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Christchurch City Council Three Waters submission on the Resilience Principles for Investment Decision-making

Introduction

1. Christchurch City Council Three Waters staff (Three Waters) thanks the Commerce Commission for the opportunity to provide comment on *Resilience Principles for Investment Decision-making*.
2. Three Waters supports the intent of the draft guidance and welcomes the development of a common set of resilience principles to support more consistent infrastructure investment decisions.
3. Overall, the guidance is well structured and provides a useful framework for incorporating resilience into investment decision-making. In particular, the emphasis on understanding interdependencies, considering community perspectives, and adopting a long-term view of resilience is welcomed.
4. The guidance appears to have a relatively narrow focus on resilience as an outcome of infrastructure investment. While physical infrastructure is an important component of resilience, resilience is also influenced by organisational capability, governance, collaboration, and the people and systems responsible for planning, operating, and recovering infrastructure services. Investing in organisational capability, sharing knowledge, and strengthening relationships across organisations are critical to ensuring essential services can continue to be delivered during and after disruptive events.
5. The relationship between this guidance and the Commerce Commission's Information Disclosure (ID) requirements could be made clearer. It would be helpful to explain how the resilience principles are intended to support existing resilience-related disclosure requirements, including Asset Management Plans and expenditure reporting.

Consultation Questions

Is the draft guidance clear about its purpose and practical status, including the level of analysis and rigour the Commission expects for more material resilience expenditure proposals?

6. The overall purpose and practical status of the guidance are clear. However, greater clarity is needed on what constitutes a "material" or "significant" resilience investment and what is required for these levels of investment. While these terms are used to indicate the expected level of analysis and rigour, the guidance does not provide definitions, examples, criteria, or indicative thresholds to help infrastructure providers identify "material" or "significant" investments.

Is it clear how the draft guidance should be applied proportionately across sectors with different levels of maturity?

7. The guidance provides some examples of how expectations may differ depending on resilience maturity.
8. It is less clear how providers should determine their current level of maturity. Providing indicative maturity criteria or framework would help providers understand where they sit and therefore how the guidance and associated expectations should be applied.

Are there implementation barriers, overlaps, or accountability issues in the wider resilience and regulatory landscape that may affect how this guidance is applied in practice?

9. Strong leadership within infrastructure providers is essential to minimise the influence of changing political priorities on long-term resilience investments.
10. Cross-organisational collaboration may be a barrier to implementation. Resilience planning requires organisations to share information, align investment priorities, and understand interdependencies. In practice, this can be challenging due to differing priorities, governance arrangements, and data availability. The guidance could encourage the use of existing collaborative forums, such as regional Lifelines Groups, to support cross-sector coordination.

What areas should the Commission prioritise in further work (for example, business case guidance, resilience measures, maturity assessment, interdependency information, or reporting)?

11. The Commission should prioritise maturity assessment and reporting, as these will provide the foundation for implementing the guidance consistently across sectors as well as identifying where more support from the commission is required.
12. Support on how to establish, and monitor, community risk tolerance is likely required. Providing a consistent methodology or referencing recognised approaches would support more robust and comparable investment decisions across sectors.

Which aspects of the draft guidance are most helpful for informing your investment decision making, and why?

13. The examples provided throughout the guidance are helpful, as they demonstrate how the principles can be applied in practice. The Commission could further support capability development and encourage consistent application across sectors by establishing a national repository of New Zealand case studies and examples of good practice.
14. The guidance's emphasis on stakeholder and community engagement, reinforces that resilience investments should be informed not only by engineering and asset considerations, but also by the needs, expectations, and values of the communities served.
15. Having a common set of principles and terminology for resilience investment decision-making has the potential to improve consistency between technical staff, asset managers, finance teams, executives, and governance bodies when developing, evaluating, and prioritising resilience investments.

Which parts of the draft guidance are unclear, unnecessary, or could be improved?

16. Chapter 4 could be improved by including more practical implementation resources. Many of the links provide theoretical background or extensive reading, but there is limited guidance on how to apply the frameworks in practice in a New Zealand context.

17. The Commission could provide reporting guidance, such as standardised templates or checklists. These resources would help providers consistently document how the resilience principles have informed investment decisions and reduce implementation effort.

Are any principles missing? Are there areas of overlap where the principles could be simplified or streamlined?

18. Stakeholder and community engagement could be considered as a standalone resilience principle. Engagement is referenced throughout the guidance and is fundamental to several other principles, including identifying interdependencies (Principle 3), understanding distributional impacts (Principle 4), and establishing risk tolerance (Principle 5). Creating a standalone principle would reinforce its importance and provide greater visibility to the expectation that iwi, hapū, communities, and key stakeholders are engaged early and meaningfully throughout the investment decision-making process.
19. The Clearly Defined Asset Criticality principle (Principle 6) could be clarified. Asset criticality is an important resilience consideration; however, as currently drafted, the principle incorporates concepts relating to physical vulnerability and hazard exposure that are more appropriately considered as part of risk. Asset criticality should focus on the consequence of asset failure and the importance of the asset to service delivery, while risk reflects the combination of criticality, likelihood, and vulnerability. For example, relocating a wastewater treatment plant out of a flood zone does not reduce its criticality, but it does reduce its vulnerability and therefore its overall risk. Separating these concepts would improve clarity and align more closely with established asset management practice.

Are there any missing frameworks or evaluation tools that should be included or referenced?

20. There are many tools that could be included from Whole of Lifecycle Cost Analysis to Engineering Options Analysis. It may be more appropriate to outline what is required from the tools than to specify the tools to use.

To what extent do you already apply these principles in your resilience-related decision-making processes? If not, what currently guides your resilience-related investment decisions?

21. Three Waters already applies many of these resilience principles when making investment decisions.
22. Principal 3 and 4 - The Resilience Explorer (REx) is used to support understanding and assessing multi-hazard risks to our assets at a range of return periods and timescales while accounting for climate change.
23. Principle 6 - A draft Asset Criticality Framework has been developed that sets out guidance for a council wide criticality scores. This is supplemented by Three Waters specific criticality scoring.
24. Principle 10 - Within Three Waters, the Asset Assessment Intervention Framework (AAIF) is used to prioritise pipe asset renewals. This is a risk-based framework that considers asset condition, deterioration, maintenance history, and criticality.
25. Principle 11 - The Coastal Hazards Adaptation Programme assesses long-term coastal hazard risk to Council assets. Given the uncertainty associated with these timeframes, Dynamic Adaptive Policy Pathways (DAPP) is used so that investment decisions that can respond to changing conditions.

How should the framework recognise and reflect iwi, hapū, and Māori perspectives, including capability, resources, and relationships that support resilience, particularly in smaller or more isolated communities?

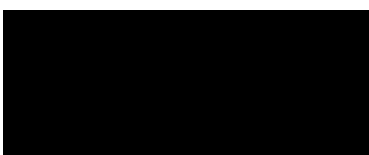
26. The framework should recognise iwi, hapū and Māori as key partners in resilience planning and decision-making, with engagement occurring early enough to influence priorities, acceptable levels of risk, and investment decisions.
27. The framework should also recognise that resilience extends beyond physical infrastructure. Local knowledge, relationships, community networks, and existing iwi and hapū capability are important contributors to resilience, particularly in smaller or more isolated communities.
28. One way this could be achieved is by incorporating Te Ao Māori principles such as Whanaungatanga (building and maintain meaningful relationships), Rangatiratanga (leadership, autonomy and self-determination), and Kaitiakitanga (stewardship) into the guidance.

Conclusion

29. Three Waters supports the Commerce Commission's resilience investment guidance and its objective of improving consistency and transparency in resilience decision-making.
30. To support effective implementation, Three Waters recommends clearer expectations for what constitutes a “material” investment, development of maturity assessment and reporting frameworks, stronger alignment with Information Disclosure requirements, and the development of implementation resources.

Thank you for the opportunity to provide this submission. For any clarification on points within this submission please contact Dr Patrick Curran, Adaptation Specialist - Three Waters ([REDACTED]).

Ngā mihi,



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