



Water Services Authority
Taumata Arowai

Statement of Performance Expectations

2026/27

Te whakatauākī a Taumata Arowai

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

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

This whakatauākī was gifted to the Water Services Authority – Taumata Arowai
by Shane Te Ruki, Ngāti Maniapoto-Waikato, Ngāti Porou.

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

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Statement of Performance Expectations 2026/27

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

Foreword

The Water Services Authority – Taumata Arowai (the Authority) is entrusted with safeguarding the quality, reliability and sustainability of drinking water, wastewater and stormwater services for everyone in New Zealand. Everyone should be able to rely on safe, reliable water services, being able to turn on the tap with confidence that their drinking water is safe, and know that wastewater and stormwater are managed in ways that protect public health, communities and the environment.

Delivering system leadership and regulatory action

The Authority takes a leadership role across the water services system with a unique whole-of-system view, working alongside councils, suppliers, iwi and communities to lift the safety and performance of water services across New Zealand. Our focus has been on ensuring there is proportionate, cost-effective regulation, supporting suppliers to manage risks and make sustained improvements where it matters most.

The Water Services Authority – Taumata Arowai Act 2020 and the Water Services Act 2021 were amended in 2025 to strengthen our system leadership role and sharpen our focus. The changes included revised statutory objectives and new tools to support safer, more consistent and more sustainable water services. This Statement of Performance Expectations sets out how the Authority will use these tools during 2026/27 and how we will measure our performance.

Driving value to New Zealanders through standardisation, innovation and leadership

The Authority is built on strong foundations. Regulatory action over recent years has contributed to significant improvements in drinking water safety, set clearer national expectations, and provided greater transparency about system performance.

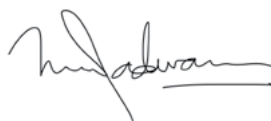
National data is highlighting ongoing challenges across water infrastructure, including ageing assets, variable performance and inconsistent monitoring. Addressing these challenges requires both targeted regulatory intervention and stronger national consistency.

During 2026/27, the Authority will continue its focus on delivering measurable improvements through the Authority's core regulatory functions, while strengthening national oversight of drinking water, wastewater and stormwater systems. The Authority will use improved data, clearer standards and practical guidance to support better decision-making and more efficient investment across the sector. Technology and innovation will increasingly underpin this work, enabling more effective regulation and improved transparency.

Our priorities for the year ahead are to:

- ensure robust, proportionate and cost-effective drinking water regulation and address the most significant and persistent public health risks
- advance infrastructure standardisation through nationally consistent design standards and wastewater environmental performance standards
- improve environmental performance by strengthening monitoring, reporting and regulatory tools for wastewater and stormwater networks
- support suppliers through clear expectations, practical guidance and accessible digital tools that make compliance easier and more effective.

We are committed to working collaboratively across the water services system to build confidence, improve performance and deliver better outcomes for everyone in New Zealand. Through consistent regulatory action and clear system leadership, we will continue to demonstrate value and ensure everyone can rely on safe, sufficient and sustainable water services.



Raveen Jaduram
Board Chair



Allan Prangnell
Chief Executive

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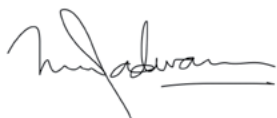
Statement of responsibility

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

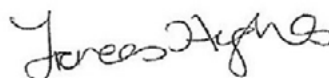
We, the undersigned, certify that the information contained in this Statement of Performance Expectations reflects the operation and prospective financial statements, including the appropriateness of the underlying assumptions for the Water Services Authority – Taumata Arowai for the period from 1 July 2026 to 30 June 2027.

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

Signed on behalf of the Board:



Raveen Jaduram
Board Chair



Dr Frances Hughes CNZM
Chair, Finance Risk and Assurance Committee

Context

The Water Services Authority – Taumata Arowai (the Authority) provides assurance to New Zealanders that their drinking water is safe and reliable. The Authority plays a national oversight and leadership role in relation to both the safety and regulation of water services, as well as the environmental performance of drinking water, wastewater, and stormwater networks.

This Statement of Performance Expectations sets out the Authority's priorities for 2026/27 and how we will measure our performance over the year.

The Authority's mandate spans drinking water, wastewater and stormwater. It ranges from regulatory oversight, setting secondary legislation, compliance monitoring and enforcement, public reporting, system coordination and advice, and sector capacity building. The Water Services Authority – Taumata Arowai Act 2020, Water Services Act 2021 and the Local Government (Water Services) Act 2025 provide the legislative framework for this work.

The Authority has made rapid progress in strengthening drinking water regulation. The Authority has implemented new regulatory tools and increased regulatory intensity in line with Ministerial direction and its Compliance, Monitoring and Enforcement (CME) Strategy 2025–28. This has driven a marked uplift in the safety and performance of public drinking water supplies, improved understanding of risks, particularly for smaller suppliers, and clarified system expectations across the sector. The Authority's campaign to ensure basic treatment is installed in our public supplies has resulted in approximately 84% of New Zealanders receiving safer drinking water.

Simultaneously, the Authority has advanced its broader system leadership role across wastewater and stormwater. A major milestone was the introduction of New Zealand's first national Wastewater Environmental Performance Standards in December 2025, with the next tranche of standards already in development, which will strengthen national consistency and deliver efficiency and cost benefits.

Opportunities for improvement across the water services system

Our national-level oversight continues to highlight both progress and ongoing challenges across New Zealand's water services system. These insights guide where the Authority focuses its regulatory effort and how it provides leadership across the system.

Ongoing water contamination events highlight the importance of proactive, risk-based regulation. This also reflects underlying infrastructure, treatment or operational challenges that require sustained, cost-effective preventative solutions. Targeted regulatory action by the Authority has strengthened the implementation of treatment barriers, with most public supplies now having multi-barrier treatment. Long-term consumer advisories remain a key focus for the coming year. The Authority will continue to set clear regulatory expectations and engage actively with suppliers on managing all significant risks to public health.

Emerging national data shows significant variation in asset condition, network performance and monitoring across drinking water, wastewater and stormwater networks. Ageing infrastructure continues to be a persistent challenge, with many networks experiencing high water loss, overflows and variable treatment performance. Inconsistent monitoring practices further limit the sector's ability to effectively prioritise investment and manage risk. Improving the quality, consistency and use of data remains a critical focus of the Authority to support better decision-making and more efficient use of resources by the owners and operators of water networks.

System performance is also constrained by inconsistent approaches to the design, regulation and monitoring of water infrastructure. Multiple standards and localised approaches create duplication, inconsistency and inefficiency for suppliers, network operators and regulators. The Authority will continue to focus on greater national standardisation to set clear expectations, reduce complexity and support more efficient infrastructure delivery, while allowing flexibility to respond to local conditions.

Environmental performance across wastewater and stormwater networks presents additional opportunities for improvement. The Authority will maintain its focus on national-level oversight of the water system to provide greater transparency through the Authority's reporting to develop a national picture of performance and risk of water infrastructure.

Through the priorities for the 2026/27 year, the Authority will continue to lift performance through clear expectations, transparent performance insights, greater national consistency and sustained regulatory leadership.

Outlined below are areas that the Authority will focus on through its priorities and goals for 2026/27 that will contribute to improvements in the water services system.

Our contribution to the water services system improvements



Safer drinking water for everyone in New Zealand

Approximately 4.5 million people now have access to safe drinking water through supplies that have critical treatment barriers in place. We will continue to focus on an uplift in access to safe drinking water through a proportionate regulatory approach.

**Safe and sufficient drinking water*



'At-risk' drinking water supplies

Our regulatory attention will continue to be risk-based, focusing on supplies with the highest risk to ensure that treatment barriers are operating effectively.

**Safe and sufficient drinking water*



Long-term boil water notices

We will use Acceptable Solutions and cost-effective compliance pathways to support the removal of long-term boil water notices by addressing missing or ineffective treatment barriers.

**Safe and sufficient drinking water*



New Zealand's drinking water network condition

We will exercise leadership around water loss, metering, pressure management, and use comparative performance information to drive improvement where networks are poorly maintained or inefficient.

**Sustainable environmental performance*



Wastewater environmental performance

We will lift the consistency and effectiveness of wastewater performance by setting clear national expectations, strengthening oversight of treatment outcomes, and addressing systemic risks such as untreated overflows, particularly in rural and provincial areas.

**Sustainable environmental performance*



Wastewater standards and resource consenting

We will support more consistent wastewater consenting through the wastewater standards that provide greater certainty for operators and regulators as consents are renewed. This helps align investment decisions with long-term environmental and public health outcomes.

**Sustainable environmental performance and effective water infrastructure*



Infrastructure resilience

We will address infrastructure resilience risks by setting expectations for systems to manage high-risk events, such as heavy rainfall and high turbidity, and by using regulatory levers to encourage investment in infrastructure that can maintain effective treatment under changing conditions.

**Effective water infrastructure*



Infrastructure standardisation

We will drive greater national consistency by developing National Engineering Design Standards, reducing fragmentation across multiple codes of practice which will improve consistency in infrastructure quality, condition, and performance across the system.

**Effective water infrastructure*

**Alignment to the Authority's Goals for 2026/27*

Legislative framework

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

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

The Authority recognises its responsibilities regarding the Treaty of Waitangi | Te Tiriti o Waitangi and its obligations to engage with Māori and to understand perspectives of Māori, as set out in the Water Services Authority – Taumata Arowai Act 2020. The Authority also acknowledges its settlement Act obligations, for example, in the Waikato, Waipā, Whanganui, and Whangaeahu River catchments.¹ The Authority will give effect to these obligations as it carries out its regulatory role.

Accountability statement

This Statement of Performance Expectations sets out the Authority's priorities for the 2026/27 financial year. It is a statutory document, required under section 149C of the Crown Entities Act 2004.

Expectations from the Minister of Local Government

The Authority falls under the portfolio of the Minister of Local Government. The Department of Internal Affairs serves as the Government's monitoring agency for the Authority. The role of the Minister is to oversee and manage the Crown's interest in, and relationship with the Authority and to exercise any statutory responsibilities given to the Minister with respect to the Authority, its duties and functions². The responsible Minister sets out what the Authority is expected to deliver in a Letter of Expectations. The latest Letter of Expectations was provided by the Minister on 20 March 2026.

Working with other regulators

The Authority works closely with key sector regulators, including the Commerce Commission, regional councils, the Department of Internal Affairs, and the Ministry of Health to promote a more coordinated and efficient water services system. By working together with other key regulatory partners, the Authority can support consistent policy settings, enable better information sharing, and drive collective system improvements that enhance service delivery, strengthen accountability, and ensure long-term sustainability of water infrastructure and outcomes for communities.

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

2 Section 27, Crown Entities Act 2004.

Strategic Framework

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

The Authority's strategic framework sets out the key impacts we want to achieve and how the Authority will prioritise our resources and efforts to ensure our work is focused on these impacts. Collectively, this activity will contribute to achieving our long-term goals.

The following sections of this document outline how we will measure our service delivery against our activities for the 2026/27 financial year. The progress against our long-term goals is outlined in our Amended Statement of Intent 2024 - 2028.



Statutory objectives



Protect and promote drinking water safety and related public health outcomes



Effectively administer the drinking water system



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



Develop and administer National Engineering Design Standards for network infrastructure



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



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

Vision

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

Long-term goals

Safe & Sufficient Drinking Water

Effective Water Infrastructure

Sustainable Environmental Performance

The impacts our work will have



Safety and sufficiency of water services improves



Water suppliers see the Authority as a credible, responsive regulator



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



Water services' impact on the environment improves

Work the Authority does



Set standards and make our expectations clear

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



Provide a range of options to comply

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



Take action when needed

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



Maintain oversight of suppliers responses to incidents and emergencies

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



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

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

Legislation

Statement of Intent

Statement of Performance Expectations

Priorities for 2026/27

In delivering its priorities for 2026/27, the Authority will continue to provide strong system leadership across the water services sector, with a clear focus on supporting cost-effective solutions. This includes setting clear and consistent regulatory expectations, supporting nationally standardised approaches, and providing confidence to suppliers, communities and central and local government that risks are being identified and addressed proportionately and transparently and in ways that support efficient delivery.

Cost-effectiveness is embedded through the Authority's priorities across all of its goals, supported by ongoing improvements in data, digital tools and information systems. These improvements will enable more effective oversight, clearer guidance and reduced reporting burden for suppliers.

The Authority's priorities for the year are set out below under its three goals.

Goal: Safe and sufficient drinking water

Protecting public health through safe and sufficient drinking water remains a primary focus for the Authority. During 2026/27, the Authority will continue to apply a robust, proportionate, cost-effective and risk-based regulatory approach, targeting effort where risks to public health are greatest.

Regulatory intensity will increase where necessary through the use of the Authority's statutory levers, particularly where risks remain unmanaged, with a focus on long-term system sustainability, while recognising the financial impacts on communities.

Key areas of focus and programme of work will include:

- maintaining strong oversight of drinking water suppliers through the implementation of the Compliance, Monitoring and Enforcement (CME) Strategy 2025-28
- ensuring all registered public drinking water supplies operate demonstrably effective multibarrier treatment systems
- continuing to prioritise the reduction of long-term consumer advisories by working with suppliers to address underlying treatment, infrastructure and operational issues

- improving the guidance available to suppliers and the public to support compliance, risk management and informed decision-making with a focus on access to critical information. This will include delivering on a one-to-many engagement approach to support community suppliers to understand and meet their regulatory obligations, lift compliance performance and embed effective risk management and treatment practices
- continuing to engage with suppliers, and other stakeholders to build shared understanding of regulatory expectations, emerging risks and opportunities for improvement, with a strong focus on public health protection and proportionate regulation.

Through consistent national expectations and transparent regulatory decision-making, the Authority will continue to provide confidence to suppliers, communities and the public that drinking water risks are being actively managed.

Goal: Effective water infrastructure

The Authority will strengthen national consistency and support more efficient, sustainable water infrastructure across drinking water, wastewater and stormwater networks, with the aim of reducing fragmentation, improving performance and supporting better long-term investment decisions.

Key areas of focus and programmes of work will include:

- advancing nationally consistent approaches to infrastructure design and performance, including the development of National Engineering Design Standards and national codes of practice for drinking water, wastewater and stormwater
- continuing the implementation of wastewater environmental performance standards to support improved environmental outcomes and greater consistency and cost-efficiencies in consenting and regulatory practice
- providing clarity to suppliers and network operators through guidance and advice that supports fit-for-purpose, cost-effective infrastructure solutions.

This will reduce variability, lower uncertainty for suppliers, support cost-effective investment decisions, and strengthen the long-term resilience and performance of water infrastructure nationwide.

Goal: Sustainable environmental performance

During 2026/27, the Authority will continue to strengthen oversight and transparency across drinking water, wastewater and stormwater networks, providing the public with comparative insights across wastewater and drinking water networks and regulatory compliance performance.

The Authority will set clear measures, consistent regulatory expectations and consistent standards to improve environmental performance. This includes strengthening sector accountability, supporting improved capability, and ensuring water services are financially and environmentally sustainable in the long term.

Key areas of focus and programmes of work will include:

- improving the quality, consistency and use of environmental performance data to build a clearer national picture of risks and trends
- progressively strengthening oversight of stormwater performance by improving information, visibility and consistency over time
- improving systems for sharing source water quality information to support proactive risk management
- supporting network operators and councils through guidance and engagement to lift understanding of environmental performance expectations.

By increasing transparency and providing clear advice to the sector, the Authority will support better decision-making and more sustainable environmental outcomes.

System leadership and innovation

Across all three goals, the Authority will continue to provide strong system leadership by setting clear expectations, promoting nationally consistent approaches and working collaboratively with other regulators, councils, iwi and sector partners.

Technology, data and digital tools will underpin the delivery of these priorities by:

- supporting more effective regulatory oversight and analysis
- improving access to information and guidance for suppliers and the public
- reducing reporting burden through fit-for-purpose systems and processes.

Investments will be made in modern, fit-for-purpose systems and analytical tools that support innovation-driven regulation, clearer insights, and more effective oversight of supplier performance.



















Activities for 2026/27

This Statement of Performance Expectations sets five activity areas the Authority will focus its efforts on over 2026/27 to deliver impact and progress towards our long-term vision.

Vision

Safe water, every day for everyone
Kia tiakina te wai, hei oranga mō te katoa

Long-term goals	The Authority's activities				
	 Set standards and make our expectations clear	 Provide a range of options to comply	 Take action when needed	 Maintain oversight of suppliers responses to incidents and emergencies	 Provide transparency to the public on the performance of their water services
Safe and sufficient drinking water	 <i>measures 1,11</i>	 <i>measures 2,3</i>	 <i>measures 4,5</i>	 <i>measures 6,7</i>	 <i>measures 8,9,10</i>
Effective water infrastructure	 <i>measures 1,11</i>	 <i>measure 3</i>			 <i>measures 8,9,10</i>
Sustainable environmental performance	 <i>measures 1,11</i>	 <i>measure 3</i>			 <i>measures 8,9,10</i>

These activities together provide improved system oversight, encourage innovation and maximise the benefits of standardisation while maintaining the Authority's core regulation.



Set standards and make expectations clear

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

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

Our Compliance, Monitoring and Enforcement (CME) Strategy 2025-28 outlines our regulatory priorities and explains how we will work with suppliers over the next three years to help them meet these expectations.

We also set standards, targets and measures to drive improvements in the environmental performance and standardisation of design in water networks and infrastructure. This includes implementing New Zealand wastewater environmental performance standards to ensure there is a consistent approach in resource consents and encourages standardised treatment systems and modular designs.



Provide a range of options to comply

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

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

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



Take action when needed

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

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

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



Maintain oversight of supplier responses to incidents and emergencies

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

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

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



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

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

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

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

Performance measurement

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

The Authority's Amended Statement of Intent 2024-2028 contains descriptions of what we aim to achieve and how we will track progress against our long-term goals and the impact of our work. The sections below focus on details of the activities we undertake, the priorities for the 2026/27 year, and measures for our service delivery.

The Authority reviews its measures regularly to ensure they continue to be accurate and effective, including assessments of performance trends and targets. Changes to measures following legislative amendments continue to be reflected in these performance measures.

Under section 137 of the Water Services Act 2021, 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 (CME) Strategy 2025-28 through the annual Drinking Water Regulation Report (which is published annually).

How the Authority will measure its activity

The Authority has one output class which contains activities that safeguard the quality, reliability and sustainability of drinking water, wastewater and stormwater services for everyone in New Zealand. The activities within this output class and the measures for these activities are outlined below. These measures contribute towards the Authority's impact measures included in the Statement of Intent to achieve its long-term goals.

Measure and rationale	Target 2026/27	Estimated result 2025/26	Result 2024/25
Activity: Set standards and make expectations clear			
<p>1. No secondary legislation made or issued by the Water Services Authority – Taumata Arowai is disallowed by Parliament</p> <p>Many of the instruments the Authority makes under the Water Services Act 2021, such as compliance rules, Acceptable Solutions, and some exemption decisions, are secondary legislation. They are each presented to Parliament by the Minister and examined by the Regulations Review Committee. The Authority expects all our secondary legislation to withstand scrutiny by the Committee, and for none to be disallowed by Parliament. This will provide a level of assurance that these instruments are lawful, robust and meet the relevant requirements determined by Parliament.</p>	0% disallowed.	0% disallowed.	0% disallowed.
Activity: Provide a range of options to comply			
<p>2. Percentage of registered supplies that have chosen an Acceptable Solution as a pathway to compliance³</p> <p>The Authority will track the percentage of supplies that use Acceptable Solutions to provide visibility for the Authority and the industry on the uptake of Acceptable Solutions. This will enable analysis over time on their effectiveness as an option for relevant supplies.</p> <p>While we have set a target, this measure is mostly intended to gather more information to understand the uptake of these pathways over time as the Authority identifies Acceptable Solutions as an option for small and medium-sized supplies.</p>	≥ 12%	≥ 12%	12.5% (196 of 1,566 supplies).

³ Acceptable Solutions provide drinking water suppliers with a ready-made option to meet selected compliance obligations. Acceptable Solutions only apply to 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 2026/27	Estimated result 2025/26	Result 2024/25
<p>3. Number of downloads of our guidance that is developed for suppliers and network operators⁴</p> <p>The Authority provides guidance documentation for suppliers on our website and through other engagement channels. This needs to be accessible and usable (i.e. an effective toolkit) for suppliers.</p>	≥ 13,950 unique downloads.	≥ 13,950 unique downloads.	13,953 unique downloads.
Activity: Take action when needed			
<p>4. Percentage of selected decisions made under Part 3 of the Act that meet internal process and policy criteria, as determined by a quality assurance review⁵</p> <p>Part 3 of the Act outlines a range of compliance and enforcement powers for the Authority. We want to ensure our process for deciding what enforcement powers to use is in line with statutory requirements and reasonable and proportionate to the situation, including the potential risk to public health. However, setting a target for the number of times the Authority decides to take action risks creating a perverse incentive. As an alternative, the Authority intends to carry out an internal quality assurance review once every year to ensure decisions are being made in accordance with the processes in place.</p>	100%	100%	Not measured in the 2024/2025 year.
<p>5. Number and percentage of long-term drinking water consumer advisories (warning to boil, not drink or not use) closed for council, central government and commercial supplies</p> <p>In our Compliance, Monitoring and Enforcement (CME) Strategy 2025-28, the Authority has outlined that by 2028, we expect to see no long-term consumer advisories in place for council, central government and commercial supplies.</p> <p>This measure will track the progress of our work in this space. The targets for the year ahead are aspirational, as many supplies with long-term advisories still in place have significant challenges and a reliance on funding to resolve the issues. The Authority expects an increase in advisories closed each year until 2028.</p>	<p>Council supplies: 10% reduction in the number (five advisories).</p> <p>Government and Commercial supplies: 10% reduction in the number (three advisories).</p>	<p>Council supplies: 10% reduction in the number (five advisories).</p> <p>Government and Commercial supplies: 10% reduction in the number (three advisories).</p>	<p>Not applicable.</p> <p>First year measuring is 2025/2026.</p>

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

5 This is an internal review that is carried out once every year by the Authority. Changes made to the Compliance, Monitoring and Enforcement (CME) Strategy 2025-28 has impacted the timeline for developing operational policies in this regard.

Measure and rationale	Target 2026/27	Estimated result 2025/26	Result 2024/25
Activity: Maintain oversight of supplier response to incidents and emergencies			
<p>6. Median resolution times for our work when responding to ‘critical’ notifications</p> <p>‘Critical’ notifications are those that pose a risk to public health. This includes any notifications where drinking water is or may be unsafe, as well as notifications from suppliers that their ability to maintain sufficient water for drinking and sanitation purposes is at risk. Upon receipt of these notifications, the Authority will review and assess them and work closely with suppliers to ensure they are addressing the issue(s).</p>	≤ 2 days	≤ 2 days	2 days (1,038 notifications resolved).
<p>7. Percentage of cases closed with required intervention implemented</p> <p>The Authority uses ‘case’ records to record information on significant events, critical incidents, emergency responses, and to monitor non-compliance that is significant and /or requires ongoing investment and oversight. Case records are used to monitor actions taken by drinking water suppliers and the Authority and relate to circumstances that generally require intervention by the Authority. Where an intervention is used, this means that the Authority has communicated with the supplier about actions and timeframes needed to address the identified non-compliance. The case record is closed when the required actions have been implemented by the supplier to the satisfaction of the Authority. The measure is a percentage of cases closed with the required intervention implemented by the supplier as an outcome of the proportion of total cases closed.⁶</p>	60%	Baseline year.	Not applicable. First year measuring is 2025/2026.
Activity: Provide transparency to the public on the performance of their water services			
<p>8. Operators’⁷ confidence in the quality of the data they report for network environmental performance measures</p> <p>The Authority collects data for Network Environmental Performance Measures to inform the annual Network Environmental Performance Report. The quality of this data is analysed by the Authority at five levels.⁸ The Authority wants to see an improvement in the network operators’ confidence in the data they are providing us. This improves our ability to analyse the data and provide confidence to the public in the information reported.</p> <p>To enable this, the Authority is undertaking work to support operators with understanding how to report the data, and to ensure it is as easy as possible to report it to us. This includes free webinars, guidance material development and technical advice. This measure is looking at if this work is resulting in the desired increase in operators’ confidence.</p>	Level 4	Baseline year.	Not reported because of low data reliability.

6 Required intervention as an outcome means: compliance instrument used, enforcement action taken and feedback and/or expectations provided; and implemented means that the action required has been completed by the supplier.

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

8 The quality of data reported to the Authority is analysed at five levels (1 – Very uncertain; 2 – Uncertain; 3 – Less reliable; 4 – Reliable; 5 – Highly reliable).

Measure and rationale	Target 2026/27	Estimated result 2025/26	Result 2024/25
<p>9. Percentage of public surveyed who know our information exists and/or have accessed it⁹</p> <p>The Authority develops and provides information for members of the public to access on the Authority's website. This information needs to be visible and useful/valuable for members of the public. The Authority intends to complete a survey every year to understand the levels of awareness of our information for the public.</p>	≥ 45%	≥ 45%	Not measured in the 2024/2025 year.
<p>10. Number of visitors that engage with the pages in the public section of our website (click-through engagement)¹⁰</p> <p>The Authority uses website analytics to understand how people are engaging with the published content that is intended for the public. This is measured by looking at 'click-through engagement', which looks at how many visitors click through to the subpages in the public section.</p>	≥ 8,000 unique users.	≥ 8,000 unique users.	8,003 unique users.
Service critical asset performance			
<p>11. The amount of time that Hinekōrako (registration and notifications system) is available for users</p> <p>The Authority's service-critical asset is Hinekōrako, our registration and notification system. Hinekōrako's uptime availability is measured, as well as the number of planned /unplanned outages. The Authority has a dedicated team working on ensuring this service-critical asset is maintained and available.</p>	Available for > 98% of the time.	Available for > 98% of the time.	Available for 99.75% of the time.

⁹ This survey will be undertaken every year to understand the level of awareness of our information for the public.

¹⁰ This measure counts unique users engaging with the Authority's website content that has been designed for the public. It focuses on 'click-through engagement' by counting the number of unique visitors that click through to the subpages in the public section of our website (i.e. do not simply land on the main page and leave again). Users who visit multiple times will only be counted once for the results.

How the Authority is funded

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

New Zealand's water services regulator. The Authority therefore only has one class of outputs to report on and will have consolidated financial and non-financial performance reporting.

The Authority does not have any output classes that are not reported on.

Cost of service statement

	Forecast 2025/26 \$000	Budget 2026/27 \$000
Revenue		
Funding from Levy	20,658	20,658
Funding from the Crown	4,642	4,642
Interest revenue	512	523
Other revenue	65	14
Total revenue	25,877	25,837
Total expenses	23,784	27,690
Profit / (deficit)	2,092	(1,853)

Prospective financial statements

Prospective statement of comprehensive revenue and expense for the year ended 30 June 2027

	Forecast 2025/26 \$000	Budget 2026/27 \$000
Revenue		
Funding from Levy	20,658	20,658
Funding from the Crown	4,642	4,642
Interest revenue	512	523
Other revenue	65	14
Total revenue¹	25,877	25,837
Expenses		
Personnel costs ²	16,548	17,738
Depreciation and amortisation expense	562	548
Other expenses	6,674	9,404
Total expenses	23,784	27,690
Total comprehensive revenue and expense for the period	2,092	(1,853)

Prospective statement of financial position as at 30 June 2027

	Forecast 2025/26 \$000	Budget 2026/27 \$000
ASSETS		
Current assets		
Cash and cash equivalents	6,281	10,417
Debtors and other receivables	-	-
Investments	12,500	6,000
GST Receivable	167	225
Prepayments	566	797
Total current assets	19,514	17,440
Non-current assets		
Property, plant and equipment	353	225
Intangible assets	1,415	995
Work-in-progress	-	1,237
Total non-current assets	1,768	2,457
Total assets	21,282	19,897
LIABILITIES		
Current liabilities		
Payables and deferred revenue	1,114	1,500
GST payable	774	774
Employee entitlements	1,006	1,082
Provisions	80	86
Revenue in advance	5,163	5,163
Total current liabilities	8,138	8,605
Total non-current liabilities	-	-
Total liabilities	8,138	8,605
Net assets	13,144	11,291

Prospective statement of changes in equity for the year ended 30 June 2027

	Forecast 2025/26 \$000	Budget 2026/27 \$000
Balance as at 1 July	11,052	13,144
Capital contribution from the Crown	-	-
Total comprehensive revenue and expense for the period	2,092	(1,853)
Balance as at 30 June	13,144	11,291

Prospective statement of cash flows for the year ended 30 June 2027

	Forecast 2025/26 \$000	Budget 2026/27 \$000
Cash flows from operating activities		
Receipts from Levy ³	25,823	20,658
Receipts from the Crown	4,642	4,642
Receipts from other revenue	189	14
Interest received	512	523
Net Goods and Services Tax Received/(Paid)	721	(58)
Payments to suppliers	(7,880)	(10,650)
Payments to employees	(15,153)	(16,256)
Net cash flow from operating activities	8,853	(1,127)
Cash flows from investing activities		
Cash applied to investments	(21,500)	(13,500)
Receipts from sale of PPE	-	-
Purchase of PPE	(173)	-
Purchase of intangible assets	-	(1,237)
Receipts from maturity of investments	10,200	20,000
Net cash flow from investing activities	(11,473)	5,263
Cash flows from financing activities		
Capital contribution	-	-
Net cash flow from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(2,620)	4,136
Cash and cash equivalents at the beginning of the period	8,901	6,281
Cash and cash equivalents at the end of the period	6,281	10,417

Key notes and assumptions

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

1. Revenue for 2026/2027 is \$25.837m, of which \$20.658m will be levy funded, \$4.642m will be Crown funded and \$0.537m from other revenue.
2. Personnel costs are based on the current organisational structure.
3. Levies are invoiced quarterly in advance, except for the first quarter which could only be issued when the levy went live on 1 July 2025. This has resulted in five quarters of levy invoices being issued during 2025/26.

Statement of accounting policies

Reporting entity

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

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

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

The reporting period covered by these prospective financial statements is for the years ending 30 June 2026 and 30 June 2027.

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 the 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 rounded to the nearest thousand dollars (\$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 on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

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

Income tax

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

Critical accounting estimates, assumptions, and judgements

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

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

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

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

- going concern assumption
- leases classification

Revenue

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

Funding from levies

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

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

Funding from the Crown

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

The Authority considers that 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 the 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 three 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	2.5 to 5 years	20% to 40%
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 period.

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 the 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 its 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 the 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 timeframe 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 that 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 the reporting date and annual leave earned but not yet taken at the 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 an 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 substantially transfer 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.



Water Services Authority
Taumata Arowai

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