COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

Draft decision for information disclosure for water services: an overview

PRESENTATION TO ĀPŌPŌ

23 September 2025

Our role

- We are an independent competition, fair trading, consumer credit and economic regulator.
- **Economic regulation** is used in important markets or sectors where there are competition issues or no competition.
- We now have a range of tools to regulate water services under the Commerce Act:
  - **Information disclosure (focus of today)**
  - Ring-fencing
  - Revenue thresholds
  - Quality
  - Performance requirements
  - Price-quality

What is information disclosure (ID)?

ID is one of our regulatory tools under the Commerce Act. We've proposed rules on what key performance information regulated suppliers will need to publicly share (ID requirements).

Our proposed ID requirements will apply to councils (excluding Chatham Islands) and water organisations that provide water supply and/or wastewater services.

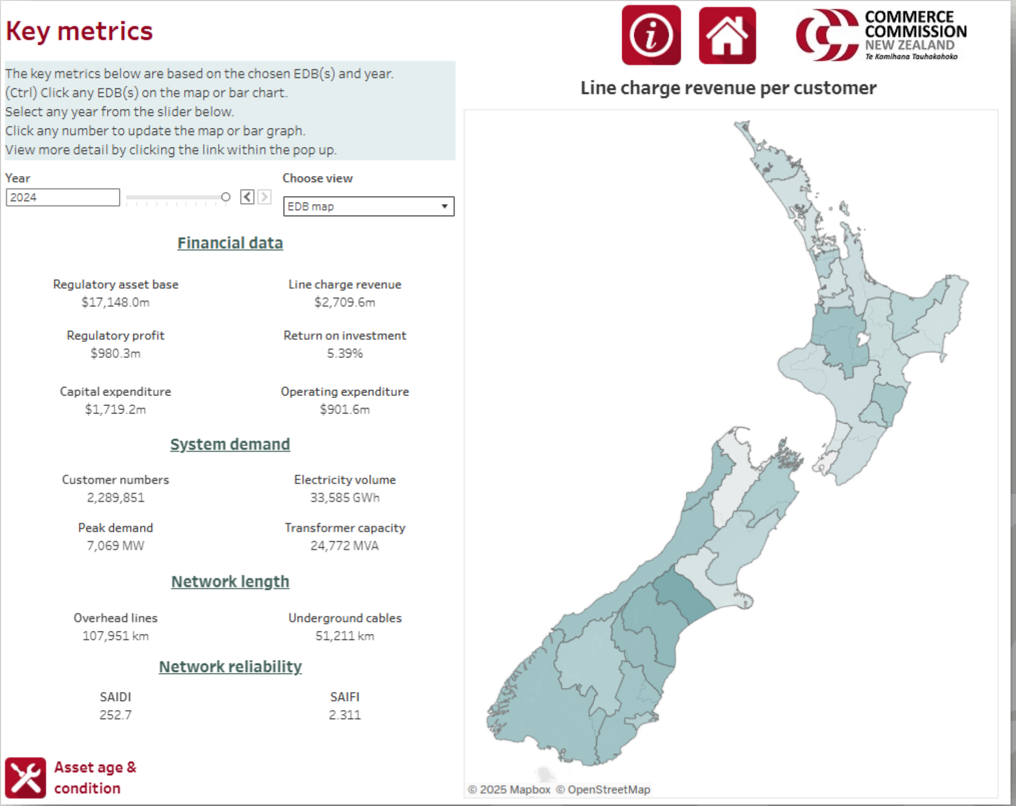
Our statutory deadline to set initial ID requirements is 26 February 2026 (six months from the passing of the legislation).

ID shines a light on performance. Stakeholders gain a better understanding of supplier performance, how this compares to past performance and other suppliers, where there are any issues and what improvements are expected in the future.

How we’ll analyse ID data

- We will take that information and publish it in a manner that makes it easier to compare between regulated suppliers and look at trends over time.
- We will also analyse the data and comment on performance of suppliers.

[Example of analysis from other sector: electricity analysis tool]



Draft ID decision: package released

Draft Decision Summary

Summaries our proposed ID requirements and the reasons why we decided on these, including how we applied our decision-making framework.

Draft Determination

A draft of the legal document that will set out the ID requirements that will apply to all regulated suppliers of regulated services. Attachment A describes how to read the Draft Determination.

Explanatory Paper: Supporting Information for Draft Information Disclosure Decisions

Additional explanations for some of our proposed ID requirements, focusing on areas where we consider additional information, clarification or feedback would be helpful.

Draft Regulatory Framework Paper (will be an enduring document)

Outlines the legal basis for our decisions and our decision-making framework for ID of water services.

How are we approaching initial ID?

- Proposing staged and proportionate approach to introducing ID requirements.
- Initial focus on:
  - **Asset management**—suppliers are making sound investment decisions, maintaining infrastructure effectively, and planning for future needs
  - **Financial sustainability**—suppliers must bring in enough money to keep investing in their infrastructure and services over the long-term
  - **Ring-fencing**—suppliers spend the revenue and funding they receive for water services on providing those services, not on other activities
- Asset management and financial ID requirements that complement (rather than duplicate) other reporting requirements.

Proposed asset management ID requirements

Proposed document for disclosure	Purpose	Disclosure frequency
Strategic Asset Management Plan (SAMP)	Outlines the strategic approach, asset management framework, risk and lifecycle strategies, and governance and organisational arrangements.	Initially alongside the 1st and 2nd water services strategy and then every second time a water services strategy is adopted
Asset Management Plan (AMP)	Identifies the investment and improvements needed over a 30-year horizon, based on consumer demands, asset condition, performance, criticality, risk, service levels, and growth	Every time a water services strategy is adopted (~3 yearly)
Investment and Delivery Plan (IDP)	Determines which investments are funded, how they are prioritised and the risks associated with delivery. Provides the narrative to the financial disclosures.	Every time a water services strategy is adopted (~3 yearly) and times when it is updated to align with the budget
Annual Delivery Report (ADR)	Assess performance against AMP and IDP, including improvement plan implementation and performance, and project and programme delivery	Annually

Asset management outcomes we expect ID to improve

Improving consumer understanding of investment	AM objectives – performance measures – investment – consumer benefit
Embedding risk and resilience in investment planning and delivery	strategic direction - risk framework – criticality – resilience planning – investment prioritisation – delivery risks – service reliability
Strengthening consumer-centric planning and performance	consumer engagement – service expectations – performance indicators – investment alignment – delivery transparency – continuous improvement
Ensuring effective and transparent delivery of investment	investment planning – prioritisation – funding decisions – delivery strategy – performance monitoring – transparency – accountability
Maximising the use of existing information, practices and capability held by the regulated supplier	eg, stakeholder engagement, risk management approach and tools, criticality, management of water loss, maturity assessments, prioritisation factors etc

Proposed financial ID requirements

Area	Proposed ID requirements	Purpose
Underlying financial information	• Expenditure • Revenue • Pricing • Asset values • Allocation of costs and revenue	• Establish separated regulatory accounts • Provide more detailed underlying financial information (that complements existing reporting), which supports understanding of investment, efficiency, asset management, financial sustainability and ring-fencing.
Financial sustainability	• Financial sustainability indicators • Financing	• Ongoing information to shed light on the suppliers' financial ability to continue the necessary investment (similar to water service delivery plans)
Ring-fencing	• Ring-fencing statement • Related parties • Initial debt allocation • Dividend policies	• Supports understanding whether money collected from customers is being fully spent on providing water services, and whether consumers are getting the best value for money

Proposed frequency of financial disclosures

Frequency (exact start dates vary)	Relevant financial ID requirements
Ongoing (within 5, 10 or 30 working days)	Information relating to the transfer of a water service (initial asset and debt allocation) Information relating to changes in policy/practices (dividends, pricing)
Annual year-end – 30 November	Previous financial year actual information (expenditure and other items, asset values, actual revenue and other income, pricing, financial sustainability indicators, financing, ring-fencing and related parties)
Annual year-beginning – 30 June	10-year forecast financial information (expenditure and financial sustainability indicators)
Every time a water services strategy is adopted (~3 yearly)	30-year forecast information (capital expenditure)

Proposed assurance requirements

Type of assurance	What it is	What information it applies to
Assurance report	Independent auditor (OAG) provides an opinion on whether a regulated supplier's disclosed information: • Is accurately compiled from proper records • Complies with regulatory requirements Includes any key audit matters identified during the audit	Actual (historical) quantitative data and related supporting information
Director's certificate	Signed certificate from two directors (or councillors for an in-house model) confirming that, to the best of their knowledge and after reasonable enquiries, the disclosed information: • Complies with regulatory requirements • **Historical data** is accurately extracted from reliable records • **Forecasts** use reasonable assumptions aligned with strategy and standard measurement practice	Actual (historical) and forecast quantitative data and related supporting information Qualitative information and forecasts including SAMP, AMP, IDP and ADR

Working with other agencies

- Coordinating and aligning our activities and areas of common interest with the **Water Services Authority – Taumata Arowai**.
- Working with key parties collecting and/or reviewing information from councils and water organisations.
  - **Department of Internal Affairs**
  - **Office of the Auditor General**
  - **Regional Councils**
- We want to develop a shared understanding of the water sector.
- We also want maximise opportunities to share information.

We want your feedback

- We want your feedback on our proposed ID requirements set out in the Draft Determination. This will inform our decision on the ID requirements we include in our final determination.
- We are keen to hear if you think our proposed ID requirements make sense and whether the benefits are worth the time and cost involved.
  - To make targeted feedback easier, we have grouped our proposed ID requirements into two categories in the Draft Determination – basic vs additional disclosures (see next slide).
  - We have also provided a list of prompt questions in both the Draft Decision Summary and Explanatory Paper.
- Our Draft Decision Summary sets out how to make a submission and we encourage you to use our submission template.
- Your questions or comments here will not be considered as a submission.
- **Submissions are due by 5pm on 20 October 2025.**

Basic vs additional disclosures – for feedback

Basic disclosures—information that we consider, in our initial view at the draft stage, is essential to support a basic understanding of our initial focus areas (asset management, financial sustainability and ring-fencing), and to identify issues that may need further scrutiny. We are interested in hearing from you regarding these basic disclosures.

Additional disclosures (shaded grey in the Draft Determination)—information that we consider, in our initial view at the draft stage, would provide deeper insight. We will consider whether to include these in our first set of ID requirements (and potentially introducing them later as sector capability improves), only applying them to certain regulated suppliers where needed, or giving all or some regulated suppliers more time to comply (eg, a delayed start). We are interested in your views on these options.

To recap

- We have proposed a staged and proportionate approach to introducing ID requirements, starting with asset management and financial ID requirements.
- We want your feedback to inform our decision on the ID requirements we include in our final determination.
- **Submissions are due by 5pm on 20 October 2025.**

Questions?

Additional slides

Other proposed tools – economic regulation

Tool	Description	Timing
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.	From 2026, when necessary.
Monitoring and enforcement of financial ringfence	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.	After commencement, when necessary.
Quality regulation	We would have the ability to set infrastructure and service quality standards, and quality incentives to incentivise improvements in quality.	If required, after designation from 2026.
Performance requirements	The ability to require water services providers to take certain actions to improve performance, such as to make certain types of investments, to consult or seek approval from the Commerce Commission on investment programmes, or to undertake cost-benefit analysis.	If required, after designation from 2026.
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.	If required, after designation from mid-2026.
Stormwater	Economic regulation applies to water and wastewater services initially. It could apply to stormwater services in the future.	If required, after designation.

Other proposed tools – consumer protection

- The new information disclosure requirements will allow the us to collect and analyse information relating to consumer protections, such as service quality and customer engagement. If information gathered reveals that issues exist, a range of tools would be available to allow consumer protections to be strengthened.

Tool	Description	Timing
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.	After commencement, by recommendation from Minister of Commerce and Consumer Affairs.
Dispute resolution regulations	Rules could be introduced that require regulated suppliers to offer an independent dispute resolution process for their consumers.	
Guidelines on service quality codes	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.	After commencement, when necessary.
A mandatory 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.	After commencement, by recommendation from the Commission or from Minister of Commerce and Consumer Affairs.