



Raveen Jaduram
Chair
Water Services Authority Board
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20 March 2026

Dear Raveen,

Letter of Expectations for the Water Services Authority – Taumata Arowai

This letter sets out my expectations for the Water Services Authority – Taumata Arowai (the Authority). It replaces the previous letter of expectations issued on 28 May 2025. I expect you to ensure your entire Board is aware of the expectations contained in this letter.

Government priorities for water services

The Government has finalised the primary legislative programme under Local Water Done Well. There is now a clear set of rules for water quality and investment in infrastructure and expectations for financially sustainable water services.

The next phase of reform shifts to implementing the legislative changes and progressing the regulatory work programme. The Authority has a central role in supporting greater standardisation across the system, which is essential to achieving long-term efficiency, regulatory certainty and will help drive efficiencies in the sector that lead to lower costs. Priorities include implementation of the first tranche of the national wastewater environmental performance standards, development of the second tranche of wastewater standards, and the development of the National Engineering Design Standards.

The Authority should consider how it can best use its national-level oversight and leadership functions to lift the overall performance and capability of the water sector. Recently, there have been high profile failures of wastewater treatment plants. The Authority should have a view of the whole system and provide greater transparency of critical infrastructure risks. The Authority should report on specific risks or concerns that relate to individual or system-wide performance and practice.

A cohesive regulatory system is critical for financially sustainable water services. The Authority should continue to work closely with the Commerce Commission and other regulatory agencies to ensure that investment in infrastructure is being progressed in the most efficient and effective way.

Immediate priorities for the Board

A focus of Local Water Done Well is to reduce the cost and burden for drinking water suppliers associated with complying with the Water Services Act 2021. The recent changes

to the legislation are designed to reduce compliance costs for drinking water suppliers and wastewater and stormwater network operators, and ultimately reduce costs for ratepayers. The Authority's plans and actions should support the sector to be financially sustainable and deliver better quality services.

As there is now clarity over the legislative framework and funding, the Authority should focus on refining and strengthening its regulatory operations to ensure it has a meaningful impact on the water system. The Authority should continue to build and maintain credibility as an effective regulator and continue to implement the Compliance, Monitoring and Enforcement Strategy.

The Authority should continue to refine the regulatory framework to ensure it is proportionate to the scale, complexity, and risk profile of each drinking water supply, including the consideration of cost implications for ratepayers and the users of the supplies. The regulatory framework should balance public health outcomes with the consideration of costs.

Increased regulatory intensity should remain a focus, taking a risk-based approach to resolving long-standing compliance issues. Increased regulatory intensity should include greater use of the Authority's regulatory levers to strengthen the regulatory approach, while still considering the cost implications for ratepayers.

I expect you to work at pace to implement my immediate priorities over the next 12 months. My immediate priorities for the Board are to:

- Develop tools to support greater standardisation across the sector. This includes developing the National Engineering Design Standards for the design, construction, and operational performance of network infrastructure used in land development. Other tools could also be investigated, including infrastructure design solutions and targets and risk management plans for stormwater and wastewater.
- Develop the next tranche of national wastewater environmental performance standards, which is proposed to include discharges to air from wastewater treatment plants and wastewater networks and discharges of heavy metals to water.
- Actively work with the sector, including councils to drive the use of standardised treatment systems and related infrastructure. For wastewater treatment plants this would include facilitating the roll-out of modular design solutions, particularly for small-scale wastewater treatment plants, to achieve design and build cost efficiencies. Part of this work would be to investigate the development of infrastructure design solutions to improve consenting pathways for small plants.
- Improve the Authority's national-level oversight of the water system. This should include greater transparency in the system through the Authority's reporting and the development of a national picture of performance and risk of water infrastructure and its management.
- Engage proactively and regularly with drinking water suppliers and implement the Compliance, Monitoring and Enforcement Strategy. Interventions should be tailored to meet needs and scaled to offer a proportionate solution. These proactive engagements and fit-for-purpose solutions should enable the most cost-effective solutions for councils and not over burden ratepayers. It is expected that the Authority will support suppliers to adopt cost-efficient outcomes.

- Continue to support the financially sustainable water services through volumetric pricing as it relates to your statutory objectives and functions. The Authority should develop reporting on the uptake of water meters to provide transparency across the sector.

Governance

Strong governance and organisational performance are essential to the Authority's success. I expect the Board to oversee the performance and long-term strategic direction of the Authority and provide best-practice governance. The Board should continue to hold senior executives accountable and focused on the achievement of strategic objectives. Appropriate risk management practices should be in place to monitor the performance of the Authority.

As a general rule, you should inform me promptly of matters of significance to my portfolio responsibilities, particularly where these matters may be controversial or become the subject of public debate.

I note the Water Services Act 2021 contains provisions that require the Authority to consult me before making certain decisions, including declaring a drinking water emergency. In addition, I expect you to keep me informed of incidents affecting the safety or supply of drinking water, which do not result in the declaration of an emergency yet still pose a serious risk to public health. While the primary responsibility for wastewater regulation sits with the regional councils, I expect the Authority to highlight and escalate wastewater incidents, in line with its oversight role.

Funding and financial matters

Following the implementation of the levy, the funding level for the Authority has been agreed until the end of the 2027/28 financial year. As there is now funding certainty, the Authority should focus on how it can best deliver on its priorities within this baseline.

I expect the Authority to exercise fiscal restraint and demonstrate value for money for ratepayers. The Government expects all public service agencies to operate efficiently. The Government has also committed to reducing contractor and consultant expenditure and the Authority should limit operating spend in this area. I expect to be notified of any material variances to the overall budget on a "no surprises" basis.

On 23 April 2024, the Minister of Finance issued an enduring letter of expectations to all statutory Crown entity boards¹. I expect you to work to the expectations set out in that letter alongside those I have outlined. I would like to emphasise three enduring expectations in particular:

- drive greater value from funds you receive and public assets you manage, understanding that reprioritisation should be used as a tool for achieving better results for the people you serve;
- have a full understanding of your entity's cost drivers and performance against key outcomes, and be able to clearly account for these in reporting to your responsible Minister, monitoring department and the public; and

¹ [Enduring Letter of Expectations for Statutory Crown Entity Boards](#)

- take a continuous improvement approach to the activities and programmes you deliver, incorporating strong evidence and evaluation practices and seeking to improve the efficiency and responsiveness of the services you deliver.

Monitoring and Reporting

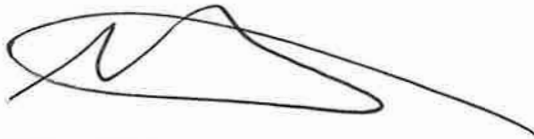
While the Board has the most immediate and direct responsibility for monitoring the performance of the Authority, I expect you to continue to provide the Department, as the monitoring department, with high quality information on performance against planning documents and timely information on risks and opportunities.

I also expect you to provide the Department with quarterly reports on progress against financial and non-financial performance targets, key initiatives and risks, and organisational health. The quarterly reports should allow the Department to assess how the Authority is meeting its objectives. I expect the Authority to work with the Department to ensure the content of the quarterly reports is fit for purpose.

Acknowledgement

I would like to acknowledge the work of the Board and the Authority, and I look forward to a successful year.

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Hon Simon Watts
Minister of Local Government