

24 September 2026

Hon Cameron Brewer
Minister of Commerce and Consumer Affairs
Parliament Buildings
Wellington

By email

Dear Minister

Thank you for your letter on 27 August 2026 following the Government's decision to impose performance requirement regulation on Tiaki Wai Limited (Tiaki Wai) in relation to its water supply and wastewater services (water services).

As set out in our recommendation on 29 June 2026, we identified material risks relating to asset management, delivery, financial sustainability and non-financial performance. Addressing these risks will be central to our role in driving sustained improvements in Tiaki Wai's performance. This will include the application of performance requirement regulation where appropriate.

Our approach to addressing initial performance concerns

Our approach is to continually identify, assess and respond to risks that may affect Tiaki Wai's ability to deliver safe, reliable and financial sustainable water services for Wellingtonians. We will use ongoing monitoring and information disclosure to understand how those risks evolve over time. Where further intervention is warranted, we will select the regulatory tools that are most likely to deliver enduring improvements in performance while providing value for consumers. Depending on the nature and severity of the risks identified, this may include performance requirements, enhanced disclosure obligations or other regulatory measures.

You have highlighted the importance of Tiaki Wai having the capability and systems needed to manage its assets effectively and make sound investment decisions. This will be a key focus of our initial oversight. We are currently considering a performance requirement to support the delivery of a new technology system that underpins critical functions such as asset management, investment planning, project delivery, billing and customer functions. The requirement would focus on the outcomes and capabilities delivered by the system. For example, it could include measurable performance

outcomes such as the ability to send monthly invoices with an error rate that matches relevant industry benchmarks, while allowing Tiaki Wai flexibility in how it delivers those outcomes.

We are considering our options to incentivise Tiaki Wai to move towards pricing of water services based on sound economic asset values and reasonable costs. To support more cost-reflective pricing of water services, we are considering a range of regulatory measures. This includes a potential performance requirement for Tiaki Wai to report on its progress in developing an initial value for its water supply and wastewater assets. We consider improved asset valuation information are an important foundation for future cost-reflective pricing decisions.

We are progressing your objective of greater transparency of Tiaki Wai's financial and non-financial management of water services. The established information disclosure regime that forms the backbone of our existing work programme, together with additional Tiaki Wai-specific disclosure requirements already in place, will help improve visibility of the organisation's performance and inform our analysis and assessment of Tiaki Wai's ongoing performance. We will regularly assess the information disclosed, identify emerging risks and performance issues, and publish our summary and analysis to support accountability and public understanding of Tiaki Wai's performance. Any additional requirements we introduce will complement this work and support greater accountability and public confidence.

We are also considering the recommendations from the Crown review into the Moa Point wastewater treatment plant failure, where they are relevant to issues that can be addressed through performance requirements or other targeted regulatory interventions.

Future regulatory interventions

As we monitor Tiaki Wai and our understanding of its performance evolves, we will continue to assess whether additional regulatory interventions are warranted. This may include new performance requirements, changes to disclosure obligations, or other measures within our regulatory framework such as setting a revenue threshold. This would provide a "shadow revenue requirement", with Tiaki Wai required to disclose publicly how and why its own financial projections differ from the shadow revenue requirement. This would provide a strong incentive to align revenues with costs.

Reporting and next steps

We will keep you informed on progress through regular updates and our annual reporting.

Key indicative milestones on our work programme include:

- **October 2026:** Publication of a draft decision on initial performance requirement regulation for consultation.

- **February 2027:** Publication of final decision on initial performance requirement regulation.
- **Early 2027:** completion of key information disclosure milestones, including publication of Tiaki Wai's asset maturity assessment.
- **Ongoing:** monitoring of risks, consideration of whether additional regulatory interventions are required.

We will advise you of any significant issues in accordance with the Government's no surprises expectations.

This work remains at an early stage of development and the specific regulatory interventions are still being developed. Accordingly, the matters outlined above remain subject to further analysis, consultation, and decision-making. We will continue to provide updates as the programme develops and key milestones are reached.

Ngā mihi



John Small
Chair

cc: Hon Simon Watts
Minister of Local Government