

Appendix 1 – Draft Submission on economic regulation and consumer protection for three waters services in New Zealand

Your name and organisation

Name	Judy Turner (Mayor)
Organisation (if applicable)	Whakatāne District 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>[See 1-38] AGREE - We strongly agree that there is a vital need for ‘economic regulation of three water reform’. Our Council is concerned about the affordability of these reforms for our local ratepayers, especially with the costs being highlighted through WICS modelling of \$120-\$185Bn.</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>[See 39 – 48] NEUTRAL - Stormwater networks are complex. Under the current Three Waters Reform model, assets that have a predominant use for stormwater management will transfer over, not all assets. As a result there will need to be significant work to understand performance expectations for the system to work as a whole. Performance and benchmarking of stormwater networks is more complex than with water and wastewater. We do believe this should be included, however there are issues that would need to be worked through.</p> <p>Stormwater issues are complex and we do believe it should be included in Economic regulation and consumer protection. However there are issues that need to be worked through. At the moment stormwater consists of the catchments, lagoons, Streams, drains and Culverts, pipes and pumps and overseen by both District Councils and Regional Councils. Going into “Three Waters” there is talk that the Entities will take responsibility for the stormwater pipes and pumps, to be included in the rates/fees to be charged to the users/ratepayers, however what happens to the Catchments Lagoons, Lakes, Drains and rivers/ streams that have to be maintained. We understand that councils will still be required to maintain these.</p> <p>It means that Three Waters will rate the users for Storm water for their assets, but Councils will also have to Rate the Users to pay for their assets. Will the two different rates for storm water, added to the Drinking water and wastewater all add up to a savings for the users or will the users end up paying a higher combined amount of money that will be no cheaper than what we have now ?</p>

3	<p><i>What are your views on whether the four statutory Water Services Entities should be economically regulated?</i></p>
	<p>[See 49 – 58] AGREE - We agree that the proposed four statutory water service entities should be economically regulated – however as the water service entities cannot make profits, this should be ‘light touch’ regulation to minimise costs to consumers.</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>
	<p>[See 59 – 63] NEUTRAL – We agree the burden of applying economic regulation to community schemes, private schemes or self suppliers would be a significant, therefore we believe there should not be regulation for these suppliers. We do however need to ensure, as the additional requirements are rolled out to rural communities, that there is central government financial support to help meet increased compliance costs. Currently government is looking to provide substantial funding for existing municipal schemes, there is not equitable funding for those smaller schemes – this needs to be addressed.</p> <p>Noting through the Water Services Act there is a large amount of secondary supplier who will take water from a WSE (schools, retirement villages, industrial parks, gated communities etc) who will take water from the WSE but not be the end consumer. This will need to be considered within the regulation.</p>
5	<p><i>What are your views on whether the Water Services Entities should be subject to information disclosure regulation?</i></p>
	<p>[See 64 – 68] AGREE - We agree that the four entities should be subject to ‘information disclosure regulation’, as there needs to be transparency for consumers, also for councils who are asset owners.</p>
6	<p><i>What are your views on whether Water Services Entities should be subject to price-quality regulation in addition to information disclosure regulation?</i></p>
	<p>[See 69 – 73] NEUTRAL – Taumata Arowai. Will regulate for service levels. From an economic perspective efficiency will be key, we are unclear if ‘price quality regulation’ will deliver this more than information disclosure. And there will be a cost to this regulation, which may nullify any efficiency gains it delivers.</p> <p>Suggest consideration given to an information only regime, with a move towards price-quality over time as appropriate.</p>
7	<p><i>What are your views on the appropriateness of applying individual price-quality regulation to the Water Services Entities?</i></p>
	<p>[See 74 – 76] NEUTRAL there will be a cost for ‘individual price-quality regulation’ vs default price regulation. As these entities cannot make profits and Taumata Arowai are regulating for service, there needs to be an assessment around how much this regulation would cost vs the benefits it would deliver.</p> <p>Response from MBIE : Government will undertake further work to understand the impact of different pricing structures and changes in pricing on consumers, but will not be mandating the use of variable/volumetric charging as part of the reforms; over time, prices and charges will need to evolve to achieve the right balance between affordability, equity and efficiency</p>

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?*

[See 77 – 87] NEUTRAL - Recognising that there may be a lack of data from day one, implementing measures over a three-year period is reasonable, however there does need to be some clear measures in place from day one that allows for transparency & holds the entities accountable back to consumers. This can be achieved either through the independent economic regulator or the government policy statement, whichever is simpler & most cost effective to implement. .

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?*

[See 88 – 91] MBIE Feedback : Want feedback on here is how flexible should the economic regulation legislation be to changes in the three waters sector. Issues can be escalated through an information disclosure regime around performance, with potential impacts to revenue OR through high court.

AGREE - There does need to be flexibility in the economic regulation, having legislation governing sector-specific regulation would be good, noting any changes are recommendations from the regulator, with interested parties involvement in solutions. Do need to consider what the appropriate 'stick' and 'carrots' may be for the water service entities.

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?*

[See 92] N/A - The high level objectives for economic regulatory regime seem appropriate, noting the telecommunications sector has very different competition factors in place.

[See 96] AGREE - We agree that the 'ability to extract excessive profits' is not applicable in this context.

[See 98-101]. N/A - There does need to be some mechanism for the economic regulator to understand the trade offs with the likes of Te Mana o Te Wai, and what this will mean for

local ratepayers. In the 1990s in Rotorua some aspirational water quality standards were set for the lakes, as a result each ratepayer around the lake was then required to put in place advanced water treatment systems (Up to \$25,000 per household), and a lot of people in the community could not afford this. As a result the service levels have not been able to be achieved due to affordability – these impacts of aspirational service levels need to be matched against affordability for the community.

[See 92-101] Consideration for WSE’s transitioning to net zero emissions to be considered by the three waters economic regulator.

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?

[See 103] MBIE Feedback : Several airports, telecommunications, gas and electricity companies are subject to sector-specific regulation, although different from water, they have some monopolistic characteristics. For example the commerce commission sets the maximum revenue Transpower can recover & Transpower has to disclose specific information.

As long as the economic regulation regime put in place key success measures, along with specifics on what needs to be disclosed & this is tracked regularly & shared back with communities & consumers. Along side this there is an appropriate ‘stick & carrot’ approach it does not really matter if there is specific regulation or not. Noting that the examples provided by MBIE can all make profits, the Water Service entities cannot.

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?

[See 104-106] AGREE - the long term regulatory period should be approx. 5 years. However due to the volume of change required in the first 2-3 years & the lack of available data initially to set robust service levels / KPI’s / pricing, there should be the ability to shorten this period initially.

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?*

[See 107-111] DISAGREE - There is surely enough international experience to be able to prepare input methodologies in advance; why would NZ differ significantly from others around the world ? This will provide more certainty up front.

[See 112-113] AGREE - The economic regulator should be able to minimise price shocks, with significant spend planned (\$120-\$185Bn), there needs to be some certainty for consumers

	<p>that they can afford this. Balanced alongside this, we need to ensure that our future generations are not funding this & will not be burdened by funding this.</p> <p>[See 114-119] AGREE that strong efficiency targets should be set by the regulator, however this needs to be looked at in context. For example – Efficiencies could be gained by centralising everything, however this would have a detrimental impact on local jobs & impacts to local communities, considerations like this need to be taken into account.</p>
14	<p>A) <i>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?</i></p> <p>B) <i>Who do you consider should have primary responsibility for determining the structure of three waters prices:</i></p> <p>a) <i>The Water Services Entity, following engagement with their governance group, communities, and consumers?</i></p> <p>b) <i>The economic regulator?</i></p> <p>c) <i>The Government or Ministers?</i></p> <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>[See 120 – 124] MBIE Feedback : <i>Some examples of the Three Waters Reform Programme’s policy objectives will see Water Service Entities:</i></p> <ul style="list-style-type: none"> - <i>act in accordance with the best interest of communities now and into the future</i> - <i>be commercially and financially independent and sustainable and;</i> - <i>set charges for the supply of water services in a fair, transparent and predictable manner that is affordable, equitable and efficient.</i> <p><i>The above objectives all seem reasonable.</i></p> <p><i>N/A - There should definitely be oversight for price regulation, separate from the Water Service Entities. However this oversight should be ‘arms length’ from government or ministries, as this should not be a political decision.</i></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>[See 125- 135] AGREE - <i>The merit appeal process seems appropriate.</i></p>
16	<p><i>Do you broadly agree that with the compliance and enforcement tools? Are any additional tools required?</i></p>
	<p>[See 136 – 139] AGREE - <i>The regulatory tools seem appropriate.</i></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>[See 140 – 147] MBIE feedback on effectiveness of commerce commission at present. In</p>

October 2019, New Zealand's overall competitiveness score of 76.7 out of 1003. New Zealand has a ranking of 40 out of 141 economies for perceptions about the extent of market dominance. For perceptions about competition in services, the ranking is 25

NEUTRAL - The Commerce Commission seems to be the logical body to carry out the economic regulation for three waters, noting that additional expertise in three waters will be required. In reviewing the Commerce commission annual report 2020, it is noted that for the electricity market the consumer voice was poor & that other measures are being put in place now to rectify this. For the water services entity – this needs to be considered up front to get the link to consumer voice clearly heard.

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?

[See 148-153] MBIE Feedback : The commerce commission current funding details is contained in the 2020 annual report.

The current funding is via a mix of crown funding \$32.2M, \$1.7M from interest, fees and recoveries, with \$19.8M from industry levies. The crown funding supports competition, consumer and litigation, with sector funding of \$7.1m for electricity and \$6.3M for Telecommunications.

DISAGREE - The annual cost for this regulator needs to be efficient, with the initial transition funding provided through central government. As this is a government led reform and the benefits are not only for ratepayers, but for the wider communities they serve. Central government should have an ongoing funding component, as with other utilities.

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?*

[See 154-158] NEUTRAL – Which ever approach is taken, efficiency must be at the core of the decision. There needs to be some options analysis to determine what is the most efficient. It seems that the 'Regulator led' approach would be more efficient.

20

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

[See 154-158] None

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?*

[See 159 – 165] N/A - Whakatane District Council geographical area is large, we have

municipal supplies that are remote. We therefore do need added consumer protection to ensure that our consumers in more remote communities are safeguarded and that they receive a satisfactory level of service and response time. Education to consumers will be a key component to enhance consumer understanding.

[See 166] MBIE feedback : Looking for feedback on here is whether any water-specific consumer protection regime should have its own bespoke purpose statement, or should it have something similar to the purpose statements for the Consumer Guarantees Act and Fair Trading Act, for example :

- enhancing the quality of water services over time (focussing on aspects of quality not regulated by public health, environmental or economic regulators)
- providing consumers with a strong voice in how water services are delivered
- providing consumers with effective redress where the quality of service does not meet appropriate standards
- providing consumers with transparency regarding water charges.

AGREE : The above seems relevant to include.

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?

[See 167-179] MBIE feedback : The legislation would likely require the regulator to engage with interested parties (which would likely include consumer and advocacy groups) in developing the code. For example, the s 239 of the Telecommunications Act specifies that if the Commission develops a code it must give public notice of the process that will be followed to make the code, consult with interested persons, and give public notice of a draft code. Another example is the process the Electricity Authority followed in developing consumer care guidelines – see <https://www.ea.govt.nz/development/work-programme/operational-efficiencies/medically-dependent-consumer-and-vulnerable-consumer-guidelines/>. we have estimated that this work is likely to cost around \$2m in the first year and \$1.5m to \$2m in subsequent years – although this will depend on the final scope of the regime and the number of entities subject to the code.

AGREE - there should be some mandatory minimum codes in place, the cost of doing this really needs to be understood, as we do not want this to become overly bureaucratic / burdensome – resulting in consumers paying significantly more.

There is however a risk that minimum standards could result in sub optimal outcomes, this will need to be considered, also the timing for meeting minimum standards will be important to map out.

23

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

[See 167-179] AGREE - Providing guidance is a good idea regardless

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?

[See 167-179] NEUTRAL - We don't believe a separate regulator is required for water quality. If there are some aspects not covered by Taumata Arowai, then these should be extended to

	them.
25	<p>What are your views on whether minimum service level requirements should be able to vary across different types of consumers?</p> <p><i>[See 180 – 189] AGREE – To achieve the benefits of reform requires some common minimum service levels across NZ. Over and above this there should / could be flexibility on setting different quality standards based on the needs of local communities – which may differ in priority/circumstance across NZ.</i></p>
26	<p>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> <p><i>[See 180 – 189] AGREE - There definitely needs to be provision for vulnerable consumers to ensure they are not left out & given consideration as part of this regime. Council has a general rates remission policy and we strongly suggest a similar policy needs to be established by the regulator.</i></p>
27	<p>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?</p> <p><i>[See 180 – 189] N/A - Each iwi / hapu will prepare information on Te Mana o Te Wai & the entities will need to describe how they will give effect to this. How the entity gives effect to this (from a consumer perspective) does need to be monitored to ensure the entity is taking this into account. Will this not come through the governance structure, as opposed to through economic regulation ? There will need to be skills within the economic regulator & training provided in Wellington for them to understand the significance of water as a taonga for Maori.</i></p>
28	<p>A) 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?</p> <p>B) Do you support any other options to manage the regulatory impost on community and private schemes?</p> <p><i>[See 190-195] N/A - We don't think there should be a significant burden put on small suppliers & it would be best not to leave this up to the regulator, as they probably do not understand the complexities of rural water supplies. Could there be some high level guidelines put in place for this & some way of monitoring over time so this can be tracked. We do believe that Central Government need to provide a significant amount of financial assistance to smaller schemes to help them improve.</i></p>
29	<p>Do you broadly agree that with the compliance and enforcement tools proposed? Are any additional tools required?</p> <p><i>[See 196-200] AGREE - This is in relation to consumer and economic protections, not health. Based on this the tools seem appropriate Further information is required around the cost of compliance (e.g. how many staff) / Expected number of breaches over a 10 year period ? We need to ensure that this is appropriate. Education is preferred in the initial transition process,</i></p>

	<i>alongside publications of number of complaints</i>
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><i>[See 201 – 206] NEUTRAL - The Commerce Commission seems to be the logical body to carry out the consumer protection regulation for three waters, noting that additional expertise in three waters will be required. As noted in question 17 above, in reviewing the Commerce commission annual report 2020, it is noted that for the electricity market the consumer voice was poor & that other measures are being put in place now to rectify this. For the water services entity – this needs to be considered up front to get the link to consumer voice clearly heard. It will be important to have a clear link between the governance of the new water service entities and consumer protection, as the governance group of the new WSE’s have accountability back to the communities they serve.</i></p>
31	<p><i>What are your views on whether the regulator should be required to incentivise high-quality consumer engagement?</i></p> <p><i>[See 207 – 210] N/A - Not sure this is required if the obligation for genuine engagement is met at the entity level. Is there a mechanism to track the effectiveness of engagement at entity level and if required review in the future? Perhaps alongside this some clear guidelines.</i></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><i>[See 211 – 214] MBIE Clarification – What type of technical issues would be encountered. An example from the electricity industry could be that the Electricity Price Review recommended a Consumer Advocacy Council be established to:</i></p> <ul style="list-style-type: none"> <i>- Advise the Electricity Authority on possible improvements to the merged price comparison website</i> <i>- Work with the industry, Utilities Disputes and the Electricity Authority to agree on what information should go on power bills and websites to help consumers switch retailer or resolve billing disputes</i> <i>- Providing analysis and advice on co-ordinating the phasing out of low fixed charge tariff regulations with reforms to distribution tariffs and the transition to a low-carbon future</i> <i>- Consider electricity industry reports and research on how the distribution costs for shared network assets are allocated between residential and business customers.</i> <p><i>Based on this example, we AGREE - Having an expert body in place to advocate on technical issues would be beneficial</i></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><i>[See 211 – 214]. NEUTRAL – The extension of the Consumer Advisory Council’s jurisdiction could deliver this expertise, need to be really clear what technical issues with this expert body address & whether the skills are available ? Note : The relationship between the local community, local councils, an expert advocacy body, the regulators and the WSE needs clarification.</i></p>
34	<i>What are your views on whether there is a need for a dedicated three waters consumer</i>

	<p><i>disputes resolution scheme?</i></p> <p><i>[See 215 – 227] MBIE Clarification : Taumata Arowai will oversee a backstop consumer complaints framework designed to ensure that consumer concerns about drinking water are properly investigated by suppliers. This backstop complaints framework puts the onus on suppliers to establish a complaints process while allowing details of the complaints regime to be established through regulations. It is yet to be seen how this will work in practice, and it is unclear what TA will do if a complaint is not resolved to the consumer’s satisfaction.</i></p> <p><i>NEUTRAL : The existing utilities disputes scheme seems appropriate, with systems / processes already in place. We presume this will not be optional for the water service providers.</i></p> <p><i>Noting that Taumata Arowai will be focussed on the quality of drinking water, and potential waste water discharges.</i></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>[See 228 – 229] MBIE Clarification : Taumata Arowai has broad powers – for example the ability to issue directions, make compliance orders, require changes to a drinking water safety plan. However, its powers are largely focussed on drinking water and public health outcomes, so it is not clear how consumers resolve disputes regarding stormwater or wastewater (such as issues with access to land on which there are water assets/equipment, actions of staff or contractors), nor issues with drinking water that are not related to public health (such as transparency of billing practices, customer service). This is why we are proposing that something like the existing Utilities Disputes Scheme be extended to cover a range issues with three waters services.</i></p> <p><i>AGREE - This seems reasonable to extend the existing Utilities Disputes Scheme, there does however need to be consideration of complaints coming from groups (e.g. following a storm water event) as opposed to individuals, as part of the regulatory process.</i></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>[See 230- 231] AGREE - This should be mandatory, this does need to be efficient so linking to the existing Utilities disputes process makes sense.</i></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><i>[See 230 -231] NEUTRAL – There needs to be an options analysis done with existing schemes & new scheme assessed, taking into account service level, pros, cons and costs associated with these examined to determine the appropriate approach.</i></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>[See 232 – 236] N/A - Having consumer dispute resolutions in place for small suppliers would be unreasonable. Is there a way of providing some simple guidelines for those providers & potentially have some mechanism to enable tracking of complaints over the first 3-5 years. If</i></p>

	<i>there seems to be significant issues, then look to put something in place.</i>
39	<i>Do you think the consumer dispute resolution scheme should incentivise water suppliers to resolve complaints directly with consumers?</i>
	<i>[See 232 – 236] AGREE - There does need to be some mechanisms in place to encourage these issues to be resolved quickly & efficiently, this should only apply to deadlocked complaints by referral after a specified time period</i>
40	<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>
	<i>[See 237 – 239] AGREE – We believe it should be more than just awareness. There are advocacy groups for technical matters, surely there should be similar advocacy groups for those who are vulnerable.</i>
41	<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>
	<i>[See 240 -247] MBIE Feedback : The commerce commission current funding details is contained in the 2020 annual report.</i>
	<i>The current funding is via a mix of crown funding \$32.2M, \$1.7M from interest, fees and recoveries, with \$19.8M from industry levies. The crown funding supports competition, consumer and litigation, with sector funding of \$7.1m for electricity and \$6.3M for Telecommunications.</i>
	<i>DISAGREE - The annual cost for this consumer support for other utilities is funded 100% by central government. As this is a government led reform and the benefits are not only for ratepayers, but for the wider communities they serve. Central government should have an ongoing funding component, as with other utilities.</i>
42	<i>Do you think that the levy regime should:</i> A) <i>Require the regulator to consult on and collect levy funding within the total amount determined by the Minister? OR</i> 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>
	<i>[See 248 – 252] N/A - If there is levy funding, this should be arms length from political decision making, therefore we believe the 'regulator led levy regime' would be more appropriate.</i>
43	<i>Are there any other levy design features that should be considered?</i>
	<i>[See 248 – 252] N/A - We believe this would be easier to be funded via central government, as this reform has benefits to everyone in NZ, all the population and visitors to NZ. If a levy system is put in place, this needs to be as efficient as possible.</i>
Implementation and regulatory stewardship	
44	<i>Do you consider that regulatory charters and a council of water regulators arrangements will</i>

provide effective system governance? Are there other initiatives or arrangements that you consider are required?

[See 253 - 258] MBIE Clarification : The proposed economic and consumer protection regulatory regimes are designed to work alongside Taumata Arowai to deliver better outcomes for New Zealand consumers and communities. Because many aspects of the three waters reform are still in progress, we are still considering exactly how different aspects of the regulatory system will work together. One way in which these regulators could work together would be if they are legally allowed to share information with one another, so that regulated suppliers don't have to supply the same or similar information to multiple regulators. There could also be a 'council of water regulators' or similar coordination arrangements that involve key policy and regulatory bodies meeting regularly to share information about system performance and discuss issues that require coordination across agencies. A good example of this is the Council of Financial Regulators: <https://www.cofr.govt.nz/>.

OTHER Initiatives include sub regional consumer groups, which are funded to support local communities to be able to feed in appropriately into the water regulators. This may be community funding to carry out surveys & produce feedback reports annually or bi annually – some mechanism to track customer satisfaction.

There needs to be some clear outcome tracking tools considered, with clear targets being set back on the Water Service entities. For example from NPSFM there should be clear discharge limits set for each discharge & this need to be tracked against over time – historically there have been poor systems in place at ministries to track this.

Providing an opportunity for local voice will be essential. Need to consider how councils / WSE's collaborate on matters such as district plans / urban and economic development / civil defence is required.

Regulatory stewardship is about how all the regulators work together. This is Critical.

45

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?

[See 259-261] MBIE Clarification : We do not have more information on what any GPS will include – once we have submissions on this discussion paper we will do more analysis and seek policy decisions from Cabinet.

We are unclear how this Government Policy Statement will contribute to enabling the Water Service Entities in delivering its functions, as it will be extremely high level. As there is no further detail currently on the proposed GPS it is difficult to comment on.

46

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?

[See 262-263] AGREE – information should be shared across the various regulators noting caution is required on sharing any sensitive and private information.

Other comments

It has been touched on above, however we wanted to re-iterate the importance of having local consumer councils set up to help collect community voices and feed them through to the governance groups and the regulators will be key, especially for those in smaller rural communities to ensure their voices are not lost.