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Commerce Commission New Zealand
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Tēnā koe,

Submission on Economic Regulation of Water Services – Information Disclosure – Draft decision

Introduction and background

Whangarei District Council would like to thank the Commerce Commission (the Commission) for the opportunity to provide feedback on the Economic Regulation of Water Services – Information Disclosure – Draft decision.

This submission has been made in partnership with the Kaipara District Council and Far North District Council to ensure the requirements on the proposed Northland Regional two Waters CCO are addressed in a consistent manner.

We also note for all the Northland Councils, that Stormwater services will continue to be provided as business units of the parent Council, and that requirements and timing for Stormwater information disclosure needs to be addressed more clearly in the documents to enable this to be managed efficiently.

This is a public submission that does not contain confidential information, and we consent to it being published on the Commerce Commission website.

Whangarei District Council has read and supports the submissions of both Water New Zealand and Taituara.

In addition to the points made in the Water New Zealand and Taituara submissions, Whangarei District Council provides additional commentary on key points, and responds to the questions in the submission template to provide specific feedback.

Our Feedback

Whangarei District Council is currently preparing to transfer its water and wastewater services to a regional Two Waters CCO. The work timetable for this to be implemented is very compressed and there are concerns about the ability to meet the information disclosure requirements in the timeframes identified alongside the establishment of the CCO.

Specifically, the requirement to provide the level of disaggregation for expenditure and revenue data is more detailed than what local authorities traditionally report against. The ability for the Local Authorities and the establishing CCO to set this detail up in the initiation phase of the CCO will be resource and cost prohibitive, and unlikely to be achievable in the timeframes defined in the Information Disclosure (ID) documents.

A phased approach to implementation is sensible and WDC requests that the initial ID reporting timeframes are pushed to the beginning of the second 3 year reporting cycle, ie in 2030, to enable clear and cost effective establishment of the IT systems (including asset, financial, customer, billing) and the data management processes that are required to provide the level of disaggregation.

An alternative approach would be to replicate the levels of aggregation currently required in the current Local Government Act and move to more detailed information over time.

We suggest the Commission consider an approach similar to Taumata Arowai working with councils in the first years of economic regulation. In their first years, the drinking water quality regulator took the approach of working constructively and proactively with councils to find cost-effective paths to compliance, rather than simply imposing new burdens. This included proportionate regulation, providing guidance and support, and encouraging them to meet their registration and compliance obligations.

WDC requests that at a minimum, all of the future information requirements, as well as the areas noted in the detailed submission below, are to be implemented after the first 3 year cycle for the Water Service Provider.

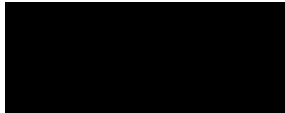
Standardised reporting

Standardised systems, data structures and definitions, such as those developed for the electricity and transport sectors, would be the preference and assist the new Water Service Providers (WSPs) to reduce costs and duplication of workstreams across the organisations. WDC notes that this is not the current approach of the Department of internal Affairs and the Government and therefore suggest and support the development of data and reporting templates. The Commission should develop templates and support these with standard definitions and other guidance based on the experiences of the other sectors. In particular, the Commission should define acceptable and consistent methodologies for cost allocation; inflating and deflating financial data; and (especially) calculating estimated charges as a percentage of household income.

This approach is taken by the Transport sector and enables peer analysis and comparison across all work activities, from network management through to physical work, and helps determine value for money investment across all organisations in this sector.

Thank you again for the opportunity to comment. Please contact Simon Charles, Acting Manager Waters at [REDACTED] if you have any questions regarding this submission.

Yours faithfully,



Simon Weston
Chief Executive
Whangarei District Council