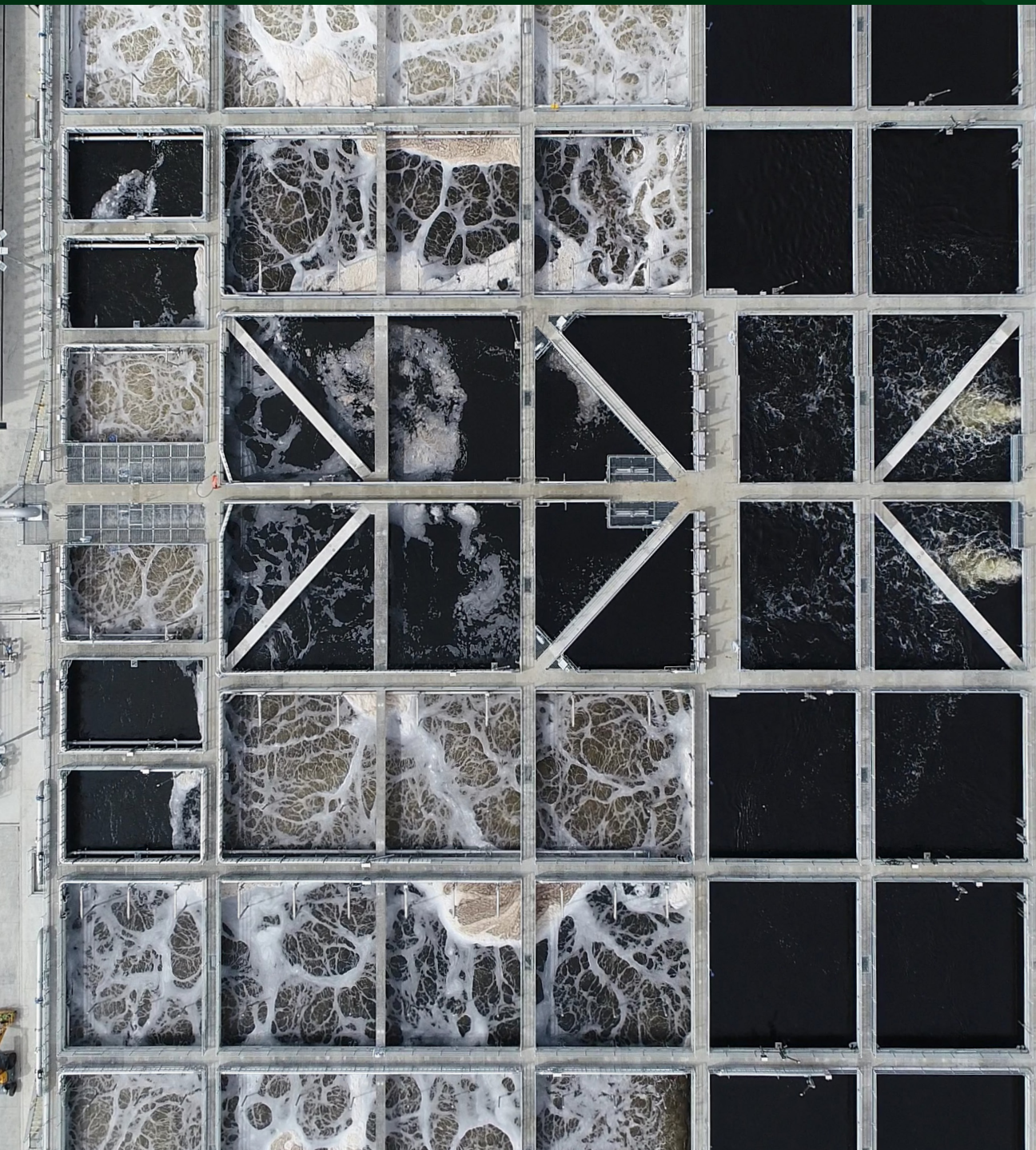




# Water Governance

## Directors' handbook



May 2026

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# Purpose & Scope

This handbook provides directors of water organisations with a practical overview of their governance responsibilities in relation to water services (water supply, wastewater and stormwater services).

Under the new statutory framework, water services may be delivered directly by local authorities (territorial authorities or regional councils) or through water organisations owned by one or more local authorities and/or consumer trusts. Water organisations, in turn, must be companies incorporated under the Companies Act 1993, unless a ministerial exemption from this requirement has been obtained.

The handbook is therefore intended as a resource for directors of water organisations, as well as councillors providing governance oversight of in-house service delivery by their council.

Water services carry unique and sometimes significant public health, environmental and regulatory risks. Directors must exercise their responsibilities within a clear set of shareholder expectations, legislative requirements including those in the Water Services Act 2021 and Local Government (Water Services) Act 2025, and their common law and fiduciary obligations as directors.

The handbook focuses on areas where governance has the greatest influence on safety and performance. However, it is not a technical manual. Directors should continue to build their governance capability, and industry understanding of the water services sector, through Institute of Directors programmes, Water New Zealand resources and other specialist training.

The handbook is structured in two parts: Part One – the Legislative Environment, and Part Two – Director's Toolkit.

The information in this handbook is necessarily general, and should not be relied upon as a basis for making business decisions. Your business needs and specific circumstances must be considered, and government policy, market conditions and relevant laws may have changed since this handbook was last updated. This handbook reflects the law as at 1 May 2026.

# Part One – The Legislative Environment

## Understanding water infrastructure

Water service providers may be responsible for drinking water, wastewater and/or stormwater services. Each involves delivery of a critical service in the wider context of protecting public health, environmental wellbeing and infrastructure resilience.

Around 4.3 million people in Aotearoa New Zealand receive drinking water from councils – with water delivered to consumers from more than 500 supplies, through more than 50,000km of drinking water pipes.

Across the country councils operate more than 320 wastewater treatment plants, and reticulate wastewater through more than 30,000km of pipes.

Less information is available nationally about stormwater services, although councils report more than 19,000km of stormwater pipes.

### Water supply (drinking water) services

Water supply services are defined as the abstraction, storage, treatment, or transmission (including metering) of water for supply to consumers if any of the water supplied is intended to be used as drinking water. This definition highlights a water service provider's "end-to-end" responsibility in relation to the supply of drinking water.

Drinking water is water for human consumption. Drinking water systems must be managed to prevent illness and protect public health. Failures can occur without warning and may result in widespread and serious health impacts – as occurred with the outbreak of gastroenteritis in August 2016 caused by contamination in Havelock North's drinking water supply. As a result, the legislative requirements on drinking water suppliers are particularly stringent.

For this reason, drinking water provides the core focus of this handbook. Many of the governance principles described—oversight of risk, assets, capability, compliance and culture—apply equally to wastewater and stormwater, but drinking water requires the closest and most proactive attention at board level.

### Wastewater services

Wastewater services are defined as the collection, treatment, storage, transmission (including metering), or discharge of wastewater from consumers.

Failures within wastewater networks can cause environmental contamination, public health nuisances and reputational damage for the supplier. They may also place a water service provider in breach of its wastewater discharge consents under the Resource Management Act 1991 (RMA), or otherwise expose it to the risk of prosecution or other RMA enforcement action by the relevant regional council. While failures within a wastewater network do not usually pose the same acute, rapid public health risk as failures within a water supply network, the environmental and cultural impacts can be significant and persistent.

Poor wastewater performance can lead to environmental degradation, regulatory breaches, cultural impacts, and loss of public confidence.

The governance principles set out in this handbook—risk oversight, asset stewardship, capability, transparency and continuous improvement—apply as much to wastewater systems as to drinking water.

### Stormwater services

Stormwater services are defined as the collection, treatment, drainage, reuse, or discharge of stormwater in an urban area or any stormwater service zone but excluding any of those services relating to a transport corridor (ie road or railway land).

Stormwater systems perform a critical function by managing rainfall runoff from urban and developed areas, reducing flooding, protecting public safety and limiting the entry of contaminants into waterways. However, poorly performing stormwater systems can lead to threats to life and personal safety during severe weather events, property and infrastructure damage, environmental harm and additional pressure on wastewater networks.



## Governance, delivery and accountability framework

The Local Government (Water Services) Act 2025 (LGWSA) provides the guiding framework for the delivery of water services. Councils may deliver their water services in-house; through water organisations owned by one or more local authorities and/or consumer trusts; or through confirmation of both options (for example, council delivers water and wastewater services while a water organisation delivers stormwater services). Each council’s selection of its intended delivery model followed the preparation of a water services delivery plan approved by the Government. The new delivery arrangements must be in place by 1 July 2028, although some councils have chosen an earlier “go live” date of 1 July 2026 or 1 July 2027.

The focus of the LGWSA is on the entities who have responsibility for providing water services – water service providers. By default, responsibility lies with territorial authorities, unless they transfer that responsibility to a water organisation through a transfer agreement. Responsibility for water services is distinct from ownership of the water assets or infrastructure. In other words, responsibility may be transferred to a water organisation despite ownership of some or all assets being retained by a council.

The statutory objectives of all water service providers – in-house or water organisations – are the same:

- providing water services that are reliable, resilient to external factors (such as climate change and natural hazards), and meet consumer expectations for quality and all regulatory requirements
- providing water services in a cost-effective and financially sustainable manner. This includes effective planning to manage infrastructure for the provision of future water services; sharing the benefits of efficiency gains with consumers including when setting charges); and using water resources efficiently
- performing in an open, transparent, and accountable manner and in accordance with sound business practice
- acting in the best interests of current and future consumers
- supporting housing growth and, if applicable, urban development
- being a good employer.

All water service providers must also comply with certain financial principles set out in the Local Government (Water Services) Act 2025:

- revenue and funding must be spent on providing its water services, which includes spending on maintenance, improvements, infrastructure renewal, servicing debt and providing for growth
- revenue and funding applied to providing water services must be sufficient to sustain the long-term investment in water services while meeting all regulatory requirements
- revenue and funding (including from charges), expenses, and any dividends must be transparent to the public
- the water service provider must be accountable for its revenue, funding, and expenses to its communities, if the provider is a council; or to its shareholders, if the provider is a water organisation.

To comply with these principles, in-house delivery must be carried out through an internal business unit of the council - a dedicated water services unit that sits within the council - a dedicated water services unit that sits within the council as the water service provider but is structurally and financially ring-fenced from the rest of the council’s activities, for accountability and regulatory purposes.

A water service provider’s primary financial planning and accountability document is its water services strategy (the equivalent of a council’s long-term plan). A water services strategy is a public statement of the provider’s intended activities and includes information about its costs, investment, proposed charges, levels of service, performance measures, financial forecasting and long-term infrastructure and investment plans. Depending on whether the water service provider is a council or a water organisation, there are different consultation or engagement requirements applying to the preparation of the strategy. Water service providers must also prepare and adopt an annual budget and an annual report.

As well as the above provisions applying to all water service providers, water organisations are subject to additional governance and other arrangements in the LGWSA. Water organisations must be wholly owned by one or more councils (in which case they will be CCOs) and/or one or more consumer trusts. A water organisation’s business is limited to the provision of water services, and services related to or necessary for the provision of those water services.

A water organisation’s shareholders must prepare and adopt a statement of expectations for the water organisation, to inform and guide the water organisation’s preparation of its water services strategy. This statement should contain the outcomes the shareholders expect the organisation to achieve but may include a range of other matters such as their expectations about the organisation’s strategic priorities, how it should conduct its relationships with other parties such as shareholders, consumers, communities and Māori (including community or consumer engagement and collaboration), and performance indicators and measures.

In general, a statement of expectations cannot include requirements which relate to the performance or exercise of the water organisation’s statutory functions or require the water organisation to do (or not do) any specified thing or achieve a specified result. However, this level of direction is possible if the shareholders have allowed for it in their shareholders’ agreement or in the constitution of the water organisation. Even then, if a water organisation is financially independent of its shareholders, the statement of expectations may not include any requirements or expectations that would compromise that financial independence.

A water organisation and its board must also comply with requirements in the Local Government Official Information and Meetings Act 1987 (LGOIMA) relating to official information and meetings. The LGOIMA requires that certain public agencies must conduct their business in an open and transparent manner. Water organisation must respond to requests by any person for official information held by the organisation. Official information includes any documents, emails, videos, images, text messages and voicemails (including information held on personal devices). Parts 1 to 3 of the LGOIMA set out the processes and timeframes for responding to requests. Meetings of the board of water organisations, but not committee or subcommittee meetings, must also comply with Part 7 of the LGOIMA. Part 7 provides for public notification of meetings, agendas and reports, but also provides a right to exclude the public from meetings in certain situations.

The Ombudsman, who has oversight of the LGOIMA regime, including the complaints process, has published guidance for agencies subject to LGOIMA, including:

- [A guide to processing requests and conducting meetings](#)
- [An Ombudsman’s investigation and review under the OIA or LGOIMA](#)



## Regulation of Water Services

Summarised below are specific regulatory requirements affecting each of the three water services. In addition, and more generally, there is environmental and public health legislation, including the RMA and the Health Act 1956 which may be relevant, as well as regional council discharge consents, particularly for wastewater and stormwater discharges.

### Water supply (drinking water) services

The regulatory framework for drinking water is set out in the Water Services Act 2021 (**WSA**). That Act requires drinking water suppliers to have a drinking water safety plan and to comply with other legislative requirements. Other key obligations of drinking water suppliers under the WSA include to:

- ensure that drinking water supplied by the supplier is safe
- if drinking water is or may be unsafe, taking various measures such as immediate action to protect public health, notifying the Water Services Authority, investigating causes, taking remedial action, preventing recurrence and advising affected consumers and other suppliers
- comply with drinking water standards, up to the “point of supply” with the customer
- take all reasonable steps to supply aesthetically acceptable drinking water
- ensure a sufficient quantity of drinking water is provided to each point of supply
- register their drinking water supply
- notify the Water Services Authority, Fire and Emergency New Zealand, and local authorities where supply adequacy is at imminent risk
- ensure supply arrangements protect against the risk of backflow.

Should any of these duties be breached, then drinking water suppliers must take certain immediate steps to remediate any issues.

The WSA imposes a duty on officers, employees and agents of a drinking water supplier to exercise due diligence to ensure that the drinking water supplier complies with its duties under the Act. For these purposes, an “officer” means a director of a company that owns or operates the supply, as well as any other person occupying a position in the company that allows them to exercise significant influence over the management of the drinking water supply (for example, a chief executive).

The due diligence obligation requires directors and other “officers” to exercise the care, diligence, and skill that a reasonable person in their position would exercise in the same circumstances, taking into account that person’s position, the nature of their responsibilities and the scale, complexity, and risk of the drinking water supply. This includes taking reasonable steps to:

#### 1. acquire, and keep up-to-date knowledge of the supply of safe drinking water and other drinking water supply matters;

#### 2. gain an understanding of:

- the nature of the supply of the relevant drinking water supply, its source water, its drinking water safety plan, its implementation, and the consumers the supply serves
- the hazards and risks associated with the drinking water supply and its operation
- how to identify, minimise, and control or eliminate the hazards or risks as part of the operation of the drinking water supply

#### 3. ensure that the drinking water supplier:

- has available for use, and uses, appropriate resources and process to implement its drinking water safety plan
- has appropriate processes for identifying and considering information regarding hazards and risks and responding to them
- has, and implements, processes for complying with any duty of the supplier under any legislative requirement.

Failing to comply with the duty of due diligence is an offence, with a fine on conviction of up to \$100,000 for an officer of the drinking water supplier.

Directors must themselves take reasonable steps to acquire the necessary knowledge about the supply of safe drinking water and other drinking water supply matters, and keep that knowledge up to date. They cannot delegate or transfer this obligation to another person e.g. to management. Exercising due diligence requires directors to undertake active oversight of, and informed engagement with, the water organisation’s operations.

If any of the duties are breached by a drinking water supplier, the Water Services Authority – Taumata Arowai (the **Water Services Authority**) may issue a direction under the WSA, or a compliance order. The water supplier must comply with a direction within the time period specified in the direction. Compliance orders may require a person to stop or start specified actions to secure compliance or to prevent or mitigate a serious risk to public health.

### Wastewater services

Regulation of wastewater services under the WSA is less comprehensive than the regulation of drinking water services. The role of the Authority is one of oversight.

A wastewater network operator must also prepare and implement a risk management plan for the operator’s wastewater network. The plan must:

- identify any hazards that relate to the wastewater network
- assess any risks that are associated with those hazards

- identify how those risks will be managed, controlled, monitored, or eliminated
- include any wastewater environmental performance measures, standards, or targets made by the Authority and how the measures, standards, or targets will be met.

However, as at the time of writing, the Authority has not yet specified a time by which plans must be prepared.

In terms of environmental regulation, under the WSA there is a power to make regulations that set wastewater environmental performance standards, including standards relating to discharges to air, water, or land; biosolids and any other by-products from wastewater; energy use; and trade waste.

The only regulations at the time of writing are the Water Services (Wastewater Environmental Performance Standards) Regulations 2025. These specify wastewater environmental performance standards that relate to:

- discharging biosolids resulting from wastewater treatment to land
- wastewater overflows and bypasses
- discharging wastewater from wastewater treatment plants (**WWTPs**) into water
- discharging wastewater from WWTPs to land.



The regulations do not affect existing resource consents that water service providers may hold, for example in relation to treated wastewater discharge or wastewater overflows. However, they are relevant to new consents that will be required once existing consents expire. For some operators, complying with the water quality levels in the Wastewater Standards may be onerous and will necessitate upgrading their wastewater treatment plants. This may require significant capital investment, approved by the Board of Directors of the water organisations.

Directors should ensure their organisation:

- Understands and complies with all discharge consents and environmental standards
- Maintains wastewater treatment plants and networks to prevent overflows and contamination
- Manages inflow and infiltration risks, particularly during storm events
- Reports environmental performance reliably and transparently
- Integrates environmental risks and statutory requirements into asset planning and investment decisions.

### Stormwater services

Unlike drinking water, stormwater does not have a dedicated national regulator, but, as with wastewater, the Authority has an oversight role. Environmental regulation of stormwater services occurs primarily through resource consents for stormwater discharge granted by regional councils, regional plans, and, indirectly, the National Policy Statement for Freshwater Management, as well as the RMA more broadly.

Stormwater networks, and connections to such networks, are also typically regulated through local authority stormwater bylaws.

Under the LGWSA a water service provider that is responsible for managing a stormwater network must develop, adopt and implement a stormwater network risk management plan (**SNRMP**).

The plan is designed to identify critical stormwater infrastructure, identify hazards and risks to that infrastructure and specify how those risks will be managed. Hazards are broadly defined as including existing, emerging and potential future hazards.

The SNRMP therefore creates a formal, auditable statement of stormwater network risk exposure and in that sense performs a role analogous (though not identical) to drinking water plans and wastewater network risk management plans under the WSA.



## Authorisations

The WSA provides for regulations to be made relating to the capability of those providing drinking water and wastewater services. At the time of writing this handbook, no regulations have been made, but Water New Zealand, the Water Services Authority and Department of Internal Affairs are in the early stages of developing an authorisations regime.

The WSA requires all drinking water suppliers to be authorised by October 2031. Under a future authorisations regime, requirements in relation to the provision of drinking water and wastewater services will include:

- A person must not operate a drinking water supply or wastewater network if regulations require the operator to be authorised and the person lacks the necessary authorisation
- A person must not certify, assess, test, design, operate, or carry out an activity relating to maintaining, repairing, upgrading, or renewing a drinking water supply or wastewater network, if they do not have the skills, qualifications, or experience prescribed in regulations made under the Act.



## Economic regulation through the Commerce Commission

In 2025, amendments to the Commerce Act established an economic regulation framework for water services, administered by the Commerce Commission (the **Commission**). So far, only water supply and wastewater services are regulated, but stormwater services may be regulated in the future.

As regulated activities, the Commission may exercise the full suite of economic regulation tools over water and wastewater services. The first stage is a mandatory information disclosure regime, which will require water service providers to report on their financial performance, asset condition, service quality and risks. This regime aims to improve transparency, support better investment and provide greater accountability to customers and stakeholders. The Commission may also impose price-quality regulation on water service providers and make binding determinations.

The Commerce Act now contains a bespoke consumer protection regime for water services.

The Commission can impose consumer information disclosure requirements, issue service quality codes and regulatory guidelines, and monitor and enforce compliance (potentially involving pecuniary penalties). The Commission's functions do not, however, extend to the regulation of the safety of drinking water. These powers remain with the Water Services Authority.

Directors should ensure their organisation understands these obligations and is preparing the systems and data needed to comply as requirements are phased in.

### **i** Economic Regulation of Water Services

Aotearoa New Zealand's water sector has a formal economic regulation framework that complements health, safety and environmental regulation. In August 2025, a new economic regulation regime was enabled for water services. This regime is administered by the Commerce Commission and initially centres on information disclosure obligations.

Under the economic regulation framework:

- Water service providers must disclose specified information on financial performance, asset condition, service quality and risks to the Commerce Commission. This promotes transparency and comparability across providers
- The Water Services Information Disclosure Determination was published in March 2026. This imposes certain requirements to publish, and deadlines, as follows:
  - charges, and policies on dividends and funding growth - commences after 30 June 2026
  - detailed expenditure forecasts, financial planning, performance data, asset management, delivery and strategic planning information - by 31 July 2027

- actual information on previous financial year's spending - by 30 November 2027
- full annual reports showing delivery compared to plans - by 30 November 2028
- full information disclosure requirements phased in by 30 July 2030.

- Over time, the Commission may recommend further forms of regulation, including price-quality paths and service quality requirements, similar to economic regulation in other infrastructure sectors.

Economic regulation does not replace regulation by the Water Services Authority or under environmental consents. Instead, it adds a governance-focused layer of accountability that expects directors to ensure robust organisational systems for transparent performance reporting, long-term asset planning and sustainable investment.

## Understanding the Risks and Consequences of Failure

Drinking water contamination can cause rapid, widespread and serious illness, as demonstrated by the 2016 Havelock North outbreak. Public health consequences may include acute gastrointestinal illness, long-term health impacts and—in severe cases—loss of life.

### **i** Understanding the Main Microbiological Risks to Drinking Water

The Drinking Water Standards recognise both microbiological and chemical risks, but microbiological contamination usually presents the most immediate threat to human health. Microbes can multiply quickly, spread through a network and cause illness soon after exposure. Directors therefore need confidence that their organisation understands these hazards and manages them through a robust system of preventive barriers.

#### Key Microbiological Hazards

##### Campylobacter

- A leading cause of waterborne gastroenteritis in New Zealand
- Commonly enters source water through animal faecal contamination
- Can cause severe illness in children, older people and immunocompromised individuals.

##### Cryptosporidium

- A chlorine-resistant protozoan parasite
- Can survive inadequate filtration and persist in the distribution network
- Causes prolonged gastrointestinal illness and is particularly concerning for vulnerable groups.

##### Giardia

- A protozoan that is moderately resistant to chlorine
- Associated with wastewater contamination or animal waste runoff
- Can cause widespread illness if not effectively removed or inactivated.

##### E. coli (indicator organism)

- Some strains can cause severe illness and used as a signal of possible faecal contamination
- Its presence indicates a risk of pathogens entering the supply
- Requires immediate investigation and response under the Water Services Act.

##### Viruses (e.g., norovirus, enteroviruses)

- Often associated with sewage or failing septic systems
- Highly infectious, with very low infectious doses
- Can drive rapid, community-wide outbreaks if barriers fail.

#### Why These Risks Matter

Because microbiological risks can escalate suddenly, organisations should apply the multi-barrier approach, which provides overlapping layers of protection to prevent contamination reaching consumers. Key expectations include:

- Protecting source water, including catchment management and control of contamination risks
- Providing effective treatment, such as filtration and disinfection designed to remove or inactivate pathogens
- Maintaining secure storage and distribution, with processes that reduce contamination and maintain disinfectant residuals
- Monitoring and verification, ensuring treatment and distribution barriers are functioning as intended and enabling rapid response when issues arise.

The multi-barrier approach reduces reliance on any single process and is essential for preventing illness, maintaining compliance and protecting community trust.

Beyond harm to the public, failures can have significant consequences for water service providers and their directors, including:

- Regulatory enforcement, such as improvement notices, compliance orders or prosecution
- Potential criminal liability, for example if an officer's duty of due diligence under the Water Services Act is not complied with
- Substantial financial impacts, including emergency response costs, remediation, legal liabilities and accelerated capital expenditure

- Reputational damage, resulting in loss of community trust and heightened scrutiny
- Organisational disruption, affecting workforce morale, capability and stakeholder relationships
- Increased insurance or financing costs where failures are systemic or recurrent.

These risks highlight why strong governance, reliable assurance and a credible Drinking Water Safety Plan are essential.



## Directors’ Roles & Duties

Under the LGWSA, a director of a water organisation is appointed on the basis of their competency to perform the role. The directors of a water organisation must collectively have the appropriate mix of skills, knowledge, and experience in relation to providing water services.

This Act prohibits the following persons from being appointed as a director of a water organisation:

- an elected member of a territorial authority that is a shareholder in the water organisation; or
- an employee of a territorial authority that is a shareholder in the water organisation; or
- an employee of any other shareholder in the water organisation; or
- an employee of the water organisation.

Depending on the entity’s structure, directors must also meet governance duties under the Companies Act 1993 and the Local Government Act 2002.

Under the Companies Act 1993, each director must comply with the following duties:

- to act in good faith and in the best interests of the company
- to exercise powers for a proper purpose
- to comply with the Act and the company’s constitution
- to not trade in a way that creates a substantial risk of serious loss to creditors
- to not agree to any obligations the company cannot perform
- a duty of care
- a duty to disclose interests in transactions or proposed transactions with the company.

Directors must discharge these duties in accordance with the relevant statutory objectives applying to water service providers. In relation to drinking water supply, directors are ultimately accountable for ensuring their organisation provides safe and reliable drinking water to the community. Meeting this responsibility requires strong governance oversight of the risks, systems and capability that underpin drinking water safety.

Legal and regulatory obligations are an essential component of this responsibility, but compliance alone is not sufficient. Directors must ensure that risks are actively identified and managed, and that drinking water safety is subject to continual improvement. Their role is to govern rather than manage day to day operations, by setting clear expectations, monitoring performance, and ensuring the organisation has appropriate systems, capability and assurance in place to keep drinking water safe.

In addition, directors must ensure that drinking water services are delivered in a cost effective and financially sustainable manner, and that their functions are carried out in an open, transparent and accountable way, having regard to the best interests of current and future consumers.

Key governance responsibilities include:

- Overseeing the development, implementation and ongoing use of a credible Drinking Water Safety Plan, and ensuring it accurately reflects risks and operational realities
- Ensuring drinking water risks are effectively managed from “source to tap”
- Ensuring accurate and timely reporting of incidents and non-compliance
- Supporting a culture of safety, learning and transparency.

### Drinking Water Safety Plan and Source Water Risk Management Plan

Under the WSA, each owner of a drinking water supply is required to prepare a Drinking Water Safety Plan (**DWSP**). This plan provides a comprehensive assessment of hazards from source water quality through treatment, storage and distribution. It must remain accurate, reflect operational practice and guide decision-making. Each DWSP must be submitted to the Water Services Authority. Those in governance and leadership roles are expected to understand and take full ownership of these plans. The Authority requires governors and managers of suppliers to actively review, understand, and formally approve their DWSPs.

Drinking water suppliers must also prepare and implement a source water risk management plan (**SWRMP**). A SWRMP must identify any hazards that relate to the source water, including emerging or potential hazards, assess any risks that are associated with those hazards and identify how those risks will be managed, controlled, monitored, or eliminated as part of a WSP. The supplier must monitor the quality of source water in accordance with the programme in the SWRMP.

Directors must ensure the contents of the DWSP and the SWRMP are:

- **Credible**, reflecting real risks and operational conditions
- **Resourced**, with appropriate capability, staff and investment
- **Implemented**, not merely documented
- **Assured**, through reliable reporting and independent review
- **Reviewed**, to reflect lessons from incidents and changing conditions.

Effective oversight requires directors to:

- Understand the scope and function of each of the plans
- Ensure the organisation has the capability and resources to implement it
- Test whether controls function as described
- Ensure reporting to the board aligns with DWSP-defined risks and controls
- Monitor continuous improvement activities.

Directors are not expected to be technical specialists. Their role is to ensure the system described in DWSP exists, is implemented and is continuously improved.

### **i** Hazards, Risks and Critical Control Points

In drinking water safety management, a **hazard** is something that could cause harm (such as a pathogen or contamination pathway), while **risk** reflects the likelihood of that hazard causing harm and the severity of the consequences. The internationally recognised HACCP framework (Hazard Analysis and Critical Control Points) helps suppliers identify where in the water supply system hazards may arise and how they should be controlled. Within this framework, Critical Control Points are the steps or processes essential for preventing

or significantly reducing a drinking water hazard—for example, filtration performance, disinfection effectiveness or maintaining adequate disinfectant residuals. These points require continuous monitoring and clear limits so that any deviation triggers an immediate corrective response. Directors do not need technical detail, but they should understand that Critical Control Points are non-negotiable elements of safe drinking water and must operate reliably every day.

# Part Two – Directors’ Toolkit

This section is a Directors’ Toolkit providing support tools and information to assist you develop your water services capability. It includes a series of practical considerations – questions, actions, and red flags – for you as a director of a water service provider, across five areas:

- Safety and Quality Oversight
- Asset Stewardship and Investment
- Culture and Capability
- Regulatory Relationships and Accountability
- Board Performance and Continuous Improvement

## Safety and Quality Oversight

*(DWSP components: risk identification, control performance, monitoring, incident response)*

Safe drinking water depends on accurate risk identification, effective controls and reliable monitoring. Directors must ensure all significant hazards and their corresponding controls are understood and managed effectively. This requires visibility of monitoring data, verification findings and incident trends. As drinking water failures can occur rapidly, directors must also ensure the organisation has robust systems for detecting and escalating incidents.

## Asset Stewardship and Investment

*(DWSP components: asset integrity, control reliability, resilience)*

Directors must ensure asset management planning identifies critical assets, assesses their condition and prioritises investment based on risk. Asset failures often arise from long-term under-investment or inadequate maintenance, making proactive oversight essential. Economic regulation will further increase expectations for transparent and reliable asset information, so directors should ensure asset data, systems and planning processes are being strengthened to meet future information disclosure requirements.

Under the Local Water Done Well reforms, councils had to prepare and submit Water Services Delivery Plans showing how services will remain safe, environmentally responsible and financially sustainable. Going forward, water service providers must prepare and publish a three-yearly Water Services Strategy and an annual budget. Water organisations can also be required by their shareholders to prepare additional plans and obligations under the Commerce Commission’s asset disclosure regime cover a range of matters including a Strategic Asset Management Plan, an Asset Management Plan, an Investment and Delivery Plan and an Annual Delivery Report. Directors should ensure asset and investment planning aligns with these plans and is supported by robust, accurate information.

Resilience is equally important, as climate change, natural hazards and changing land use alter risk profiles. Directors should expect management to test scenarios, plan for system stresses and incorporate resilience into long-term asset strategies.

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<h3 style="margin-top: 0;">Key Questions</h3> <ul style="list-style-type: none"> <li>Which hazards pose the greatest risk to public health?</li> <li>Which controls are critical, and how are they performing?</li> <li>What does monitoring and verification data show?</li> <li>How quickly would we detect contamination?</li> <li>Are incidents investigated systematically?</li> </ul>	<h3 style="margin-top: 0;">Actions</h3> <ul style="list-style-type: none"> <li>Require regular, structured reporting on risks and controls</li> <li>Review and endorse updates to the DWSP in line with organisational governance policy</li> <li>Oversee incident investigations and follow-up</li> <li>Maintain oversight of regulatory notifications</li> <li>Seek independent assurance where needed</li> </ul>	<h3 style="margin-top: 0;">Red Flags</h3> <ul style="list-style-type: none"> <li>Significant data gaps</li> <li>Repeated non-compliance</li> <li>Over-reliance on key staff</li> <li>Insufficient operational resources</li> <li>Delayed incident reporting</li> </ul>
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<h3 style="margin-top: 0;">Key Questions</h3> <ul style="list-style-type: none"> <li>What condition are critical assets in?</li> <li>Do renewals align with risk?</li> <li>What happens if a critical asset fails?</li> <li>How are climate risks incorporated?</li> <li>Are forecasting assumptions robust?</li> <li>Are renewals, upgrades and new investment delivery risks understood?</li> </ul>	<h3 style="margin-top: 0;">Actions</h3> <ul style="list-style-type: none"> <li>Review Water Services Strategy, Strategic Asset Management Plans, Asset Management Plans, Investment and Delivery Plans, and Annual Delivery Report in accordance with legislative requirements</li> <li>Require risk-based investment prioritisation</li> <li>Ensure contingency planning</li> <li>Seek external technical advice when needed</li> <li>Require updated asset condition information</li> </ul>	<h3 style="margin-top: 0;">Red Flags</h3> <ul style="list-style-type: none"> <li>Deferred renewals</li> <li>Poor asset condition visibility</li> <li>Repeated failures</li> <li>Budget-driven decisions that ignore risk</li> <li>Growing maintenance backlogs</li> </ul>
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## Culture and Capability

*(DWSP components: competency, operational discipline, learning)*

A strong safety culture and capable workforce are essential foundations for safe drinking water. Even the best-designed DWSP cannot be effective unless people understand it, follow it and have the confidence to raise concerns.

Directors should expect evidence of robust workforce planning, clear competency requirements and regular training. Organisational culture should encourage reporting and learning rather than blame.



### Key Questions

- Do staff understand their responsibilities?
- Are personnel competent for critical tasks?
- Are incidents and risks reported openly?
- Does management model safety behaviours?
- Are staffing levels sustainable?

### Actions

- Monitor workforce training and capability
- Understand what an authorisation regime will mean for the organisation
- Support safe reporting channels
- Ensure lessons are shared and embedded
- Include leadership expectations in performance reviews
- Provide for ongoing development

### Red Flags

- High turnover
- Under-reporting of incidents
- Out-of-date training records
- Confusion about roles
- Inadequate staffing capacity
- Lack of CPD uptake



### Supporting Workforce Capability Through Water New Zealand Digital Badges

Many people working in water services come from diverse professional backgrounds, and not all roles have formal training pathways. Water New Zealand’s digital badges provide a flexible way to build foundational knowledge across the workforce, helping staff understand key concepts in drinking water, wastewater and stormwater management. These short, modular learning units can be integrated into onboarding programmes, tailored to organisational needs and purchased in bulk to support consistent learning across teams.

While operators often complete formal qualifications through providers such as Connexis, digital badges can complement this by strengthening sector understanding for staff in management, corporate and governance roles. Using structured learning tools like these can help organisations meet regulatory expectations for competency and ensure everyone understands the principles that underpin safe and effective water services.



## Regulatory Relationships and Accountability

*(DWSP components: compliance, reporting, transparency)*

Effective governance requires directors to ensure the organisation meets its regulatory obligations and maintains constructive, transparent relationships with the Water Services Authority, the Commerce Commission and environmental regulators.

The regulatory landscape now also includes economic regulation, overseen by the Commerce Commission. The introduction of an information disclosure regime raises expectations around data quality, financial transparency and asset reporting. Directors should ensure the organisation is preparing for these requirements and understands their implications for governance, performance monitoring and public accountability.

Accountability to customers and communities is equally important. A new consumer protection framework will increase expectations for service quality, complaint handling and transparency. Customer complaints—whether about taste, odour, pressure, supply interruptions or wastewater overflows—can provide early warning of system vulnerabilities or gaps in controls. Directors should ensure that both regulatory reporting and customer feedback inform risk assessments and, where relevant, updates to the DWSP.



### Key Questions

- Does our DWSP and compliance framework meet regulatory expectations?
- Are regulatory reports accurate, timely and supported by evidence?
- Are we preparing for the information disclosure requirements introduced under the new economic regulation framework, including the quality and reliability of our data? Does this include an improvement plan to enable reporting on all information disclosure aspects?
- What issues or concerns has the Water Services Authority or the Commerce Commission raised, and how effectively have we responded?
- What do customer complaints and service trends reveal about system performance or risk?
- Are issues raised by customers being resolved promptly and used to inform continuous improvement?
- How clear, timely and transparent are our communications with communities and mana whenua, especially during incidents?



### Actions

- Maintain a clear, up-to-date compliance framework that maps regulatory obligations and reporting requirements
- Require prompt, constructive responses to regulatory notices, audits, and requests for information
- Ensure systems, data quality and governance processes are being developed to meet emerging information disclosure obligations under economic regulation
- Support respectful, ongoing engagement with mana whenua and affected communities
- Embed customer complaint analysis in routine board reporting, including trends, root causes and learning
- Ensure customer feedback is incorporated into DWSP reviews, risk assessments and improvement actions
- Ensure stakeholder feedback is incorporated into Water Services Strategy reviews
- Oversee public communication strategies during incidents or service interruptions to ensure transparency and trust



### Red Flags

- Surprise regulatory findings or escalating compliance actions
- Defensive, inconsistent or delayed reporting to regulators
- Rising or repeated complaints about similar issues without clear remediation
- Complaints dismissed without analysis or systemic follow-up
- Limited or ineffective engagement with communities or mana whenua
- Disconnect between customer experience and the organisation’s internal reporting

## Board Performance and Continuous Improvement

It is an important part of good governance for the board to undertake a self-assessment of its performance, and to consider the outputs of this in the context of the roles and responsibilities of the board.

*(DWSP components: assurance cycle, governance review)*

Effective oversight requires boards to reflect on their performance and ensure they remain capable of governing complex drinking water, wastewater and stormwater services risks. This includes monitoring the quality of information received, ensuring issues are followed through to completion and maintaining appropriate expertise.

Independent assurance can provide valuable insights, particularly in high-risk or technically complex areas.



### Key Questions

- Do we receive the right information to govern risk?
- How well do we challenge assumptions?
- Are recurring issues being addressed?
- Do we have the right expertise?
- Are we keeping pace with regulatory changes?

### Actions

- Conduct regular board and committee performance reviews
- Use external assurance for complex or high-risk areas
- Track actions to completion
- Maintain director development
- Review delegations periodically

### Red Flags

- Excessive focus on operational detail
- Unclear accountability
- Recurring unresolved issues
- Limited water governance expertise
- Inadequate attention to improvement



## Supporting Your Organisation Through Water New Zealand

Water New Zealand is Aotearoa New Zealand’s leading industry body for three waters management—drinking water, wastewater and stormwater—bringing together professionals, organisations and community stakeholders to strengthen capability, share knowledge and build a resilient sector.

### Why Consider Membership?

Becoming a member of Water New Zealand offers a range of practical benefits that support governance, operational excellence and professional development across your organisation. Membership is open to individuals and organisations involved in water services, including local government, technical specialists, operators, researchers and suppliers.

As a member you can:

- **Stay current with industry developments** through access to publications, technical resources and best-practice guidance
- **Participate in events and professional forums**, including conferences, workshops and webinars that bring together experts and practitioners from across the sector
- **Engage in knowledge sharing and collaboration**, including access to special interest groups and peer networks focused on topics such as stormwater, asset management, climate change and water efficiency
- **Access training and learning tools**, including discounted access to the digital badge and virtual instructor led training programme which supports structured, modular learning for staff at all levels of your organisation
- **Influence sector direction and policy**, with opportunities to contribute to discussions on national issues, regulatory reform and strategic priorities

### Explore the Water New Zealand Website

Even before joining, the Water New Zealand [website](#) is a valuable gateway to sector information.

- Technical articles and guidance on water management and regulation
- Event listings and conference materials where you can connect with sector peers
- Information about training and professional development, including digital badges in areas such as drinking water, wastewater, stormwater, small water supplies and rural water management
- News and insights on emerging trends, policy developments and sector research

In addition to these resources, organisations may also find value in exploring the [Water Directory](#), which provides a convenient overview of suppliers, consultants and industry services relevant to the three waters sector.

## A Practical Way to Build Capability

For organisations operating in the three waters sector, membership with Water New Zealand is one of the most effective ways to stay connected to sector practice and emerging expectations. Ensuring your organisation is a member ensures your teams have reliable access to the networks, guidance and sector intelligence they need to support sound decision-making. Encouraging organisation-wide engagement with Water New Zealand’s resources helps build a confident, capable workforce and strengthens your ability to meet governance and regulatory obligations.

### Simpson Grierson

Simpson Grierson has worked closely with Water New Zealand to develop this guide. We advise most of the local authorities and emerging water organisations across New Zealand, helping them navigate the water reforms from a compliance perspective, implement new service delivery models, and set the new water organisations and independent business units up for success. Our expertise ranges across company law, commercial contracts, construction, employment, funding and financing, resource management and property.

