20 October 2025

To: The Commerce Commission

Re: Whanganui District Council's Submission on the Commerce Commission's Draft Determination – Information Disclosure for Water Services.

1. Introduction

Whanganui District Council welcomes the opportunity to comment on the Commerce Commission's draft framework and determination for information disclosure in the water sector.

Our submission is in two parts: the first part presents Whanganui District Council's general feedback on the Commerce Commission's proposal; the second part is our feedback to the specific questions asked by the Commission, using the template provided by the Commission.

The Council supports the intent of the proposed regime. Transparency of performance and decision-making is an essential feature of sound regulation, particularly where services are delivered by monopoly providers. High-quality, comparable information enables public accountability, more efficient investment, and a better understanding of sector performance over time.

At the same time, the design of information disclosure requirements must recognise the transitional state of the water sector, the diversity of council operating models, and the significant costs involved in establishing new reporting systems. Our comments focus on ensuring the framework is proportionate, practical, and affordable, while still delivering meaningful transparency for consumers and communities.

2. Overall Position

The Council supports the proposed objectives of the information disclosure framework and the Commission's focus on asset management, financial sustainability, and ring-fencing. These are the right starting points for sector transparency.

However, several aspects of the current proposals require refinement to ensure the framework achieves its purpose without imposing unreasonable compliance costs on councils and their ratepayers. Specifically:

- The proposed granularity of disclosure is far greater than that currently required under the Local Government Act 2002, the Local Government (Water Services) Act 2025 or under Generally Accepted Accounting Practice (GAAP) for local authorities.

- The definitions of expenditure categories, asset classes, and performance measures need to be more sharply defined to ensure consistency of reporting and comparability across providers.
- The proposed implementation timetable does not reflect the capacity of smaller councils or those transitioning to new water entities under the Local Government (Water Services) Act 2025.

3. Key Issues

a. Proportionality and clarity

The proposed regime should clearly reflect principles of proportionality and materiality. Councils vary widely in size, network complexity, and the scale of investment in water infrastructure. For smaller or less complex suppliers, the volume and detail of disclosures proposed may exceed what is reasonable or useful to the public.

To ensure the information disclosed is meaningful and comparable, the Commission should:

- Provide standard definitions and templates for key disclosure categories;
- Apply materiality thresholds for minor expenditure or non-material assets; and
- Allow tailored requirements based on scale, risk, and organisational maturity.

b. Implementation timing

The proposed start date for full disclosure in 2026/27 is not feasible for all councils. For those planning to transfer water services to a Water Services Council-Controlled Organisation (CCO) on 1 July 2027, the cost of establishing new internal systems and reporting processes for a single year is prohibitive and inefficient.

Disclosure by the individual shareholding councils of any CCO will also have little value for the joint WS-CCO, who will need to provide such a disclosure for 2027/28 and subsequent years. They will also have little value for the Commerce Commission, as they will have no obvious continuity with that 2027/28 disclosure from the joint WS-CCO.

Whanganui District Council recommends that such councils be exempt from the 2026/27 disclosure year, with reporting commencing in 2027/28 under the new CCO framework. This approach would prevent unnecessary duplication and ensure that resources are directed toward building a sustainable reporting system within the new entities.

c. Alignment with existing statutory frameworks

There is significant overlap between the proposed information disclosure requirements and the existing accountability documents required under the Local Government Act 2002 and the Local Government (Water Services) Act 2025 — including long-term plans, infrastructure strategies, water services strategies, and annual reports.

To minimise duplication, the Commission should align its requirements with these statutory documents wherever possible. For example:

- Timeframes for asset management plans and investment reports could align with long-term planning cycles;
- Financial and performance measures could draw on existing GAAP classifications; and
- Ring-fencing disclosures could align with the financial reporting already required for council-controlled organisations.

This alignment would create a coherent accountability system, avoid unnecessary cost, and enhance public understanding by maintaining consistency across documents.

d. Implementation support

The Council acknowledges that information disclosure will represent a step-change in reporting for many local authorities. To ensure consistent and high-quality disclosures, the Commission should provide practical implementation support, including:

- Worked examples and templates for each disclosure category;
- A technical guidance manual that clarifies definitions, units of measure, and audit expectations;
- Training or workshops for finance and infrastructure staff across the sector; and
- Early publication of data standards to allow integration into council asset and financial systems.

This investment in capability will be essential to the credibility and usefulness of the new regime.

4. Conclusion

Whanganui District Council supports the introduction of an information disclosure framework for the water sector as a necessary step towards greater transparency and long-term sustainability.

However, the framework must remain practical, proportionate, and aligned with existing local government obligations. Without careful phasing and definition, the compliance burden could divert limited resources from the core work of maintaining and improving essential water infrastructure.

A phased implementation, coupled with clearer guidance, alignment with existing reporting systems, and transitional relief for councils entering new CCO arrangements, will ensure the new regime achieves its purpose: transparent, consistent information that strengthens public trust and drives better outcomes for communities.

Our responses to the specific questions asked by the Commission is attached.

Thank you for the opportunity to comment on the proposed Information Disclosure.

Ngā mihi nui

[redacted]

Sarah O'Hagan
Chief Strategy Officer – Whanganui District Council

Information Disclosure for Water Services

Submission Template

How to make a submission

Our draft decision package for information disclosure in the water sector can be found here. Attachment C in the Draft Decision Summary sets out how to make a submission, including where to send your submission, how we handle confidential submissions and preferred file format.

Submissions are due by **5pm on 20 October 2025**.

Submitter details

To check the boxes below: double click on the box, then select 'checked' under default value.

Organisation or individual name:		
Confidentiality status of submission (tick either option):	This is a public submission that does NOT contain confidential information, and I consent to it being published on the Commerce Commission website.	☐
	This is a confidential submission that contains confidential information highlighted yellow.	☐
Reasons for any confidential information:		

Section 1: Feedback on Draft Regulatory Framework Paper

This document can be found here. Please insert more rows if necessary.

	Paragraph #(s)	Feedback	Suggested changes (if any)	Reason(s)
1				
2				
3				
4				
5				

Section 2: Feedback on proposed ID requirements

Draft Determination

The Draft Determination can be found here.

As outlined in the 'How to have your say' section of the Draft Decision Summary, to make more targeted feedback easier, we have grouped our proposed ID requirements into two categories in the Draft Determination:

- **Basic disclosures**—information that we think is essential to support a basic understanding of our initial focus areas (asset management, financial sustainability and ring-fencing), and to identify issues that may need further scrutiny.
- **Additional disclosures** (shaded grey)—information that would provide deeper insight. We will consider not including these in our first set of ID requirements (and potentially introducing them later as sector capability improves), only applying them to certain regulated suppliers where needed, or giving all or some regulated suppliers more time to comply (eg, a delayed start). We are interested in your views on these options.

We are also particularly interested in your feedback on:

- **High-cost requirements**—which specific ID requirements would be costly to comply with, and why? If possible, please provide an indicative scale of effort and cost. Is there similar information that would be less costly to disclose?
- **Tailored requirements**—are there any specific ID requirements that should only apply to certain regulated suppliers? If so, which requirements, which regulated suppliers (based on scale, complexity or the risks they manage) and why?
- **Delayed implementation**—are there any specific ID requirements that should have a delayed start date? Why?
- **Value to stakeholders**—how would consumers, councils and other stakeholders use the disclosed information and are there any gaps that would be worth including new ID requirements on now or in the future?

- **Reporting frequency**—are there any ID requirements that we should change the reporting frequency of (for example, reporting annually compared to only if there is a material change) and why?
- **Efficiency**—are there any ID requirements that we could remove because the information is already readily available to stakeholders (eg, through another reporting requirement) or where we could better align with existing practices?

Please provide this feedback, and any other feedback on the Draft Determination, in the table below. Please insert more rows if necessary.

	Clause #(s)	**Feedback (eg, costs, tailored or delayed implementation, value to stakeholders, reporting frequency, efficiency)**	**Suggested changes (if any)**	**Reason(s)**
1.				
2.				
3.				
4.				
5.				

Answer on question in Draft Decision Summary on support for implementation

The Draft Decision Summary paper can be found here.

As outlined in the 'How to have your say' section of the Draft Decision Summary Paper, we are particularly interested in your feedback on what we can do to support regulated suppliers as we implement ID for the water sector.

Draft Decision Summary - Support
What type of support would most help regulated suppliers comply with our ID requirements, and why?

Requiring the ID information to be provided for 2026/27 will mean that Councils who have plans to transition to a CCO but who will not yet have transitioned for the 2026/27 financial year will have to adapt their financial systems and processes ahead of the transition to the WS-CCO. This will lead to substantial impacts on Council teams in a year when the demands of the transition to the WS-CCO and the Long-Term Plan will already be creating a significant demand on limited resources. It also means adapting Council financial systems which may be wasted effort if the new WS-CCO chooses to use a different system going forward.

Staggering the introduction of some of the more complex requirements of the ID regime would allow time for the entities to develop their systems and practices appropriately to ensure accurate information can be provided without overwhelming staff during the significant transition period.

A guidance document that provides practical advice for reporting for every part of the ID requirements will be necessary to enable entities to be able to provide consistent and accurate information to allow meaningful comparison.

Answers to the questions set out in the Explanatory Paper

The Explanatory Paper can be found here.

Explanatory paper – Financial questions

Capital expenditure: Capital expenditure is to be reported in specified categories

1. Do you think the proposed categories are appropriately defined and sufficiently detailed to capture the key aspects of regulated suppliers' capex? If not, what changes to the definitions do you think we should make, and why?

There are a substantial number of categories proposed – the more categories there are, the higher the likelihood of expenditure being coded incorrectly by the engineers whose focus is (and should be) on delivering services, projects and outcomes. It is likely that additional resource will be required to enable data capture to this level of detail which will further add to costs.

We recommend reporting at the higher level e.g. growth, level of service, renewals and non-network capex. If there is a desire to identify expenditure driven by new customers, then we would support splitting costs in this regard. But otherwise, we do not see the value proposition of reporting to the level of granularity proposed.

2. Do you think there are instances where multiple categories should be combined into one? If so, which categories, and why?

We recommend reporting at the higher level e.g. growth, level of service, renewals and non-network capex. We cannot see the value proposition of reporting to the level of granularity proposed, perhaps with the exception of splitting growth elements of projects out so that costs driven by new customers can be identified.

3. Do you think we should add any additional categories of capital expenditure? If so, what and why?

No.

4. Do you think certain regulated suppliers should only need to report expenditure in the high-level categories—growth, levels of service, and renewals? If so, please explain.

The reporting categories seem overly granular, especially for the resourcing capacity of smaller water entities. The compliance cost of recording costs to this level of detail will be significant. Further consideration needs to be given to how the data captured at this level would actually, meaningfully make a difference to water outcomes.

Capital expenditure: Capital expenditure on network assets must be apportioned between categories

5. Do you consider this approach (apportionment of expenditure) to be practical and implementable? If not, please explain the specific challenges regulated suppliers may face in complying with this requirement, including the likely cost of any required changes to regulated suppliers' existing practices, and any potential difficulties in auditing the information. We also welcome suggestions for alternative approaches that could provide adequate transparency of regulated suppliers' capital expenditure.

Significant resource will be required to calculate and allocate the costs between the various capex categories at the end of any project, taking engineers away from their focus of delivering on water outcomes and adding to the demands for the water organisation's finance team.

Capital expenditure: Capital expenditure components

6. Will there be regulated suppliers reporting under the for-profit accounting standards? If so, which ones?

Operating expenditure: Operating expenditure is to be reported within specified categories

7. Do you think the categories are appropriately defined and sufficiently detailed to capture the key aspects of regulated suppliers' opex? If not, what changes to the definitions do you think we should make, and why?

Cybersecurity is currently a function of IT and would be difficulty to split separately. Clear definitions will be required between planned and predictive maintenance.

8. Do you think we should add any additional categories of operating expenditure? If so, what and why?

No.

9. Do you think the proposed maintenance categories (planned, predictive, unplanned) are appropriate for the water sector and can they be reported on? If not, what changes should we make, and why? What, if any, additional costs would this reporting impose on regulated suppliers?

We currently do not use predictive maintenance as an expenditure category as we do not have real-time information to support this.

10. Do you think there are categories of expenditure that regulated suppliers should be able to combine if the amounts are below a certain materiality threshold, particularly for expenditure forecasts? If so, what would be an appropriate materiality threshold, and why?

Consideration should be given to allowing costs that make up less than 5-10% of the organisation's operating expenditure to be combined for forecasting purposes.

Expenditure on changes to entities: This expense component is intended to capture capex and opex relating to the transfer of water services to a new or different entity

11. Do you think the 'expenditure on changes to entities' category is adequately defined to capture the range of costs regulated suppliers will incur? If not, what changes do you think we should make, and why?

12. Do you see any practical challenges involved in preparing, or auditing the disclosure of 'expenditure on changes to entities'? If so, please explain these and how we might change the proposed requirement to address these.

Asset values: Information about asset values and movements in asset values will be required in the financial statements in regulated suppliers' water services annual reports, for specified network asset classes

13. To what extent do regulated suppliers currently maintain the necessary asset information at the proposed level of disaggregation?

Regarding the requirement to disclose unit rates of replacing 1 metre of pipe – this information should remain confidential to avoid sending pricing signals to the market. The unit rates differ on a number of factors (e.g. depth, soil type, whether located under a road) – disclosing to this level of detail for each set of circumstances as suggested would be hugely onerous, but rolling up to averages may not provide useful information for comparison.

14. If regulated suppliers do not already maintain the necessary asset information, what would be involved in changing the way asset information is recorded in order to comply with the proposed ID requirements, and what is the likely cost of these changes?

Actual revenue and other income: We are proposing regulated suppliers' actual revenue and other income is reported within specified categories

15. Do you think the proposed revenue and other income categories are appropriately defined and sufficiently detailed to capture the range of regulated suppliers' revenue sources associated with regulated services? If not, what changes to the definitions or level of detail do you think we should make, and why?

Actual revenue and other income: Regulated suppliers would be required to disclose detailed information about revenue from usage charges and rates

16. Do regulated suppliers currently maintain the necessary information to support detailed disclosure of revenue from usage charges and rates? What, if any, additional costs would this reporting impose on regulated suppliers?

We currently have a portion of our trade waste charges that are fixed in nature but based on flows and loads. They do not vary throughout the year so are essentially fixed charges, but the charges are derived based on permitted loads and flows as set out in their trade waste discharge permit. How would these be disclosed?

17. For regulated suppliers operating under a split decision-making model, is the proposed detailed disclosure of revenue from usage charges and rates workable, given collaboration with related organisations (eg, shareholding Councils) may be required to complete a consolidated disclosure, where water services are funded from rates? If not, what changes should we make, and why?

Financing and funding arrangements

18. Do you think that the disclosure requirements relating to financing and funding arrangements could be reduced or streamlined while still providing sufficient information for stakeholders to understand the financial sustainability of the regulated supplier? If so, what changes to the disclosure requirements do you think we should make, and why?

Pricing: Regulated suppliers would be required to disclose information about all charges, including non-standard charges and charges with small numbers of customers

19. Do you have concerns about the proposed requirement to disclose information about non-standard charges and charges applied to a small customer base, because of commercial sensitivity? If so, please describe the nature of your concerns.

Councils may agree to non-standard pricing where there are wider economic benefits to the district and these agreements would typically be confidential.

Financial sustainability indicators

20. Do you think it would be beneficial to also require any of the financial sustainability indicator forecasts to be reported in real terms. If so, which indicators and why?

Revenue and funding indicators: Ratio of cost of water services as a proportion of household income

21. Is there also non-residential data (instead of just household income) that you think we should require to create a similar but non-residential indicator? If so, which data?

There is too much variation in non-residential properties for indicators to be meaningful e.g. small offices through to substantial manufacturing wet industries.

22. Do you think the measure expressing water service charges as a percentage of household income should also be reported using alternative income thresholds, such as the lowest decile (10th percentile) or the lowest quartile of household income, in addition to the median? If so, which thresholds?

The costs of providing safe, reliable water services are completely agnostic of people's income levels – this is exactly the reason for under-investment in some areas across the country, where councils have been trying to weigh up spending on water improvements against household affordability.

Explanatory paper – Implementation settings questions

Director's certification
23. Do you think there are specific disclosure areas where the proposed ID requirements for assurance may not be necessary or may not provide additional value relative to the cost and effort it would take to implement? **If so, please explain your reasons including specific challenges in complying with these requirements such as likely cost of any required changes to regulated suppliers' existing practices and how we might change the proposed requirement(s) to address these.**
24. We also invite comment on the appropriateness of the proposed certification criteria for the matters being certified, including whether the criteria are fit for purpose and aligned with the type of information being disclosed and certified.
25. Do you think there are particular types of disclosures where Chief Executive level certification would be more appropriate than what we are currently proposing? **If so, please outline which disclosures would benefit from this approach and why, and describe any challenges regulated suppliers might face in meeting our proposed requirement (such as likely cost of any required changes to regulated suppliers' existing practices) that could be better addressed through this level of certification.**

What can be kept confidential: Commission-only disclosures

26. Are there other types of information proposed for public disclosure that you think should be disclosed to the Commission on a Commission-only basis because they are confidential, commercially sensitive or only relevant for compliance monitoring?
If there are, please say what those types of information should be and explain why these should be disclosed to the Commission only.

As mentioned earlier, prices per metre should be kept confidential to avoid sending price signals to the market.

Geographic disaggregation

27. Do you prefer either Alternative 1 or Alternative 2 to the proposed ID requirement? If so, which alternative do you prefer, and why?

Other comments

In this section you can provide any general or specific comments you may have on our draft decision, that may not be covered by the previous sections above. We ask that you please reference the appropriate document, section and/or page number where possible.

Other comments