

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 different types of regulation 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 little or 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, 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 and dispute resolution.

For consumers this means:

- Clearer information about how water suppliers are performing
- Greater confidence that money collected for water services is being used to deliver the things that matter to them, and
- Additional consumer protections, should problems arise.

How can we influence prices and quality?

Me pēhea tātou e whakaaweawe ai i ngā utu me te kounga?

Type of regulation	Description
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Information disclosure regulation	Information disclosure is the primary type of regulation and applies to all regulated suppliers. We require regulated suppliers to publicly disclose certain information about their performance. We analyse that information and publish it in a manner that makes it easier to compare regulated suppliers, and look at trends over time.
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Revenue threshold regulation	We can set minimum and maximum revenue thresholds that reflect our expectations of the level of revenue a regulated supplier should be recovering for investment in, and the operation of, water infrastructure.
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Ring-fencing of revenue	We can set rules to ensure revenue collected by regulated suppliers is spent on regulated water services, including requiring regulated suppliers to spend money on a particular project.
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Service quality code	As a first step, we can issue guidelines to regulated suppliers about service quality codes. Regulated suppliers would need to consider those guidelines when developing their own industry service quality code. 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.
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Additional ways we can influence prices and quality

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

There are additional types of regulation that can be applied if we see concerns about supplier performance or risks to consumers. We would consult with stakeholders before recommending to the Minister of Commerce and Consumer Affairs that an additional type of regulation should apply to one or more suppliers. That type of regulation will apply if our recommendation is accepted by the Minister.

Type of regulation	Description
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Quality regulation	We would have the ability to set infrastructure and service quality standards, and incentives to incentivise improvements in quality.
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Performance requirement regulation	We would have the ability to require regulated suppliers to take actions to improve performance, such as consulting with consumers, adopting asset management or risk management practices, making particular investments, or delivering particular outputs.
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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 potentially performance requirements, would also be set. This type of regulation applies to Watercare after the Charter period concludes.
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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.
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Dispute resolution regulations	Rules could be introduced that require regulated suppliers to provide an external 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.
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For additional explanation on our regulatory tools and how we would use them, please read our Which tool when paper and the companion document, Statutory criteria and processes for our regulation of water services that is available on our [website](#).

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 authority (like your local district, unitary or city council)
- water organisation, such as council-owned organisations (like Watercare)
- regional council (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 via the ministerial recommendation process outlined above.

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