

20 October 2025

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Commerce Commission

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Tēnā koe, John

Feedback on Economic Regulation of Water Services – Information Disclosure – Draft decision

Horowhenua District Council, Palmerston North City Council and Rangitīkei District Councils are establishing a joint water services CCO, to be fully operational from 1 July 2027. Given our collective interests, we have opted to make a combined submission on behalf of our three Councils. We formed a cross-Council working group to scrutinise the draft determination, consulted with our subject matter experts (who contributed valuable insights based on their extensive knowledge and experience), and had the benefit of seeing draft commentary from Taituarā and Water New Zealand (whose perspectives we support).

We appreciate the consideration given by the Commission in preparing this first information disclosure determination for regulated suppliers as the vehicle for public scrutiny about our water services delivery. We support the distinction between ‘basic’ and ‘additional’ disclosures, as it recognises that there will be work needed to develop the recording mechanisms for some of the more detailed disclosures sought. More significantly, it provides the Commission with the opportunity to see which disclosures have the greatest value for consumers in understanding how their regulated supplier is performing. However, there are also some ‘basic’ disclosures which would be problematic for us in the short-term.

We have used your submission template to respond to your specific questions and to add further suggestions for consideration. It is an attachment to this letter. In preparing that, we have tried to address your update request on 9 October 2025 clarifying your preference for views and evidence on removing or delaying some requirements or applying them to some regulated suppliers.

However, we wish to raise three more general concerns here.

The first is the timing for the first disclosure of actual financial information – due on 30 November 2027 for the financial year ending 30 June 2027. At this time, each of the three Councils is a ‘regulated supplier’ (each being a ‘decision-making local government water supplier’) in terms of the Commerce Act. This means that the three Councils – not the joint WS-CCO – must make the initial disclosure of actual financial information for 2026/27, as specified in Part 6 of the draft determination.

We request the Commission to waive this disclosure requirement for those Councils who (like us) are proposing to have their joint CCOs fully operational from 1 July 2027 (the date when the transfer agreements for assets and responsibilities become effective). As

proposed in the draft determination, CCO shareholder councils are being required to operate temporarily as regulated suppliers. This seems inconsistent with the Government's stated preference for streamlining processes.

If all the disclosures proposed in the draft determination were confirmed in the Commission's final decision, they would require substantial investment in systems alterations by the CCO shareholder councils to comply. They will have little value for the joint WS-CCO, who will need to provide such a disclosure for 2027/28 and subsequent years. We suggest that they will also have little value for the Commission, as they will have no obvious continuity with the 2027/28 disclosure from the joint WS-CCO. And they will be a substantial distraction to the work by the three Councils (and others in the same situation as us) in preparing the water services strategy for the joint WS-CCO, along with the draft Strategic Asset Management Plan, Asset Management Plan and Investment and Delivery Plan – all required by 30 June 2027 – as well as the Forecast financial information also due at that time.

The second concern is the timing for the first Strategic Asset Management Plan (SAMP). We request the Commission delays this for three years (i.e. to coincide with the second iteration of the water services strategy). Most of the disclosure requirements specified for the SAMP are 'additional' and the WS-CCO needs an opportunity to develop the recording systems to provide adequate responses.

The third concern relates to the additional disclosures. We understand that the Commission's proposal is to include all (i.e. 'basic' and 'additional') disclosures in your final decision next February. We suggest that a longer implementation time for the full set of disclosures contained in the draft determination would get a better result, in terms of the evidence behind the information disclosed. On that basis, we favour delaying the additional requirements for two years. Alternatively, the Commission might see that some disclosures are more important than others and amend the timing to reflect such thinking: we have not advanced a view on this, being aware of the interconnectedness of the various elements in providing water services, including operating and capital expenditure.

We hope our suggestions and comments are helpful.

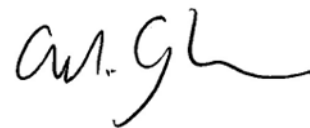
Ngā mihi



Monique Davidson
Chief Executive
Horowhenua District Council



Waid Crockett
Chief Executive
Palmerston North City Council



Carol Gordon
Chief Executive
Rangitikei District Council



Information Disclosure for Water Services

Submission Template

How to make a submission

Our draft decision package for information disclosure in the water sector can be found [here](#). Attachment C in the Draft Decision Summary sets out how to make a submission, including where to send your submission, how we handle confidential submissions and preferred file format.

Submissions are due by **5pm on 20 October 2025**.

Submitter details

Attachment to Combined Submission from Horowhenua District Council, Palmerston North City Council and Rangitikei District Council

To check the boxes below: double click on the box, then select 'checked' under default value.

Organisation or individual name:	
Confidentiality status of submission (tick either option):	This is a public submission that does NOT contain confidential information, and I consent to it being published on the Commerce Commission website. ☒
	This is a confidential submission that contains confidential information highlighted yellow. ☐
Reasons for any confidential information:	

Section 1: Feedback on Draft Regulatory Framework Paper

This document can be found [here](#). Please insert more rows if necessary.

	Paragraph #(s)	Feedback	Suggested changes (if any)	Reason(s)
1		This paper provided useful context for the Commission's draft determination.		
2				
3				
4				
5				

Section 2: Feedback on proposed ID requirements

Draft Determination

The Draft Determination can be found [here](#).

As outlined in the ‘How to have your say’ section of the Draft Decision Summary, to make more targeted feedback easier, we have grouped our proposed ID requirements into two categories in the Draft Determination:

- > **Basic disclosures**—information that we think 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.
- > **Additional disclosures** (shaded grey)—information that would provide deeper insight. We will consider not including 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.

We are also particularly interested in your feedback on:

- > **High-cost requirements**—which specific ID requirements would be costly to comply with, and why? If possible, please provide an indicative scale of effort and cost. Is there similar information that would be less costly to disclose?
- > **Tailored requirements**—are there any specific ID requirements that should only apply to certain regulated suppliers? If so, which requirements, which regulated suppliers (based on scale, complexity or the risks they manage) and why?
- > **Delayed implementation**—are there any specific ID requirements that should have a delayed start date? Why?
- > **Value to stakeholders**—how would consumers, councils and other stakeholders use the disclosed information and are there any gaps that would be worth including new ID requirements on now or in the future?

- > **Reporting frequency**—are there any ID requirements that we should change the reporting frequency of (for example, reporting annually compared to only if there is a material change) and why?
- > **Efficiency**—are there any ID requirements that we could remove because the information is already readily available to stakeholders (eg, through another reporting requirement) or where we could better align with existing practices?

Please provide this feedback, and any other feedback on the Draft Determination, in the table below. Please insert more rows if necessary.

	Clause #(s)	Feedback (eg, costs, tailored or delayed implementation, value to stakeholders, reporting frequency, efficiency)	Suggested changes (if any)	Reason(s)
1.	Additional disclosures required for clause 3.2	The first annual disclosure of actual information (by 30 November 2027) will be done by each Council (Horowhenua, Palmerston North, Rangitikei), being the regulated suppliers until 30 June 2027. While our preference (as outlined in the covering letter) is that Councils like us are exempt from this first disclosure, if that is not agreed to, the reasons we give apply to these Additional disclosures.	Delay implementation for one year	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
2.	5.2 and 5.3	These additional disclosures (for the regulated supplier's annual reports) at the detail required are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.

3.	6.8 and B1	The detailed categories for operating expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
4.	6.9 and B2	The detailed categories for operating expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
5	6.10 and B3	The detailed categories for operating expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
6	6.16(3) and B4(2)	The detailed categories for capital expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
7	6.16(4) and B4(4)	The detailed categories for capital expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.

8.	6.16(5) and B4(6)	The detailed categories for capital expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
9	6.16(6)	Subclauses (7) and (8) apply to an amount of expenditure that must be disclosed under this clause if there are 2 or more reasons for the decision or project to which the expenditure relates and the reasons relate to 2 or more expenditure categories.	Delay implementation for two years	Consequent on suggested delay for 6.16(3), (4) and (5)
10	6.16(7)	The amount must be apportioned between the expenditure categories according to the relative importance of each of the reasons to the decision or project.	Delay implementation for two years.	Consequent on suggested delay for 6.16(3), (4) and (5)
11	6.16(8)	However, the regulator may: (a) apportion the amount between expenditure categories in accordance with subclause (7); or (b) allocate the amount entirely to the category that represents the primary reason for the expenditure	Delay implementation for two years.	Consequent on suggested delay for 6.16(3), (4) and (5)
12	6.17	Specify the amount of capital expenditure specified under clause 6.15(2)(b) (non-network assets) that is in each of the expenditure categories described in clause B5	Delay implementation for two years (to allow recording systems to be set up by new CCO)	Current recording systems in each of the three Councils do not have all this detail

13	6.18	Specify the amount of the capital expenditure specified under clause 6.15(1) that is in each of the expenditure components described in clause B6.	Delay implementation for two years (to allow recording systems to be set up by new CCO)	Current recording systems in each of the three Councils do not have all this detail
14	6.21	This detail is not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will give time for those WS-CCOs which become fully operational on 1 July 2027 to plan for and develop systems which allow responding to these disclosures.
15	6.26	This introduces another complexity in establishing the joint WS-CCO. Since these costs will be passed from the Councils to the WS-CCO as a debt, they will be closely scrutinised by both parties, and reviewed during the normal annual audit process. See further comment at question 11 posed by the Explanatory Statement.	Delay implementation for two years	This will mean the focus will be on changes from the WS-CCOs currently in the process of being established.
16	6.29 and B4(6)	The detailed categories for capital expenditure are currently not documented by any of the three Councils, so additional work and cost will be required.	Delay implementation for two years	This will mean the focus will be on changes from the WS-CCOs currently in the process of being established.
17	6.29-6.35	While the Commission has clarified and standardised the definition of the financial indicators to enable consistent calculation and reporting by regulated suppliers, the Commission acknowledges the possibility that regulated suppliers may need to adjust their calculation methods from those used for their water services delivery plans, not all of which has been formally accepted by the Secretary for Local Government. This includes ours.	Delay implementation for two years to enable all regulated suppliers to determine whether they need to adjust their calculation methods from those used in their accepted water services delivery plans (and for regulated suppliers to notify the Commission within six months of the final determination)	Delayed implementation (and feedback from regulated suppliers) will mean that the Commission will be confident that its definitions are being applied consistently.

18	C1, C2, C3, C4, C5	To develop the Strategic Asset Management Plan to coincide with the first Water Services Strategy is premature and very likely to mean that some of the disclosures sought were not provided. T	Delay implementation for three years	This delay means that the CCO will have an opportunity to develop the Strategic Asset Management Plan, taking into account the disclosures required .
19	C7(2) and (3)	The joint WS-CCO will have just begun full operations when the Asset Management Plan has been approved. So there will be no experience (or historical data) for these disclosures. By contrast it will be feasible to plan what will be done for customer service practices and connections C7(4) and (5).	Delay implementation of these Additional requirements for three years.	This delay means that requirements for these disclosures can be addressed and included in the second Asset Management Plan.
20	C10(2) and (3)	The disclosures specified as additional requirements disclosures for performance indicators need record systems to be set up and historical data collected.	Delay implementation of these Additional requirements for three years.	This delay means that the requirements for this disclosures can be addressed and included in the second Asset Management Plan.
21	C12(4)	The joint WS-CCO will have just begun full operations when the Asset Management Plan has been approved. So there will be no experience (or historical data) for this disclosure,	Delay implementation of these Additional requirements for three years.	This delay means that the requirements for this disclosures can be addressed and included in the second Asset Management Plan.
22	C15(3)	The joint WS-CCO will have just begun full operations when the Asset Management Plan has been approved. So there will be no experience (or historical data) for this disclosure.	Delay implementation of these Additional requirements for three years.	This delay means that the requirements for this disclosures can be addressed and included in the second Asset Management Plan.

Answer on question in Draft Decision Summary on support for implementation

The Draft Decision Summary paper can be found [here](#).

As outlined in the 'How to have your say' section of the Draft Decision Summary Paper, we are particularly interested in your feedback on what we can do to support regulated suppliers as we implement ID for the water sector.

Draft Decision Summary – Support
What type of support would most help regulated suppliers comply with our ID requirements, and why?
Webinars once the final determination has been published, giving detailed consideration to the various disclosures specified. Develop and update FAQs on the Commission's website. Provide a model for each of the Strategic Asset Management Plan, Asset Management Plan and Investment and Delivery Plan.

Answers to the questions set out in the Explanatory Paper

The Explanatory Paper can be found [here](#).

Explanatory paper – Financial questions

Capital expenditure: Capital expenditure is to be reported in specified categories
1. Do you think the proposed categories are appropriately defined and sufficiently detailed to capture the key aspects of regulated suppliers' capex? If not, what changes to the definitions do you think we should make, and why?
4(d) should be into two categories – one being 'regulatory requirements' and the other 'Treaty settlement obligations'
6(e) should include 'desalination plants'.
It is unclear whether trunk mains that feed reservoirs should fit in 6(b)(i) or 6(d)(i). Please state this in one of the categories in order to clarify.
2. Do you think there are instances where multiple categories should be combined into one? If so, which categories, and why?
Yes: treatment facilities, storage, monitoring and control are highly integrated activities for both water and wastewater.
3. Do you think we should add any additional categories of capital expenditure? If so, what and why?
Yes: decommissioning (treatment facilities, storage, pump stations)
4. Do you think certain regulated suppliers should only need to report expenditure in the high-level categories—growth, levels of service, and renewals? If so, please explain.
Yes. For Rangitikei this would require changes to the General Ledger to show the specified new categories and review of the recording for purchase orders to show which of these categories apply. This is also the case for PNCC: the only separation feasible at this time is treatment plants vs collection or distribution. This will come at additional cost. We suggest that this disclosure is not required for regulated suppliers servicing a population of less than 100,000, so limited to the larger territorial authorities and joint CCOs and delayed until 1 July 2029. Yes for Horowhenua, with the recent transition of the water services back in house HDC rebuilt its ledger and already report in the higher-level categories

Capital expenditure: Capital expenditure on network assets must be apportioned between categories
5. Do you consider this approach (apportionment of expenditure) to be practical and implementable? If not, please explain the specific challenges regulated suppliers may face in complying with this requirement, including the likely cost of any required changes to regulated suppliers' existing practices, and any potential difficulties in auditing the information. We also welcome suggestions for alternative approaches that could provide adequate transparency of regulated suppliers' capital expenditure.

It is only practical if the ledger codes maintained by each regulated supplier correspond and the practices of coding purchase orders/invoices reflect this level of detail. We suggest the Commission consider extend the scope of Clauses 6.16(6), (7) and (8) so that the regulated supplier is permitted to use them for all capital expenditure (not just where there is more than one reason prompting the expenditure). This could be associated with a 'materiality threshold' as the Commission already flagged in the disclosure of information on variances from forecasts, clause 6.19.

Capital expenditure: Capital expenditure components

6. Will there be regulated suppliers reporting under the for-profit accounting standards? If so, which ones?

Not applicable to Horowhenua/Palmerston North/Rangitikei.

Operating expenditure: Operating expenditure is to be reported within specified categories

7. Do you think the categories are appropriately defined and sufficiently detailed to capture the key aspects of regulated suppliers' opex? If not, what changes to the definitions do you think we should make, and why?

In B1 we suggest extending (b) 'chemicals and consumables'
 , Does (g) also include operating costs to process biosolids, or is this to be included under (i) 'other'?

8. Do you think we should add any additional categories of operating expenditure? If so, what and why?

We suggest consideration to 'emergency', i.e. expenditure in response to a declared local, regional or national emergency to address network failure by providing remediation or alternative arrangements. We think it should be distinct from 'unplanned maintenance'.

9. Do you think the proposed maintenance categories (planned, predictive, unplanned) are appropriate for the water sector and can they be reported on? If not, what changes should we make, and why? What, if any, additional costs would this reporting impose on regulated suppliers?

We think requiring separation of 'predictive' maintenance from 'planned' maintenance is unnecessary. It would certainly require some additional staff time in documentation. More significantly, the distinction can be viewed as subjective. The real issue – both for the regulated supplier and the consumer – is the extent to which maintenance is planned (and executed) rather than being reactive to when a problem occurs.

10. Do you think there are categories of expenditure that regulated suppliers should be able to combine if the amounts are below a certain materiality threshold, particularly for expenditure forecasts? If so, what would be an appropriate materiality threshold, and why?

We accept that there are advantages to the Commission for full comparability between regulated suppliers in maintaining all categories of expenditure. However, the Commission has already flagged this idea in disclosing information on variances from forecasts: clauses 6.11 and 6.19 allow a 'materiality threshold' to be applied. We suggest that the Commission extend this to defining the materiality threshold as 'less than 5% for any expenditure category' required to be disclosed from Schedule B. This would reduce the need to establish new expenditure code simply to respond to the Commission's determination.

Expenditure on changes to entities: This expense component is intended to capture capex and opex relating to the transfer of water services to a new or different entity

11. Do you think the 'expenditure on changes to entities' category is adequately defined to capture the range of costs regulated suppliers will incur? If not, what changes do you think we should make, and why?

We think it is not feasible to separate out the costs of (a) establishing a water organisation from (b) becoming a shareholder in a water organisation – since both are part of the same process. We suggest that the Commission clarifies this by adding to (b), 'if not establishing a water organisation'. The Commission may also wish to get details of revenue used to fund these costs, in particular redirected money initially approved for Better Off Funding projects.

We query why the Commission has chosen to vary the provisions in section 27(1) of the LGWS Act and not included the additional circumstances in clause 28.

We recommend that the Commission does not include this proposed Additional disclosure in its final determination for 2026. There are many local authorities progressing the establishment of water organisations (water services CCOs) to be fully operational from 1 July 2027. Costs incurred by councils will typically be transferred to the CCOs as a debt.

12. Do you see any practical challenges involved in preparing, or auditing the disclosure of 'expenditure on changes to entities'? If so, please explain these and how we might change the proposed requirement to address these.

One substantial challenge comes from local authorities being encouraged by DIA to appoint a lead council when establishing a joint WS-CCO. This means that shared costs (e.g. for external legal advice) will be paid by the lead council and apportioned (on the basis of a formula agreed in the Collaboration Agreement signed by the participating Councils). Fundamentally, however, each Council will retain the source documents, but viewing all of these (and reconciling them with the lead Council's records) could be a lengthy and complex matter

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Asset values: Information about asset values and movements in asset values will be required in the financial statements in regulated suppliers' water services annual reports, for specified network asset classes

13. To what extent do regulated suppliers currently maintain the necessary asset information at the proposed level of disaggregation?

This is an Additional disclosure (Part 5). It is incomplete in Rangitikei. The value of water and wastewater monitoring and control is not separately recorded in the asset register. PNCC's Finance system currently does not hold this information. This information is in good shape for Horowhenua as full review of the asset data was completed last year and the information is now held within the Infor Public Sector (IPS) software platform.

14. If regulated suppliers do not already maintain the necessary asset information, what would be involved in changing the way asset information is recorded in order to comply with the proposed ID requirements, and what is the likely cost of these changes?

Some General ledger changes would be needed, and then some work with the asset information to map it to the new system. This would be quite a bit of set-up before the assets could then be moved to the new reporting requirements.

Actual revenue and other income: We are proposing regulated suppliers' actual revenue and other income is reported within specified categories

15. Do you think the proposed revenue and other income categories are appropriately defined and sufficiently detailed to capture the range of regulated suppliers' revenue sources associated with regulated services? If not, what changes to the definitions or level of detail do you think we should make, and why?

Currently, in Rangitikei, revenue from connection charges is not currently separately recorded and no serviceability charges are made. Some revenue is earned from supplying bulk water carriers, which would be included in the draft determination as unspecified 'Other income' in clause 6.5(1)(i). PNCC is similar, but consider it would be a relatively quick exercise to change these if needed to be reported separately. We agree that penalties warrant separate disclosure as specified in 'Other income' clause 6.5(1)(g). This is a sensitive topic for the community. We are wondering how rebates (through the Government's scheme) are to be disclosed.

Actual revenue and other income: Regulated suppliers would be required to disclose detailed information about revenue from usage charges and rates

16. Do regulated suppliers currently maintain the necessary information to support detailed disclosure of revenue from usage charges and rates? What, if any, additional costs would this reporting impose on regulated suppliers?

No. The usage charges (primarily rates) in Rangitikei do not distinguish between residential and non-residential properties. While mainly fixed charges, meter readings are used for particular properties identified as high-use and for Hunterville. In Rangitikei, contaminants charges (trade waste) are not levied as rates. PNCC has differentials for residential vs non-residential: it would require some set-up to change the mapping in the General Ledger for these. PNCC also has breakdowns for rural customers. PNCC treats trade waste as a fee rather than a rate. Horowhenua also treats trade waste as a fee rather than a rate. Note clause 4.9(2)(c) allows the combination of these, so there would be no extra cost – but clause 6(2)(1) specifies separate disclosure.

17. For regulated suppliers operating under a split decision-making model, is the proposed detailed disclosure of revenue from usage charges and rates workable, given collaboration with related organisations (eg, shareholding Councils) may be required to complete a consolidated disclosure, where water services are funded from rates? If not, what changes should we make, and why?

Not applicable to Horowhenua/Palmerston North/Rangitikei.

Financing and funding arrangements

18. Do you think that the disclosure requirements relating to financing and funding arrangements could be reduced or streamlined while still providing sufficient information for stakeholders to understand the financial sustainability of the regulated supplier? If so, what changes to the disclosure requirements do you think we should make, and why?

Yes. Some of the detail specified in several of the disclosure requirements will be of little interest to most consumers. We think the requirements in the following could be withdrawn, or at least deferred for later implementation (having regard for feedback on the disclosures made under the final determination):

- 6.9: Operating expenditure – non-network,
- 6.10: Operating expenditure – components,
- 6.16(3), (4), (5): Capital expenditure for growth/levels of service/renewals by the categories specified in Schedule B,
- 6.17: Capital expenditure – non-network assets, by the categories specified in Schedule B,
- 6.21: Unit cost of replacement.

Pricing: Regulated suppliers would be required to disclose information about all charges, including non-standard charges and charges with small numbers of customers

19. Do you have concerns about the proposed requirement to disclose information about non-standard charges and charges applied to a small customer base, because of commercial sensitivity? If so, please describe the nature of your concerns.

No. Currently, where Rangitikei District Council charges a different rate to a consumer, this is disclosed in the rates resolution. Similarly, in PNCC and in Horowhenua.

Financial sustainability indicators

20. Do you think it would be beneficial to also require any of the financial sustainability indicator forecasts to be reported in real terms. If so, which indicators and why?

If adjusted for inflation, it is more evident what the likely costs/revenues will be over time. But is comparability with present cost/revenue may be more important?

Revenue and funding indicators: Ratio of cost of water services as a proportion of household income

21. Is there also non-residential data (instead of just household income) that you think we should require to create a similar but non-residential indicator? If so, which data?

Length of reticulation (drinking-water and wastewater) compared with the population serviced. This helps explain why there is (typically) a greater cost for smaller, more dispersed communities.

22. Do you think the measure expressing water service charges as a percentage of household income should also be reported using alternative income thresholds, such as the lowest decile (10th percentile) or the lowest quartile of household income in addition to the median? If so, which thresholds?

Yes – if these alternatives are readily available as it increases understanding of affordability. It may be helpful for the Commission's website to show them or provide a link so there is assurance of comparable data being used. If opting to lowest decile, should this also be compared with equivalent data for the highest decile?

Explanatory paper – Implementation settings questions

Director's certification
23. Do you think there are specific disclosure areas where the proposed ID requirements for assurance may not be necessary or may not provide additional value relative to the cost and effort it would take to implement? If so, please explain your reasons including specific challenges in complying with these requirements such as likely cost of any required changes to regulated suppliers' existing practices and how we might change the proposed requirement(s) to address these.
We think that the certification criteria should not apply to the annual disclosures of financial information which (according to para. 5.20 in the Draft Decision Summary) must be included in the annual report, since these reports must be signed by Chair of the Board and the Chief Executive and include a report from the Auditor-General. We note, however, that Part 5 of the determination is very specific about what is to be included and proposes these as these Additional disclosures.
24. We also invite comment on the appropriateness of the proposed certification criteria for the matters being certified, including whether the criteria are fit for purpose and aligned with the type of information being disclosed and certified.
We do not think separate assurance through a Director's certificate is needed for the Strategic Asset Management Plan, Asset Management Plan, Investment and Delivery Plan as the determination requires disclosure (in each of these plans) when it was approved and who approved it (on behalf of the regulated supplier). This would mirror the position taken for the Annual Delivery Report.
25. Do you think there are particular types of disclosures where Chief Executive level certification would be more appropriate than what we are currently proposing? If so, please outline which disclosures would benefit from this approach and why, and describe any challenges regulated suppliers might face in meeting our proposed requirement (such as likely cost of any required changes to regulated suppliers' existing practices) that could be better addressed through this level of certification.
We think that certification by the Chief Executive is sufficient for 'Schedule D' disclosures (where these are not included in the annual report).

What can be kept confidential: Commission-only disclosures

26. Are there other types of information proposed for public disclosure that you think should be disclosed to the Commission on a Commission-only basis because they are confidential, commercially sensitive or only relevant for compliance monitoring? If there are, please say what those types of information should be and explain why these should be disclosed to the Commission only.

No. We question why certain disclosures are excluded from public disclosure: clauses 6.23(4) 'Cost allocation', 6.24(2) 'Approach to revenue and funding allocation' and 6.25(2) 'Allocation of assets and liabilities'. These are likely to be of public interest and seem unlikely to require confidentiality.

Geographic disaggregation

27. Do you prefer either Alternative 1 or Alternative 2 to the proposed ID requirement? If so, which alternative do you prefer, and why?¹

We prefer Alternative 1, i.e. applying the proposed geographic disaggregation to all multi-council CCOs so that any multi-council CCO, irrespective of whether it is operating under a split decision-making model. This better reflects the operating environment.

¹ Alternative 1: apply the proposed geographic disaggregation to all multi-council CCOs so that any multi-council CCO, irrespective of whether it is operating under a split decision-making model. Alternative 2: apply proposed geographic disaggregation requirement only where there is a requirement for disaggregation of information by council area laid out by the shareholders in the transfer agreement or statement of expectations.

Other comments

In this section you can provide any general or specific comments you may have on our draft decision, that may not be covered by the previous sections above. We ask that you please reference the appropriate document, section and/or page number where possible.

Other comments

Clarity over frequency and start dates

While this is clearly set out in the Draft Decision Summary (para. 6.7), it is not so clear in Schedule A of the Draft Determination. A2 and A7 provide the disclosure dates for the disclosure of actual information for the previous financial year and the annual delivery report, but it is embedded in the text rather than the heading,

Clarity over whether disclosure of actual information for the previous financial year can be included in the annual report.

Part 5 (all 'Additional requirements' is explicit on requiring this. Given the Commission's comment in para.5.20 of the Draft Decision Summary – 'we consider it more effective to build upon the disclosures already provided in the notes to the financial statements in regulated suppliers' water services annual report', with the footnote alerting the provision in section 246(1)(b, together with the decision not to prescribe a reporting Excel template ((para. 6.16 of the Draft Decision Summary), we suggest consideration of allowing *all* the disclosures specified in clause 3.2 to be included in the regulated suppliers' annual reports. With the agreement of the Auditor-General, such disclosures would be included in the scope of the audit report, no separate assurance would be needed, and the community would have a single point of reference for this information.

Consideration to whether the Annual delivery plan could be incorporated into the Annual budget (in the case of water organisations) or the Annual Plan (in the case of territorial authorities who remain regulated suppliers)

This would seem feasible, given the provision in section 241(3) that the information included in the annual budget for a water services provider must be consistent with 'any applicable requirements or determination by the Commerce Commission'. As with the suggestion about annual reporting, this combination provides a single point of reference.

Reconfigure the 'Decision Summary' to be a cross-reference tool for the Determination

The Commission recommended consideration of the Summary to gain an initial understanding of the Determination. We agree that it has proved helpful, but the context is also evident in the Regulatory Framework and Explanatory Statement documents. The Determination necessarily has internal cross-references (particularly to Schedule B and Part 7) and we think the Summary could be used to make all of these explicit. Here is a suggested approach for Part 6 disclosures. (A similar approach could be taken with Schedule C.) :

Clause	Topic	Detail	Disclosure requirements					Schedules		
			Part 2	Part 3	Part 4	Part 5	Part 7	A Transitional	B Expenditure	C Asset Mgmt
6.8	Operating expenditure – network									
		Specify the amount of the operating expenditure specified under clause 6.7(2)(a) that is in each of the expenditure categories described in clause B1		3.1 (for annual) 3.2 (act annual)			7.1 7.3(1)(a) 7.3(2)(a)	A1 A2	B1	

Disclosure of third-party transactions

While 3.106 Explanatory Paper states that ID is confined to those not at arm's length, 3.107 states 'For completeness, we note that the other proposed related party disclosures under ID (including the diagram of related party relationships and the explanation of the approach to pricing transactions) are required for all related parties and transactions, regardless of whether they were conducted on an arm's-length basis.'

Ringfencing disclosure is made for all regulated services (i.e. water supply and wastewater services, together)

3.08-115 Explanatory Paper; Draft Determination clause 6.28) But this may change in the future. The Commission considers making this disclosure for water services in aggregate may be simpler for regulated suppliers, and would allow for smoothing (of revenue, funding, expenditure) over time between the services, particularly as capital expenditure on infrastructure assets is likely to be incurred at different times. Is this introducing a new complexity since the revenue and expenditure are distinct? Note that regulated suppliers must include *an explanation and demonstration to substantiate* their statement that their financial arrangements are consistent with the ring-fencing principle [but no guidance on what the explanation and demonstration is to be]

Retention of information

(4.13-4.18 of Explanatory Paper; Draft Determination clause 2.7): regulated suppliers not only retain the information they are being required to disclose or provide to the Commission, but *also, where reasonably practicable*, the underlying information that their ID disclosures are derived from including associated documentation. This will produce variation between regulated suppliers. It might be as well to clarify that this is simply setting a minimum standard for retention, not limiting how long information can be kept, and does not override requirements of the Public Records Act 2005,

16 October 2025