



BE OUR GUEST

An opinion piece from an external expert on consumer matters.

Making water boring again



by **John Small**, chair, Commerce Commission board of commissioners

The essential nature of water has inspired many quotable remarks over the centuries. One of my favourites is from Leonardo Da Vinci who reckoned that “water is the driving force of all nature”. But it’s an old French proverb that resonates most with my topic today: “We never know the worth of water until the well is dry”.

The vast majority of New Zealanders live in towns and cities. We’ve become so accustomed to our on-demand water services that we often don’t even notice we’re using them. Filling the kettle and flushing the toilet are just routine activities we rarely think about until something goes wrong and we’re frantically hunting for a plumber or a drainlayer or a roofer.

Many years ago, when I was still quite naive, my wife and I moved to a rainy rural spot and built ourselves a house. I came to the view that most of the build related to managing water: from the roof

to the gutters that sent rainwater to the tanks, then through the internal plumbing system and back out again through waste-water pipes to a septic tank and finally the dispersal field. There were a few head-scratching moments along the way, but once everything was in place and working, we promptly forgot about it.

While ‘out of sight, out of mind’ is human nature to some extent, when it is applied on a larger scale (for example, a town or city), problems can grow insidiously. This is the sad story of New Zealand’s water infrastructure. The pipes, pumps and tanks that provide our urban water needs are out of sight, often serving a lot more people than they were designed for, and slowly deteriorating. The last two governments have both recognised something needs to be done.

This is where the Commerce Commission comes in. We have been tasked with economic regulation of the water sector.

There are three main regulatory roles.

The Water Services Authority / Taumata Arowai is the primary regulator of the nation’s drinking water quality. It sets the standards and enforces them. Taumata Arowai was established in 2021 after more than 5,000 people became sick, with dozens hospitalised, in Hawke’s Bay from poisoned drinking water, triggering a government review and inquiry.

There are also environmental regulators, usually regional councils, that issue consents for discharges of wastewater and enforce the quality and overflow rules associated with those consents. The Environmental Protection Agency also has some powers in this area.

Economic regulation is complementary to these two roles. Our job at the Commerce Commission is to oversee the physical and financial performance of water service providers.

Established as an independent Crown entity in 1986, the Commerce Commission’s remit is quite broad. We enforce the competition and fair-trading laws, and we regulate several sectors where competition is weak (for example, the grocery sector). We also control the earnings of infrastructure monopolies, such as power lines.

Our new role as economic regulator of water service providers is similar to our other infrastructure monopoly work – making sure providers deliver safe, reliable services at a reasonable cost and with an eye to future needs.

What does that look like in the water sector? The basic idea is to put pressure on the water service providers to serve your interests as well as possible. We will be trying to simulate the discipline of a competitive market – in other words, mimicking the pressures providers would face if they were up against lots of competitors.

This is not a tick-box exercise, though there certainly will be boxes to tick. We need these entities to genuinely focus on efficiency, value for money and delivering reliable water services to their customers (that is, all of us). For many service providers, this will require a complete change of mindset, internal re-organisation and new ways of working.



As we head into an era of major changes for our country's water sector, we need to face the reality that, as a country, we need a serious uplift in service performance and accountability.

The first step is to open the providers to public scrutiny. It is sometimes said that sunshine is the best disinfectant, and that applies to economic regulation as well. It's about making sure the companies responsible for your water are being open and responsible. In practical terms, we are requiring each service provider to report regularly on a set of standardised measures.

We will be making this data and our analysis of it publicly available. The analysis will likely include benchmarking tables that will show which service providers are performing the best and worst in various target areas. That will give all of us (consumers and regulators alike) the ability to identify weaknesses, require improvements and track progress over time – poor-performing service providers will be readily exposed: there will be nowhere to hide.

We also have a range of other tools available if this analysis suggests there are more serious problems with aspects of a provider's performance. For example, we can require specific investments, cap the revenues earned by service providers and directly regulate service quality.

We're already delivering on two early responsibilities set by the government. One is with Wellington Water, where we've set some new rules for publishing important information. The other is at Auckland's Watercare, where we have been the Crown monitor since April 2025. In this role, we track and report on

Watercare's performance under the Watercare Charter, the purpose of which includes limiting increases in average bills for metered customers.

As we head into an era of major changes for our country's water sector, we need to face the reality that, as a country, we need a serious uplift in service performance and accountability.

The commission stands ready to play its part in this broader endeavour. Provided we all stay focused on delivering value to water users, the prospects for success are very good. It will take time though. My aim is that, by 2035, the water sector will be providing services that are so reliable, cost-effective and boring, most of us won't even think about them.