

FAQ on economic regulation and water

As at April, 2025

Economic regulation and water

Economic regulation exists where there is little or no competition in order to replicate the effect of competition, ensure that prices are fair, ensure consumers are protected, and ensure companies invest and are customer-responsive and innovative.

In many OECD countries, economic regulation is imposed in infrastructure markets where natural or statutory monopolies exist, and infrastructure is providing an essential service. If competition is limited, suppliers of goods and services may raise prices to earn higher profits; provide services at a reduced quality; and face weaker incentives to invest and operate efficiently, and to innovate.

The Commission already oversees regulatory regimes under Part 4 of the Commerce Act (for electricity lines services, gas pipelines services and certain airports services) and under Part 6 of the Telecommunications Act 2001 (for fibre networks) which have these monopoly characteristics.

New Zealand's water service sector is also a natural monopoly where consumers have limited choices other than accessing current council water service networks. The Local Water Done Well framework is aimed at addressing long-standing issues.

Water economic regulation and the Commission

The Commission will first focus on setting information disclosure regulation. This will require water services providers to publicly disclose robust information on their planning, investment, and performance.

We will analyse this information and publish our findings to help the public understand how their water service provider is performing individually, when compared to others, and to track changes over time.

We have yet to decide what information must be disclosed but expect that this will initially include details about actual and forecast capital investment plans and expenditure, operating costs, revenue, tariffs/charges, financing plans, service quality, customer engagement and asset management. It is likely to link to our consumer protection regime. Our discussion paper, published in February 2025, outlined and sought feedback on the types of information that information disclosure regulation could focus on.

These requirements will build on information provided by Councils in their Water Service Delivery Plans in 2025.

Are you regulating stormwater as well?

The Government has decided that the economic regulation regime will apply initially to drinking water and wastewater services but will provide flexibility to include stormwater services at a later date, if necessary. See [Department of Internal Affairs' website](#) for more information.

How do I get ready for the Commission to set a Price-Quality Path?

The Commission will first focus on setting information disclosure regulation that requires water services providers to publish robust information on planning, investment, and performance. Stakeholder insights will be critical to the success of this regime so we will be actively engaging to help ensure good outcomes for our communities.

A transitional economic regulatory regime for Watercare was provided in the Local Government (Water Services Preliminary Arrangements) Act 2024. The Department of Internal Affairs Secretary has set a price-quality path for Watercare under a tailored Charter. The Commission will monitor and report on Watercare's performance over the next three-years of the interim economic regulatory period of the Watercare Charter. More information on our role as Crown Monitor is provided below and [on our website](#).

For all other water services providers, the Ministry of Business Innovation and Employment's timelines indicate that other regulatory tools including quality standards, performance requirements, and price-quality regulation will not apply until at least 2026. See [Department of Internal Affairs' website](#) for more information on the timelines for each economic regulation tool.

Information disclosure will apply to all drinking and wastewater service providers. However, the other regulatory tools including price-quality regulation may not be needed for all providers.

The Local Government (Water Services) Bill provides a process for the other regulatory tools to be made available to the Commission, if they are required. The tools could apply to one or more water service providers.

How will the Commerce Commission help ensure consumers get value for money?

Our fundamental role is to promote consumers' interests over the long-term and to help ensure they get value for money for the services they receive. The regime will give New Zealanders peace of mind that revenue being recovered is being efficiently invested so that core drinking and wastewater infrastructure is delivered at a quality communities expect.

How is the information the Commission is requesting different to what other regulators are requesting?

There are areas of common interest between the Water Services Authority – Taumata Arowai and the Commerce Commission and opportunities to coordinate and align our respective activities. We have a strong working relationship with them, backed by a Memorandum of Understanding and a joint work programme.

We are also conscious that there are other key parties collecting and reviewing council information including the Department of Internal Affairs, and the Office of the Auditor General and Regional Councils.

A key focus for us is to ensure we minimise unnecessary duplication of reporting from suppliers and maximise opportunities to share information across the system where permitted.

What is your role as Crown monitor for Watercare?

The Commission will monitor and report on Watercare's performance over the next three-years of the interim economic regulatory period of the Watercare Charter. The Charter came into effect on 1 April this year. This will apply until the full economic regulatory regime is in place. The Watercare Charter focuses on service improvements, while also enabling an average of \$1.3 billion of capital expenditure by Watercare annually from 2025 to 2028.

What is your role in regulating Wellington Water?

The Commerce Commission's role in monitoring Wellington Water's performance was confirmed by the Government in March 2025. Bringing Local Water Done Well forward for the Wellington region means the Commission will be able to apply early economic regulation on Wellington Water. This will be achieved via 'foundational information disclosure'. This is a type of economic regulation that requires specified water service providers to publicly disclose information about aspects of their performance. The Commission's disclosure requirements for Wellington Water will be targeted to help address key areas for improvement. Wellington Water will be subject to this foundational information disclosure until the enduring information disclosure regime (see FAQ above) is in place.