

Submission: Draft Resilience Guidance Feedback

Submitted to:

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Commerce Commission
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Tēnā koe

Napier City Council (NCC) welcomes the opportunity to provide feedback on the Resilience Principles for Investment Decision Making released by the Commerce Commission.

As a territorial authority serving approximately 67,000 residents in Hawke's Bay, we have a strong interest in policy settings that affect local governance, local communities, infrastructure, environmental management, and the delivery of services at a local level.

Submission on Draft Resilience Principles for Investment Decision-Making

Overall position:

Napier City Council supports the intent of the draft guidance and a consistent, evidence-based approach to resilience investment decision-making.

The guidance should be proportionate to the value, risk and complexity of each decision and should integrate with existing asset management, spatial planning and regulatory processes. It should also recognise that water infrastructure investments commonly address multiple drivers, including resilience, renewal, growth, compliance, public health and environmental outcomes. The guidance should also accommodate the transfer of NCC's water services to Water Hawke's Bay, the new water services council-controlled organisation for Napier, Hastings and Central Hawke's Bay, from 1 July 2027.

NCC has responded to the consultation questions most relevant to its water-services responsibilities and transition context.

Question 1

Is the draft guidance clear about its purpose and practical status, including the level of analysis and rigour the Commission expects for more material resilience expenditure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

The purpose is clear, but its practical application to the water sector requires further clarification.

Paragraph 1.14 distinguishes between price-quality regulated providers, where resilience expenditure directly informs revenue allowances, and providers subject only to information disclosure, where resilience investment is expected to be reflected in disclosures but is not explicitly prescribed.

Under current settings, NCC and subsequently Water Hawke's Bay are subject to information disclosure regulation for drinking-water and wastewater services rather than price-quality regulation. Stormwater services are not currently subject to the water information disclosure requirements.

The Commission should therefore clarify:

- what evidence from this guidance it expects ID-only water providers to disclose from the outset;
- the timeframe for progressing toward the described level of resilience maturity;
- how expectations would change if performance, quality or price-quality regulation were introduced; and
- how the guidance applies to stormwater services currently outside the ID regime.

The Commission should also provide examples of the analysis expected for routine renewals, critical asset upgrades and major network investments, and clarify whether each principle must be addressed separately or may be demonstrated through existing asset management and investment processes.

Question 2

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

The guidance recognises differing maturity levels but needs a clearer implementation pathway.

The draft already recognises that providers will not immediately operate at the same level of maturity and expects a clear direction of travel toward improved practice.

Current water information disclosure arrangements already provide a useful model. During the transitional period, providers can disclose the information they currently hold and use a disclosure improvement plan to show how they will meet the enduring requirements by 31 July 2030. NCC considers that the same staged, improvement-plan-based approach should apply to resilience maturity expectations.

This is particularly relevant to Water Hawke's Bay, which will inherit different asset information, systems, risk frameworks and investment programmes from Napier, Hastings and Central Hawke's Bay.

The guidance should allow existing information to be used where fit for purpose, support progressive regional standardisation and focus the most detailed analysis initially on the highest-risk and most irreversible decisions.

Question 3

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?

Water resilience is already addressed through several overlapping requirements, including Commerce Commission information disclosure, Taumata Arowai regulation, environmental consenting, emergency management, asset management, spatial planning and council funding processes.

The draft itself recognises regulatory interdependencies involving Taumata Arowai and other agencies under Principle 3, including in paragraph 2.16.4. The guidance should build on these existing arrangements rather than create duplicate assessments or reporting.

Responsibilities will also remain shared. Councils will continue to influence land use, growth and development sequencing, while Water Hawke's Bay will plan and deliver supporting water infrastructure. The Napier–Hastings Future Development Strategy is therefore an important input into future water investment.

The guidance should also recognise the importance of early and meaningful engagement with mana whenua where resilience investment may affect whenua, wai, cultural landscapes, wāhi tapu, mahinga kai or other matters of significance. This should form part of understanding the problem, risks and potential options, rather than occurring only once a preferred solution has been identified.

The guidance should distinguish between:

- risks directly controlled by the water provider;
- risks the provider can influence through agreements or collaboration; and
- risks controlled primarily by other organisations, such as electricity, telecommunications, transport and flood-protection providers.

It should also clarify how expectations apply during the transfer of projects, assets and responsibilities to Water Hawke's Bay and remain sufficiently flexible to operate through future organisational or local-government changes.

Question 4

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

NCC recommends that the Commission prioritise:

- a tiered proportionality framework;
- practical drinking-water, wastewater and stormwater examples;
- simple qualitative and semi-quantitative assessment tools;
- thresholds for when specialist economic modelling is reasonably expected;
- service-based resilience measures i.e., guidance on minimum service, recovery and restoration objectives;
- guidance on assessing non-financial, distributional and intergenerational impacts;
- a maturity-assessment and improvement-planning tool aligned with ID requirements;
- guidance for newly established multi-council water organisations;
- guidance on integrating resilience with spatial planning and growth;
- guidance on incorporating cultural values and mana whenua perspectives into investment assessment; and
- guidance on considering nature-based and hybrid solutions alongside conventional engineered infrastructure.

Worked examples should include projects that address resilience, renewal, growth, capacity and compliance together.

Any new reporting should build on existing ID and asset-management reporting rather than create a separate resilience reporting system.

Question 5

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

The most useful aspects are:

- multi-hazard assessment;
- asset and service criticality;
- infrastructure interdependencies;
- consideration of community vulnerability, consequence and service impacts;
- structured option development;
- treatment of uncertainty; and
- transparent investment prioritisation.

These principles provide a useful structure for linking an identified hazard or vulnerability to its service consequences, available options, preferred response and investment timing.

Question 6

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

The guidance should distinguish more clearly between minimum expectations, good practice for material decisions and advanced practice for mature providers.

It should also recognise that water infrastructure projects usually have multiple drivers.

NCC supports combined business cases for these projects. The resilience-specific contribution, costs and benefits should remain identifiable, but providers should not be required to prepare a separate resilience business case or freestanding cost-benefit analysis where resilience is delivered alongside renewal, growth, compliance, capacity or public-health outcomes.

Cost-benefit analysis should be proportionate to the investment and supplemented by multi-criteria analysis where material public-health, environmental, cultural or social benefits cannot be reliably monetised.

The guidance should also recognise distributional and intergenerational impacts, including affordability and equity, and require consideration of whether an intervention transfers or concentrates risk elsewhere. Material unintended consequences and the residual risk remaining following investment should be clearly identified.

Community engagement should also be proportionate. Providers should be able to rely on recent and relevant engagement undertaken through long-term planning, future development strategies, asset management planning and other strategic processes. The guidance should also provide clearer thresholds for when advanced specialist modelling, scenario testing, adaptive pathways or detailed sensitivity analysis are expected.

The Commission should consider how nationally or regionally consistent hazard, climate and infrastructure dependency information can be made available to providers, rather than expecting each provider to independently commission equivalent analysis.

Question 8

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

NCC recommends including simpler qualitative and semi-quantitative resilience assessment tools suitable for providers at earlier stages of maturity.

The guidance should also clarify when more specialist tools such as CGE, MERIT or agent-based modelling would reasonably be expected.

The guidance should support assessment of nature-based and hybrid solutions alongside conventional engineered infrastructure where appropriate. Evaluation tools should enable environmental, cultural, biodiversity, social and resilience outcomes to be considered alongside financial and engineering criteria.

Question 9

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?

NCC currently applies many of the principles through its asset management plans, master plans, hydraulic models, asset criticality assessments, condition information, risk framework and capital delivery programme.

Relevant examples include:

- Mataruahou Reservoir and associated rising and falling mains;
- Taradale Water Treatment Plant and borefield investment;
- Awatoto marine outfall replacement;
- Awatoto wastewater attenuation storage; and
- Lagoon Farm stormwater planning.

These projects commonly address resilience, renewal, growth, capacity, compliance and environmental outcomes together.

Lagoon Farm stormwater planning is an example where resilience decisions may also deliver water-quality, environmental, biodiversity and wider community outcomes, reinforcing the need to assess multi-benefit interventions appropriately.

The Napier–Hastings Future Development Strategy is also an important input. Resilience decisions must consider future growth locations, infrastructure sequencing and whether planned development increases or reduces reliance on existing critical assets.

For example, Mataruahou Reservoir is not solely a resilience project. It also supports future demand, planned growth, network configuration and continuity of supply.

NCC's main improvement areas are:

- more consistent multi-hazard assessment;
- clearer minimum-service and restoration objectives;
- better mapping of infrastructure dependencies;
- stronger integration of condition, criticality and performance information; and
- a clearer audit trail between the identified risk, options considered, preferred response and investment timing.

Water Hawke's Bay will need to consolidate these processes across the three councils while retaining visibility of local risks and community consequences.

Question 10

Do you have practical examples of applying these principles- in a specific sector or cross-sector- that could be shared to support other users of the guidance?

Mataruahou Reservoir provides a practical example of a multi-driver resilience investment.

The project addresses storage resilience, future demand, planned growth, network configuration and continuity of supply. It demonstrates why the resilience contribution should remain identifiable but be assessed alongside the project's other investment drivers.

Awatoto marine outfall replacement could also provide a useful example of resilience interacting with operational continuity, renewal, regulatory requirements and uncertainty.

Question 12

Which cross-sector vulnerabilities and interdependencies should the framework place the greatest emphasis on, and expect infrastructure providers and the Commission to pay closest attention to?

For NCC, the most important dependencies are:

- electricity;
- telecommunications;
- transport access;
- fuel supply;
- flood-protection and drainage systems;
- contractor and workforce availability; and
- dependencies between drinking water, wastewater and stormwater services.

Napier is particularly exposed to common-mode events such as earthquakes, flooding and prolonged electricity or communications failures that could affect several critical assets simultaneously.

Many NCC water assets depend on pumping, telemetry and remote control. A regional power or communications failure could affect water abstraction and treatment, booster stations, wastewater pump stations and stormwater pump stations at the same time. This directly reflects the Commission's own example of water providers' reliance on SCADA, telecommunications, cloud services and electricity.

Water Hawke's Bay provides opportunities to coordinate generators, critical spares, emergency resources, contractors and incident-management systems across Napier, Hastings and Central Hawke's Bay.

However, consolidation may also create new common dependencies, including reliance on shared information systems, centralised control arrangements, common contractors and a limited regional specialist workforce.

Regionalisation should not inadvertently concentrate resilience risk or reduce local redundancy. The guidance should encourage providers to consider whether shared systems, centralised capability or common supply chains create new single points of failure.

The guidance should support regional prioritisation while retaining visibility of local risks, affected communities, local redundancy, Future Development Strategy requirements and the residual risk remaining following investment. Providers should be able to demonstrate what risk remains, why that risk is considered acceptable and what contingency or recovery arrangements are available.

Ngā mihi nui



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