

In Confidence



Water Services Authority  
Taumata Arowai

# Briefing to the Incoming Minister of Local Government



# Introduction to the Water Services Authority

Congratulations on your appointment as Minister of Local Government. This is an exciting time to take leadership of the water system reforms, which aim to ensure water services are safe, reliable, environmentally resilient, and cost effective for consumers and businesses. The need for effective regulation is a core component of Local Water Done Well, to give New Zealanders confidence in the consistent quality of their water services.

The Water Services Authority – Taumata Arowai (the Authority) plays an active role supporting you to deliver these goals. There are many opportunities for you to influence and shape the way the Authority regulates in this changing environment.

Many New Zealanders still lack access to safe drinking water with over 1000 notifications of bacterial or chemical contamination reported last year, affecting 150 registered supplies with over 50% of the bacterial notifications being from schools. Through our actions, over half a million more people now have access to safe water, but there is still work to do. New Zealand is also facing a bow wave of wastewater treatment plants with expiring or expired consents (totalling 60% of plants over the next decade). The Authority is developing the first wastewater national standards which will ensure councils can plan and fund this infrastructure at a significantly lower cost.

This briefing provides an overview of immediate priorities for the Authority. More detailed briefings can be provided on priority areas, and the Chair and Officials are available to meet you as required.

The Water Services Authority – Taumata Arowai is a Crown entity established in 2021 in response to the drinking water contamination incident in Havelock North.

The Authority is New Zealand's drinking water regulator. The Authority is committed to ensuring all communities have access to safe and sufficient drinking water.

The Authority also sets standards and monitors the performance of the country's public drinking water, wastewater, and stormwater networks.

The Authority works with, regulates, and influences the water services sector to deliver:

***Safe water, every day for everyone***



# Regulatory priorities, reporting and key statistics



## Implementing Government policy priorities

The Authority's priorities for the 2024/2025 year give effect to the 2024 Letter of Expectations and are described in our current Statement of Performance Expectations (SPE). This includes setting national wastewater standards to establish baseline requirements for wastewater network operators, implementing a levy, and proactively engaging with drinking water suppliers of all sizes and types. We are looking forward to implementing your priorities and updating our SPE for 2025/2026 to give effect to them.

## "No surprises" and regular reporting

We will keep you informed promptly of matters of significance to your portfolio of responsibilities on a "no-surprises basis," particularly where these matters may be controversial or may become the subject of public debate. (Recent example: situation in Waikato and Auckland where there were elevated arsenic levels in the water.)

The Authority also provides weekly updates through the Status Report of the Department of Internal Affairs (DIA) on the entity's critical activities and specific engagements. The Authority reports to DIA as our monitoring agency on our key workstreams and progress against the SPE priorities through quarterly performance reports and the Annual Report.

## Notifying of emergencies

The Authority coordinates with drinking water suppliers and other agencies in the event of incidents and emergencies that impact drinking water. We maintain oversight of drinking water incidents to ensure that any serious risks to public health are appropriately managed. The Authority can declare a drinking water emergency when there is a serious risk to public health based on drinking water quality or issues of ongoing sufficiency of the drinking water supply (Recent example: Wellington Water shortage triggered planning for a potential emergency). The Authority's Chief Executive will consult with you as the responsible Minister prior to declaring an emergency.

## Key statistics

### Registered supplies



**527**  
Council supplies  
**4,271,441**  
population served



**469**  
Government supplies\*  
**72,716**  
population served

\*Made up of: 38 Department of Conservation, 3 Department of Corrections, 417 Ministry of Education and 11 New Zealand Defence Force



**992**  
community and private supplies  
**103,772**  
population served

### Drinking water safety plans

We have approximately 900 registered plans  
By 30 December 2024:



**137**  
reviews were completed



Across **63**  
suppliers (mostly Councils)



A total of **132**  
supplies have been reviewed

### Consumer advisories in 2024

	Boil water	Do not drink	Do not use	All
Long-term	124	22	0	146
Temporary	54	46	6	106
All	178	68	6	252

### Critical notifications in 2024



**1,137**  
Critical notifications received



**780**  
from Council supplies



**4**  
days median resolution time by the Authority

### Critical multi-barrier treatment



### On track to implement barriers



### Exploring end point treatment solutions



One council is exploring a further alternate path to compliance.

# Immediate priorities



Over the next 2-3 weeks, Officials will provide detailed briefings and seek decisions from you on two priority matters:

## Wastewater national standards

*Cabinet approval is required to commence public consultation on the draft standards in advance of bringing the standards into force later in the year.*

New Zealand's first national environmental performance standards for wastewater will significantly reduce costs and timeframes for consenting and provide the basis for much-needed standardisation of wastewater infrastructure. The standards will improve certainty and consistency in the regulatory system and ensure effective environmental and public health protections.

The Authority has been working with technical experts from engineering and water science backgrounds, and regional council and territorial authority representatives to develop draft standards to cover the areas most common in resource consents (discharge to land, discharge to water, biosolids, as well as risk-based planning, monitoring and reporting arrangements for wastewater network overflows and bypasses of wastewater treatment plants).

The proposed wastewater standards are expected to deliver significant cost-efficiencies – case studies indicate this could reduce consenting costs by up to 40 percent.

The Authority has begun pre-engagement with a number of regional councils and territorial authorities, as well as iwi Māori. There is considerable interest in this work, particularly from territorial authorities who want to factor any cost efficiencies into their water services delivery plans. The Authority expects this to continue through public consultation.

### Indicative timeline:

Redactions made under section 9(2)(g)(i) of the Official Information Act 1982



## Setting a Levy

*You have delegated authority from Cabinet to make final decisions on the design and quantum of the levy. Cabinet authorisation is required to issue drafting instructions to implement the levy from 1 July.*

Implementing a levy ensures a sustainable funding model for the Authority to fulfil its legislative functions and meet government expectations. This includes supporting functions that are performed for the benefit of consumers, such as providing assurance to communities that their water is safe to drink and the supply is reliable, and that suppliers are minimising the environmental impacts of their water services.

Targeted consultation with territorial authorities closes on 24 January on the following recommended levy design settings:

- Baseline fixed at \$25.3m p.a. for an initial three-year levy period (subject to earlier review if necessary).
- A Crown / levy split to reduce cross-subsidisation of public benefit activities and to recognise that 15% of consumers are on non-council supply (\$20.658m from levies and \$4.62m from Crown).
- Council levies to be calculated based on Stats NZ data.
- Drinking, Waste and Storm water to be levied separately to allow for changes in the composition of water service providers.

In November 2024, Cabinet delegated authority to the Minister of Local Government to make any changes to the levy settings following consultation. Before making decisions on the final levy design and quantum, legislation requires you to have regard to advice from the Authority. We will provide an analysis of the submissions and advice in mid-February to support your decisions.

### Indicative timeline:

Redactions made under section 9(2)(g)(i) of the Official Information Act 1982





# Delivering effective and proportionate regulation through Local Water Done Well

The Authority uses a range of regulatory tools proportionate to the risk – from providing educational material and guidance to taking compliance action. Through our actions over the last year, the Authority is confident that an additional 500,000 or more people can now trust that their drinking water is safe.

The Authority has made good progress implementing the priorities of Local Water Done Well. The Authority has been preparing for legislative change which will further expand our regulatory levers, broaden our functions and formalise the Authority's regulatory approach which is proactive, cost effective and efficient for drinking water suppliers, network operators, and also protects public health.

The Local Government (Water Services) Bill amends the threshold for regulation, excluding very small shared domestic supplies. Our focus for small supplies will be on educating and guiding this sector on the ongoing risks that result from poorly treated water.

Another key focus will be on mixed-use rural supplies to identify cost effective pathways, including updating or introducing new acceptable solutions and developing an expanded set of exemptions. This will ensure that mixed-use rural and other small supplies are not required to comply with those aspects of regulation where there is minimal risk to the public.

A key feature of the water system reforms is the introduction of economic regulation by the Commerce Commission. The Authority is working closely with the Commerce Commission to ensure our regulatory requirements for councils are complementary and not duplicative and that our combined efforts shine a light on the performance of the sector.

The Local Government (Water Services) Bill includes important new roles for the Authority. These include the development of mandatory National Engineering Design standards, which complement the waste and stormwater standards to support councils to plan for nationally consistent and cost effective infrastructure investment. The Authority also takes on responsibility for reviewing sector plans and by-laws. With the increasing risk of flooding, addressing urban stormwater systems will be a future focus for the Authority and the Bill provides additional requirements for councils and the Authority to strengthen a risk management approach to stormwater.

The Authority is looking forward to an early discussion about your priorities for the Authority particularly on our funding which will assist in scaling or rephasing work programmes.

# Funding overview

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Taumata Arowai

The Authority is currently fully funded by the Crown, with a very small proportion of our funding received through cost recovery fees charged for specific functions. The levy proposals recommend a split between Crown and levy funding for the next 3 years with the baseline staying at the \$25.3m set for FY24/25.

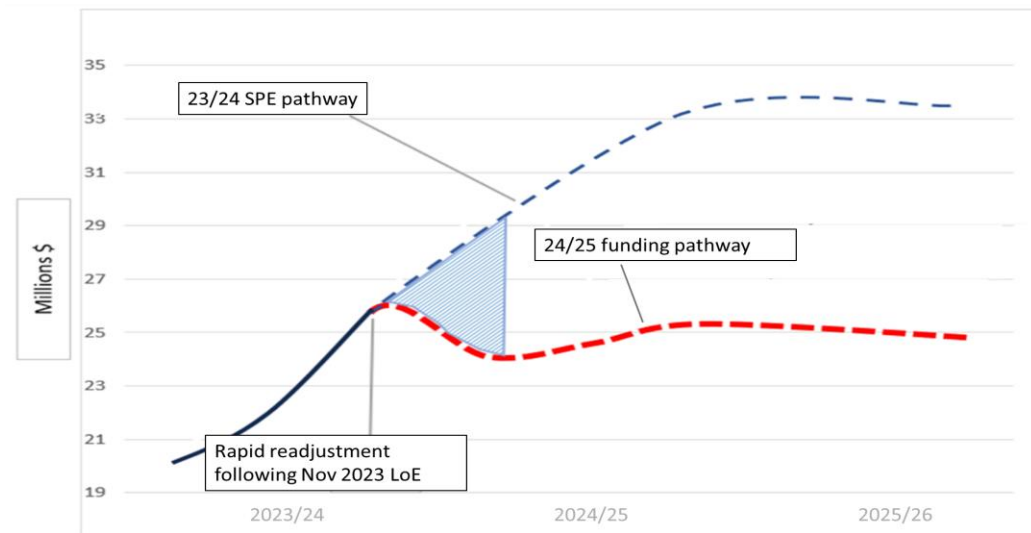
To give effect to the incoming Government's policy priorities and direction to make efficiencies and avoid budget escalation, in December 2023 the Authority made changes to its operating model, work programme and implemented immediate measures to re-baseline the previous funding pathway (depicted in the graph to the right).

Changes to the business included refocusing capability on proactive outreach with a broader range of supplies, ensuring cost drivers were considered as part of all regulatory activities, and halting work programmes to adjust to the new funding pathway.

The Authority has made a number of savings and ensured the organisation did not grow beyond the Government's funding intentions. The use, and retention, of reserves has also been carefully considered by the Board, consistent with expectations that the Authority acts in a fiscally prudent manner.

The Authority is committed to delivering its core functions and responsibilities within the available funding envelope. This may result in some statutory functions needing to be prioritised, delayed or scaled.

## 21% reduction from anticipated funding to 24/25 budget



### Examples of efficiencies / savings activities

To achieve a 21% readjustment, in early 2024, the Authority:

- Paused, rescaled or stopped work programmes
- Reduced consultant/contractor spend by 30% in 2023/24
- Paused or halted recruitment
- Reduced office space/stopped regional expansion
- Deferred technology investment

### Budget for 2024/25

The budget for 2024/25 of \$25.3m is made up of:

- \$21.316m Crown funded;
- \$3.642m funded from reserves generated from an intentional underspend in 2023/24; and
- \$0.3m from other revenue.



# Governors and Senior Leadership

## Board

The Board is responsible for overseeing the performance and strategic direction of the Authority, monitoring long-term financial viability and ensuring robust risk management.



**Raveen Jaduram**  
**CHAIR**  
[Redacted]  
(term expires August 2027)



**Dr Frances Hughes**  
(term expires August 2027)



**Anthony Wilson**  
(term expires February 2025)



**Loretta Lovell**  
**(Dual member)**  
term expires February 2025 (Board)  
May 2025 (Māori Advisory Group)  
Rongomaiwahine, Ngāti Pahauwera, Ngāti Kahungunu, Whakatōhea



**Amanda Singleton**  
(term expires August 2027)



**Dr Virginia Hope**  
(term expires February 2025)



**Riki Ellison**  
**CHAIR**  
[Redacted]  
(term expires August 2027)  
Ngāti Toa Rangatira, Ngāi Tahu, Te Ātiawa



**Bonita Bigham**  
(term expires August 2027)  
Ngāruahine, Te Ātiawa



**Te Huia Taylor**  
(term expires July 2025)  
Ngāti Te Ata Waiohua, Te Waiariki



**Stephanie Dijkstra**  
(term expires June 2026)  
Ngāi Tahu, Ngāti Mamoe

## Māori Advisory Group

The Māori Advisory Group supports the Board, providing advice on the strategic direction of the Authority, which the Board takes into account in making decisions.

## Senior Leadership (key contacts)



**Allan Prangnell**  
**CHIEF EXECUTIVE**  
[Redacted]



**Steve Taylor**  
**HEAD OF OPERATIONS**  
[Redacted]



**Sara McFall**  
**HEAD OF SYSTEMS, STRATEGY AND PERFORMANCE**  
[Redacted]