

Watercare Services Limited

Submission to the Commerce Commission

Resilience principles: Decision-making framework for critical
infrastructure providers - Draft guidance document

14 August 2026

[PUBLIC]



Introduction

Watercare Services Limited (**Watercare**) supports ongoing efforts to strengthen decision-making principles and frameworks for resilience investment and planning. This is a complex and important area, to which Watercare dedicates significant resource on an ongoing basis.

We therefore agree with the Commission that a robust, structured approach to such investment and planning is crucial for critical infrastructure providers, and welcome the Commission's interest in resilience principles.

This submission includes our recommendation that the Commission provide more clarity on how it plans to utilise the guidance and undertake future consultation before implementation and initial feedback on material included in the Commission's resilience consultation paper.

Role of guidance

Watercare would welcome greater clarity on how the Commission intends the resilience principles and associated expectations to operate within the broader regulatory framework.

In particular, we are interested in understanding how the Commission envisages the guidance being used in future regulatory processes, including price-quality regulation, information disclosure requirements, and other decision-making contexts. Greater clarity regarding the intended role, scope, timing and application of the guidance would assist regulated suppliers in planning and aligning their resilience approaches over time.

The guidance includes a number of examples of "what good looks like" and references to Commission expectations. If these expectations are intended to inform future regulatory assessments, Watercare considers it would be helpful for the Commission to outline how they may be incorporated into relevant regulatory processes and the opportunities stakeholders will have to provide further input as that occurs.

Given the importance of resilience, as a key component of investment decisions and their long-term implications for consumers and regulated suppliers, a clear understanding of how the principles will be applied will help ensure they can be implemented effectively and consistently across the sector.

We therefore encourage the Commission to provide further guidance on:

- the intended status of the resilience principles and expectations;
- the circumstances in which they may be used by the Commission;
- the extent to which different regulated sectors and providers are expected to apply them; and
- the timeframes around future consultation and the 'journey' toward maturity the Commission envisages.

Substantive comments on the Commission's paper

Watercare has the following initial comments on material included in the Commission's paper:

- **Context.** While wider 'threats' and 'challenges' are acknowledged in the Forward and various sections, we note the content which follows predominantly focuses on acute climate hazards. This addresses only a portion of the broad range of potential and disruptive risks facing the

water industry, and necessitating a structured approach to resilience. There is also need, for example, for better framing around the suggested 'slow onset' events, and their contribution to risk scale, and timeframes.

- **Terminology.** We note there is some ambiguity and conflicting information included on definitions referenced in the Commission's paper and ResOrgs report. Terms such as hazards, critical hazards, threat, risk, challenge, exposure appear to be used interchangeably and without consistency, for example. There is therefore ambiguity as to the content, and practical implementation of the substantive requirements.
- **Reliability.** The paper separates reliability from resilience, suggesting "*reliable service [constitutes] part of day-to-day functions*". We disagree and suggest by defining expected performance (i.e. 'normal' and 'post-event' levels of service), water utilities can establish clear reliability expectations which would constitute a proportional, robust and dynamic approach to improving resilience.
- **Key areas.** Page 7 of the Commission's paper and the ResOrgs report suggest there are four key areas which impact / enable resilience - Organisational, Information & Planning, Physical Systems, Investment Decision-making. Watercare has developed a framework which categorises four 'domains' - *Information + systems, Organisation + people, Physical assets + systems*, and the missing component *Infrastructure + Community* which encompasses distributional impacts, risk bearing capacity, infrastructure interdependencies and wider community related aspects. We therefore suggest 'Investment Decision-making' is a cross-cutting ambition and the core objective of resilience planning, rather than being limited to a specific 'area'.
- **Measures.** The Water Services Information Disclosure Determination (24 February 2026) requires an AMP to "*specify how asset resilience is measured...frameworks or indicators used to assess resilience*". However, the Commission's paper proposes predominantly post-event (lag) measures, which are only partially helpful and ignores wider consideration matters, such as 'Importance Level', in the context of buildings (see, for example clause A3 of the Building Code).
- **Risk.** We suggest the proposed criticality risk analysis included in Figure 2.3 of the Commission's paper and figure 9 of the ResOrgs report, is inconsistent with industry standard risk definitions and confuses components such as likelihood and criticality in what appears to be an attempt to achieve a 'system of systems' approach.

Watercare continues to work on a draft framework for proactive decision-making in this area, based on pre-emptive measures (1. redundancy, 2. robustness, 3. readiness), and lag measures (4. rapidity, 5. regeneration) for use as the basis of investment decisions, and relative options comparisons going forward.

We note that these are our initial comments only. While principles included in the paper are high level, there are a number of different options for how they can be framed and implications may differ across sectors. We are therefore keen to engage with the Commission further on its proposed resilience principles, definitions, their application to the water sector, and what the Commission considers 'early' or 'mature' practice.