

Tim Cadogan  
Mayor@codc.govt.nz  
021 639 625

Please find below my submission in relation to the economic regulation of the Three Waters Reform.

I am the Mayor of the Central Otago District but make this submission in my personal capacity. A separate submission will be made by my council.

I am also a member of the Ministerial Working Group on Accountability, Governance and Representation of Water Services Entities.

Though this is a personal submission, the knowledge and experience I have gained through both those roles plainly influence my thoughts. This is not just in relation to the three waters reforms but also in having led the community through the Customised Price Path of Aurora Energy. This has given me significant insight from the viewpoint of the consumer not just into what happens when economic regulation fails, but how the Commerce Commission is perceived by the general public.

The role of the Working Group is only in its initial phases, but already it has become apparent that there is interest from both council and iwi members that the governance structure for the entities and the economic regulations monitoring them do not develop in isolation.

A handwritten signature in black ink, appearing to be 'Tim Cadogan', with a stylized, flowing script.

Timothy Cadogan

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

## Your name and organisation

<b>Name</b>	Timothy Cadogan
<b>Organisation (if applicable)</b>	I am Mayor of the Central Otago District Council but make this submission in my private capacity.

## 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>There undoubtably is. The Three Waters reforms will create four monopoly enterprises across the country. There is significant risk that a monopoly will not act as efficiently as possible if there is not an independent means to hold it to account. Economic regulation will also stimulate competition between the four entities as each one’s abilities and failings will be scrutinised independently; allowing for best practice to become apparent and to be emulated.</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>I agree with the Discussion Document conclusion that stormwater should be part of economic regulation and also agree that it is by a fine margin. As there is no means to assess who benefits from a stormwater network to a greater or lesser extent than another user, as the network is there for the common good, standardised charging similar or the same as currently employed by councils would seem the most sensible way forward. That leaves little room for economic regulation other than, importantly, between entities. The comparison by an economic regulator of the cost of stormwater networks between entities may expose inefficiencies and highlight better methods that will benefit all.</p>
3	<p><i>What are your views on whether the four statutory Water Services Entities should be economically regulated?</i></p> <p>They absolutely should be as every monopoly should be. Even in a situation as we have under the reforms whereby no profit or dividend should result, there I still a major threat of inefficient thinking and action causing the reforms to lack or lose the desired benefit to the consumer.</p>
4	<p><i>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.</i></p>

Overseas experience shows the number where it becomes useful to have such regulation (10,000 users) and the number of schemes that reach that number or even the next level down (5001 – 10,000 users) does not warrant the cost of creating and running the bureaucracy needed. However, consideration should be given to a process whereby a smaller scheme that is not behaving ethically or using its unfair advantage to consumers detriment can be brought under the regulator.

5

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

Yes, they should. In addition, each entity should be required to report on exactly the same items of information in exactly the same way so that direct comparisons as to performance can be easily made by both the regulator and the public.

6

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

A bottom line as to “quality” will be dictated by the Water Services Act and monitored/enforced by Taumata Arowai (primarily in relation to drinking water) and by the environmental regulators (primarily the Regional Councils) in relation to wastewater and stormwater. The role of the entity is to meet those bottom lines at the most efficient price. However, where I can see things getting complicated is when a community wants a higher quality than the bottom line set by the regulator; for instance, if a community seeks a more expensive drinking water disinfectant mechanism than chlorination. This would necessitate greater cost for arguably no benefit in quality. The entity could find itself in a position of people seeking a gold standard on the basis that a wider catchment of people is paying, something that has been seen in districts that have distritised their three waters assets. Price-quality regulation has a part to play in monitoring and controlling this behaviour.

7

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

I agree with the paper that individual price-quality regulation is the most appropriate form of price-quality regulation, especially in the instance of only having 4 entities under the reforms.

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) It is disappointing and perhaps symptomatic that local authorities have been unable to provide data adequate to allow regulation to begin alongside the reforms. In that context though, it would seem to me that an urgent priority for the entities would be to get a clear stocktake that would give clear high-quality information on the assets, costs and quality of service provided by regulated suppliers. Without that they would be flying blind, as would any economic regulator. On that basis, I agree with the logic of implementation of regulation over the time period proposed. However, I would add that there must be a standardised approach to the way the four entities compile the data

through that time, in order that, unlike now where there appears to be 67 different ways to record information as to assets, there will only be one way. We cannot allow ourselves to get in a situation where the 4 entities go about this process in a different, or even slightly different manner, meaning comparisons between them in later years which could show inefficiencies are pointless because the base data is arranged differently.

B) If the staged approach is to be taken, a fully prepared economic regulator will need to be in place by 2027. Three years is not a long time, and there may be benefit in utilising an independent economic regulator from the outset so that it grows with the entities, making the transition in 2027 more effective. A risk of using a GPS could be a lack of ability to change and flex in an environment that will be new to many involved.

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) I am nervous about any political ability to remove economic regulation from the forthcoming monopolies. Time may find that there are reasonable needs to extend the regulation but removing any of the weapons that protect consumers from monopoly behaviour should be treated with extreme caution, especially when the decision to do so would be a political one.

B) I don't have any suggestions on this point.

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?*

The example given at paragraph 92 with the exception, as noted, of (d) appear appropriate. I along with many have a grave concern that these reforms never lead to privatisation, so I object to the word "profit" being used. Any income above costs derived by the entity should be applied back in to the entity, so profit is meaningless. I believe the strong sentiment against anything looking like a normal company structure, such as profit, far overwhelms the concerns raised at paragraph 96

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?*

As above

C) *Are there any other considerations you believe should be included in the purpose statement, or as secondary statutory objectives?*

We shouldn't overcomplicate roles. While it is unclear what the final governance arrangements will be for the entities, there is no doubt that the concept of Te Mana o te Wai will have significant relevance. It is also plainly obvious that climate change will also have an effect on the future of the entities. However, these are components of the day-to-day work

of the entities; the job of the economic regulator is to ensure efficiencies from the entities in doing that work. To put it another way, achieving the expression of Te Mana o te Wai or dealing with effects of climate change will incur cost on the entities. I see the role of the economic regulator as being no more (in this context) than ensuring that those costs are met as efficiently as possible.

*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?*

Poor economic regulation effects lower income parts of society to a greater extent than others. The increase in lines charges created by the inefficiencies within the Aurora lines network will, for example, have a far greater impact on pensioners in my community that it will on people not on a fixed income, as the cost increase is standard across each household. Inefficiencies in the entities will cause more harm to those who have the least.

However, I believe ensuring the entities undertake their task as efficiently as possible will have a positive effect to all across the country, including Māori.

*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?*

11 I agree that a sector-specific regime would be the most appropriate form of regulation but believe an important reason as to why has been missed in the paper. That is that the reforms have been subject to such a significant amount of public concern, much generated by misinformation, that the public needs to have the surety of a clear, stand-alone regulator being involved from the outset, rather than being an amorphous part of the Commerce Commission.

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?*

I agree with a shorter time period at the outset of 2-3 years. There will be a lot of learning to be done in these reforms and an early look at how the path set is working is required in the first instance. I also think policy should be open to the second period also being shorter than 5 years if deemed advantageous at the time.

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) I agree that the input methodologies need to be created at the front end. While this creates greater cost, it is important that the pathway forward is clear from the outset. In relation to the detriment of not being able to flex with the market, I'm not sure there is going to be significant shift in the market through technologies or consumer needs to warrant the trade-off.

I need to add though that the input methodologies need to be created in a manner that is understandable to the average person and are the same format across the entities. It is very easy for monopolies, indeed any company, to hide behind overly complex language and jargon making it impossible for consumers to understand what they are conveying.

B) Totally agree. The people of the near future are going to be paying for the failings of the people of the recent past to maintain and grow 3 waters infrastructure in a proper manner. There is significant cost to this. However, this sort of infrastructure, properly maintained, has a long life, so the people who are going to be immediately affected by these changes should be cushioned to an extent by passing some of the shock onto the people of 30-40 years' time, through increased debt or reduced depreciation where required to soften shocks.

C) The examples given at paragraphs 115 and 116 may work in the case of monopolies that generate a profit for shareholders, but the proposed entities do not do this. Motivation through the supplier being allowed to keep a portion of any efficiencies achieved in a given regulatory period makes no sense when anything earned should be going back into the infrastructure, while penalties through consumer rebates makes no sense either because the money rebated will simply be taken away from investment the same consumers need to have made on their behalf.

In my view, the strong, active approach of paragraph 118 is appropriate. Incentives could be based around director remuneration (a salary plus efficiency bonus pay structure) as a carrot and dismissal as a stick. In cases of the local government sector, the threat of commissioners has on occasion proven to be an effective incentive toward efficiency.

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?*

C) *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?*

A) One pricing component that needs to be enforced through legislation is consistent pricing across each entity. The whole reform package has been driven by a claim that smaller councils cannot afford the increases that are coming without the efficiencies that bigger councils provide. If that is to hold true, there needs to be the same per litre or connection rate in Christchurch as there is in Cromwell. If this doesn't occur, then the whole process including the loss of local control and diminishing of local voice is for nothing. Such a decision simply cannot be allowed to be up to each Board – it must be legislated and standard across the country. Further, it should, where possible, be based on user-pays. Those who consume the most water or discharge the most effluent into a treatment system should be the ones paying the most. This will drive individual efficiencies as those of us councils who have water meters in place can attest. It will also stop bulk-using businesses from being subsidised by single consumers.

I am against social welfare benefits being used to address imbalance as they are slow to react and usually subject to political whims rather than reality. The accommodation supplement is a good example of how such an approach often fails to keep pace with reality, causing hardship to those who can least afford it.

B) The broader pricing structures should be proposed by the entity following engagement with their governance group, communities, and consumers but should be subject to the approval of the economic regulator. This will avoid the discussion being dominated by certain sectors of society or geography and allows, in effect, a superior court for the community to come to before crucial pricing structures are put in place.

C) The entities are best placed to address this, within the confines of standardised pricing across, but not between entities, and a strong emphasis on user pays. The economic regulator should be the watchdog on this however on behalf of the consumer, having the final say on methodologies being proposed.

15

*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?*

Merit appeals appear the best way forward

16

*Do you broadly agree that with the compliance and enforcement tools? Are any additional tools required?*

Fines are pointless in a non-profit environment and only impact in the long run on the consumer. I'm attracted to education programmes and comparative benchmarking but only if they are extremely public processes so the court of public opinion will have a bearing. Directors' remuneration through a partial bonus pay structure has merit.

17

*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.*

Taumata Arowai has its own role to undertake and should not be involved in economic regulation as well. It would be ill-advised to tag this on to the Commerce Commission which, with respect, is seen in general by the public to be distant and complicated. I agree with the

concepts at paragraph 144 but with respect believe they miss a vital component, and that is creating the right environment for trust from the public right from the outset. To achieve this, a new, stand-alone entity is required that would understand how important engagement with the public is at the outset of this very misunderstood and mistrusted reform. At the very start, some thought needs given to an appropriate trustworthy name, such as The Water Ombudsman, or The Three Waters Consumer Authority. Table 5 fails to consider how the public may view the new economic regulator and I cannot emphasise enough the importance of having the public understand the role of the new agency so it can effectively engage with it is. With respect, I don't believe the Commerce Commission is strong in this regard.

If consideration is given to having the water regulator bolted on to the Commerce Commission, and I can see why that has its merits, the public facing side of the operation should be deliberately distanced from the Commission, so the new regime has a fresh start. For that reason, I would oppose the idea of a title of "Water Commissioner".

If the new regulator is not undertaking its role until 2027, it would have the opportunity to build expertise and engagement before coming on-line.

18

*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?*

Whether the cost comes directly from the consumer through levies placed on the entities or indirectly through government taxation, the same pocket still pays. However, if the cost comes through levies, there is less opportunity for political interference.

19

*Do you think that the levy regime should:*

*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?*

Neither

20

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

The regulator should propose budgets to the entities, which should share the cost between them. If the entities and the regulator cannot agree on an appropriate levy, the Minister can then decide

## 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 issues raised at paragraph 163 are moving from economic regulation into consumer protection; two distinct issues that require different solutions, although possibly overseen by two different tiers of the same entity. Attention should be given to the fast resolution process for individual consumer concerns used by the Victorian



Energy and Water Ombudsman. This consumer protection device should and could be up and running by 1 July 2024 as the public needs an immediate replacement for consumer complaints rather than calling their mayor or councillor as they have done in the past.

The role of the Water Ombudsman would be micro rather than macro, dealing with individual complaints as to unexpectedly large bills, failed connections etc. Larger community issues need to be handled in a different manner

This consumer protection agency could, potentially, sit alongside the economic regulator. There would be benefit in information sharing that could result as the protection agency could see concerning trends before things reach a bad level. For instance, the Aurora lines network locally was grossly underfunded in terms of maintenance for ten years, leaving a huge infrastructure debt that the people of my district are now having to face, putting hefty financial burdens on many. Through that time, the Commerce Commission did nothing and faced strong criticism locally for this when the failings of both it and Aurora came to light. When it did act, it was by way of fine which people feel will eventually be paid by the consumer one way or the other. If the customer complaints that were undoubtedly received regularly by Aurora had somewhere central and more approachable to go, it is likely the mismanagement would have been identified a lot earlier.

B) The generic consumer protection regime provided by the FTA and CGA is of little use in a non-profit situation such as these reforms and the enforcement provisions generally are financial or involve product replacement; neither which is of use here

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?*

Many minimum service levels will be dictated by Taumata Arowai or the Regional Councils but for things such as response times to calls, customer service and satisfaction etc, the response at para. 172 and 177 seem appropriate

23

*What are your views on whether the consumer protection regulator should also be empowered to issue guidance alongside a code?*

Seems appropriate

24

*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?*

Seems appropriate

25

*What are your views on whether minimum service level requirements should be able to vary across different types of consumers?*

Within limits I agree.

26

*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?*

	<p>I agree. Water is an essential of life. Currently many people get sub-standard water and this often has direct relation to the vulnerability of the community. The reforms should improve the quality of the water over time, but this has to be balanced at the risk of availability of water dictated to by money. Financially vulnerable people are, it could be argued, better off with bad water now than no water if an entity can cut off supply.</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>As I have got older, the more I realise how much not being Māori disqualifies me from giving an informed view on Māori issues.</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>A) Prima facie the regime should apply to just the entities, but by exception, to smaller schemes. So, if a small scheme owned and operated by one family or business is imposing unreasonable costs the rest of the users, those users could apply for the regulator to step in. This could operate for a period of time until the extent of the issue becomes apparent. I would be surprised if the numbers are that large as the small schemes I am familiar with currently work on a cooperative basis and it is likely the issue won't arise as I haven't heard of this in the past</p>
29	<p><i>Do you broadly agree that with the compliance and enforcement tools proposed? Are any additional tools required?</i></p>
	<p>Broadly agree</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>No, for reasons already given</p>
31	<p><i>What are your views on whether the regulator should be required to incentivise high-quality consumer engagement?</i></p>
	<p>As already noted, enhancing the ability for the consumer to be part of this process is crucial to its success. The paper has identified the barriers to this very well, barriers I saw being very apparent in the recent Aurora Energy CPP process. The introduction of the Water Services Entities Bill has been delayed until the Working Group on Representation, Governance and Accountability, on which I sit, delivers its report in late February. It is my hope that a greater and easier consumer voice may result from that report. In particular, I believe councils have a strong role in coalescing and leading that consumer voice, bringing the expertise to bear that will address the barriers the paper recognises.</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>Absolutely support this. I spent hundreds of hours trying to get my knowledge and understanding to the point where I could contribute effectively on the Aurora CPP process and I still felt that I was unable to do that as well as I wanted due to the complexities involved. I also sat in meetings where the average consumer switched off very quickly due to the complexities. These complexities can, and I suspect are used by companies to hide behind. An expert group as suggested would be crucial to consumer confidence and ability moving forward.</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>This would seem appropriate</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>This is absolutely crucial. Presently consumers can speak directly to councillors or their mayor if they are unhappy with water services. The loss of this is one of the major concerns brought to me by my community through the reform process. I believe a bespoke service, rather than using an existing commercial service such as Fairway is needed. Again, I refer to the Victorian Energy and Water Ombudsman. It is vitally important that, when a consumer gets a bill that appears in error or so forth that they have somewhere to go that is independent, approachable and fair. I used to be a disputes tribunal referee and do not believe using that service as a means forward would be wise. Its attachment to the justice system is off-putting for many.</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>I would be nervous about a dispute resolution service being involved in access to and use of land disputes as this is heading into complex areas of law. By way of example, the disputes tribunal is barred from adjudicating in matters involving interests in land, and most of its referees are qualified lawyers. I also think caution should be taken with the proposed service dealing with the actions of staff or contractors as this crosses into employment law.</p> <p>The provider could also look at debt collection practices by entities and damage caused by the entity (for example flooding on properties caused by failure of the entity).</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>I totally support a mandatory provision of consumer dispute resolution services. This should be independent from the entities and should be stand-alone. Consumer confidence is very low in relation to the reforms, and the reforms are taking away long established, local connections. These losses must be replaced by an entity that can quickly gain the confidence of the public. I strongly oppose trying to fit something so important into an existing, private enterprise such as Fairway Resolution.</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; this needs to be stand-alone, independent and bespoke.</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>I believe that the disputes resolution scheme should apply to the entities as of right but that small supply consumers should have the ability to be brought under the scheme in certain instances. In essence, a drafting gate would apply to use the service whereby consumers of small schemes would have access but not an automatic right of access. They would have to show a prima facie problem before getting through the door. There would be significant costs for the resolution scheme to automatically cover everyone in the country, but by having a drafting gate process, those small numbers that may need the service can still access it. If the resolution scheme is levied via the entities, there should be consideration given to a fee to access the scheme from customers not connected to the entities. However, these costs could be addressed by an award of costs against the private water supplier in cases where the claimants case is found correct and the general circumstances warrant costs being awarded.</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>Yes. An analogy could be the function of the BSA whereby before the BSA will hear a complaint, it needs to go to the broadcaster, so the broadcaster has a chance to resolve it. That scheme has very clear protocols on the broadcaster to inform the complainant about next steps if they are not satisfied with the result gained and the same could apply here. No enforcement provisions or increased costs should apply on the consumer until the dispute is resolved.</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>Yes. In many cases these groups are already removed from “the system” and are less likely to go through processes put in place to enable them to do so. For example, I used to sit on the BSA community advisory panel. An issue was identified being that the vast majority of complaints about broadcasts came from a certain demographic, with other demographics missing. In particular, it was seen that pakeha used the system while minorities did not. This was found to be related to language and cultural barriers which were addressed by a programme of posters in a number of languages outlining the right to complain and the process to do so being placed in appropriate places. As a result, significantly broader engagement was gained.</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>I agree with levies for two reasons. Firstly, they won’t impact on consumers not connected to the entities and secondly, it would keep the scheme one step removed from political interference.</p>

*Do you think that the levy regime should:*

- 42 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?*

Determined by the Minister to avoid perceived conflict of interest.

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

44 It seems simple to me; the structure and costs of the scheme need to be calculated and then divided by the number of users per entity.

I'm unclear if it is the intent to have one scheme covering all four entities or a separate process for each. One unified scheme would seem appropriate to me.

### **Implementation and regulatory stewardship**

- 45 *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 sit on the governance working group and, at the time of writing this, we have only just started our considerations. My views may change as we work our way through the issues.

I have some preliminary thoughts to share though as an individual. With the current governance structure proposed by the government, the voice of communities through councillors and mayors is greatly diminished. There is huge opportunity for councils to empower the voice of the consumer through a governance model that allows for that more than the present one does.

It would be a lost opportunity if those working on economic regulation don't consider the opportunities available to protect the consumer from monopoly behaviour through a new governance model.

- 46 *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?*

Yes

- 47 *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?*

This would seem a sensible path to take

**Other comments**

--