



Water Services Authority
Taumata Arowai

Amended Statement of Performance Expectations

2025/2026

18 December 2025

Te whakatauākī a Taumata Arowai

Ko te wai ahau
Ko ahau te wai
He whakaaturanga tātou nō te wai
Ko te ora te wai, ko te ora o te tangata
He taonga te wai me tiaki
Ko wai tātou
Ko wai tātou.

I am water, water is me
We are reflections of our water
The health of water is the health of the people
Water is a treasure that must be protected
We are water
Water is us.

This whakatauākī was gifted to Taumata Arowai
by Shane Te Ruki, Ngāti Maniapoto-Waikato, Ngāti Porou.

Presented to the House of Representatives pursuant to section 149M of the Crown Entities Act 2004. Amendments made pursuant to section 149K of the Crown Entities Act 2004.

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Statement of Performance Expectations 2025/26

Date 18 December 2025

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Note: copies of this document can be downloaded from taumataarowai.govt.nz

Foreword

Every New Zealander deserves to turn on the tap and trust that their water is safe. Over the past year, we have worked alongside communities, councils, and suppliers to make this a reality, delivering safer drinking water, clearer standards, and more transparent reporting than ever before.

Since our establishment, we have listened to feedback from those we regulate and serve and responded by focusing on practical solutions and ensuring that our regulatory approach is robust and fair. Our work is about supporting people, protecting public health, and building trust in water services across New Zealand.

Recent changes in legislation have expanded our responsibilities and sharpened our focus. The Local Government (Water Services) (Repeals and Amendments) Act, passed in August 2025, has updated our statutory objectives and given us new tools to support councils and communities. This Statement of Performance Expectations sets out how we will deliver on these new requirements and measure our progress.

We are proud of the progress made so far. Over the last four years, the Authority has overseen significant improvements in the way drinking water services are delivered across New Zealand:

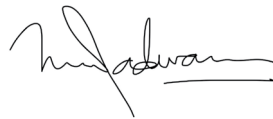
- More than 230,000 additional people now have access to safer drinking water, thanks to targeted action with councils.
- Our new Compliance, Monitoring and Enforcement Strategy gives suppliers clarity and confidence about what is expected and where we will focus our efforts.
- We have consulted widely on national Wastewater Standards, aiming to make consenting simpler and more cost-effective for councils (potentially saving over 40% of consenting costs), while protecting public health and the environment.

In the coming years, drinking water providers and the public in New Zealand will see changes in the Authority's regulatory approach. Based on new insights about the system, the Authority intends to implement a more targeted regulatory strategy that focuses on practical and ongoing risks to public health. This includes targeted actions to ensure all council-supplied water systems have essential treatment barriers.

Looking ahead, our priorities for the year are clear:

- Strengthen the foundations for safe drinking water by completing the implementation of basic treatment across all public water supplies.
- Finalise and implement the new Wastewater Standards.
- Support councils and suppliers to meet their obligations through practical guidance and proportionate regulation.
- Continue to reduce regulatory burden while keeping public health at the centre of everything we do.

We are committed to working together to ensure everyone in New Zealand can rely on safe, sufficient, and sustainable water services.



Raveen Jaduram
Board Chair



Allan Prangnell
Chief Executive

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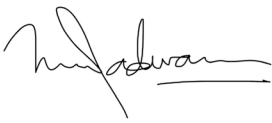
Statement of responsibility

This Amended Statement of Performance Expectations has been prepared in accordance with the requirements of section 149K of the Crown Entities Act 2004.

We, the undersigned, certify that the information contained in this Statement of Performance Expectations reflects the operation and prospective financial statements, including the appropriateness of the underlying assumptions for the Water Services Authority – Taumata Arowai for the period 1 July 2025 to 30 June 2026.

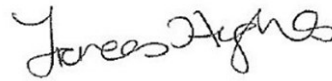
In signing this statement, we acknowledge our responsibility for the prospective financial statements contained in this Statement of Performance Expectations.

Signed on behalf of the Board:



Raveen Jaduram
Board Chair

Date 18/12/2025



Dr Frances Hughes CNZM
Chair, Finance Risk and Assurance Committee

Date 18/12/2025

Context

The Water Services Authority – Taumata Arowai (the Authority) provides assurance to the public that their drinking water is safe and reliable, and that there is a sufficient supply. The Authority also sets standards for, monitors, and reports on the environmental performance of drinking water, wastewater, and stormwater networks.

The priorities and measures in this Statement of Performance (SPE) outline the Authority's priorities for 2025/2026 and set out how we will assess performance for the year.

The Water Services Authority – Taumata Arowai Act 2020 outlines the Authority's statutory objectives. Our objectives are to:

- protect and promote drinking water safety and related public health outcomes
- effectively administer the drinking water regulatory system
- build and maintain capability among drinking water suppliers and across the wider industry
- develop and administer National Engineering Design Standards for network infrastructure¹
- provide oversight of, and advice on, the regulation, management, and environmental performance of drinking water, wastewater, and stormwater networks
- promote public understanding of the environmental performance of drinking water, wastewater, and stormwater networks.

The Authority's mandate covers drinking water, wastewater and stormwater. It ranges from regulatory oversight, making secondary legislation and compliance monitoring and enforcement, through to public reporting, system coordination and advice, and sector capacity building and guidance.

Legislative framework

The Water Services Act 2021 (the Act) and the Local Government (Water Services) Act 2025 provide the main legislative framework the Authority operates under for the regulation of water services.

The Authority recognises our responsibilities and obligations under the Treaty of Waitangi | Te Tiriti o Waitangi, and we are committed to improving how our regulatory approach responds to them.

The Authority will routinely consider what actions we may need to take to uphold our Treaty obligations when performing our functions and will work closely with the sector as they go about meeting their obligations as part of a whole-of-system approach. The Authority will also satisfy specific obligations that we have when those functions affect activities in the Waikato, Waipā, Whanganui, and Whangaehu River catchments², or other areas where similar obligations arise in the future.

Accountability statement

This SPE sets out the Authority's plan for the 2025/2026 financial year. It is a statutory document, required under section 149C of the Crown Entities Act 2004. We have updated this SPE, as required by section 149K of the Crown Entities Act, to reflect recent changes in legislation and our operating environment. This includes the addition of a new statutory objective from 26 August 2025, under Part 9 of the Local Government (Water Services) (Repeals and Amendments) Act 2025.

Expectations from the Minister of Local Government

The Authority falls under the portfolio of the Minister of Local Government. The Department of Internal Affairs serves as the Government's monitoring agency for the Authority. The role of the Minister is to oversee and manage the Crown's interest in, and relationship with, the Authority and to exercise any statutory responsibilities given to the Minister with respect to the Authority, its duties and functions³. The responsible Minister sets out what the Authority is expected to deliver in a Letter of Expectations. The latest Letter of Expectations can be found on our website here: [Letter-of-Expectations-28-May-2025.pdf](#).

¹ This objective was added from 26 August 2025 under Part 9 of the Local Government (Water Services) (Repeals and Amendments) Act 2025.

² In accordance with the Ngati Tuwharetoa, Raukawa and Te Arawa River Iwi Waikato River Act 2010, the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010, the Nga Wai o Maniapoto (Waipa River) Act 2012, the Te Awa Tupua (Whanganui River Claims Settlement) Act 2017, and the Ngāti Rangi Claims Settlement Act 2019

³ Section 88, Crown Entities Act 2004.

The Authority's activities



Set standards and make expectations clear

We set expectations that are proportionate to the scale, complexity and risk profile of suppliers

We set clear standards and expectations for drinking water suppliers by developing the Drinking Water Standards, Drinking Water Quality Assurance Rules, Aesthetic Values, and Acceptable Solutions. Together, these set the minimum requirements for suppliers and are tailored to match the scale and risk profile of each supply.

Our Compliance, Monitoring and Enforcement Strategy outlines our regulatory priorities and explains how we will work with suppliers over the next three years to help them meet these standards.

We also set standards, targets, and measures to drive improvements in the environmental performance and standardisation of design in water networks and infrastructure. This includes setting New Zealand's first national standards for wastewater environmental performance, meaning regional councils can use a consistent approach in resource consents and encouraging standardised treatment systems and modular designs.



Provide a range of options to comply

We provide suppliers with a range of options to ensure safe drinking water

We know that every water supply is different, so we offer a range of proportionate and cost-effective options to help suppliers meet the standards and rules. This includes Acceptable Solutions⁴ and Exemptions⁵, which give suppliers flexibility to choose the compliance pathway that best fits their situation.

We also have a statutory responsibility to provide education, training, and support to suppliers. We deliver on this by offering practical advice and clear guidance to help suppliers understand their obligations and manage risks. We engage regularly and proactively with suppliers and raise awareness of emerging issues through our public reporting.



Take action when needed

We have a range of powers to use in a proportionate and considered manner

We take action when it matters most. Through targeted monitoring and assessment, we work directly with suppliers to make sure they understand their obligations and address issues as soon as they arise. When needed, we use our regulatory powers in a fair and proportionate way to ensure that steps are taken to keep drinking water safe. We balance public health and affordability by taking a risk-based approach to long-standing compliance issues.

By acting quickly and working alongside suppliers, we help prevent small problems from becoming big risks. This approach protects public health, builds trust in the system, and reassures communities that their water is being looked after.

⁴ Acceptable Solutions provide drinking water suppliers with a ready-made option to meet selected compliance obligations. They are developed in consultation with suppliers, apply to particular supply types and situations, and must be implemented in their entirety.

⁵ Under sections 57 and 58 of the Act, the Authority can grant exemptions to drinking water suppliers where appropriate. Exemptions allow for flexibility in regulatory compliance but must be issued with careful consideration of the public health risks involved.



Maintain oversight of supplier responses to incidents and emergencies

We maintain oversight of incidents, ensure any responses where there is serious risk to public health are appropriately supported, and support suppliers to manage emergencies

We work closely with water suppliers whenever incidents or emergencies arise, making sure public health risks are managed quickly and effectively. If a supplier needs to issue a consumer advisory, we are there to ensure the right steps are taken to keep people safe.

Some emergencies, such as natural disasters or major system failures, can be too much for a single supplier to handle alone. In these situations, we coordinate with other agencies, suppliers, communities, and response partners to manage the impact and restore safe drinking water as soon as possible.



Provide transparency to the public on the performance of their water services

We report on the sector's performance so the public can be informed

Every year, we publish the Drinking Water Regulation Report and the Network Environmental Performance Report to give the public a clear picture of how water services are performing across New Zealand. These reports shine a light on what is working well, where there are risks, and where improvements are needed.

We also make key information available on our website, including public registers that let anyone see details about drinking water suppliers, as well as wastewater and stormwater networks. By making this information accessible, we empower communities, councils, and suppliers to make informed decisions and hold the sector to account. Ultimately, this transparency drives better outcomes for everyone, safer water, stronger infrastructure, and greater trust in the system.

Strategic Framework

The Authority is working towards a future where everyone in New Zealand can rely on safe drinking water and effective water services. Achieving this takes partnership across central and local government, iwi and hapū, water suppliers, and communities. We all have a role to play.

The Authority's strategic framework sets out the key impacts we want to achieve:

- safety and sufficiency of water services improve
- water suppliers see the Authority as a credible, responsive regulator
- hazards and risks to drinking water are identified and managed by suppliers, and
- water services' impact on the environment improves.

The Authority will prioritise our resources and efforts to ensure our work is focused on these impacts.

Over the long term, this will contribute to achieving our three goals.

- Safe and sufficient drinking water;
- Effective water infrastructure; and
- Sustainable environmental performance.

Linking performance assessment to the framework

The three sub-sections of our framework are focused on the Authority's performance as a regulator, and our progress toward achieving our vision, covering:

- our long-term goals
- the impacts our work will have, and
- the work the Authority does that will contribute.

Details of the activities we undertake, and measures for our service delivery are outlined in this document.

Descriptions of what we aim to achieve and how we will track progress against long-term goals, and the impact of our work, are outlined in our Amended Statement of Intent 2024-2028.

Statutory objectives



Protect and promote drinking water safety and related public health outcomes



Effectively administer the drinking water system



Build and maintain capability among drinking water suppliers and across the wider industry



Develop and administer National Engineering Design Standards for network infrastructure



Oversight of and advice on the regulation, management and environmental performance of drinking, waste and stormwater networks



Promote public understanding of the environmental performance of drinking, waste and stormwater networks

Vision

Safe water, every day for everyone
Kia tiakina te wai, hei ora mā te katoa

Long-term goals

Safe & Sufficient Drinking Water

Effective Water Infrastructure

Sustainable Environmental Performance

The impacts our work will have



Safety and sufficiency of water services improve



Water suppliers see the Authority as a credible, responsive regulator



Hazards and risks to drinking water are identified and managed by suppliers



Water services' impact on the environment improves

Work the Authority does



Set standards and make our expectations clear

We set exceptions that are proportionate to the scale, complexity and risk profile of suppliers



Provide a range of options to comply

We provide suppliers with a range of options to ensure safe drinking water



Take action when needed

We have a range of powers that we use in a proportionate and considered manner



Maintain oversight of suppliers responses to incidents and emergencies

We maintain oversight of incidents, ensure any responses where there is serious risk to public health are appropriately supported, and support suppliers to manage emergencies



Provide transparency to the public on the performance of their water services

We report on the sector's performance so the public can be informed

Legislation

Statement of Intent

Statement of Performance Expectations

Priorities for 2025/2026

Goal: Safe and Sufficient Drinking Water

We are focusing our efforts where they will have the greatest impact on public health, while making sure our approach is practical and cost-effective for suppliers. Our Compliance, Monitoring and Enforcement Strategy sets out how we will target our engagement and enforcement activities.

We will also progress the following key programmes of work:

- Making sure public supplies have effective multi-barrier treatments in place and that those barriers are working as intended.
- Reviewing the Rules for large supplies (serving more than 500 people), using insights from the Canterbury Groundwater Research Project, so our requirements remain proportionate to the scale, complexity and risk profile for these supplies.
- Updating and promoting the current Acceptable Solutions and conducting engagement and outreach activities to increase the visibility and uptake of these solutions, especially for smaller supplies.
- Working with the Mixed-use Rural Suppliers and Consumers Group⁶ to implement changes to the [Mixed-Use Rural Acceptable Solution](#) and explore other options to target appropriate interventions for these supplies.

Goal: Effective water infrastructure

The Authority will start work on Infrastructure Design Solutions and the National Engineering Design Standards to provide standardised, cost-effective and modular solutions for water infrastructure.

Goal: Sustainable environmental performance

The Authority will progress the following key programmes of work:

- Setting four national wastewater standards and supporting their implementation for network operators and regional councils by developing technical guidance.⁷
- Developing and engaging on new wastewater measures to track the effectiveness of the wastewater standards.
- Building better systems for sharing information about source water quality, especially between us and regional councils, so drinking water suppliers can keep improving their Source Water Risk Management Plans.⁸

Being an effective regulator

The Authority will progress the following key programmes of work:

- Ongoing engagement with suppliers to understand the challenges they face, and to encourage the use of standardised treatment and infrastructure where feasible.
- Redesigning the Authority's supplier portal, Hinekōrako, to make it easier for suppliers to report critical data to the Authority.
- Developing a new website to make it easier for suppliers and the public to access practical advice and guidance.
- Focusing on education and guidance for community supplies, to make it easier for them to comply and provide safe drinking water.

⁶ Once the new wastewater standards are in place, the Authority will be able to measure progress and the effectiveness of the standards. In the interim, progress improving environmental performance is focused on measuring water loss out of networks.

⁷ Once the new wastewater standards are in place, the Authority will be able to measure progress and the effectiveness of the standards. In the interim, progress improving environmental performance is focused on measuring water loss out of networks.

⁸ Source Water Risk Management Plans are a component of drinking water safety planning that considers where drinking water is sourced from, assess contamination hazards and risks and reference the source water monitoring programme.

Performance measurement

The following pages set out how the Authority measures its performance in delivering against its core statutory duties, and the Minister's Letter of Expectations. The non-financial performance measures included in this section have been developed to comply with the Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48) Service Performance Reporting Standard.

As noted above, the Authority's Amended Statement of Intent 2024-2028 contains descriptions of what we aim to achieve and how we will track progress against our long-term goals and the impact of our work. The sections below focus on details of the activities we undertake, the priorities for the 2025/2026 year, and measures for our service delivery.

The Authority reviews its measures regularly to ensure they continue to be accurate and effective, including assessments of performance trends and targets. Changes to measures for 2025/2026 have been included in Appendix 1. This includes changes made as part of this amendment to reflect legislative changes.

Under section 137 of the Act, the Authority is also required to report on the achievement of the objectives and targets set out in the drinking water Compliance, Monitoring and Enforcement Strategy through the annual Drinking Water Regulation Report (which is published annually).

How the Authority will measure its activity

Note – In addition to the 11 activity measures below, there are a further 12 measures included in the Statement of Intent outlining how the Authority measures progress against its long-term goals and areas where we want to have impact.

Measure and rationale	Target 2025/26	Actual result 2024/25	Result 2023/24
Activity: Set standards and make expectations clear			
<p>1. No secondary legislation made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament</p> <p>Many of the instruments the Authority makes under the Act – such as compliance rules, Acceptable Solutions, and some exemption decisions – are secondary legislation. They are each presented to Parliament by the Minister and examined by the Regulations Review Committee. The Authority expects all our secondary legislation to withstand scrutiny by the Committee, and for none to be disallowed by Parliament. This will provide a level of assurance that these instruments are lawful, robust and meet the relevant requirements determined by Parliament.</p>	0% disallowed.	0% disallowed.	0% disallowed.
Activity: Provide a range of options to comply			
<p>2. Percentage of registered supplies that have chosen an Acceptable Solution as a pathway to compliance⁹</p> <p>The Authority will track the percentage of supplies that use Acceptable Solutions to provide visibility for the Authority and the industry on the uptake of Acceptable Solutions. This will enable analysis over time on their effectiveness as an option for relevant supplies.</p> <p>While we have set a target, this measure is mostly intended to gather more information to understand uptake of these pathways over time as the Authority increase visibility of these as an option for small and medium-sized supplies.</p>	≥ 12%	12.5% (196 of 1,566 supplies).	New measure in 2024/2025.

⁹ Acceptable Solutions provide drinking water suppliers with a ready-made option to meet selected compliance obligations. They only apply for supplies that supply less than 500 people. The Acceptable Solutions are developed in consultation with suppliers, apply to particular supply types and situations, and must be implemented in their entirety.

Measure and rationale	Target 2025/26	Actual result 2024/25	Result 2023/24
<p>3. Number of downloads of our guidance that is developed for suppliers and network operators¹⁰</p> <p>The Authority provides guidance documentation for suppliers on our website and through our various contact channels. This needs to be accessible and usable (i.e. an effective toolkit) for suppliers.</p>	≥ 13,950 unique downloads.	13,953 unique downloads.	8700 unique downloads.
Activity: Take action when needed			
<p>4. Percentage of selected decisions made under Part 3 of the Act that meet internal process and policy criteria, as determined by a quality assurance review¹¹</p> <p>Part 3 of the Act outlines a range of compliance and enforcement powers for the Authority. We want to ensure our process for deciding what enforcement powers to use is in line with statutory requirements and reasonable and proportionate to the situation, including the potential risk to public health. However, setting a target for the number of times the Authority decides to take action risks creating a perverse incentive. As an alternative, the Authority intends to carry out an internal quality assurance review once every two years to ensure decisions are being made in accordance with the processes in place.</p>	100%	Not measured in the 2024/2025 year.	Not applicable. First year measuring is 2025/2026.
<p>5. Number and percentage of long-term drinking water consumer advisories (warning to boil, not drink or not use) closed for council, central government and commercial supplies</p> <p>In our Compliance, Monitoring and Enforcement Strategy 2025-2028, the Authority has outlined that by 2028, we expect to see no long-term consumer advisories in place for council, central government and commercial supplies. To enable this, we started a work programme in 2025/2026 focused on long-term advisories in these supplies.</p> <p>This measure will track the progress of our work in this space. The targets for the year ahead are aspirational, as many supplies with long-term advisories still in place have significant challenges and a reliance on funding to resolve the issues. The Authority expects an increase in advisories closed each year until 2028.</p>	<p>Council supplies: 10% reduction in the number (five advisories).</p> <p>Government and Commercial supplies: 10% reduction in the number (three advisories).</p>	<p>Not applicable.</p> <p>First year measuring is 2025/2026.</p>	<p>Not applicable.</p> <p>First year measuring is 2025/2026.</p>

10 This measure counts unique users downloading the Authority's guidance. This means any users who download multiple times will only be counted once for the results

11 This is an internal review that is carried out once every two years by the Authority. The first year of reporting on this measure was intended to be 2024/2025, subject to the creation of appropriate operational policy. However, changes made to the Compliance, Monitoring and Enforcement (CME) Strategy mean that it is not an ideal year to develop a baseline for and report on this measure as operational policies are likely to experience a change for the 2025/2026 year.

Measure and rationale	Target 2025/26	Actual result 2024/25	Result 2023/24
Activity: Maintain oversight of supplier response to incidents and emergencies			
<p>6. Median resolution times for our work when responding to “critical” notifications</p> <p>‘Critical’ notifications are those that pose a risk to public health. This includes any notifications where drinking water is or may be unsafe, as well as notifications from suppliers that their ability to maintain sufficient water for drinking and sanitation purposes is at risk. Upon receipt of these notifications, the Authority will review and assess them and work closely with suppliers to ensure they are addressing the issue(s).</p>	≤ 2 days	2 days (1,038 notifications resolved).	Not applicable. First year measuring is 2024/2025.
<p>7. Percentage of cases closed with required intervention implemented</p> <p>The Authority uses ‘cases’ to record information on significant events, critical incidents and responses. Responses include emergency responses (e.g. Queenstown cryptosporidiosis outbreak) and coordinated incident responses (e.g. Waikato River arsenic event). Case records are used to monitor actions taken by suppliers.</p> <p>The Authority wants to monitor and ensure that our interventions taken for events and responses are appropriate (i.e. in line with the Compliance Monitoring and Enforcement Strategy and regulatory approach), as well as improving the outcome of safe drinking water.</p>	Baseline year.	Not applicable. First year measuring is 2025/2026.	Not applicable. First year measuring is 2025/2026.
Activity: Provide transparency to the public on the performance of their water services			
<p>8. Operators¹² confidence in the quality of the data they report for network environmental performance measures</p> <p>The Authority collects data for Network Environmental Performance Measures to inform the annual Network Environmental Performance Report. Network operators’ confidence in the data they are providing us through this reporting is low. The Authority want to see this improve so that clear and accurate trends can be seen, the ability to analyse the data is improved, and so the public can have increased confidence in the report.</p> <p>To enable this, the Authority is undertaking work to support operators with understanding how to report the data, and to ensure it is as easy as possible to report it to us. This includes free webinars, guidance material development and technical advice. This measure is looking at if this work is resulting in the desired increase in operators’ confidence.</p>	Baseline year.	Not reported because of low data reliability.	Not applicable. First year measuring is 2024/2025.

12 The term ‘operators’ refers to operators of drinking water, wastewater or stormwater networks as defined in Part 5 of the Water Services Act 2021.

Measure and rationale	Target 2025/26	Actual result 2024/25	Result 2023/24
<p>9. Percentage of public surveyed who know our information exists and/or have accessed it¹³</p> <p>The Authority develops and provides information for members of the public to access on the Authority's website. This information needs to be visible and useful/valuable for members of the public. The Authority intends to complete a survey every two years to understand the levels of awareness of our information for the public.</p>	≥ 45%	Not measured in the 2024/2025 year.	45%
<p>10. Number of visitors that engage with the pages in the public section of our website (click-through engagement)¹⁴</p> <p>The Authority uses website analytics to understand how people are engaging with the published content that is intended for the public. This is measured by looking at 'click-through engagement', which looks at how many visitors click through to the subpages in the public section (i.e. do not simply land on the main page and then leave again).</p>	≥ 8,000 unique users.	8,003 unique users.	Not applicable. First year measuring is 2024/2025.
Service critical asset performance			
<p>11. The amount of time that Hinekōrako (registration and notifications system) is available for users</p> <p>The Authority's service-critical asset is Hinekōrako, our registration and notification system. Hinekōrako's uptime availability is measured, as well as the number of planned /unplanned outages. The Authority has a dedicated team working on ensuring this service-critical asset is maintained and available.</p>	Available for > 98% of the time.	Available for 99.75% of the time.	Available for 99.76% of the time.

13 This survey is undertaken every two years to understand the level of awareness of our information for the public. The next year the survey will be completed is 2025/2026.

14 This measure counts unique users engaging with the Authority's website content that has been designed for the public. It focuses on 'click-through engagement' by counting the number of unique visitors that click through to the subpages in the public section of our website (i.e. do not simply land on the main page and leave again). Users who visit multiple times will only be counted once for the results.

How the Authority is funded

The Authority is primarily funded through a levy charged to territorial authorities or their chosen water service delivery organisations. The Authority receives Crown funding through Vote Internal Affairs (Non-Departmental Output Expenses: Taumata Arowai). The appropriation is limited to supporting the Authority in meeting its statutory responsibilities as New Zealand's water services regulator.

Note:

The financial tables on the following pages are the same as those presented in the Statement of Performance Expectations 2025/26. The introduction of the Local Government (Water Services) Act 2025 has not changed the Authority's budget.

Cost of service statement

	Forecast 2024/25 \$000	Budget 2025/26 \$000
Revenue		
Funding from Levy	-	20,658
Funding from the Crown	21,316	4,642
Interest revenue	455	255
Other revenue	276	30
Total revenue	22,047	25,585
Total expenses	23,103	25,330
Surplus/(deficit)	(1,056)	255

Prospective financial statements

Prospective statement of comprehensive revenue and expense for the year ended 30 June 2026

	Forecast 2024/25 \$000	Budget 2025/26 \$000
Revenue		
Funding from Levy	-	20,658
Funding from the Crown	21,316	4,642
Interest revenue	455	255
Other revenue	276	30
Total revenue	22,047	25,585
Expenses		
Personnel costs	16,260	18,099
Depreciation and amortisation expense	564	551
Other expenses	6,280	6,679
Total expenses	23,103	25,330
Total comprehensive revenue and expense for the period	(1,056)	255

Prospective statement of financial position as at 30 June 2026

	Forecast 2024/25 \$000	Budget 2025/26 \$000
ASSETS		
Current assets		
Cash and cash equivalents	8,934	10,929
Debtors and other receivables	-	-
Investments	1,200	-
GST Receivable	-	-
Prepayments	233	388
Total current assets	10,367	11,318
Non-current assets		
Property, plant and equipment	318	191
Intangible assets	1,866	1,512
Total non-current assets	2,184	1,703
Total assets	12,551	13,020
LIABILITIES		
Current liabilities		
Payables and deferred revenue	1,294	1,377
GST payable	-	-
Employee entitlements	1,042	1,171
Provisions	26	29
Total current liabilities	2,363	2,577
Total non-current liabilities	-	-
Total liabilities	2,363	2,577
Net assets	10,189	10,444

Prospective statement of changes in equity for the year ended 30 June 2026

	Forecast 2024/25 \$000	Budget 2025/26 \$000
Balance as at 1 July	11,245	10,189
Capital contribution from the Crown	-	-
Total comprehensive revenue and expense for the period	(1,056)	255
Balance as at 30 June	10,189	10,444

Prospective statement of cash flows for the year ended 30 June 2026

	Forecast 2024/25 \$000	Budget 2025/26 \$000
Cash flows from operating activities		
Receipts from Levy	-	20,658
Receipts from the Crown	21,316	4,642
Receipts from other revenue	276	30
Interest received	455	255
Net Goods and Services Tax Received/(Paid)	-	-
Payments to suppliers	(6,362)	(7,545)
Payments to employees	(15,470)	(17,174)
Net cash flow from operating activities	215	865
Cash flows from investing activities		
Receipts from sale of PPE	-	-
Investments	(1,200)	1,200
Purchase of PPE	(14)	-
Purchase of intangible assets	(30)	(70)
Net cash flow from investing activities	(1,244)	1,130
Cash flows from financing activities		
Capital contribution	-	-
Net cash flow from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(1,029)	1,995
Cash and cash equivalents at the beginning of the period	9,963	8,934
Cash and cash equivalents at the end of the period	8,934	10,929

Key notes and assumptions

The following significant assumptions have been used in preparing the forecast information.

- The budget for 2025/2026 is \$25.585m, of which \$20.658m will be levy funded, \$4.642m will be Crown funded and \$0.285m from other revenue.
- Personnel costs are based on the current organisational structure.

Adjustments may occur to our draft financial statements as our funding for next year is confirmed, and we finalise our business plans and budgets.

Statement of accounting policies

Reporting entity

The Water Services Authority – Taumata Arowai (the Authority) is a Crown Entity as established by the Water Services Regulator–Taumata Arowai Act 2020 and is domiciled in New Zealand. The relevant legislation governing the Authority includes the Water Services Authority – Taumata Arowai Act 2020 and the Water Services Act 2021. The ultimate parent of the Authority is the New Zealand Crown.

The Authority is the water services regulator for New Zealand and was established in 2021. The 'Context' section of this document includes more information about the Authority's role. The Authority does not operate to make a financial return.

The Authority has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The reporting period covered by these prospective financial statements is for the years ending 30 June 2025 and 30 June 2026. They were approved by the Board on 17 June 2025.

Basis of preparation

Statement of compliance

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

The financial statements of the Authority have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Authority is a Tier 2 entity and the financial statements have been prepared in accordance with and comply with PBE Standards Reduced Disclosure Regime (PBE Standards RDR) for public sector entities. The criteria under which the Authority is eligible to report in accordance with PBE Standards RDR is that it has total expenses between \$5 million and \$33 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework. These financial statements comply with PBE Standards RDR.

Measurement base

The financial statements have been prepared on a historical cost basis unless otherwise specified.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, which is also the functional currency of the Authority. All values are round to the nearest thousand dollar (\$000), except for related party transactions which are rounded to the nearest dollar.

Changes in Accounting Policy

The 2024 Omnibus Amendments issued by the External Reporting Board (XRB) include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards, effective for reporting periods starting 1 January 2024. The Authority has adopted the revised PBE standards, and the adoption did not result in any significant impact on the financial statements of the Authority.

Summary of significant accounting policies

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the Inland Revenue Department, including the GST related to investing activities is classified as net operating cash flows in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Authority is exempt from the payment of income tax. Accordingly, no provision for income tax has been made.

Critical accounting estimates, assumptions, and judgements

In preparing these financial statements, the Authority has made estimates, assumptions and judgements concerning the future. These estimates, assumptions and judgements might differ from the subsequent actual results. Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- useful lives and residual values of property, plant, and equipment
- useful lives of intangibles

Management has exercised the following critical judgements in applying accounting policies:

- going concern assumption
- leases classification

Revenue

The specific accounting policies for significant revenue items are explained below.

Funding from levies

The Authority is primarily funded through a levy charged to territorial authorities or their chosen water service delivery organisations. Levy receipts are regarded as non-exchange transactions, as the payment of levy does not of itself entitle a levy payer to an equivalent value of services or benefits.

Levy revenue is recognised in the period to which the levy relates.

Funding from the Crown

The Authority receives revenue from the Crown via Vote Internal Affairs (Non-Departmental Output Expenses: Taumata Arowai), which is restricted in its use for the purpose of the Authority meeting its objectives as specified in the Statement of Intent, the Water Services Authority–Taumata Arowai Act 2020 and the Water Services Act 2021.

The Authority considers there are no conditions attached to the funding and it is recognised at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Other revenue

Other revenue is recognised on an accrual invoice basis and includes Exemption Application Fees. Any services provided to third parties on commercial terms are recognised as revenue in proportion to the stage of completion at reporting date.

Interest revenue

Interest revenue is recognised on an accruals basis using the effective interest method.

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Employer contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the Statement of Comprehensive Revenue and Expense as incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

Investments

Bank term deposits of between 3 and 12 months in length are recorded as current assets and are measured at the amount invested. Interest is subsequently accrued.

Debtors and other receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses if appropriate. Short-term receivables will be written off if there is no reasonable expectation of recovery.

Property, plant and equipment

Property, plant, and equipment consists of four asset classes, which are all measured at cost less accumulated depreciation and impairment losses:

- computer hardware
- leasehold improvements
- furniture and fittings
- plant and equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Purchases of property, plant and equipment are initially recorded at cost.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are expensed as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows across both the current and comparable period:

Asset Class	Useful Life	Depreciation Rate
Computer hardware	3 to 5 years	20% to 33.3%
Leasehold improvements	5.5 to 5.75 years	17.4% to 18.2%
Furniture and fittings	3 to 15.5 years	6.45% to 33.3%
Plant and equipment	3 to 10 years	10% to 33.3%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Estimating useful lives and residual values of property, plant and equipment

At each reporting date, the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Authority and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position. The Authority minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programmes
- review of second-hand market prices for similar assets
- analysis of previous assets' sales.

The Authority has not made significant changes to past assumptions concerning useful lives and residual values.

Intangible assets

Intangible assets consist of developed computer software which is measured at cost less accumulated amortisation and impairment losses.

Work in progress (developed computer software) is measured at cost to date less impairment losses (if any).

Software acquisition and development

Costs that are directly associated with the development of software for internal use are initially recognised as an intangible asset under the Work in Progress classification. At the relevant release date for new features, the costs are transferred to their own Intangible Asset category and amortised over their useful life. Direct costs include employee and contractor costs.

Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are expensed when incurred. Costs associated with development and maintenance of the Authority website are expensed when incurred.

The Authority has developed a customised software as a service code base through creating whole new functionalities and is not using the existing 'software' but instead hosting on the Microsoft 365 platform. The new functionalities create significant future economic benefits to the Authority and third parties.

The Authority has the ability to restrict others' access to these benefits through controlling who can register and access the system. Furthermore, the Authority can extract its data and customised code base from Microsoft 365 at our discretion and therefore could utilise this code on another provider's hosting platform.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows across both the current and comparable period:

Asset Class	Useful Life	Depreciation Rate
Developed computer software	8 years	12.5%

Impairment

Property, plant and equipment

The Authority does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the surplus or deficit. Any reversal of an impairment loss is also recognised in the surplus or deficit.

Intangible assets

The Work in Progress intangible asset category is also assessed for impairment at least annually. Work in Progress assets are only impaired if:

- the new feature release is cancelled; or
- the new feature is defective and does not increase the future economic benefits derived from the system; or
- the entire system that it relates to is impaired. For instance, the whole system could be impaired when it becomes obsolete due to a replacement system being released.

Critical accounting estimates and assumptions

Estimating useful lives and residual values of property, plant and equipment

Internally generated software at the Authority largely comprises:

- Hinekōrako – the primary channel for registration and management of drinking water supplies – allowing suppliers and laboratories to share information with the Authority.
- Business Intelligence Data Platform – an internal data warehouse with a front-end dashboard featuring reporting tools.

Internally generated software has a finite life, which requires the Authority to estimate the useful life of the software assets. In assessing the useful lives of software assets, several factors are considered, including:

- the period of time the software is intended to be in use
- the effect of technological change on systems and platforms
- the expected time frame for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the statement of financial position. The Authority has estimated a useful life of up to eight years for its Hinekōrako regulatory and Business Intelligence Data platforms based on their anticipated period of use. This useful life is still considered reasonable based on the current performance and use of the software. There are currently no indicators the period of use of the software will be materially different.

Creditors and other payables

Short-term payables are recorded at the amount payable. Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Employee entitlements

Employee benefits that are due to be settled wholly within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned but not yet taken at reporting date and an obligation for sick leave employee benefit.

Accrued salaries, wages and annual leave are classified as a current liability. The Authority does not offer long service leave entitlements to employees and there are no other non-current employee entitlements.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- capital contribution from the Crown, and
- total comprehensive revenue and expense for the year.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Authority are classified as operating leases. Payments are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expense when payable.

Appendix 1:

Changes to non-financial performance measures

Numbering changes

ID# for 2024/25	ID# for 2025/26	ID# for SPE 2025/2026 Amendment	Measure
7.1	18	1	No secondary legislation made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament
8.1	7	2	Percentage of registered supplies that have chosen an Acceptable Solutions as a pathway to compliance
8.2	19	3	Number of downloads of our guidance that is developed for suppliers and network operators
9.1	20	4	Percentage of selected decisions made under Part 3 of the Act that meet internal process and policy criteria, as determined by a quality assurance review
10.1	9	6	Median resolution times for our work when responding to “critical” notifications
-	10	7	Percentage of cases closed with required intervention implemented
11.1	14	8	Operators’ confidence in the quality of the data they report for network environmental performance measures
11.2	21	9	Percentage of public surveyed who know our information exists and/or have accessed it
11.3	22	10	Number of visitors that engage with the pages in the public section of our website (click-through engagement).

New measures added via the amendment

New measure for 2025/2026 (Amendment)	Target for 2025/2026	Rationale
5. Number and percentage of long-term drinking water consumer advisories (warning to boil, not drink or not use) closed for council, central government and commercial supplies	Council supplies: 10% reduction in the number (five advisories) Government and Commercial supplies: 10% reduction in the number (3 advisories)	As part of our 2025-2028 Compliance, Monitoring and Enforcement Strategy, we outlined an expectation that there to be no long-term consumer advisories for council, central government, and commercial water supplies by 2028. This measure will track progress towards this goal, reflecting effort from a work programme in place from 2025/2026 onwards.
11. The amount of time that Hinekōrako (registration and notifications system) is available for users	Available for > 98% of the time	To satisfy new Treasury requirements for annual reporting on agencies’ management of business-critical assets.

Changes to measures made via the amendment

Movement of measures to Statement of Intent

The Authority received a recommendation from our external auditors to split our measures between outcome and impact measures (progress for long-term goals and the impact of our work on the system) and activity measures (those that are directly achieved/performed by the entity).

As a result of this recommendation, we have now split our performance measures across our Statement of Intent and Statement of Performance Expectations as follows:

- Details of the activities we undertake and measures for our service delivery are outlined in this document.
- Descriptions of what we aim to achieve and the measures for progress against long-term goals, and the impact of our work are outlined in our Amended Statement of Intent 2024-2028.

Changes to measures in Statement of Performance Expectations

New measure for 2025/2026 (Original SPE)	Change for 2025/2026 (Amended SPE)	Rationale for change
Percentage of registered supplies that use Acceptable Solutions	Wording updated to: Percentage of registered supplies that have chosen an Acceptable Solution as a pathway to compliance Added a target for 2025/2026 of $\geq 12\%$	Wording updated to more accurately reflect what we're measuring. While we have set a target, this measure is mostly intended to gather more information to understand uptake of these pathways over time as the Authority increase visibility of these as an option for small and medium-sized supplies.
Number of downloads of our guidance that is developed for suppliers and network operators	Updated the target to $\geq 13,950$ unique downloads.	The forecast we utilised for the initial target was too low. We have increased the target to reflect an increase compared to the actual result in 2024/2025.
Number of visitors that engage with the pages in the public section of our website (click-through engagement).	Updated the target to $\geq 8,000$ unique users	The forecast we utilised for the initial target was too low. We have increased the target to reflect an increase compared to the actual result in 2024/2025.

Changes to measures prior to amendment

Previous changes made to performance measures are captured in Appendix 1 of the [Statement of Performance Expectations 2025/2026](#), which was published on 30 June 2025.



Water Services Authority
Taumata Arowai

taumataarowai.govt.nz