

Introducing Economic Regulation and Consumer Protection for Water Services in Aotearoa New Zealand

Ko te Waeture Ohaoha me te Whakamaru Kiritaki mō ngā Ratonga Wai i Aotearoa

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We've created a simple overview that explains the tools available to us to carry out our role as economic regulator for water services in Aotearoa New Zealand.

What are economic regulation and consumer protection?
He aha rā te waeture ohaoha me te whakamaru kiritaki?

Where there is no choice of suppliers, **economic regulation** can be used to influence the price and quality of services supplied. For example, electricity lines companies, gas pipeline companies, fibre networks and water services, and the main international airports.

Consumer protections are safeguards for consumer interests, including ensuring regulated suppliers have effective processes in place for consumer complaints.

How can we influence prices and quality?
Me pēhea tātou e whakaaweawe ai i ngā utu me te kounga?

| Tool | Description |
|---|--|
| Information disclosure | Our primary tool will be information disclosure. We will require regulated suppliers to publicly report information about their performance that we specify. We take that information, analyse it, and publish it in a manner that makes it easier to compare between regulated suppliers, and look at trends over time. |
| Revenue thresholds | We will be able to set minimum and maximum revenue thresholds to issue expectations to regulated suppliers regarding the level of revenue that needs to be collected for investment in, and the operation of, water infrastructure. |
| Monitoring and enforcement of financial ringfencing | We will be able to set rules to ensure money collected by regulated suppliers is spent on regulated water services and may require regulated suppliers to spend money on a particular project. |
| Service quality code | <p>As a first step, we have the powers to issue a voluntary service quality guideline to regulated suppliers. Regulated suppliers would need to consider our guidelines when developing their own processes.</p> <p>We can introduce a mandatory service quality code if there is not a sector-led one, or if we think a mandatory code would better reflect the demands of consumers.</p> |

Additional ways we can influence prices and quality

Ētahi atu tikanga e whakaaweawe ai tātou i ngā utu me te kounga

There are additional tools that can be applied if we see there are risks or potential harms to consumers, and the benefits from addressing these exceed the costs. We would consult with stakeholders before recommending to the Minister of Commerce and Consumer Affairs that these tools can apply to one or more suppliers. They will apply if our recommendation is accepted by the Minister.

| Tool | Description |
|---------------------------------------|---|
| Quality regulation | We would have the ability to set infrastructure and service quality standards, and quality incentives to incentivise improvements in quality. |
| Performance requirements | We would have the ability to require regulated suppliers to take actions to improve performance, such as to make certain types of investments, to consult with or seek approval from the Commerce Commission on investment programmes, or to undertake cost-benefit analysis. |
| Price-quality regulation | We would have the ability to set minimum and/or maximum revenues that may be charged, and/or minimum and/or maximum prices. Relevant quality standards and performance requirements would also be set. This form of regulation applies to Watercare after the Charter period concludes. |
| Complaints regulations | Rules could be introduced to improve how complaints are handled by regulated suppliers. This could cover how they are made, recorded, reported, and communicated. |
| Dispute resolution regulations | Rules could be introduced that require regulated suppliers to offer an independent dispute resolution process for their consumers. This could include requiring that regulated suppliers must provide an external dispute resolution pathway, what criteria it must meet, who it applies to and any rules that must be followed. |

Who is your regulated supplier?

Ko wai rā tō kaituku waeture?

In our role we only regulate water supply and wastewater services. Your regulated supplier is responsible for delivering water services to your community and is subject to economic regulation. This could be your:

- territorial authorities (like your local district, unitary or city council)
- water organisations, such as council-controlled organisations (like Watercare), and
- regional councils (if they provide any water services).

Want to know more?

Kei te hiahia rānei ki ētahi kōrero anō?

You can [join our email list for our Commission-wide updates](#), including our newsletter or any of our industry-specific updates. You can also [join our email list for Commission media releases](#).

Who does economic regulation not apply to?

Ko wai mā te hunga kāore e pāngia e te waeture ohaoha?

Chatham Islands Council, marae and community suppliers, private schemes, defence force bases, Ministry of Education, Department of Conservation, and private third-party contractors will be excluded from the initial regime. They could be regulated at a later stage.

We are also not regulating stormwater services right now, but we may recommend that they be regulated in the future.