



24 January 2025

Water Services Authority – Taumata Arowai
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Kia ora,

SUBMISSION ON THE PROPOSED WATER SERVICES AUTHORITY – TAUMATA AROWAI LEVY FOR 2025-2028

1. The Dunedin City Council (DCC) thanks the Water Services Authority – Taumata Arowai (the Authority) for the opportunity to make a submission on the proposed levy to fund the Authority's regulatory activities during the period 2025-28.
2. The DCC acknowledges that the ability for the Authority to be funded via levy is provided for in legislation. The DCC understands it is common for regulators to be funded by levies on regulated parties but does have concerns about the appropriateness of a 'user pays' approach in this specific context. The DCC considers the Authority's activities are essentially a Government administrative function for a nationwide public benefit and considers the levy, in this case, an example of the costs of a central government initiative being shifting onto local government. Every time councils are confronted with a new cost like this it has an impact on council budgets and, ultimately, on rates.
3. The Authority's discussion document notes the expectation that water services providers will pass on the costs of the levy to consumers via rates or water charges. Under the present proposal, the levy payable by the DCC from 1 July 2025 would be \$533,287. This would amount to an approximate 0.62% increase in water services rates for 2025/26 (or an approximate 0.23% impact if costs were passed on to all Dunedin ratepayers via a general rate). In times of financial pressures for both councils and members of the community alike, any additional cost increase is burdensome.
4. The DCC recommends that introduction of the levy is delayed until 1 July 2026. This would provide the DCC and other councils with the time needed to assess the different options for incorporating the costs of the levy into operating budgets and rates, and to determine the most efficient system of administration. For example, the DCC may consider whether it would be more appropriate to recover the costs of the levy via a targeted rate on customers connected to water services or via a general rate. At present, it is late in the planning cycle to complete this analysis and incorporate these costs into budgets and rates for financial year 2025/26.
5. The DCC accepts the costs of the Authority's activities being shared by the Crown and the regulated parties to some extent. However, the DCC would have appreciated the inclusion of more detailed information in the discussion document about the proportion of Crown contributions in other regulatory systems. The DCC recommends the Authority further reviews the ratio of Crown contributions in other regulatory systems and also assesses a phased approach to structuring the levy from the 1 July 2026 start date, beginning with a



higher Crown contribution that could reduce over time. A phased approach would allow the Government and councils further time to manage impacts on council rates and ratepayers' ability to pay.

6. The DCC would further recommend that the Authority publishes the findings of the reviews and assessments recommended above along with the summary of submissions and next steps on this consultation. The DCC considers it would be appropriate for councils to be given a second opportunity to provide feedback on the levy proposal with this new information available.
7. The DCC thanks the Authority once again for the opportunity to make a submission on the proposed levy to fund the Authority's regulatory activities during the period 2025-28. The DCC would welcome an opportunity to speak to this submission.

Kā mihi,



Councillor Jim O'Malley
CHAIR, INFRASTRUCTURE SERVICES COMMITTEE