



Water Services Authority
Taumata Arowai

Statement of Performance Expectations

2025/26





Presented to the House of Representatives pursuant to section 149L of the Crown Entities Act 2004.

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Statement of Performance Expectations 2025/26

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Introduction

From the Board Chair and Chief Executive

The Authority delivers a critical role working with drinking water providers to ensure New Zealanders receive safe drinking water every day, alongside supporting a comprehensive water services system that delivers effective wastewater and stormwater services.

The Authority has made progress in improving drinking water services

Over the last three years, the Authority has overseen significant improvements in the way drinking water services are delivered across New Zealand.

Since its establishment, the Authority has set up the new regulatory system, establishing a framework of Rules and Standards so that all suppliers have a clear understanding of what is expected of them, and reporting mechanisms to enable consumers and the Authority to transparently monitor performance against these expectations.

Over the coming years, drinking water providers and the New Zealand public can expect to see a step change in the Authority's regulatory approach. Building on our new understanding of the system, we aim to implement a more focused and active regulatory approach centred on addressing practical and ongoing risks to public health. This includes undertaking targeted activity to ensure all council supplies have critical treatment barriers in place, which has already resulted in over 200,000 more people with access to safer drinking water since the Authority began a targeted programme of work in November 2023.

The Authority will be publishing an updated Compliance, Monitoring and Enforcement (CME) Strategy in mid-2025. The strategy will provide a framework for drinking water suppliers across New Zealand to undertake their role with confidence, guided by the priorities and expectations the Authority will set out in the strategy.

The future of wastewater for New Zealand has begun to take shape

In April 2025, the Authority consulted on four proposed national Wastewater Standards to streamline the process for future consents, making them more efficient and cost-effective. The Authority estimates that national standards could save local councils up to 40% of consenting costs while protecting the health of the public and the environment.

From 1 July 2025, the Authority will be levy funded

It is important that New Zealand has a robust and adequately funded, but right-sized, regulator who can work effectively with drinking water suppliers and network operators to ensure consumers have access to safe and sufficient water. Since its establishment, the Authority has been predominantly funded by the Crown, but the intention has always been for a levy to be introduced to cover the cost of some of our activities. This levy will be introduced from 1 July 2025 and will be paid by councils and council-controlled organisations (CCOs). The Crown will also contribute funding to cover activities that the Authority delivers that have significant public good (for example, the work that contributes to standard setting).

Over the levy period, the Authority will focus on support for councils and CCOs to meet their regulatory obligations through proportionate, cost-effective regulation. The Authority is committed to reducing regulatory burden for councils and other drinking water suppliers, whilst maintaining its focus on improved public health for consumers. This approach is consistent with Local Water Done Well, where the goal is to empower councils to deliver water services while ensuring a strong emphasis on meeting economic, environmental and water quality requirements.

The Authority's priorities for 2025-2026

As we move forward into 2025-2026, the Authority is looking to finalise the Wastewater Standards and shift our focus to supporting regional councils and network operators to successfully implement the standards, as well as developing and consulting on new wastewater measures to track the effectiveness of the standards.

There is also work to be done to continue to build on the foundations for improving the quality and safety of drinking water, including finishing our work to ensure basic treatment is implemented across all public supplies. To support this outcome, suppliers can expect the Authority to complete work that is already underway to update our Rules and end-point treatment (Acceptable Solution) options to ensure these are fit for purpose and accessible. We expect these improvements will achieve increased uptake of these expectations and increased compliance with these settings.



Raveen Jaduram
Board Chair

A key regulatory tool suppliers can also expect to see the Authority build and improve over the next three years is the use of guidance. This is an area the Authority will focus on getting right so that those who need and will benefit from the Authority's expertise have access to it. This includes work in 2025-2026 to develop a new website to make it easier for suppliers and the public to access practical advice and guidance.

Further legislative changes are on the horizon

At the time of drafting this introduction, the [Local Government \(Water Services\) Bill](#) is under consideration by the Parliament. The proposed legislation includes changes to the Authority's statutory objectives, functions and operating principles. This Statement of Performance Expectations has been drafted with the Government direction in mind; however, when the Bill is enacted, this may trigger an amendment in accordance with section 149K of the Crown Entities Act 2004. The Board will reconsider the priorities outlined in this document to ensure they are in line with any changes enacted, as well as Ministerial expectations.



Allan Prangnell
Chief Executive

Statement of responsibility

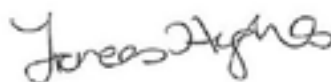
This Statement of Performance Expectations has been prepared in accordance with the requirements of sections 149B to 149L of the Crown Entities Act 2004.

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.



Raveen Jaduram
Board Chair



Dr Frances Hughes CNZM
Chair, Finance Risk and Assurance Committee

Context

The Water Services Authority – Taumata Arowai (the Authority) is New Zealand's water services regulator, established in 2021. 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, and monitors and reports on, the environmental performance of drinking water, wastewater, and stormwater networks.

Building on good progress made over the last three years, this document outlines the Authority's priorities for 2025/26 and sets out how it will assess performance for the year.

Legislative context

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

The [Taumata Arowai-the Water Services Regulator Act 2020](#) outlines the Authority's objectives, which 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
- give effect to Te Mana o te Wai, to the extent that Te Mana o te Wai applies to our functions and duties
- 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 [Water Services Act 2021](#) (the Act) provides the main legislative framework for the regulation of water services.

The two Acts acknowledge the Authority's obligations with respect to the Treaty of Waitangi and its principles, including to partner and engage early and meaningfully with Māori. The Authority has specific Treaty settlement obligations in relation to the Waikato River¹ and Whanganui River².

Potential legislative changes

At the time of publishing this document, the [Local Government \(Water Services\) Bill](#) is under consideration by the Parliament. The proposed legislation includes changes to the Authority's statutory objectives, functions and operating principles. These three components link to the Authority's strategic intentions and how the Authority measures our performance.

Should the Bill be enacted and result in changes that significantly alter or affect the Authority's intentions, the Authority will be required to amend this Statement of Performance Expectations in accordance with section 149K of the Crown Entities Act 2004.

Expectations from the Minister of Local Government

The responsible Minister for the Authority is the Minister of Local Government. The Department of Internal Affairs is 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 [current Letter of Expectations](#) was received on 17 September 2024 and sets out the following expectations:

- Ensure that the Authority's regulatory framework is proportionate to the scale, complexity, and risk profile of each drinking water supply, including the consideration of cost and affordability for the users of the supplies. This should include identifying paths to compliance and the greater use of exemptions and acceptable solutions.
- Ensure that the Authority prioritises the development of additional Acceptable Solutions to allow for ready-made options to help drinking water suppliers meet their compliance obligations.

1 Sections 17(8) – 17(10) of the [Waikato-Tainui Raupatu Claims \(Waikato River\) Settlement Act 2010](#) and Sections 18(8) – 18(10) of the [Ngāti Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010](#)

2 Section 15(2) of the [Te Awa Tupua \(Whanganui River Claims Settlement\) Act 2017](#)

3 Section 88, Crown Entities Act 2004

- Develop and set the new single national standard for wastewater environmental performance standards, in line with the Local Government Water Services Bill. This should ensure that regional councils implement a single standard approach in resource consents.
- Engage with councils to encourage 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.
- Engage proactively and regularly with drinking water suppliers, especially large councils and government suppliers. Interventions should not have a one-size-fits-all solution. This proactive engagement and standardised solutions should allow for the most cost-effective solutions for councils.
- Ensure the regulatory response for mixed-use rural water supplies⁴ is proportionate to the scale, complexity, and risk profile of each supply.

This Statement of Performance Expectations provides an overview of how these expectations are being delivered, aligned with the impacts the Authority intends to achieve with its work this year.

The Authority's regulatory role

The Authority's regulatory role for drinking water commenced in November 2021, when it became responsible for regulating the safety and quality of drinking water across New Zealand. In October 2023, the Authority's role was expanded to include oversight and setting standards for the environmental performance of drinking water, wastewater and stormwater networks.

Regulating is not a one-size-fits-all activity. The Authority recognises that each drinking water supplier and supply is unique. The Authority takes a cost-effective risk-based approach, taking into account supplier capability and capacity, while enabling suppliers to provide safe and sufficient water to the communities they service.

Through information and outreach activities, the Authority sets clear expectations about treatment and risk management requirements, provides practical guidance, capability building, as well as different pathways for compliance. The goal is to strengthen the overall performance of the water services sector and improve environmental outcomes.

Full details of the role of the Authority in relation to drinking water, as well as the Authority's regulatory focus, and what suppliers can expect, is outlined in the Authority's Compliance, Monitoring and Enforcement Strategy.



⁴ Water supplies are classified as 'mixed-use rural' if at least 50% of water supplied is for farm use (e.g. irrigation or stock water) and up to 50% is used as drinking water by people who live in the area.

The Authority's activities



Set standards and make expectations clear

The Authority sets expectations that are proportionate to the scale, complexity and risk profile of suppliers.

The Authority sets standards and expectations for drinking water suppliers through the development of the Drinking Water Standards, as well as making Drinking Water Quality Assurance Rules (the Rules), Aesthetic Values and Acceptable Solutions⁵. Collectively these set minimum requirements for drinking water suppliers and are designed to match the scale and risk profile of different supplies. The Compliance, Monitoring and Enforcement Strategy sets out the Authority's regulatory priorities and how the Authority will work with drinking water supplies over a three-year period.

The Authority also supports improvements in the environmental performance of networks, through setting standards, targets and measures.



Provide a range of options to comply with the standards and rules

The Authority provides suppliers with a range of options to ensure safe drinking water

One size does not fit all in terms of water supplies and there are a range of proportionate and cost-effective options to comply with the standards and rules, including Acceptable Solutions and Exemptions⁶. The Authority provides advice and practical guidance to suppliers, raises awareness and visibility of risks through public reporting, and provides direct feedback to suppliers through activities such as reviews of Drinking Water Safety Plans (DWSPs).



Take action when needed

The Authority has a range of powers to use in a proportionate and considered manner

The Authority takes action when needed through targeted monitoring and assessment of suppliers' compliance, working with suppliers on discrete issues as they arise to ensure suppliers are aware of their obligations, and when needed using powers in a proportionate way to ensure steps are taken to make the drinking water safe.



Maintain oversight of supplier responses to incidents and emergencies

The Authority maintains oversight of incidents, ensures responses where there is serious risk to public health are appropriately supported, and supports suppliers to manage emergencies

The Authority maintains oversight of supplier responses to incidents and emergencies through working closely with water suppliers to ensure public health risks are well managed particularly where there is a consumer advisory needed to keep consumers safe. Emergencies related to natural hazards or other events can also be beyond the capacity of a supplier to manage and require a significant coordinated response. Where there is an emergency which impacts drinking water, the Authority provides coordination and support with other agencies, working with suppliers, communities and response partners to manage the impact on public health and ensure people have safe water to drink.



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

The Authority reports on the sector's performance so the public can be informed

The public have access to information on the performance of their water services through the Drinking Water Regulation Report and the Network Environmental Performance Report published by the Authority each year. The Authority also provides information on our website, including public registers that the public can access to find out more about drinking water suppliers, as well as wastewater and stormwater networks.

⁵ 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.

⁶ 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.

Strategic Framework

The Authority is committed to a future where everyone in New Zealand has safe drinking water and effective water services. This is a shared responsibility across central and local government, iwi, hapū, water suppliers, and communities. The following pages outline how the Authority will work towards this common goal, often in collaboration with others, over the coming year.

The framework identifies four key impacts the Authority seeks to achieve:

- the safety and sufficiency of water services improves
- 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 priorities for this year, and how the Authority will measure progress towards achieving our outcomes, impacts and outputs, are outlined in detail in the section '[How performance is measured](#)'.

The Authority's priorities for the year give effect to the Letter of Expectations, and contribute to three long-term goals set out in a strategic framework and described in detail in [Statement of Intent 2024 – 2028](#).

Linking planning and reporting with the framework

In addition to a Statement of Intent, Statement of Performance Expectations and Annual Report the Authority has planning and reporting requirements specified under the Act. This includes the development of a three-year Compliance, Monitoring and Enforcement Strategy, an annual Drinking Water Regulation Report, and an annual Network Environmental Performance Report.

The public reports provide a single source of national-level information about trends and risks in water services, based on reporting by suppliers. This gives the public an overview of their water services, as well as an evidence base to shape the Authority's regulatory activities.

The Compliance, Monitoring and Enforcement Strategy gives the sector clarity about the Authority's expectations over a three-year period, setting out the priorities and regulatory approach for drinking water. The Authority published an updated strategy in 2025. It can be found on our website: <https://www.taumataarowai.govt.nz/about/strategy-and-performance/>.



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



Give effect to Te Mana o te Wai to the extent that it applies to our functions and duties



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 oranga mo te katoa

Long-term goals

People can rely on safe and sufficient water services

Water suppliers operate in an effective and efficient way

The water that communities rely on for drinking is healthy

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



Sets standards and make our expectations clear
We set expectations that are proportionate to the scale, complexity and risk profile of suppliers



Provides a range of options to comply with the standards and rules
We provide suppliers with a range of options to ensure safe drinking water



Takes action when needed
We have a range of powers that we use in a proportionate and considered manner






















Maintains 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



Provides transparency to the public on the performance of their water services
We report on the sector's performance so the public can be informed

Connections between the Authority's goals, impacts and activities

Goals			Impacts	Work the Authority does				
People can rely on safe and sufficient water services	Water suppliers operate in an effective and efficient way	The water that communities rely on for drinking is healthy		Sets standards and make expectations clear	Provides a range of options to comply with the standards and rules	Takes action when needed	Maintains oversight of supplier responses to incidents and emergencies	Provides transparency to the public on the performance of their water services
			Safety and sufficiency of water services improve through: <ul style="list-style-type: none"> more people having access to water from registered supplies more suppliers putting plans in place to deal with risks and issues of safety and sufficiency consumer advisories are in place for shorter timeframes notifications of unplanned restriction or insufficient supply reduce over time. 					
			Water suppliers see the Authority as a credible, responsive regulator because: <ul style="list-style-type: none"> the standards and expectations we set are clear and accessible the guidance we provide is accessible and easy to understand. 					
			Hazards and risks to drinking water are identified and managed by suppliers through: <ul style="list-style-type: none"> more supplies having multi-barrier protections in place more suppliers and network operators planning to manage or mitigate hazards and risks, including in emergencies. 					
			Water services' impact on the environment improves through: <ul style="list-style-type: none"> improving levels of source water monitoring and reporting declining water loss from networks. 					

How performance is measured

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.

The Authority reviews its measures regularly to ensure they continue to be accurate and effective, including assessments of performance trends and targets. Measures will be added or amended when new regulatory activities are developed (for example, when the wastewater standards are in place, or once the Local Government (Water Services) Bill is enacted). Changes may also be made in response to any changes in government policy for water services or new ministerial expectations of the Authority.

Changes to the measures for the 2025/26 period have been included in [Appendix 1](#).

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. This report is published by 30 June each year and covers the preceding calendar year.

Safety and sufficiency of drinking water

What the Authority aims to achieve

Everyone in New Zealand should have access to safe drinking water in sufficient quantities, no matter where they live. The Authority has carried out extensive work to verify the details of registered supplies and used that information to monitor emerging issues, determine the most effective interventions, and report on the sector's performance (via annual Drinking Water Regulation Reports).

Drinking water suppliers should have effective methods to identify and manage risks to ensure drinking water is safe; this includes effective waterborne hazard management for drinking water supplies. It is a priority for the Authority to see an increase in the implementation of multi-barrier treatment for drinking water supplies. However, it is not enough for the treatment barriers to be in place; the Authority expects the barriers to be working effectively and wants to see an increase in the population accessing drinking water that is effectively protected through multi-barrier treatment.

Priorities for 2025/26

The Authority's Compliance, Monitoring and Enforcement Strategy outlines how engagement and enforcement activities will be targeted to the areas of highest public health risk, while ensuring that the regulatory framework is cost-effective and proportionate to the circumstances of each supplier.

The Authority will also progress the following key programmes of work:

- Continuing progress for ensuring effective multi-barrier treatments are implemented in public supplies.
- Completing a review of the Rules that apply to large supplies (greater than 500 people), informed in part by the [Canterbury Groundwater Research Project](#), to ensure the regulatory framework remains proportionate to the scale, complexity and risk profile for these supplies.
- Prioritising the review of and updates to 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 Group⁷ to implement changes to the [Mixed-Use Rural Acceptable Solution](#) and explore other options to target appropriate interventions for these supplies.

⁷ The Mixed-use Rural Suppliers and Consumers Group was established in late 2024 to provide advice and support to the Authority and its work programme for mixed-use rural supplies.

How the Authority will measure its impact

Measure and rationale	Target 2025/26	Estimated result 2024/25	Result 2023/24
Goal: People can rely on safe and sufficient water services			
<p>1. Number and percentage of the population that have access to drinking water from a registered, verified⁸ supply</p> <p>Under the current legislative settings, drinking water suppliers who were not registered under the Health Act have up to November 2025 to register their supply with the Authority. The Local Government (Water Services) Bill is proposing that this is extended to November 2028.</p> <p>Registration supports greater visibility for the Authority as the regulator, which in turn means an increase in impact on ensuring that water services are safe and sufficient. As supplies are registered, more people will be able to rely on their supply having regulatory oversight by the Authority.</p>	<p>Number of people served by registered supply is $\geq 4,456,561^9$</p>	<p>4,456,561 84.2%¹⁰</p>	<p>4,448,012 83.4%¹⁰</p>
<p>2. Percentage and number of registered supplies that require and have submitted a DWSP</p> <p>Drinking Water Safety Plans (DWSPs) are a risk management tool submitted by suppliers to the Authority. The plans outline how suppliers aim to ensure a safe, reliable and resilient supply of drinking water. The Authority are expecting the number of suppliers submitting DWSPs to trend upwards as more supplies register with the Authority, and as our activities result in more supplies being aware of their compliance requirements¹¹.</p> <p>Some of the suppliers that are yet to register or provide DWSPs to the Authority are community and private supplies with population thresholds of less than 100. Measurement will be split by the type of supply, with smaller suppliers tracked separately from larger, often metropolitan, networked suppliers that are likely to have more capacity and capability to complete drinking water safety planning.</p>	<p>> 1020 supplies > 56% of supplies that require one¹¹</p>	<p>1016 supplies with a DWSP which is 55.8% of the supplies that require one.</p> <p>By type of supply:</p> <ul style="list-style-type: none"> 99.0% Council supplies 41.7% Government supplies 38.0% Private and Community supplies 	<p>889 supplies with a DWSP which is 48.7% of the supplies that required one</p> <p>By type of supply:</p> <ul style="list-style-type: none"> 98.8% Council supplies 17.6% Government-supplies 35.5% Private and Community supplies

8 Drinking water supplies owned or operated by suppliers previously registered with the Ministry of Health were deemed to be registered with the Authority from 15 November 2021. The Authority has been working to verify these supplies; however, we have been unable to verify a small percentage of them. These are private and community-run supplies that may have changed to a new operator, may no longer be in operation or may no longer be operating in the same way as when it was registered with the Ministry. Because of this, the Authority only consider supplies that have been verified for this measure.

9 The percentage of the population with access to drinking water from a registered supply will never reach 100%, because of some domestic self-supplies that are generally rural and involve roof water catchment. The percentage measurement will also be impacted by the overall population in New Zealand, which does fluctuate year to year. Because of this, the Authority has set a target for the number of people to increase or at least remain the same.

10 This measure uses the Statistics NZ population estimate as of 30 June in the reporting year.

11 100% of supplies is not achievable because supplies could have a general exemption or an Acceptable Solution in place that exempts the supplier from needing to submit a plan. Because of this, the Authority will measure both the number and percentage of supplies that have submitted a plan and set separate targets to keep track.

Measure and rationale	Target 2025/26	Estimated result 2024/25	Result 2023/24
<p>3. Median duration of drinking water consumer advisories (warnings to boil, not drink or not use) by category of advisory</p> <p>Consumer advisories¹² can be an effective risk management tool over short time frames. However, consumer advisories that remain in place for long periods indicate systemic problems with the supply that are not being addressed and ongoing failure to supply safe drinking water.</p> <p>A downward trend in the median time that suppliers take to lift an advisory (i.e. to investigate and address the problem) over the next few years will indicate that suppliers are actively managing the safety of the water they supply while resolving the underlying problems impacting drinking water. The immediate focus is on a reduction for the duration of temporary advisories, as many supplies under long-term consumer advisories¹³ face challenges that may not be resolved quickly. However, the Authority will also be implementing a work programme in the 2025/26 year to work with suppliers to further reduce these long-term advisories.</p>	<p>Temporary advisories: ≤ 20 days</p> <p>Long-term advisories¹⁴: ≤ 500 days</p>	<p>Temporary advisories: 20 days</p> <p>Long-term advisories¹⁴: 531 days</p>	<p>Temporary advisories: 26 days</p> <p>Long-term advisories¹⁴: 275 days</p>
<p>4. Number of notifications of unplanned restriction or insufficient supply</p> <p>Insufficiency¹⁵ can happen anywhere, and it can sometimes be due to circumstances outside a supplier's control (e.g. extreme weather or unexpected damage to a pipeline). However, there are also instances of supply insufficiency related to a lack of appropriate risk management by water suppliers.</p> <p>The Authority expect to see a downward trend over time for notifications of insufficiency, showing us that more people can rely on their water services being sufficient for their needs. However, an initial increase in the first three years of measuring (up to June 2027)¹⁶ is expected as more suppliers become aware of the requirements for them to notify the Authority of instances of insufficiency. This is a positive first step.</p>	<p>≥ 193¹⁶ notifications</p>	<p>193</p>	<p>169</p>

12 Drinking water suppliers issue consumer advisories (notices to boil water, not to drink water, and not to use water) if they identify problems with the safety of the drinking water they supply, which significantly increase the public health risk to consumers. This enables suppliers to inform consumers about what they need to do to protect their health, like boiling water, while the supplier takes steps to improve the water quality.

13 No specific time threshold is associated with a 'long-term' consumer advisory. The Authority use the term to refer to advisories that remain in place for more than a transient period, while steps are taken to address the underlying safety issue, depending on the circumstances affecting each supply. Advisories are typically tagged as 'long-term' in conjunction with the supplier.

14 For measurement, long-term advisories are impacted by significant outliers with historic issues that need to be addressed. As long-term advisories are resolved, this has an impact that means the range of durations for long-term advisories is large (some can be quite short, and some are very long), which skews the results. The Authority will report on these advisories separately to ensure trends in both temporary and long-term advisories are being tracked.

15 Water suppliers are required to notify the Authority of instances where their ability to maintain a sufficient supply of water for drinking and sanitation purposes is at imminent risk, or they have a planned or unplanned restriction or supply interruption that is/will be longer than eight hours. These instances are talked about as 'insufficiency'.

16 The Authority expect to see an initial increase in the first three years of measuring as more suppliers become aware of the requirements for them to notify the Authority of instances of insufficiency. This is a positive first step. From 1 July 2027 onwards, the target for this measure will change to seeking a downward trend.

Measure and rationale	Target 2025/26	Estimated result 2024/25	Result 2023/24
<p>5. Percentage of suppliers that have backflow protection and risk management in place</p> <p>Backflow¹⁷ prevention is essential to ensuring drinking water does not become contaminated in the distribution network via contaminated water flowing from private connections back into the network. Ensuring preventative measures are in place, and monitoring their effectiveness is a component of a multi-barrier treatment approach for ensuring the drinking water is safe.</p> <p>The Authority wants to track that suppliers have the appropriate protections and assurance processes in place to ensure the treated water is protected on the way to the consumer. It is part of our ongoing multi-barrier treatment focus, and this measure will identify if our work in this space is having an impact.</p>	Baseline year	Not applicable. First year measuring is 2025/26.	Not applicable. First year measuring is 2025/26.
Impact: Hazards and risks to drinking water are identified and managed			
<p>6. Percentage of suppliers that are sampling for and monitoring hazards and risks in their distribution zones</p> <p>After drinking water has been treated to make it safe, suppliers need to ensure it stays safe as they distribute it to their communities. Once the water leaves the treatment plant, it enters one or more distribution zones to get the water to the community. As part of a multi-barrier treatment approach, suppliers need to identify and monitor hazards and risks to ensure that the treated water is protected.</p> <p>The Authority wants to track that suppliers are appropriately sampling for and monitoring hazards and risks in their distribution zone. This includes sampling and monitoring for chemical and bacterial contaminants in the water throughout the distribution zone. It is part of our ongoing multi-barrier treatment focus, and this measure will identify if our work in this space is having an impact.</p>	Baseline year	Not applicable. First year measuring is 2025/26.	Not applicable. First year measuring is 2025/26.

How the Authority will measure its activity

Measure and rationale	Target 2025/26	Estimated result 2024/25	Result 2023/24
Activity: Provide a range of options to comply with the standards and rules			
<p>7. Percentage of registered supplies that use Acceptable Solutions¹⁸</p> <p>The Authority will track the percentage of supplies that use Acceptable Solutions to provide visibility for the Authority and industry of the uptake of Acceptable Solutions. This will enable analysis over time on their effectiveness as an option for relevant supplies.</p> <p>A particular target is not being pursued. This measure is 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>	No target	11.9% of registered supplies (185 supplies)	9.6% of registered supplies (145 supplies)

¹⁷ Water networks are designed to send water from the treatment plant to the people who use it. However, problems with pressure in the pipes can cause contaminated water, or other liquids, to be sucked into the water network from user connections. Properties with high-risk connections such as industrial businesses, rural or private properties with swimming pools, may have a tap, hose, trough, or other place where treated water usually flows out. If this happens, it's called backflow.

¹⁸ 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	Estimated result 2024/25	Result 2023/24
Activity: Take action when needed			
<p>8. Percentage of the population served by council or government-owned supplies:</p> <ul style="list-style-type: none"> • requiring a protozoa barrier, that have an effective barrier in place • requiring a bacteria barrier, that have that an effective barrier in place • requiring residual disinfection, which has residual disinfection in place <p>The Authority has been working closely with councils and government-owned supplies to ensure protozoa barriers, bacterial barriers, and residual disinfection are in place for all public supplies. The work to date of the Authority has increased these barriers being put in place. However, it is not enough for the barriers to exist; they also need to be operated and managed effectively. This is the focus for the Authority for 2025/26, as we continue to progress this work. This measure will identify if the work programme is having an impact on increasing the amount of people protected by an effective barrier.</p>	<p>Protozoa: $\geq 55\%$ of supply population¹⁹</p> <p>Bacterial treatment: $\geq 68\%$ of supply population¹⁹</p> <p>Residual disinfection: $\geq 71\%$ of supply population¹⁹</p>	<p><i>Baseline year</i></p> <p>Protozoa barrier: 55.1% of supply population¹⁹</p> <p>Bacterial treatment: 67.8% of supply population¹⁹</p> <p>Residual disinfection: 70.5% of supply population¹⁹</p>	<p>Not applicable.</p> <p>First year measuring is 2024/25.</p>
Activity: Maintain oversight of supplier responses to incidents and emergencies			
<p>9. 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 review and assess them, and work closely with suppliers to ensure they are addressing the issue(s).</p>	≥ 2 days	<p><i>Baseline year</i></p> <p>2 days (763 notifications resolved)</p>	<p>Not applicable.</p> <p>First year measuring is 2024/25.</p>
<p>10. 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 able to be used to monitor actions taken by suppliers.</p> <p>The Authority want 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	<p>Not applicable.</p> <p>First year measuring is 2025/26.</p>	<p>Not applicable.</p> <p>First year measuring is 2025/26.</p>

¹⁹ Supply population is the population served by all supplies that meet the criteria under the Drinking Water Quality Assurance Rules for needing an effective protozoa barrier, bacterial treatment and/or residual disinfection in place.

Environmental impact of water services

What the Authority aims to achieve

Source water²⁰ needs to be looked after to make sure communities can rely on it for drinking water. Looking after source water includes active source water monitoring and risk management by water suppliers, ensuring wastewater and stormwater discharges are not impacting the safety of the water we rely on for drinking, only taking what we need from sources, and supporting effective collaboration and information sharing between councils, government and communities.

Piped networks are complex, and assets associated with water pipes are mostly underground and difficult to assess. When networks deteriorate, there can be increased leakage and water loss, or poorly managed discharges from stormwater or wastewater back into the environment. This can directly impact both public health and the health of the water that communities use as a source for their drinking water.

The Authority is supporting the improvement of environmental performance through the development of New Zealand's first wastewater standards, as well as providing transparency to the public on the performance of their water services through annual reporting.

Priorities for 2025/26

- Setting four national Wastewater standards and supporting their implementation for network operators and regional councils by developing technical guidance²¹
- Developing and consulting on new wastewater measures to track the effectiveness of the wastewater standards
- Commencing work on the Infrastructure Design Solutions and the National Engineering Design Standards (pending finalisation of these functions through the enactment of the Local Government (Water Services) Bill) to provide standardised, cost-effective and modular solutions for water infrastructure, and
- Developing a solution for information sharing about source water quality between regulators (in particular, the Authority and Regional Councils) to enable drinking water suppliers to improve the quality of their Source Water Risk Management Plans²².

How the Authority will measure its impact

Measure and rationale	Target 2025/26	Result 2024/25	Result 2023/24
Goal: The water that communities rely on for drinking is healthy			
11. Percentage of suppliers that meet the source water rules in relation to cyanobacteria monitoring <p>Cyanobacteria, or blue-green algae, are a cross between bacteria and algae. Cyanobacteria can be a problem because some species can produce toxins called cyanotoxins which can make people ill. Cyanobacteria require light and nutrients such as nitrogen and phosphorus to grow. They tend to grow much faster in warmer water and when there is more sunlight, with summer being the time of highest risk. For example, a slow-moving surface source (e.g. a lake) surrounded by agricultural activity likely has a higher risk than a fast, spring-fed stream surrounded by native forest.</p> <p>The Rules for source water focus on both ensuring water supplies have monitoring regimes in place, as well as management and response plans should cyanobacteria be found in their water sources. This is an emerging area of risk, and the Authority are increasing our work in this space to educate and inform suppliers. Monitoring this area over time will enable us to see if that work is having an impact on the level of compliance of suppliers.</p>	Baseline year	Not applicable. First year measuring is 2025/26.	Not applicable. First year measuring is 2025/26.

²⁰ A 'source' is the water body where water is taken for use in a drinking water supply. Sources include rivers, lakes, aquifers and collected rainwater.

²¹ 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.

²² 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.

12. Number of sources being monitored that meet the source water monitoring rules A key component of managing source water is to have a monitoring programme in place. The Rules require suppliers to analyse the health of their water through sampling and monitoring requirements. The Authority expect compliance with this part of the Rules to increase over time, especially for large supplies (as defined by the Rules), and will be focusing efforts on guiding and supporting supplies in this space over the next few years.	≥ 685 sources	<i>Baseline year</i> 685 sources (35%)	Not applicable. First year measuring is 2024/25.
13. Current Annual Real Loss (CARL) in volume lost per connection, per day, by population density²³ Water loss from networks means that more water is being taken and treated than is required, which can increase costs, increasing the burden on the source water ecosystem and resilience. The Authority look at water loss as part of network environmental performance measures. The aim for the Authority is to see a downward trend in water loss. There are currently issues with the reliability of this data that limit the ability to identify and report on trends. The Authority will continue to work with the sector to improve the quality of the data and our processes for collecting this data. In the interim, reporting will continue with the data available.	Targets are median litres per connection, per 1 day: Rural ²⁴ : ≤25 Mixed: ≤204 Mixed: ≤233	<i>Baseline year</i> Median litres per connection, per 1 day: Rural ²⁴ – 25 Mixed – 204 Urban – 233	Not applicable. First year measuring is 2024/25.

How the Authority will measure its activity²⁵

Measure and rationale	Target 2025/26	Estimated result 2024/25	Result 2023/24
Activity: Provide transparency to the public on the performance of their water services			
14. Operators²⁶ confidence in the quality of the data they report for network environmental performance measures The Authority collect data for Network Environmental Performance Measures to inform the annual Network Environmental Performance Report. For the first report, published in 2024, the quality of the data supplied for drinking water networks was poor in places, and network operators' confidence in the data they were providing was 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. To enable this, the Authority are 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.	Reliable/ verified or Highly reliable/ audited	<i>Baseline year</i> 'Reliable'	Not applicable. First year measuring is 2024/25.

²³ The data the Authority uses for this measure is from the annual Network Environmental Performance Report. Due to different reporting periods between that report and the Annual Report, the results reported by the Authority will reflect the year that precedes the annual reporting period.

²⁴ To enable comparisons between similar operators and networks, the data in the Network Environmental Performance Report is grouped into three categories of population density based on Statistics New Zealand's definitions: Rural – less than 10 people per km²; Mixed rural and urban – between 10-200 people per km²; and Urban – more than 200 people/km².

²⁵ Once the new wastewater standards are in place, the Authority will be able to measure our work supporting the implementation of the standards.

²⁶ The term 'operators' refers to operators of drinking water, wastewater or stormwater networks as defined in Part 5 of the Water Services Act 2021.

Being an effective regulator

What the Authority aims to achieve

To be an effective regulator, the Authority needs to be seen as credible and responsive by those it regulates, as well as the public. The way the Authority regulates is intended to be transparent and fair, and the information and technical guidance provided to the sector should be accessible and clear to make it easy to comply. The Authority also aims to be responsive to emerging and current risks that impact how suppliers are providing drinking water. For the public, the Authority builds credibility through its annual public reporting about the safety and performance of their water services.

Priorities for 2025/26

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.

How the Authority will measure its impact

Measure and rationale	Target 2025/26	Estimated 2024/25 result	Result 2023/24
Goal: Water suppliers operate in an effective and efficient way			
15. Percentage of suppliers and partners/stakeholders²⁷ who say that our standards and expectations are accessible²⁸ and clear²⁹ <p>Some of the Authority's regulatory activities focus on ensuring there is a proportional framework for suppliers to ensure safe drinking water. A component of this is setting standards and expectations, but for these to be effective, they need to be clear and accessible to suppliers.</p>	Suppliers: <ul style="list-style-type: none"> • Accessible = ≥70% • Clear = ≥55% Stakeholders: Baseline year	<i>Baseline year</i> Suppliers: <ul style="list-style-type: none"> • Accessible = 71% • Clear = 55% Stakeholders: Not enough data to set baseline	Not applicable. First year measuring is 2024/25.
16. Percentage of suppliers and partners/stakeholders²⁷ that think our guidance is accessible and easy to understand <p>The Authority aims to provide a range of education and practical guidance for suppliers on potential treatment and monitoring options. Suppliers can use this guidance to identify what options best support them to comply and to supply safe and sufficient water services. This guidance needs to be easy to find and to understand for suppliers.</p>	Suppliers: <ul style="list-style-type: none"> • Accessible = ≥60% • Clear²⁸ = ≥56% Stakeholders: Baseline year	Suppliers: <ul style="list-style-type: none"> • Accessible = 59% • Clear = 56% Stakeholders: Not enough data to report	Not applicable. First year measuring is 2024/25.
Impact: Water suppliers see the Authority as a credible, responsive regulator			
17. Percentage of suppliers (by supplier type)²⁷ that see us as credible and responsive <p>The best way to know if the Authority is successful in terms of being responsive is to ask the sector if we are following up on risk in a timely way and if our information, guidance, advice, directions and other activities clarify what they need to do to comply.</p> <p>Different sizes and complexities of supplies will likely have different views of our credibility and responsiveness depending on the degree of contact, and the issues the Authority have been working on with them relevant to their supply type. Because of this, different types of supplies will be reflected in the annual reporting so that trends can be tracked by type of supplier.</p>	Credible: ≥72% Responsive: ≥61%	Credible: 72% agree or strongly agree Responsive: 61% agree or strongly agree	Not applicable. First year measuring is 2024/25.

²⁷ The Authority has several measures where suppliers and the wider water sector are asked for their view. This is measured annually via a survey.

²⁸ Accessible is defined as easy to find and pitched at the right level.

²⁹ Clear is defined as easy to understand and to apply.

How the Authority will measure its activity

Measure and rationale	Target 2025/26	Estimated 2024/25 result	Result 2023/24
Activity: Set standards and make expectations clear			
18. No secondary legislation made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament 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 the Parliament by the Minister and examined by the Regulations Review Committee. The Authority expect 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.	0% disallowed	0% disallowed	0% disallowed
Activity: Provide a range of options to comply with the standards and rules			
19. Number of downloads of our guidance that is developed for suppliers and network operators 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. This measure supports measure 16 by tracking the number of downloads of this guidance.	≥12,500 unique downloads	12,511 unique downloads	8,700 unique downloads
Activity: Take action when needed			
20. Percentage of selected decisions made under Part 3 of the Act that meet internal process and policy criteria, as determined by a quality assurance review³⁰ The Authority wants 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 intend 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.	100%	Not measured in the 2024/25 year	Not applicable. First year measuring is 2024/25.

³⁰ 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 2024/25, 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 2025/26 year.

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

21. Percentage of public surveyed who know our information exists and/or have accessed it³¹	$\geq 45\%$	Not measured in the 2024/25 year	45%
<p>The Authority develop and provide information for members of the public to access on the Authority's website. This information needs to be visible and that it is useful/valuable for members of the public. The Authority intend to complete a survey every two years to understand the levels of awareness of our information for the public.</p>			
22. Number of visitors that engage with the pages in the public section of our website (click-through engagement)	$\geq 7,000$ unique users	6,988 unique users	Not applicable.
<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>			First year measuring is 2024/25.



³¹ This survey is undertaken every two years to understand the level of awareness for our information for the public. The next year the survey will be completed is 2025/26.

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.

Cost of service statement

Breakdown of Employee Entitlements	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

Breakdown of Employee Entitlements	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
Investments	1,200	-
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
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
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
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		
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		
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 2025/26 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 Taumata Arowai – the Water Services Regulator Act 2020 and is domiciled in New Zealand. The relevant legislation governing the Authority includes the Taumata Arowai – the Water Services Regulator 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, Taumata Arowai—the Water Services Regulator 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.

Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

Appendix 1:

Changes to non-financial performance measures

Numbering changes

ID# for 2024/25	ID# for 2025/26	Measure
1.1	1.	Number and percentage of the population that have access to drinking water from a registered, verified supply
1.2	2.	Percentage and number of registered supplies that require and have submitted a DWSP
1.3	3.	Median duration of drinking water consumer advisories (warnings to boil, not drink or not use) by category of advisory
1.4	4.	Number of notifications of unplanned restriction or insufficient supply
2.1	15.	Percentage of suppliers and partners/stakeholders who say that our standards and expectations are accessible and clear
2.2	16.	Percentage of suppliers and partners/stakeholders that think our guidance is accessible and easy to understand
3.3	12.	Number of sources being monitored that meet the source water monitoring rules
3.4	13.	Current Annual Real Loss (CARL) in volume lost per connection, per day by population density
5.1	17.	Percentage of suppliers (by supplier type) that see us as credible and responsive
6.1	8.	Percentage of the population served by council or government-owned supplies: <ul style="list-style-type: none"> • requiring a protozoa barrier, that have an effective barrier in place • requiring a bacteria barrier, that have that an effective barrier in place • requiring residual disinfection, which has residual disinfection in place
7.1	18.	No secondary legislation made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament
8.1	7.	Percentage of registered supplies that use Acceptable Solutions
8.2	19.	Number of downloads of our guidance that is developed for suppliers and network operators
9.1	20.	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.	Median resolution times for our work when responding to “critical” notifications
11.1	14.	Operators’ confidence in the quality of the data they report for network environmental performance measures
11.2	21.	Percentage of public surveyed who know our information exists and/or have accessed it
11.3	22.	Number of visitors that engage with the pages in the public section of our website (click through engagement).

Changes to measurement

Measure for 2024/25	Performance target for 2024/25	Changed measure for 2025/26	Changed performance target for 2025/26
1.1 Number and percentage of people (population) that have access to drinking water from a registered supply.	Number and/or percentage of people served by registered supply to increase over time.	1. Number and percentage of people (population) that have access to drinking water from a registered, verified supply.	No change

Reason for change: The current definition of 'registered' supply includes supplies that were automatically registered with the Authority in 2021. While the Authority has been working to verify these, there are a small percentage that we have been unable to verify. Adding 'verified' to this measure ensures the Authority are only counting supplies that we know are in operation.

1.3 Duration of drinking water consumer advisories (warnings to boil, not drink or not use) by type of supply and category of advisory.	A reduction in the median days a consumer advisory was active, per supply.	3. Duration of drinking water consumer advisories (warnings to boil, not drink or not use) by type of supply and category of advisory.	Temporary advisories ≤ 20 days Long term advisories ≤ 500 days
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Reason for change: Long-term advisories are impacted by significant outliers with historic issues that need to be addressed. As long-term advisories are addressed, this has a significant impact on the min-max range for the remaining advisories, which is skewing results. To make this measure more robust, the Authority will set targets for, measure and report on long-term and temporary advisories. The Authority will also be excluding long-term boil water notices in place because of a granted exemption from this measure from the 2025/26 year.

3.1 Percentage of DWSPs that we have reviewed that have submitted a SWRMP.	Number and percentage increases over time.	11. Percentage of supplies that meet the source water rules in relation to cyanobacteria monitoring.	Baseline year
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Reason for change: The Authority is publishing a new Compliance Monitoring and Enforcement Strategy in 2025. This strategy will change the regulatory approach for the Authority in relation to our use of monitoring tools, including moving the Authority away from a reliance on DWSP reviews. The Authority are moving to a wider suite of tools for monitoring compliance that will include targeted reviews of DWSPs as well as other tools being applied. This and the other DWSP measures have been updated to focus on reporting against the Rules (this is information reported to us by suppliers as defined by the Drinking Water Quality Assurance Rules), as a more holistic way of reporting the impact of work across all of the tools the Authority will be using for compliance and monitoring.

3.2 Percentage of DWSPs we have reviewed that show evidence of how the supplier is considering and prioritising the health of the water in relation to source water risk management planning.	Number and percentage increases over time.	Remove	Remove
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Reason for change: The Authority is publishing a new Compliance Monitoring and Enforcement Strategy in 2025. This strategy will change the regulatory approach for the Authority in relation to our use of monitoring tools, including moving the Authority away from a reliance on DWSP reviews. The Authority are moving to a wider suite of tools for monitoring compliance that will include targeted reviews of DWSPs as well as other tools being applied. This and the other DWSP measures have been updated to focus on reporting against the Rules (this is information reported to us by suppliers as defined by the Drinking Water Quality Assurance Rules), as a more holistic way of reporting the impact of work across all of the tools the Authority will be using for compliance and monitoring. This measure has been removed because the comparable Rules reporting data already exists in measure 12.

Measure for 2024/25	Performance target for 2024/25	Changed measure for 2025/26	Changed performance target for 2025/26
4.1 Percentage of DWSPs we have reviewed that show evidence of having response plans in place for disruptions, incidents and emergencies.	Number and percentage increases over time.	5. Percentage of suppliers that have backflow prevention and risk management in place.	Baseline year

Reason for change: The Authority is publishing a new Compliance Monitoring and Enforcement Strategy in 2025. This strategy will change the regulatory approach for the Authority in relation to our use of monitoring tools, including moving the Authority away from a reliance on DWSP reviews. The Authority are moving to a wider suite of tools for monitoring compliance that will include targeted reviews of DWSPs as well as other tools being applied. This and the other DWSP measures have been updated to focus on reporting against the Rules (this is information reported to us by suppliers as defined by the Drinking Water Quality Assurance Rules), as a more holistic way of reporting the impact of work across all of the tools the Authority will be using for compliance and monitoring.

6.1 Percentage of the population served by council or government-owned supplies requiring a barrier (protozoa barrier, bacteria barrier, residual disinfection) that have an effective barrier in place.	Percentage increase, with an aim to achieve 100% over time.	8. Percentage of the population served by council or government-owned supplies requiring a barrier (protozoa barrier, bacteria barrier, residual disinfection) that have an effective barrier in place.	Protozoa: ≥55% of supply population Bacterial treatment: ≥68% of supply population Residual disinfection: ≥71% of supply population
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Reason for change: Before 2024/25, the Authority could only measure the effectiveness of barriers via our DWSP reviews. This meant our results were based on a subset sample of supplies. After the measure was originally set, the Authority has gained a data set through Rules reporting that enables comparable measurement of the effectiveness of barriers over time. This is a more robust data source, so the Authority will be changing the underlying methodology of how this measure is calculated to improve the robustness of this measure.

6.2 Percentage of DWSPs we have reviewed that meet requirements for hazard and risk identification, management and mitigation.	Improving trend. The percentage of compliant DWSPs increases.	6. Percentage of suppliers that are sampling for and monitoring hazards and risks in their distribution zone.	Baseline year
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Reason for change: The Authority is publishing a new Compliance Monitoring and Enforcement Strategy in 2025. This strategy will change the regulatory approach for the Authority in relation to our use of monitoring tools, including moving the Authority away from a reliance on DWSP reviews. The Authority are moving to a wider suite of tools for monitoring compliance that will include targeted reviews of DWSPs as well as other tools being applied. This and the other DWSP measures have been updated to focus on reporting against the Rules (this is information reported to us by suppliers as defined by the Drinking Water Quality Assurance Rules), as a more holistic way of reporting the impact of work across all of the tools the Authority will be using for compliance and monitoring.

7.1 No secondary regulatory instrument made or issued by Taumata Arowai is disallowed by Parliament.	No secondary regulatory instruments disallowed.	18. No secondary regulatory instrument made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament.	No change to target
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Reason for change: Reflecting change to how the Authority is referring to itself.

Measure for 2024/25	Performance target for 2024/25	Changed measure for 2025/26	Changed performance target for 2025/26
9.1 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.	First year completing 2024/25	9.1 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.	First year completing 2025/26

Reason for change: The first year of reporting on this measure was intended to be 2024/25, subject to the creation of appropriate operational policy. However, changes made to the Compliance, Monitoring and Enforcement 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 2025/26 year.

10.2 Percentage of recommendations that are implemented following an after-action review of a significant incidents and/or emergency.	Improving trend. The proportion that are implemented increases and then remain at an acceptable level.	10. Percentage of cases closed with required intervention implemented.	Baseline year
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Reason for change: The Authority has changed how incidents are handled internally, with new system functionality and a new process added. The change will mean this measure will no longer accurately report on the Authority's performance. The replacement measure uses a verifiable data source, which also improves the robustness of the measurement.



Water Services Authority
Taumata Arowai

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