

9 February 2023

Committee Secretariat
Finance and Expenditure
Committee
Parliament Buildings
Wellington

SUBMISSION on Water Services Economic Efficiency and Consumer Protection Bill

1. Introduction

Thank you for the opportunity to make a submission on the Water Services Economic Efficiency and Consumer Protection Bill (the Bill). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. Comments on the Bill

Consumer NZ supports the Bill. We are concerned about poor water quality and customer service, insufficient investment in infrastructure and the pricing of water services. These problems directly impact all consumers, so we are pleased the Government is taking action to address them.

As stated in our previous submission, we strongly support the economic regulation of the three waters infrastructure in Aotearoa. Given the four

entities will be sizeable monopolies delivering essential services, we think it is critical they are subject to economic regulation. Without economic regulation we consider there is significant risk that services will not be reliable, resilient and appropriately priced. Consumers will suffer as a result. Even though consumers will ultimately bear the costs of the new regime, we agree the benefits will outweigh the costs.

We support the scope of the Bill and the four water services entities being subject to economic regulation. We recognise that including privately-owned or community-owned rural water suppliers in the regime is likely to impose a heavy burden on those suppliers that is disproportionate to the risk of harm. However, we support the Bill enabling the Commission to undertake reviews to determine whether other entities should also be subject to regulation.

We also support the consumer protection mechanisms set out in the Bill – including the provisions requiring a service level code, requiring suppliers to have complaints processes in place and implementing a dispute resolution service. We agree these mechanisms will help ensure consumers of water services are protected.

We support the dispute resolution scheme being mandatory, and not voluntary. Voluntary complaints schemes (such as the Telecommunications Dispute Resolution Service) may be cheaper to run and faster to establish but, in our view, they do not serve consumers as well as mandatory schemes.

We also support the Commerce Commission acting as regulator and being responsible for setting and enforcing the service level code.

We agree an expert advocacy body should be established to advocate on behalf of consumers. At Consumer NZ, we advocate on behalf of all consumers. However, given our limited resources and lack of government funding, we are unable to dedicate sufficient time and resource to advocating for consumers in every sector. In our view, consumers are not well-equipped to advocate for themselves. They may lack the expertise to advocate for themselves or they may not have the time or inclination to do so. Therefore, it is critical that major sectors, such as the three waters sector, have an expert advocacy body. This helps strengthen the consumer voice and helps consumers hold service providers to account.

Ideally, we would like to see each sector have its own independent advocacy body but failing this, we support the remit of another body being extended to include the three water services.

Finally, we consider that once the Bill comes into effect, the regime (including the dispute resolution service) should be reviewed within 1 to 2 years to identify any problems and ensure it is having the desired effects.

Thank you for the opportunity to provide comment.

ENDS