations should influence decisions regarding applying economic regulation to community and private schemes. The 10,000+ consumer threshold suggested in the discussion document seems a reasonable guide to the size of private scheme to which economic regulation should be seriously considered.

Consideration could also be given to having mechanisms in place so that smaller community and private schemes could still be subject to some form of economic regulation, if consumers were to request the regulatory authority to review the performance of a scheme (at the cost of the regulatory authority, and in a way that is consistent and transparent for the benefit of consumers).

This is particularly relevant where the supplier is operating on a commercial basis rather than being a community-owned scheme.

5

*What are your views on whether the Water Services Entities should be subject to information disclosure regulation?*

The Council agrees that the WSEs should be subject to information disclosure as the basis of economic regulation. Information disclosure requirements should be as comprehensive as possible, while not placing unnecessary or unreasonable compliance costs on service

providers. Requiring regulated suppliers to publicly disclose information in accordance with the requirements set by the economic regulator, coupled with the economic regulator publishing a summary and analysis of the disclosed information, provides valuable information to owners/governors (including local government and iwi/Māori), regulatory and policy agencies, and the economic regulator itself. All information should be publically available to promote transparency and enable quality benchmarking.

As has been said before, there is a lack of consistent information across the 67 councils and therefore this will be a key challenge that the WSEs and the economic regulator will need to confront.

While some level of information disclosure regulation could be required of other water services providers, this would need to be considered alongside the relative benefit to consumers vs compliance costs.

6

*What are your views on whether Water Services Entities should be subject to price-quality regulation in addition to information disclosure regulation?*

The Council is not convinced, based on information provided in the discussion paper, that there is an immediate case for applying price-quality regulation on WSEs, nor that price-quality regulation could be applied efficiently and effectively to the benefit of consumers. Price-quality regulation would be complex to establish and comply with, particularly in the early years of WSE service provision, due to the array of assets, service levels and pricing structures WSEs will inherit from councils. It may be better to allow the regulator to review whether there is a role for price-quality regulation at some point in the future, once implementation of the information disclosure requirements has been completed.

WSEs will be required to provide service level, financial, asset management and pricing information to regional representative groups and communities via annual reporting requirements and planning documents and it is important that the information requirements of these documents are well-structured and delivered to a high standard. Given the WSEs will not have a profit motive and cannot distribute a dividend, the risk overcharging and/ or accumulating cash appears low. However, it is something that could be specifically reviewed by the regulator once the new system had been embedded.

This doesn't, however, remove the need for incremental improvement in both the standard of service and the value for money provided by WSEs. This should be able to be achieved through the joined-up application of requirements on WSEs from Taumata Arowai, the Government (via GPS requirements) and Regional Representative Groups (via statements of performance expectations). If WSEs are responsible for delivering stormwater services, then there will have to be a role for councils in any price-quality regulation approach due to the integrated nature of stormwater networks, with councils retaining ownership and responsibility for some assets required as part of the network.

7

*What are your views on the appropriateness of applying individual price-quality regulation to the Water Services Entities?*

If there is seen to be a need (and benefit) from applying price-quality regulation, then the Council believes that individual price-quality regulation should be able to be applied to reflect variations in circumstances faced by the different entities. This approach could be nuanced by having regulation for each entity tailored to the various schemes operated by each WSE. This could be on the basis of size of scheme or on the type of service offered, e.g. for drinking water schemes, based on water source (aquifer, run of river or stored water) as appropriate.

The qualitative features of three waters services have always provided councils and communities with a range of trade-off options. For example, Christchurch residents have been clear in their preference for water that isn't chlorinated. This has trade-off implications in terms of network architecture and standards and precautionary monitoring and testing regimes, which have been developed specifically for this purpose. A blunt approach to price-quality regulation could compromise the ability of WSEs to appropriately tailor services and investment based community preferences.

8

A) *Do you consider that the economic regulation regime should be implemented gradually from 2024 to 2027, or do you consider that a transitional price-quality path is also required?*

B) *If you consider a transitional price-quality path is required, do you consider that this should be developed and implemented by an independent economic regulator, or by Government and implemented through a Government Policy Statement?*

A) The Council agrees that information disclosure regulation should be implemented gradually from 2024 to 2027.

B) The Council does not believe a transitional price-quality path is necessary or likely to be particularly useful in the early years of WSE operation.

C) Any future transitional price-quality path should be developed by the economic regulator with advice from Taumata Arowai and with regional representative groups having a key advisory/ advocacy role – as above.

The Council strongly considers that regional representative groups need to have a key role in deciding the approach to be taken for regulating each entity. This would ensure local voice is applied to an important aspect of the regulatory model.

We also wish to draw your attention to the matter raised in the Canterbury Mayoral Forum submission, which highlights that this proposal deviates away from the way councils fund depreciation – and the risks of not accounting for depreciation in the WSE pricing model.

9

A) *What are your views on whether the Minister of Commerce and Consumer Affairs should be able to reduce or extend the application of regulation on advice from the economic regulator?*

B) *What factors do you consider the economic regulator should include in their advice to the Minister?*

A) The Council agrees that the level of regulation should be periodically reviewed, and submits that regional representative groups need to be continuously consulted in these reviews (as well as advice from regional, city and district councils). We agree with the CMF submission, which recommends that alteration to the scope of regulations should only be allowed by Order in Council, not by an individual Minister.

B) The Council agrees with the factors suggested in section 90 of the discussion document, and would also want to see community wellbeing measures included in the performance and reporting regime, and in any advice to the Minister. Councils and communities are accustomed to using community wellbeing measures and these should be developed in collaboration with councils and regional representative groups.

10

A) *What are your views on whether the purpose statement for any economic regulation regime for the water sector should reflect existing purpose statements in the*

*Telecommunications Act and Part 4 of the Commerce Act given their established jurisprudence and stakeholder understanding?*

- B) *What are your views on whether the sub-purpose of limiting suppliers' ability to extract excessive profits should be modified or removed given that Water Services Entities will not have a profit motive or have the ability to pay dividends?*
- C) *Are there any other considerations you believe should be included in the purpose statement, or as secondary statutory objectives?*
- D) *What are your views on how Treaty of Waitangi principles, as well as the rights and interests of iwi/Māori, should be factored into the design of an economic regulatory regime for the three waters sector?*

- A) The purpose statement needs to refer to health and safety standards as well as purely economic requirements. While health and safety aspects relating to water quality will be covered through the standards required by Taumata Arowai, there needs to be scrutiny via the economic regulatory framework also.
- B) While we consider that the chance of a water service provider (other than a WSE) reaching a scale where excessive profit or dividends becomes an issue is low, the ability to regulate profits if this were to occur should remain.
- C) We consider that additional to health and safety standards, the purpose statement should also refer to environmental standards, in particular to Te Mana o Te Wai, as expressed in the National Policy Statement for Freshwater Management 2020.
- D) Any design of an economic regulatory regime should include clear commitment to Te Tiriti o Waitangi as an essential fundamental imperative of the Crown's commitment to giving effect to the principles of Te Tiriti, and through enabling Māori to partner and actively engage in the development of that regime. Specifically, Council notes the legal relationship between the Crown and Te Rūnanga o Ngāi Tahu as premised upon, and outlined within: Te Tiriti o Waitangi; the Ngāi Tahu Deed of Settlement 1997 and the Ngāi Tahu Claims Act 1998. Council recognise the Rangatiratanga as expressed by Ngāi Tahu across its takiwā. Given this, Council expect that the Crown will engage directly with Ngāi Tahu on any related policy or management regime in respect to this kaupapa, inclusive of representation matters.  
  
Council supports the views of Ngāi Tahu.

11

*What are your views on whether a sector specific economic regulation regime is more appropriate for the New Zealand three waters sector than the generic economic regulation regime provided in Part 4 of the Commerce Act?*

The Council agrees there should be a sector specific regulation regime for the reasons put forward in the discussion document. While there are elements of a regulatory regime that will mirror those of other sectors, three waters infrastructure and services are complex and need to be regulated in ways that recognise that complexity.

As iterated in the Canterbury Mayoral Forum submission, it is clear that there is a misunderstanding of the nature of the relationship with a consumer versus a community. Three waters services are not the same as other services which can be individualised.

12

*What are your views on whether the length of the regulatory period should be 5 years, unless the regulator considers that a different period would better meet the purposes of the legislation?*



The Council agrees there should be a regulatory period of five years for the reasons put forward in the discussion document. The Council submits that regional representation groups be given a key role in determining and informing the review process.

13

- A) *What are your views on whether the economic regulator should be required to develop and publish input methodologies that set out the key rules underpinning the application of economic regulation in advance of making determinations that implement economic regulation?*
- B) *What are your views on whether the economic regulator should be able to minimise price shocks to consumers and suppliers?*
- C) *What are your views on whether the economic regulator should be required to set a strong efficiency challenge for each regulated supplier? Would a strong 'active' styled efficiency challenge potentially require changes to the proposed statutory purpose statement?*

A) The Council agrees that the economic regulator should be required to develop and publish input methodologies that set out the key rules underpinning the application of economic regulation in advance of making determinations that implement economic regulation. This promotes transparency and consistency. As highlighted in the CMF submission, this should also include operations, capital, level of service, growth and renewals.

B) The Council believes the economic regulator should be able (or required to act) to minimise price shocks, particularly in the early stages of the life of the water service entities when a fair transition to any new pricing approaches will be important.

The discussion document takes a very generic approach to price regulation with little detail to indicate what can be expected. Pricing will be a complex issue, particularly for drinking water where the water service entities will be inheriting a range of legacy pricing arrangements. These arrangements have evolved to suit the unique requirements of individual councils and communities.

It is reasonable to expect the water service entities to want to harmonise pricing mechanisms by service.

The economic regulator will need to be able to influence how this occurs and over what period of time to ensure a fair transition. This must be transparent.

C) The Council agrees the economic regulator should be required to set a strong efficiency challenge for each regulated supplier. However, water services have other objectives including quality and preparedness for increased future challenges that need to be considered alongside immediate operating efficiency.

14

A) *What do you consider are the relevant policy objectives for the structure of three waters prices? Do you consider there is a case for parliament to directly control or regulate particular aspects in the structure of three waters prices?*

B) *Who do you consider should have primary responsibility for determining the structure of three waters prices:*

- a) *The Water Services Entity, following engagement with their governance group, communities, and consumers?*
- b) *The economic regulator?*
- c) *The Government or Ministers?*

	<p>C) <i>If you consider the economic regulator should have a role, what do you think the role of the economic regulator should be? Should they be empowered to develop pricing structure methodologies, or should they be obliged to develop pricing structure methodologies?</i></p>
	<p>A) The policy objectives should align with those for the overall reform programme – including financial sustainability, high quality and reliable service, affordability and transparency.</p> <p>An effective economic regulator should negate the need for parliament to directly control pricing.</p> <p>B) WSEs and the economic regulator should work together with communities served to develop the most appropriate structure for three waters pricing. The regional representative groups should include pricing structure in their statement of performance expectations if appropriate/ required. The Government or Ministers should not be able to intervene in pricing decisions.</p> <p>C) See B above.</p> <p>The most challenging component of pricing approach is likely to be around horizontal consistency and equity. This may benefit from the Government requiring consistent pricing across each entity but then leaving space for the other parties to work collaboratively within this to achieve an equitable and efficient approach.</p>
15	<p><i>What are your views on whether merits appeals should be available on the regulators decisions that determine input methodologies and the application of individual price-quality regulation?</i></p>
	<p>The Council agrees with the Ministry’s preliminary view to have merit appeals available for the reasons put forward in the discussion document.</p>
16	<p><i>Do you broadly agree that with the compliance and enforcement tools? Are any additional tools required?</i></p>
	<p>The Council broadly agrees with the proposed compliance and enforcement tools. These are similar to regulatory compliance tools used by councils, which is detailed in the CMF submission.</p>
17	<p><i>Who do you think is the most suitable body to be the economic regulator for the three waters sector? Please provide reasons for your view.</i></p>
	<p>The Council agrees with the Ministry’s analysis that the Commerce Commission is the most appropriate body to be economic regulator of the three waters sector.</p> <p>The Council would, however, point out that the Commission will need appropriately skilled staff to oversee the regulation given the complexities of three water infrastructure networks and services. Simply expecting regulatory teams with experience in other sectors to be able to apply generic approaches to three waters is unlikely to be a workable approach.</p>
18	<p><i>What are your views on whether the costs of implementing an economic regulation regime for the three waters sector should be funded via levies on regulated suppliers?</i></p>
	<p>The Council agrees that the cost of implementing an economic regulation regime should be funded via levies on water service entities and other regulated suppliers. The reform model is predicated on there being significant cost of service efficiencies to be realised that will</p>



flow through to more affordable service delivery. On this basis there shouldn't be any noticeable cost impacts on service users if water service entities fund economic regulation via levies.

This approach could also encourage water service entities to make the compliance process as efficient as possible through providing all information required in a timely fashion.

*Do you think that the levy regime should:*

19

*A) Require the regulator to consult on and collect levy funding within the total amount determined by the Minister? OR*

*B) Require the Ministry to consult on the levy (on behalf of the Minister) and collect levy funding within the total amount determined by the Minister?*

The Council believes the regulator should consult on and collect levy funding within the total amount determined by the Minister. The regulator needs to have a relationship with communities based on being a credible representative for consumer interests. Undertaking the consultation would assist with building credibility and relationships with communities.

20

*Are there any other levy design features that should be considered?*

There should be a requirement for regional representative groups to be consulted on levy design and on any review of the levy.

## Consumer protection

21

*A) What are your views on whether additional consumer protections are warranted for the three waters sector?*

*B) What are your views on whether the consumer protection regime should contain a bespoke purpose statement that reflects the key elements of the regime, rather than relying on the purpose statements in the Consumer Guarantees Act and Fair Trading Act? If so, do you agree with the proposed limbs of the purpose statement?*

A) The Council believes the health implications and complexity of three waters services do warrant additional consumer protection.

B) The Council believes there should be a bespoke purpose statement, again because of the health implications and complexity of three waters services.

22

*What are your views on whether the consumer protection regulator should be able to issue minimum service level requirements via a mandated code that has been developed with significant input from consumers?*

The Council agrees that the consumer protection regulator should be able to issue minimum service requirements via a mandated code. However, due to the complexity of the services provided and the varying standards of service able to be delivered via the various three waters networks to be covered by any requirement on any one water services entity, the standards may, by necessity, end up being so generic that for some consumers they may offer little in reality. Consumers served by small schemes could benefit in some situations. Over time this limitation may dissipate if standards delivered across the country can be lifted to a uniformly high level.

	<p>On this basis the Council believes a mandated code should be introduced and tailored to be able to apply to the range of schemes covered. The code would also need relatively frequent review to ensure standards are progressively required to improve.</p> <p>By having incrementally improving minimum standards a high degree of horizontal equity (in terms of quality of service) would be achieved over time.</p> <p>The Council believes councils or regional representation groups should have a role in developing and reviewing any minimum standards or code.</p>
23	<p><i>What are your views on whether the consumer protection regulator should also be empowered to issue guidance alongside a code?</i></p> <p>The Council agrees that the consumer protection regulator should be empowered to issue guidance. This would enable water service entities to proactively raise standards in anticipation of incrementally higher standards being prescribed by the code as it is reviewed</p>
24	<p><i>What are your views on whether it is preferable to have provisions that regulate water service quality (not regulated by Taumata Arowai) in a single piece of economic regulation and consumer protection legislation?</i></p> <p>The Council agrees that, if practicable, a single piece of legislation should be used. It would be necessary, however, that the legislation covered off reasonable quality requirements specific to water services. Again, regional representation group input would be useful.</p>
25	<p><i>What are your views on whether minimum service level requirements should be able to vary across different types of consumers?</i></p> <p>The Council agrees minimum service requirements should be able to vary across different types of consumers according to reasonable needs and preferences.</p>
26	<p><i>What are your views on whether the regulatory regime should include a positive obligation to protect vulnerable consumers, and that minimum service level requirements are flexible enough to accommodate a wide range of approaches to protecting vulnerable consumers?</i></p> <p>The Council agrees there should be an obligation to protect vulnerable consumers, and that minimum service levels are flexible enough to accommodate the achievement of this. This is likely to be particularly important in achieving a fair transition to more standardised pricing models.</p>
27	<p><i>What are your views on how Treaty of Waitangi principles, as well as the rights and interests of iwi/Māori, should be factored into the design of a consumer protection regime for the three waters sector?</i></p> <p>Please see our response to 10 D)</p>
28	<p>A) <i>Do you consider that the consumer protection regime should apply to all water suppliers, water suppliers above a given number of customers, or just Water Services Entities? Could this question be left to the regulator?</i></p> <p>B) <i>Do you support any other options to manage the regulatory impost on community and private schemes?</i></p>

	<p>The Council believes the consumer protection regime should apply to all water service providers (including councils) regardless of the economic regulation requirements applied to particular providers.</p>
29	<p><i>Do you broadly agree with the compliance and enforcement tools proposed? Are any additional tools required?</i></p>
	<p>The Council broadly agrees with the tools proposed.</p>
30	<p><i>Do you agree with our preliminary view that the Commerce Commission is the most suitable body to be the consumer protection regulator for the three waters sector?</i></p>
	<p>The Council agrees that the Commerce Commission is the most suitable consumer protection regulator. As detailed in the document the Commission has extensive experience and expertise in the area.</p> <p>Again, the Council cautions that three waters services are complex and the Commission would need to be appropriately resourced to be an effective consumer protection regulator.</p> <p>The Council believes the Commerce Commission will need to show it can be a more effective consumer protection regulator for three waters services than it appears to have been for the telecommunications sector. The Council notes with concern that after decades of sector reform TUANZ continues to need to advocate for improvements in what should be basic consumer service provision. The Commerce Commission simply can't allow this to happen in its regulation of one of the essentials of life. See <a href="https://tuanz.org.nz/15th-october-2021-submission-on-the-improving-retail-service-quality-draft-baseline-report/">https://tuanz.org.nz/15th-october-2021-submission-on-the-improving-retail-service-quality-draft-baseline-report/</a></p>
31	<p><i>What are your views on whether the regulator should be required to incentivise high-quality consumer engagement?</i></p>
	<p>The Council agrees with the regulator being required to incentivise water service entities to undertake high quality consumer engagement, though we anticipate this will be difficult to define beyond what is already proposed to be required.</p> <p>Again, the Council believes the economic regulator should be required to work with regional representative groups to decide what constitutes high-quality engagement. There may be a challenge in defining what constitutes “high quality consumer engagement”. This is another situation where requiring regional representative group involvement in decision-making (regarding the definition of “high quality engagement) is likely to be both beneficial and efficient overall.</p>
32	<p><i>What are your views on whether there is a need to create an expert advocacy body that can advocate technical issues on behalf of consumers?</i></p>
	<p>The Council does not support adding an additional required layer of regulation or guidance to advocate on technical issues on behalf of consumers.</p> <p>It is expected that organisations will emerge to advocate on behalf of consumers with councils likely to be at the forefront of advocacy on behalf of communities. An organisation similar to TUANZ might be expected to emerge to advocate, as TUANZ does, on behalf of businesses with a high reliance on quality three waters services as well as communities. It is likely that Water New Zealand would have the capacity and capability to fill this role, though there may need to be some changes to that organisation to ensure it minimises any conflicts of interest.</p>

33	<p><i>What are your views on whether the expert body should be established via an extension to the scope of the Consumer Advisory Council's jurisdiction?</i></p>
	<p>The Council does not agree with extending the mandate of the CAC to fulfil this function. One of the examples used in the discussion paper relates to the CAC engaging on technical issues such as solutions for treating wastewater. It is hard to see an organisation formed to advocate on matters associated with electricity networks having the ability to advocate on highly technical wastewater matters.</p> <p>Taumata Arowai, the economic regulator, and the water service entity boards and management should collectively have the ability to resolve technical issues and to communicate these to consumers in a way that is easily understood. Councils do this now with great success.</p> <p>The Council believes this role should be undertaken by council representatives or the regional representative groups, both of which would have the ability to sense check technical matters on behalf of consumers.</p>
34	<p><i>What are your views on whether there is a need for a dedicated three waters consumer disputes resolution scheme?</i></p>
	<p>The Council agrees that there should be a consumer disputes resolution scheme available to all customers of the WSEs.</p> <p>Without knowing the track record of Utility Disputes Ltd., the Council agrees this organisation, or a similar organisation, could have the ability to provide this service.</p>
35	<p><i>What are your views on whether these kinds of disputes should be subject to a dispute resolution schemes? Are there any other kinds of issues that a consumer dispute resolution provider should be able to adjudicate on?</i></p>
	<p>The Council agrees that the kinds of disputes listed in the discussion document should be subject to a disputes resolution scheme and that other avenues for resolution are available as suggested.</p>
36	<p><i>What are your views on whether a mandatory statutory consumer disputes resolution scheme should be established for the water sector?</i></p>
	<p>The Council agrees that it should be mandatory for WSEs to subscribe to a single disputes resolution scheme and for all consumers to have free access to the scheme.</p>
37	<p><i>Do you consider that a new mandatory statutory consumer disputes resolution scheme should be achieved via a new scheme or expanding the jurisdiction of an existing scheme or schemes?</i></p>
	<p>As above. Without knowing the track record of Utility Disputes Ltd., the Council agrees this organisation could have the ability to provide this service.</p>
38	<p><i>Do you consider that the consumer disputes resolution schemes should apply to all water suppliers, water suppliers with 500 or more customers, or just Water Services Entities?</i></p>
	<p>The Council believes that all schemes operated by WSEs and all schemes operated by other water suppliers with 500 or more customers should be required to have a disputes resolution scheme available.</p>

39	<p><i>Do you think the consumer dispute resolution scheme should incentivise water suppliers to resolve complaints directly with consumers?</i></p>
	<p>The Council agrees that incentives should be used.</p>
40	<p><i>Do you consider that there should be special considerations for traditionally under-served or vulnerable communities? If so, how do you think these should be given effect?</i></p>
	<p>The Council agrees that there should be special considerations for traditionally under-served or vulnerable communities. The approaches suggested in the discussion document all make sense.</p> <p>Councils could provide venues and assistance for accessing information and support for most communities through their local networks of offices, libraries, community centres etc. and through local members of councils advocating on behalf of their residents.</p> <p>Councils could be contracted to provide these services.</p>
41	<p><i>What are your views on whether the costs of implementing a consumer protection regime for the three waters sector should be funded via levies on regulated suppliers?</i></p>
	<p>The Council agrees that the costs of implementing a consumer protection regime should be funded via levies on regulated suppliers.</p>
42	<p><i>Do you think that the levy regime should:</i></p> <p>A) <i>Require the regulator to consult on and collect levy funding within the total amount determined by the Minister? OR</i></p> <p>B) <i>Require the Ministry to consult on the levy (on behalf of the Minister) and collect levy funding within the total amount determined by the Minister?</i></p>
	<p>The Council believes the regulator should consult on and collect levy funding within the total amount determined by the Minister.</p>
43	<p><i>Are there any other levy design features that should be considered?</i></p>
44	<p>The Council believes the possibility of including other features should be considered by the regulator with input from councils or regional representation groups.</p>
<p><b>Implementation and regulatory stewardship</b></p>	
45	<p><i>Do you consider that regulatory charters and a council of water regulators arrangements will provide effective system governance? Are there other initiatives or arrangements that you consider are required?</i></p>
	<p>The Council believes it is important to minimise complexity and potential fragmentation of responsibilities across multiple agencies. There are a number of existing mechanisms that could be used included a Government Policy Statement (GPS) but the setup and delivery of the chosen mechanism will determine the effectiveness of system governance.</p>
46	<p><i>Do you consider it is useful and appropriate for the Government to be able to transmit its policies to the economic and consumer protection regulator(s) for them to have regard to?</i></p>

The Council believes there is no reason for the Government not to be able transmit information as suggested. The Government needs to ensure it does not venture into any matters that should be the preserve of the regulator(s).

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*What are your views on whether the economic and consumer protection regulator should be able to share information with other regulatory agencies? Are there any restrictions that should apply to the type of information that could be shared, or the agencies that information could be shared with?*

The Council believes information should be shared except where in sharing information privacy or commercial sensitivities could be breached. Wherever possible this information should also be publically available.

## Other comments

There was a complete failure from the DIA running the Three Waters reform process to engage with councils. By not working with councils in a collaborative way and by not responding to the issues raised in feedback on inaccuracies of information, it has made it harder for us to engage in a meaningful way.

Due to the limited information provided in this discussion document on the practical implementation, we consider that a further round of engagement is required before any of these decisions are formalised. There is nothing more demoralising than working to provide feedback and finding the decision has already been made.

Lastly, we would still like to see the assumptions / modelling framework sitting behind the WICS assessment of operating efficiencies. We are not convinced that the efficiencies that have been provided could be realised - which means economic regulation will have an even more important role to play.