

27 January 2026

Jamie Sinclair
Chief Executive
Watercare Services Limited

By email only: [REDACTED]

Tēnā koe Jamie

Principles guiding the development of Watercare's first price-quality path under the Commerce Act

1. We wrote to you in [April 2025](#) to set out our expectations for interim economic regulation in our role as Crown monitor to Watercare.
2. I am now writing to you to set out the guiding principles the Commerce Commission (**Commission**) will apply in developing Watercare's first price quality path under Part 4 of the Commerce Act (**the Act**).
3. This letter also sets out how we intend to work with you throughout the process.

Context

4. Currently, Watercare is subject to interim price-quality regulation under the Charter.¹ When this ends on 30 June 2028, Watercare will become subject to a new price-quality path under the Act (**PQP28**), with the Commission as the economic regulator.
5. We have started the process to set PQP28 and published our Approach Paper for consultation on 26 November 2025.² This paper sets out our preliminary views on the proposed approach for developing and implementing the price-quality path. We look forward to receiving submissions from Watercare and other stakeholders on this high-level paper by 5 February 2026.

¹ Local Government (Water Services Preliminary Arrangements) (Watercare Charter) Order 2025.

² Commerce Commission "[Price-Quality Path for Watercare – Approach Paper](#)" (26 November 2025).

Guiding principles

6. We set out below guiding principles that are designed to promote the Part 4 purpose and to be consistent with other relevant statutory provisions. These principles cover what we expect from you and what you can expect from us.
 - 6.1 **Transparency:** Watercare will publish clear, accessible information about its current and planned performance, enabling informed stakeholder engagement. The Commission will do the same in respect of its process and decision making on PQP28.
 - 6.2 **Accountability:** Watercare is accountable for delivering services that meet consumer and stakeholder expectations.
 - 6.3 **Stakeholder and customer confidence:** The regulatory framework, along with Watercare's practices, will promote trust in Watercare's ability to deliver water services that are efficient, reliable, and responsive.
 - 6.4 **Regulatory predictability:** The regulatory framework will, as far as is practicable, provide a predictable regulatory environment that supports long-term planning and investment.
 - 6.5 **Proportionality:** Regulatory focus will be on areas with the greatest potential to improve consumer outcomes or reduce performance risks.
 - 6.6 **Avoids unintended consequences:** Regulatory decisions will aim to avoid creating perverse incentives or unexpected compliance burdens.
 - 6.7 **Tailored to Watercare's circumstances:** PQP28 will reflect Watercare's unique characteristics, including its financial structure, asset base, and operational context, as well as what Watercare can realistically be expected to achieve by the end of the regulatory period, given its maturity and improvement plans.
 - 6.8 **Utilises existing information:** Where possible, regulatory decisions will utilise existing information Watercare provides in response to other regulatory requirements, to reduce compliance costs.

Our engagement with Watercare

7. We will engage with Watercare through our formal consultation process, as set out in the Approach Paper. We may carry out further formal technical consultation on specific topics if we consider it appropriate – for example, on our approach to the cost of capital.
8. We acknowledge the engagement we have had with Watercare in our role as Crown monitor and look forward to continuing this open and constructive relationship.

9. We intend to engage with Watercare outside the consultation process on the technical details and practicalities of setting the price-quality path. All such matters will then be incorporated into our public consultation on the draft decision for consideration by other parties.
10. This engagement is likely to include:
 - 10.1 **Voluntary information requests:** Issued by staff to better understand Watercare's circumstances.
 - 10.2 **Formal information notices:** A formal notice issued under section 53ZD of the Act that requires Watercare to prepare and provide certain information to the Commission. This could include requiring Watercare to include specific information in its price-quality proposal. Watercare must comply with these.

Further information

11. If Watercare has any queries about this letter, please contact the Commission at wai@comcom.govt.nz.
12. I am placing this on our website in line with the transparency guiding principle.

Nāku noa, nā



Charlotte Reed
Head of Water, Infrastructure Regulation
Commerce Commission, Te Komihana Tauhokohoko