

*The below is an email that was sent to Councils, 2 July 2025, providing more expansive details on what economic regulation will look like under Local Water Done Well.*

In our capacity as economic regulator for water services under the Government's Local Water Done Well regime, we've been busy engaging with Councils and other stakeholders to explain what economic regulation will likely mean for them.

Parliament will soon pass legislation giving us enduring powers set out [here](#), and Councils are finalising their delivery models and Water Service Delivery Plans. These are significant decisions, and we know the impact of future economic regulation is one factor being weighed in the balance. At this important point we wanted to circulate a few frequently asked questions and answers about economic regulation.

*FAQ 1: Will there be economic regulation of an in-house service delivery model? Will this be different to a CCO model?*

We are the economic regulator for all forms of local government water services provider, including in-house models. Water supply and wastewater services will be subject to our initial regulation. We could also recommend the regulation of stormwater services.

We will initially require the audit or certification, and public disclosure of detailed financial and asset management information. All water service providers will have to comply with this, whatever their form. Some Councils are already setting up CCOs and working through the complexities of separating out their services. Their initial work will likely make ongoing regulatory reporting easier when compared to Councils that retain services in-house, which is one benefit of a CCO model.

*FAQ 2: What will the Commission do with the published information?*

We ask for information to be published so that customers, stakeholders and third parties can consider and challenge water service providers' performance. We will publish consolidated information in a form that makes it easy to compare between water organisations, and to look at trends over time.

The Commission will use this information, along with other public information like Water Service Delivery Plans and Water Services Strategies, to assess and comment on the performance of suppliers. We will look at levels of investment and revenue, approaches to customer pricing, and overall service performance. Our focus will be on ensuring the right outcomes for customers over the long term.

*FAQ3: How will you set a price path for Councils or CCOs?*

Once legislation passes we will develop our approach to setting a price-quality path for Watercare from 1 July 2028. Our [information disclosure \(ID\) technical paper](#), which is

relevant to all water services providers, can be seen as a start of this process. We will consult widely as we set our approach and methods and will include how these might apply to different forms of water service provider, who could be subject to price-quality regulation at a future date.

*FAQ4: When would the Commission apply its additional tools?*

In general, we will recommend to the Minister that our additional tools are applied where we see there are risks or potential harms to consumers and the benefits from addressing these exceed the costs. We can make these recommendations at any time once the Local Government (Water Services) Bill is enacted. If our recommendation is accepted, examples of when we might apply our initial or additional tools include:

- Where we consider customers are not getting a minimum standard of service, we could set infrastructure quality standards for aspects such as interruptions to supply.
- If a water service provider plans a large investment without clear justification, we could require that they seek our approval to proceed.
- If customers are unclear about the level of service they should expect, or if complaint information suggests they are not well protected, we can create a compulsory customer service quality code.
- If evidence suggests a water service provider is not recovering enough revenue to cover costs in the long term we could set a minimum revenue threshold.
- If charges appear relatively high while service performance is low, we could set a price-quality path.

**More information**

We look forward to playing our role in the economic regulation of water infrastructure. Some of this is already underway, including our work with Watercare and Wellington Water.

We also recognise there is significant work for Councils to do. If you are a Council or a Council Controlled Entity and want to know more about what economic regulation will likely mean for you, you can:

- Read the information on [our website](#)
- Follow us on LinkedIn
- Ask a member of our team to come and speak to you, your Councillors or technical staff
- Watch one of the webinars we have done with [Water NZ](#) and LGNZ
- Connect with our team via [wai@comcom.govt.nz](mailto:wai@comcom.govt.nz)
- Say hello to us at LGNZ's upcoming [SuperLocal](#) conference in Christchurch 16-17 July
- Come and listen to us, or find us at our booth at the [WaterNZ conference](#) in Christchurch 29 September – 3 October