

Commerce Commission New Zealand

Via email: wai@comcom.govt.nz

5 June 2026

Re. Feedback on Ring-fencing Revenue for Regulated Water Services discussion paper

To whom it may concern,

As you may know, Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Property is New Zealand's largest industry with a direct contribution to GDP of \$50.2 billion (15 percent). We aim to unlock opportunities for growth, urban development, and productivity to improve New Zealand's prosperity. We connect over 14,000 property professionals and represent the interests of over 610 members organisations across the private, public and charitable sectors.

We support the objective of improving transparency and accountability around the use of water service revenue. In particular, we support the ring-fencing principle as an important mechanism to strengthen confidence that funding collected for infrastructure investment is applied efficiently and for its intended purpose. We consider there is a strong case for more targeted ring-fencing and disclosure arrangements for Development Contributions (DCs), future development levies, and Infrastructure Growth Charges (IGCs) relating to water infrastructure.

DCs, future development levies, and IGCs are fundamentally different from general water revenue. They are collected on an explicit user-pays basis to fund infrastructure required to support growth. As such, there must be a clear and transparent relationship between the revenue collected and the infrastructure outcomes delivered.

The effectiveness and legitimacy of growth funding mechanisms depends on confidence that revenue collected from development is applied toward growth-enabling infrastructure. Without appropriate ring-fencing arrangements, there is a risk that growth-related funding may be absorbed into broader network expenditure, redirected toward unrelated activities, or used to offset historic infrastructure deficits rather than fund the infrastructure required to service new growth.

This issue is increasingly important given infrastructure constraints are limiting housing supply and urban development outcomes across New Zealand. In many cases, developers contribute significant funding upfront while infrastructure delivery occurs much later. Greater

transparency around how growth-related revenue is held, transferred and applied would help strengthen confidence that funding is being used efficiently and in a timely manner to enable development.

We acknowledge the Commission's view that ring-fencing is most effectively monitored through broader cash-flow oversight rather than transaction-level monitoring. We do not consider stronger protections for growth-funded revenue necessarily require monitoring of individual transactions. However, we do consider that DCs, development levies, and IGCs should be subject to identifiable accounting separation and enhanced disclosure requirements within the Information Disclosure framework.

At a minimum, stakeholders should be able to identify:

- the amount of growth-related revenue collected;
- the infrastructure purposes for which it was collected;
- whether funds have been transferred outside the relevant service or activity; and
- whether funding is being applied within reasonable timeframes.

This would improve transparency and accountability while remaining consistent with the Commission's proposed high-level monitoring approach. Growth-related funding mechanisms rely on public and market confidence that revenue collected from development will ultimately be applied toward enabling development. Enhanced ring-fencing and disclosure arrangements for DCs, future development levies, and IGCs would strengthen the integrity of the user-pays framework, support more transparent infrastructure funding outcomes, and help improve confidence in the delivery of growth-enabling infrastructure.

Thank you for the opportunity to submit on the Ring-fencing Revenue for Regulated Water Services discussion paper.

Any further enquiries, please do not hesitate to contact Bella Leddy, Senior Advocacy Advisor, by email: bella@propertynz.co.nz or cell: 0297786114.

Yours sincerely,



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