



Te Ripoata ā-Tau **Annual Report 2022/23**



Te whakatauhāki 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 whakatauhāki was gifted to Taumata Arowai
by Shane Te Ruki, Ngāti Maniapoto-Waikato, Ngāti Porou.

Presented to the House of Representatives pursuant to section 150 of the Crown Entities Act 2004.

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Te rārangi upoko

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He kupu whakataki

Introductions

▲ From the Board Chair

This year has seen Taumata Arowai grow in our organisational capability at a rapid pace.

Building from our strong foundation based on principles of leadership, influence and protection, we are now actively regulating the quality of drinking water in Aotearoa.

The 2022/23 year has seen Taumata Arowai successfully deliver on a challenging programme of work to protect and promote drinking water safety, and to begin scoping our work on oversight of wastewater and stormwater networks. Promoting public understanding of the environmental performance of these networks is a key role for Taumata Arowai and this report contributes to that understanding.

Taumata Arowai also continued work with other government agencies, suppliers and network operators, and communities to help build resilience and respond to incidents and emergency events.

Together with Te Puna we established our vision of 'Kia tiakina te wai, hei oranga mo te katoa' – 'Safe water every day for everyone', which underpins all the work of the water services regulator for Aotearoa.

This Annual Report 2022/23 documents the achievements of Taumata Arowai, having successfully transitioned out of our establishment phase and into our regulatory role.



A stylized, handwritten signature in white ink, appearing to read 'K. Poutasi'.

Dame Karen Poutasi
Board Chair

As the Board, we must act in a manner consistent with our objectives and functions under the Taumata Arowai–the Water Services Regulator Act 2020 and the Water Services Act 2021, plus any other legislation we administer.

Te Puna provides advice to the Board on Māori interests and knowledge as well as on the strategic direction of Taumata Arowai. Under Section 17(2) of the Taumata Arowai–the Water Services Regulator Act 2020 Te Puna may provide formal written advice to the Board; however, in 2022/23 a partnership approach based on regular collaboration to achieve shared outcomes was preferred, and accordingly no formal written advice was provided.

As the Board of Taumata Arowai, we work closely with Te Puna in order to give effect to our statutory responsibilities in regard to Te Mana o Te Wai. We continue to weave good governance, stewardship and the care and respect for water into the strategic direction for the regulatory approach, ensuring Taumata Arowai demonstrates regulatory leadership in giving effect to Te Mana o Te Wai.

▲ From the Te Puna Chair

Ka pū te ruha, ka hao te rangatahi.

This whakataukī speaks to the casting of a new net, to not only make way for a new generation, but also to make way for new ideas and ways of doing things while keeping our foundational values at the core of putting the health of water and our people first. This guides us as we ensure we give effect to Te Mana o Te Wai in our work at a governance level, as we step firmly from the establishment phase and into our regulatory role.

We stand at a juncture where we can celebrate and reflect on the collaboration that our Memorandum of Understanding with the Board has fostered over the past two years; one of strong partnership, keeping in line with the 2022 Spirit Award, which urges us to transform words into meaningful action.

In this time of reflection, we are reminded to remain true to our vision and the needs of our people, to fully embody the Te Mana o te Wai principles as per our statutory obligations and ensure that, as regulators, we hold ourselves accountable. As we also look at the activities of Taumata Arowai we keep a clear line of sight to our communities, in particular those who are vulnerable in terms of providing safe water to their people.

We acknowledge that progress often involves having deep reflection of how best to demonstrate capacity, resilience, credibility, integrity and trust of Māori and upholding Te Tiriti o Waitangi and give effect to Te Mana o Te Wai. Self-awareness propels us forward as we focus on implementing and enabling mātauranga Māori, tikanga Māori and kaitiakitanga. We saw this especially in light of Cyclone Gabrielle in Te Tai Tokerau, Te Tairāwhiti and Hawkes Bay in needing robust systems in place that help us reach in and connect with iwi, hapū and predominantly rural Māori communities.

We welcomed new members of Te Puna which represent a generational change. Stephanie Dijkstra and Te Huia Taylor bring a different and integral lens to how we carry out our work. We are thrilled to have them part of our mission.

We also congratulate Te Puna member, Loretta Lovell, who has been appointed as an Associate Commissioner of the Commerce Commission. Her role will help strengthen and ensure clear lines of sight across agencies.

We are committed to supporting the growth of Te Rōpū Arahi and the newly appointed Tiriti focussed senior leadership role, which embodies Te Mana o te Wai focused on restoring and preserving the balance between water (wai), the environment (taiao) and people (tāngata) now and in the future. It is critical for Taumata Arowai to continue to weave these values into its regulatory approach.

Looking ahead to another year, we want to thank Matua Pita Paul, for his service and commitment during his time with Te Puna for his foresight and wisdom in helping to lay the foundations. Me mihi ka tika kia koe e te Rangatira.

We turn our focus to not only continue growing, but ensuring we fulfil the leadership required for our communities; to have a common voice and strategic perspective on what is needed as we navigate the path forward and cast a fresh and wider net.

The role of Te Puna

Appointed by the Minister of Local Government, Te Puna guide us in applying a te ao Māori perspective to our work, including how we give effect to Te Tiriti o Waitangi and Te Mana o te Wai.

Chaired by Tipa Mahuta, [profiles of Te Puna members](#) are available on our website.

Established under the Taumata Arowai—the Water Services Regulator Act 2020, Te Puna advises on Māori interests and knowledge as they relate to the objectives, functions, and operating principles of Taumata Arowai and the collective duties of the Board. This includes:

- developing and maintaining a framework that provides advice and guidance on how to interpret and give effect to Te Mana o te Wai
- providing advice on supporting and enabling the exercise of mātauranga Māori, tikanga Māori and kaitiakitanga
- any other matters as agreed by the Board and Te Puna.

[Te Puna Terms of Reference](#) can be found on our website.

To enable Te Puna to discuss matters and provide advice that the Board needs to consider and make decisions on, we:

- schedule Te Puna meetings prior to Board meetings
- provide Te Puna with the complete Board meeting pack
- have dual members who sit on the Board and Te Puna and act as conduit between the two bodies
- hold joint Board and Te Puna meetings to progress shared work and priorities.



Tipa Mahuta
Te Puna Chair

▲ From the Chief Executive

This year, our first full year as Aotearoa New Zealand's water services regulator, we completed the transfer and verification of approximately 1,200 drinking water supplies from the Ministry of Health into the new regulatory system under the Water Services Act 2021 (the Act). These registered supplies collectively supply drinking water to around 85% of New Zealanders.

A much larger number of drinking water suppliers – estimated at around 75,000 – are due to register and gradually come into the regulatory system between 2025 and 2028. These are predominately small, often rural, community drinking water supplies.

During the year, we implemented new Drinking Water Standards, Drinking Water Quality Assurance Rules (the Rules), and Aesthetic Values which set out for suppliers the responsibilities to provide safe and sufficient drinking water. We also issued Acceptable Solutions for roof water, mixed-use rural, and spring and bore drinking water supplies.

In February 2023, Cyclone Gabrielle had a significant impact on water services, particularly in rural areas of Te Tai Tokerau (Northland), Te Tairāwhiti (East Coast) and Hawkes Bay. Providing the first test of our emergency response roles. Through this response, our Incident Management Team worked alongside the local civil defence emergency management teams to secure and restore drinking water to affected communities.

The experience reinforced what is critical in ensuring communities have access to safe drinking water in times of emergency, particularly for small, rural communities that are not connected to council-operated supplies. This work highlighted future questions for how we work with the water services sector to support the many communities that are not connected to public networks, including the unknown number of supplies that have yet to register with us.

In early 2023, we also undertook a rapid desktop review of over 500 drinking water safety plans for medium to large council supplies, serving populations of over 100. This rapid review process will be followed by an extensive detailed review of drinking water safety plans in the year ahead.

Our new Standards and Rules led to new information being provided by suppliers, which has resulted in initial regulatory action. This includes issuing our first enforcement action to a district council and its water services contractor to address Maximum Acceptable Value exceedances for aluminium in its supplies.

We also delivered our first Drinking Water Regulation Report covering a full calendar year. As part of this process, we wrote to all suppliers in June 2023 reminding them of their requirements under the Act and Rules, and setting out our expectations of compliance. Looking to the year ahead, we will be further communicating with suppliers to seek assurances of their plans to achieve compliance with the Act and Rules to ensure all communities have access to safe drinking water.

It has been an eventful year. I am proud of what has been achieved, both in my time as CE and under my predecessor, Bill Bayfield, who led Taumata Arowai from its inception until January 2023.



A handwritten signature in dark ink, appearing to read 'a prangnell'.

Allan Prangnell
Chief Executive

Te Tauāki Haepapa

Statement of Responsibility

Under the Crown Entities Act 2004, the Board of Taumata Arowai is responsible for the preparation of the financial statements and statement of performance and for the judgements made in them.

The Board is also responsible for any end-of-year performance information provided by Taumata Arowai under section 19A of the Public Finance Act 1989, whether or not that information is included in this Annual Report.

The Board is responsible for establishing, and has established, a system of internal controls designed to provide reasonable assurance of the integrity and reliability of the organisation's financial reporting.

In the Board's opinion, these financial statements and the statement of performance fairly reflect the financial position and results of the operations of Taumata Arowai for the year ended 30 June 2023.

Signed on behalf of the Board:



Dame Karen Poutasi

Board Chair

26 October 2023



Loretta Lovell

Dual Board and Te Puna Member

26 October 2023

He titiro whakamuri

Our year in review

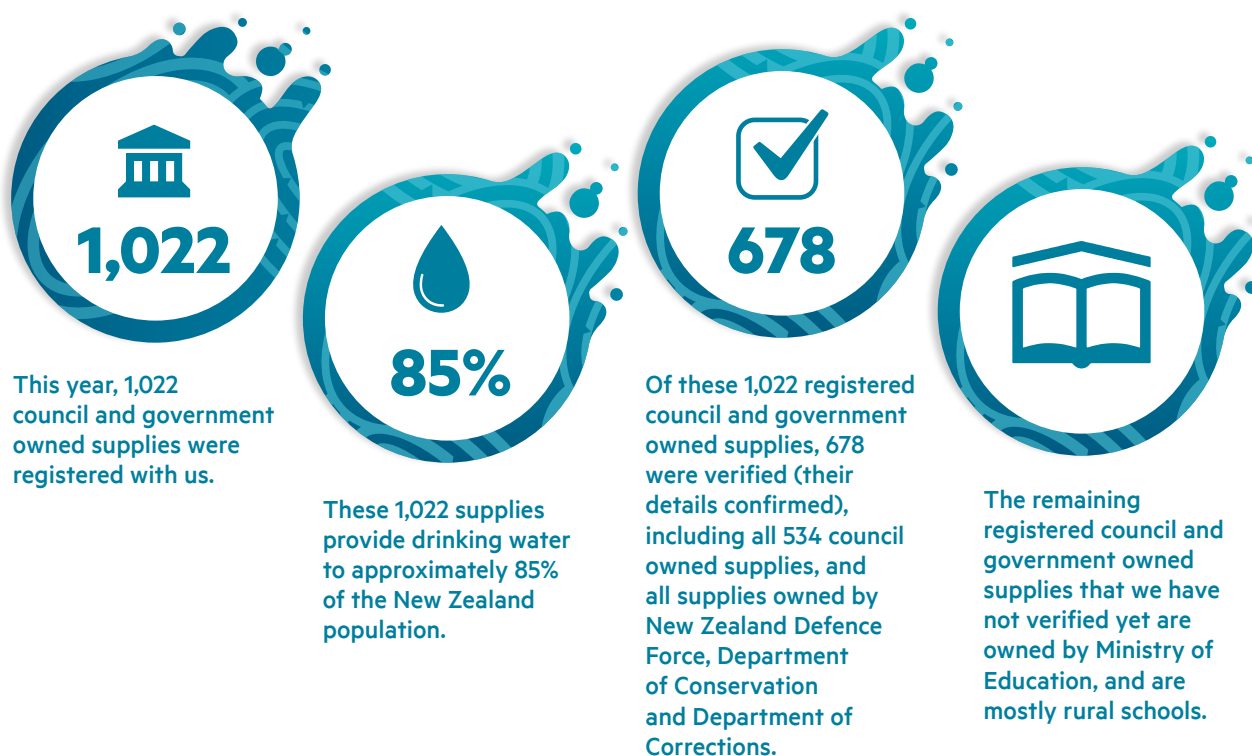
This report covers our first full year as the water services regulator

We took over from the Ministry of Health as the drinking water regulator on 15 November 2021. Our first full year as the water services regulator (2022/23), marked several significant milestones.

Registering drinking water suppliers

Drinking water supplies owned or operated by suppliers previously registered with the Ministry of Health were deemed to be registered with us from 15 November 2021. This year, we have focussed on verifying the information for the supplies that were previously registered with the Ministry.

By confirming and verifying the details of supplies in our drinking water supply registration and information system, Hinekōrako, we have been able to start reporting on the sector's performance, as well as monitor emerging issues.



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New standards and rules came into effect

New Drinking Water Standards and Drinking Water Quality Assurance Rules came into effect on 14 November 2022. This was a significant milestone for Taumata Arowai to achieve within 12 months of becoming the water services regulator.

The Standards and Rules were a deliberate shift towards a more modern regulatory approach and were developed in consultation with the sector to ensure they are practical and pragmatic. One of the most significant changes is that drinking water suppliers are now required to give Taumata Arowai assurance that the water they supply is safe. These Standards and Rules will support our intent to ensure everyone has access to safe and sufficient drinking water every day.

We have started reporting on the performance of the sector

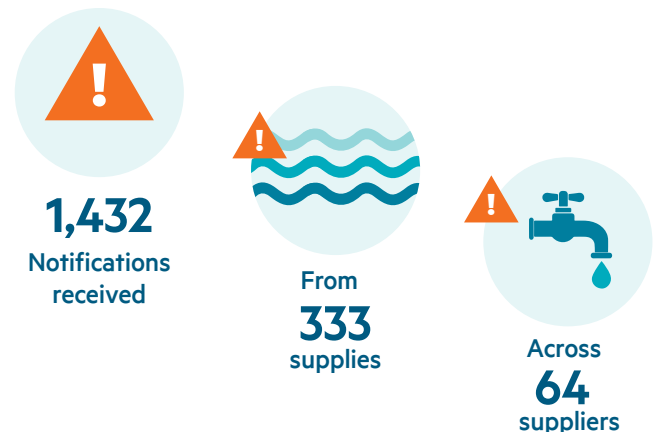
This year we published our second [Drinking Water Regulation Report](#), the first one to cover a full year (2022 calendar year). These reports look at the data and information provided to us by registered drinking water suppliers, which are indicators of drinking water safety and compliance. We intend to show year-on-year comparisons and highlight trends about the sector's performance over time in future versions of this report.

We also published the first set of [Drinking Water Network Environmental Performance Measures](#) and an associated record-keeping and reporting notice. These measures look at the performance of drinking water services operated by local authorities and other public agencies. Work is also ongoing to ensure these measures are informed by Te Mana o te Wai, ahead of the introduction of additional measures for wastewater and stormwater networks in future years. We will release the first annual report on these measures in 2024. Reporting against these measures will provide greater transparency about the performance and impacts these networks have on the environment and public health.

We responded to issues with drinking water

Laboratories and suppliers are required to notify Taumata Arowai if the tests they carry out show that drinking water does not comply with the Standards and Rules. We also receive notifications from suppliers for planned and unplanned interruptions or precautionary notices.

We triage notifications as they come in and prioritise responding to those deemed critical.



In total this year we received 1,432 notifications from 333 supplies, across 64 suppliers. Some 1,228 of these notifications were critical and our median response time was less than four hours (three hours and 46 minutes).

This notification regime provides up-to-date information about issues with drinking water throughout Aotearoa, including where consumer advisories are being used by suppliers to identify issues with the drinking water they are supplying to communities.

There were 238 active consumer advisories during the year:



173 of these (**73%**) were issued by **council** or **government** owned supplies.

These consumer advisories were issued by **33 councils** for **90 supplies**, and **3 government agencies** for **29 supplies**.

We issued our first direction and considered the first exemption applications

We are working with suppliers to shift from a compliance mindset to one of risk-management. We use our powers to direct or require remedial actions where a drinking water supplier fails to take suitable action to rectify non-compliance.

This year, we issued our first direction to Clutha District Council and City Care Water Limited, the Council's former water services contractor. The direction addresses the Maximum Acceptable Value (MAV) exceedance for aluminium in several Clutha District water supplies. The Council is carrying out additional sampling and taking remedial actions to resolve the issue. We expect to learn more about compliance across the sector through our work in 2023/24 and, as a result, we expect there to be a rise in enforcement activity.

A drinking water supplier may apply for [an exemption](#) from some of the requirements in the Water Services Act 2021 (WSA). Exemptions are considered on a case-by-case basis. Applicants must explain to Taumata Arowai how an exemption will be consistent with the main purpose of the WSA, which is to ensure that drinking water suppliers provide safe drinking water to consumers. Applicants also need to explain how an exemption will give effect to Te Mana o te Wai if it were to be granted.

In 2022/23, we started receiving and processing exemption applications. We provided final decisions on two residual disinfection exemption applications at the end of the year, and draft decisions on an additional two residual disinfection applications.

We assisted with several emergency responses

2022/23 has seen unprecedented extreme weather events, resulting in significant impact on drinking water, wastewater, and stormwater services. During the year, we worked with:

- Waimate District Council when the Lower Waihao rural drinking water supply exceeded the MAV for nitrate following heavy rain in August 2022
- multiple councils following severe rainfall in August 2022 in the Nelson, Tasman, West Coast and Marlborough regions which affected drinking water supplies
- the all-of-government supply chain monitoring group in late 2022/early 2023 during the shortage of food grade carbon dioxide, which is used in the water treatment process for some supplies
- local civil defence emergency teams to respond to Cyclone Gabrielle in February 2023, and supported supplier responses including assisting with compliance requirements around unplanned supply of drinking water to affected communities.

We have been building our organisation

This year, we were in our second full year as a Crown entity. We have been prioritising building our organisation to ensure we are a great place to work and are meeting the expectation of us as a Crown entity to be a good employer.

We published our first Pay Gaps Action Plan

In April 2023, we published [Te Mahere Mahi Rerekētanga Ira Tāngata](#), our first Pay Gaps Action Plan, which aligns to the [Kia Toipoto](#) focus areas from Te Kawa Mataaho.

Our data as of 30 June 2023 shows a -2.4% gender pay gap across all roles. Our action plan focuses on improving our Māori, Pacific, and ethnic pay gaps (which do not meet the minimum volume criteria to report) over the next 18 months.

We identified a need to lift the te ao Māori capability of our staff

In 2022, we commissioned a report to advise Taumata Arowai on organisational readiness from a te ao Māori perspective. The report recommended that Taumata Arowai take range of actions to support our ability to meet our core obligations and lift the capability of our staff to meet them.

In response, our Chief Executive established a Treaty partnerships project team to support the development of a five-year Treaty partnerships plan, which will set out how we will give effect to Te Mana o te Wai and our role in relation to the Treaty of Waitangi | Te Tiriti o Waitangi (the Treaty) and its principles. In line with Ministerial expectations, we have framed our approach as Māori-Crown relations, recognising the need for strong understanding to enable us to meet our statutory functions.

We supported Māori enterprise through our procurement activities

Progressive procurement is a government initiative aimed to support whānau Māori enterprise through procurement activities by setting a target of government spend towards Māori businesses. The policy came into effect on 1 July 2021. Some 21% of our contracts were awarded to Māori suppliers in 2022/23, against a target of 8%.

We undertook our first carbon emissions audit

As a new agency, it is difficult for us to provide a realistic baseline for our carbon emissions. However, we have recognised the need to actively track and audit our emissions to ensure we are identifying opportunities to reduce our carbon footprint.

In April 2023, we undertook our first carbon emissions audit for the 2021/22 financial year. In 2022/23 we have seen an increase in our emissions. We expect this to continue as we complete our planned multiyear establishment, and our wastewater and stormwater functions commence in October 2023.

Moving forward, we will be integrating carbon emissions considerations into our budget planning and decisions made by our senior leadership team, allowing us to take proactive steps towards reducing our carbon footprint.



Mō Taumata Arowai

About Taumata Arowai

As the new water services regulator, our core function is ensuring drinking water suppliers provide safe, reliable, and sufficient drinking water to people and communities throughout Aotearoa New Zealand. From October 2023, we will also have a role to play in relation to the environmental performance of drinking water, wastewater, and stormwater networks.

Since we were established in 2021, we have been prioritising the development and operation of core regulatory systems for registered drinking water supplies that provide drinking water to around 85% of the population. We now have regulatory staff across the country, working closely with the sector to deliver on the aim of safe water every day for everyone.

Our name and identity

Taumata is used to refer to a summit or gathering of people coming together around an important area of focus. It signifies the importance of our water kaupapa, the bringing together of people to reach a shared goal, and the responsibility of our role as a regulator.

Taumata also conveys a high point in the landscape, a peak or stepping stone to a higher place. This speaks to our legislative goals to see the water services sector improving over time.

Arowai conveys our focus on wai (water) as a taonga.

It is our responsibility to build on our strong foundations, as laid out at the conception of Taumata Arowai, as we take on the role expected of us in regulating water services and championing safe water.



Our vision, purpose, and foundations

Our vision is *kia tiakina te wai, hei oranga mo te katoa* | safe water every day for everyone.

Our purpose is to transform the performance of water services to improve the health of water and people.

We worked with Māori to inform our strategic framework, shown in the diagram, that responds to our governing legislation and is our key guide which enables us to operate as an effective water services regulator for Aotearoa.

This framework is our foundation, rooted in the concept of *Te Mana o te Wai* and underpinned by the Treaty.

Our Pou

- ▶ **Wai mauri** – wai has its own inherent life force handed down as a taonga to sustain us.
- ▶ **Wai mana** – our mandate for stewardship, protection and restoration of the mana of the wai, for long term change.
- ▶ **Wai ora** – wai has its own health sustaining properties and gives us life.



Our Whakatauki

- ▶ **Whāngaia te iwi**
Sustain the tangata
- ▶ **Ka hoki kōmuri ngā whakaaro kia anga whakamua te titiro**
Turn our minds to the past to determine our way forward
- ▶ **Karangahia ngā ope**
Be the voice of welcome

Tō mātou tikanga | Our ways of working

- ▶ **Kaitiakitanga:** We will protect the health of water as it applies to our functions, powers and duties.
- ▶ **Manaakitanga:** We will act in and support mana-enhancing ways to achieve intergenerational sustainability.
- ▶ **Kāwanatanga:** We will model positive partnerships and behaviours in our relationships.

Te Mana o te Wai

Aotearoa is home to unique and majestic rivers, lakes, and wetlands that have sustained and nourished people for generations. Te Mana o te Wai is a te ao Māori concept that recognises the relationship between protection of water and the health of the wider environment and people; it creates a hierarchy for decision making.



At its core, Te Mana o te Wai is about restoring and preserving the balance and wellbeing between the wellbeing of water, the environment, and our communities.

Taumata Arowai was established with a statutory responsibility to give effect to Te Mana o te Wai as the water services regulator. The Minister of Local Government's Letter of Expectations, provided to us in December 2022, emphasised the expectations that Taumata Arowai would support Te Mana o te Wai through its planning, reporting, engagement, and communications activities.

These expectations inform measures in our Statement of Performance Expectations (SPE) 2022/23. The SPE outlined the need to build effective, positive, and enduring relationships with mana whenua and kaitiaki who will determine tikanga and mātauranga which underpin Te Mana o te Wai within their regions. This means listening to local communities to understand their needs with respect to water, and to develop a baseline knowledge and understanding of water in different locations. Listening to local communities allows us to weave together what is important to communities with the science underpinning regulation.

Our Compliance, Monitoring and Enforcement (CME) Strategy 2022–2025 outlines the obligations on drinking water suppliers to give effect to Te Mana o te Wai.

The CME includes an expectation that suppliers embed Te Mana o te Wai in Drinking Water Safety Plans, Source Water Risk Management Plans, and in policies, procedures, and processes. It also recognises that Te Mana o te Wai connects across a range of regulatory regimes through a common vision and set of principles.

A range of work has progressed over the past year contributing to building our awareness and understanding of Te Mana o te Wai through:

- engagement with whānau, hapū and iwi communities as they work on local Te Mana o te Wai projects that support the growth of local knowledge and understanding
- establishment of a Partnerships and Capability function to plan and begin implementing Te Mana o te Wai support across the sector

- progression of the development of Te Mana o te Wai informed Network Environmental Performance Measures
- support for marae and papakāinga to apply for funding through the Rural Drinking Water Fund, and observed the Marae and Papakāinga Rural Water Services Technical Advisory Group
- supporting emergency response and recovery following extreme weather events focused on Te Tai Tokerau (Northland), Te Tairāwhiti (Gisborne), and Hawkes Bay.

The Treaty of Waitangi

The obligations of Taumata Arowai in respect of the Treaty are clearly set out in our legislative framework.

Taumata Arowai strives to behave as an exemplary partner, upholding the Treaty in accordance with our legislation and in a way that embodies the aspirations of our name.

The Board and Te Puna have continued to develop their relationship under a memorandum of understanding with the Treaty at its core. Through this collaboration Te Puna have continued to advise the organisation and Board on applying a te ao Māori approach, that meets our Treaty responsibilities and our statutory requirement to give effect to Te Mana o te Wai.

A new senior leadership role is leading out across the Treaty and Te Mana o te Wai and establishing a new group to lead these important functions. This includes supporting the Chief Executive to develop a five-year Treaty partnerships plan outlining a prioritised approach to meet our statutory and Treaty responsibilities.

Taumata Arowai has established an operational Māori advisory function to increase internal capability regarding Te Mana o te Wai, the Treaty of Waitangi, Te Ao Māori policy and engagement, and supporting the operationalisation of Te Puna guidance. Leaders and staff worked collaboratively to ensure regulatory policies and procedures meet with our responsibilities in this area. There is a strong impetus across all levels of the organisation to build individual and organisational capability and understanding to behave as a good Treaty partner. A Māori Crown relations capability strategy is in development to operationalise this uplift across the organisation.

Taumata Arowai recognises that more work needs to be done to ensure that we are applying the Treaty to improve outcomes. The response to Cyclone Gabrielle highlighted a need to have robust processes and expertise to apply the Treaty consistently and comprehensively across the organisation. We will continue to prioritise these functions in the years to come to ensure that we meet our responsibilities in relation to the Treaty.

In February 2023, we undertook work to consider our organisational readiness from a te ao Māori perspective. This work has resulted in a draft five-year plan which, when finalised, will provide a clear road map for Taumata Arowai to progress this important mahi in the years to come.

Our Minister and monitoring agency

The Minister of Local Government is responsible for Taumata Arowai. The Minister oversees and manages the Crown's interest in, and relationship with, Taumata Arowai and exercises any statutory responsibilities. We are accountable to the Minister and the House of Representatives for our actions.

Our Statement of Performance Expectations is informed by the Minister's [Letter of Expectations \(LOE\)](#). The current version of the LOE was provided to our Board in December 2022. The previous LOE can be found [here](#).

Under section 27 of the Crown Entities Act 2004, Te Tari Taiwhenua | the Department of Internal Affairs (DIA) is our monitoring agency.

Water services reform programme

Changes to the Water services reform programme were announced in April 2023. There were two changes which particularly affect us and our mahi:

- an increase in the number of water services entities from four to ten to broadly align with the boundaries of regional councils
- a delay of up to two years in transferring responsibility for drinking water delivery to all the water services entities. The new date will be no later than 1 July 2026.

The delay in the transfer of responsibility will mean a delay in our ability to implement levies payable by all the water services entities, as anticipated by the WSA. This has significant funding implications for us.

The increase in number of providers will also have implications for how we organise geographically to ensure functioning relationships with water suppliers. We have anticipated a level of regional presence and we are building this capability and capacity.

We will continue to play a key role to bring about the changes needed to improve water services across Aotearoa through our regulation and monitoring functions in any environment.

We have been developing a working relationship with the Commerce Commission, which is now the economic regulator for water in Aotearoa. While we are primarily focused on ensuring suppliers provide safe drinking water, the Commerce Commission's goal is to ensure effective economic regulation of water services entities and consumer protection. In May 2023, we signed a memorandum of understanding with the Commission to formalise our shared expectations on how we will work together effectively.

Drinking Water Regulation Report

The WSA requires us to prepare and publish a Drinking Water Regulation Report (DWRR) by 1 July each year. To ensure the data is as accurate as possible, we report on the previous calendar year in each of these reports. Our first DWRR covered our first six weeks as the regulator for drinking water in November and December 2021. The most [recent report](#) covers the 2022 calendar year.

Because this annual report covers the financial (July–June) year and the DWRR covers the calendar year, the data in this report does not fully align to the data in the DWRR. However, the data definitions are consistent.

Ā mātou mahi waeture

Our regulatory activity

In July 2022 we published our first [Compliance, Monitoring and Enforcement strategy \(CME\)](#) which describes our approach to compliance, monitoring and enforcement-related activities.

Providing drinking water across Aotearoa is complex, and this complexity requires an adaptive and innovative regulatory system. Our focus areas in the last year have included drinking water safety planning, implementing new secondary legislation, refining our operational policies and procedures, and preparing for the commencement of a range of our regulatory powers.

We have worked to ensure that our operational policies, procedures, and broader work incorporate te ao Māori perspectives and recognise explicitly the obligations owed through our regulatory activity to Te Mana o te Wai and the Treaty.

We have also built our knowledge through looking to similar sized overseas jurisdictions, including Scotland and British Columbia, Canada, to identify what international best practices are. To this end, the Board endorsed a Memorandum of Understanding with the Water Industry Commission for Scotland.

Implementing the Compliance, Monitoring and Enforcement strategy

Addressing challenges and uncertainty

Regulatory risks are the things that might prevent us from achieving our regulatory objectives. These risks may arise from uncertainty or potential or actual threats to the achievement of regulatory objectives.

We have a multi-year programme of work to establish and integrate our intelligence and decision-making systems to ensure we are efficiently managing these risks. This year we have been developing a risk maturity model for assessing risk maturity of suppliers. We are working to complete this in 2023/24. This will provide us with a baseline for measuring the risk maturity of suppliers.

"I would like to take this opportunity to make the following observation, that in my view Taumata Arowai have got off to an exceptional start (and I know my colleagues share my support).

Some specific enhancements worthy of note (but by no means an exhaustive list)

- Drinking Water Quality Assurance Rules which are a big improvement over their predecessor DWSNZ.
 - Of course, there are many improvements that can be made. That I have no doubt will occur over time.
- The development of Hinekōrako.
- The seamless integration of water laboratories (into Hinekōrako) keeping Taumata Arowai abreast of issues occurring nationwide.
- The increase in source water testing has given much greater visibility into the effectiveness of our water treatment plants.

These developments represent a huge amount of work, which unfortunately very few people will be aware of."

SOURCE: EMAIL FROM SENIOR WATER PROFESSIONAL WITH A SIGNIFICANT SUPPLIER

We are building our understanding of the sector's performance

We are continuing to build our knowledge of the performance of the sector. This year we published our [second DWRR](#) which contains data and information collected from registered suppliers over the 2022 calendar year. Over time, and in future versions of our DWRR, we will be working to show year-on-year comparisons and trends that will help to highlight the sector's performance.

In 2022/23 we have been working on enhancing our drinking water supply registration and information system, Hinekōrako, including the collection of data in real time. This enables us to better monitor emerging issues. We continue to focus on improving data quality and validation. We are doing this so we will have more reliable data to work with in the future, as we move towards more formalised intelligence work for the sector.

Data governance and sovereignty are important considerations for the regulatory work we undertake. Taumata Arowai holds, and has the potential to hold in the future, large amounts of data that may be of interest to a range of partners, stakeholders, and local and central government agencies. Māori data is an important element of these broader considerations and we are continuing to develop internal guidelines to guide our approach in these areas, including giving consideration to [Te Kāhui Raraunga – Māori data governance model](#) released in May 2023.

We also focused on building our internal capability to analyse and report on data from Hinekōrako through the enhancement of our data platform. Our data platform enables integration with geospatial analysis and dashboard reporting tools, making data and insights accessible throughout the organisation.

We are continuing to build our regulatory regime

In 2022/23, we finalised and implemented six pieces of secondary legislation which provide for effective implementation of the WSA. These included:

- [Drinking Water Quality Assurance Rules](#) (DWQAR) that set out the detailed requirements for drinking water suppliers to comply with key parts of the WSA and the Drinking Water Standards to ensure that water provided to consumers is safe to drink
- [Drinking Water Aesthetic Values](#) that specify or provide minimum or maximum values for substances and other characteristics relating to the acceptability of drinking water to consumers, such as appearance, taste, or odour
- the first set of [drinking water Network Environmental Performance Measures](#) and an associated record-

keeping and reporting notice. These are designed to provide greater transparency about the performance of drinking water services operated by local authorities and other public agencies. Work is ongoing to ensure these measures are informed by Te Mana o te Wai, ahead of the introduction of additional measures for wastewater and stormwater networks in future years

- Acceptable Solutions, which offer practical ways for drinking water suppliers to provide safe and compliant drinking water that are proportionate to the scale, complexity, and risk profile of the relevant type of supply.

We have developed Acceptable Solutions for the following supply types:

- [Roof Water Supplies](#) that collect rainwater from roof surfaces
- [Mixed-use Rural Supplies](#) that are networked supplies where at least 50% of water supplied is intended for agricultural or horticultural purposes
- [Spring and Bore Supplies](#) that use a spring or bore as the source for the supply to a building, or group of buildings.

The [Drinking Water Standards 2022](#) were developed in the 2021/22 financial year and came into effect in November 2022.

Our core regulatory activities

All drinking water supplies, excluding any stand-alone domestic dwelling that has its own supply of drinking water, must be registered with Taumata Arowai by November 2025. They must fully comply with the WSA by 2028. Drinking water supplies owned or operated by suppliers previously registered with the Ministry of Health were deemed to be registered with us from 15 November 2021.

In 2022/23, we focussed our work on verifying the information for the supplies that were previously registered with the Ministry of Health. As of 30 June 2023, we had confirmed the details of 1,022 registered council and government-owned supplies that provide drinking water to approximately 85% of New Zealand's population. Of these registered supplies, 678 were verified (their details confirmed) including all 534 council-owned supplies and all supplies owned by the New Zealand Defence Force and Departments of Corrections and Conservation.

The remaining unverified, but registered, supplies are owned by the Ministry of Education, and are mostly rural schools. We are working with the Ministry to verify these supplies as soon as possible.

There are many drinking water supplies that were previously unregulated that are now required to be registered with us. The need to build capability across the sector is urgent and in 2022/23 we began working with DIA to help build sector capability. In late 2022, we also began developing an authorisations framework to improve the professional capability of drinking water suppliers, so people have the right skills, qualifications, or experience.

Getting to know what the sector needs

Owners of unregistered drinking water supplies may not understand their obligations and will have varying levels of capability and capacity. Although these supplies are unregistered, this group of suppliers still have a duty of care to provide safe drinking water. We have taken part in several community engagement events including:

- Te Ati Awa iwi annual Te Rā o Te Raukura, Lower Hutt
- National Fielddays, a four-day event in Mystery Creek, Hamilton and three regional events in Dargaville (Northland), Feilding (Central Districts), and Kirwee (South Island)
- South Island Dairy Expo (SIDE) in Invercargill.

We attend these events to raise our profile within communities by building awareness of who we are, what we do, and to answer any questions people may have about their drinking water. As an organisation we still have a lot of work to do to improve how we engage with whānau, hapū, and iwi. Better relationships will enhance our ability to reach into those communities to learn more about issues that Māori supplies, suppliers and consumers currently face.

Current and projected workforce modelling indicates considerable workforce growth is needed. Building workforce capability is not just about training or understanding

regulatory requirements. It requires a holistic and integrated approach so that suppliers' people capability requirements are met for both the short term and long term and an effective risk management approach is taken to drinking water safety.

Enhancing the capability of the drinking water suppliers to build an understanding of their duty of care and regulatory responsibilities is a core function of Taumata Arowai. Developing the drinking water services' sector capability more broadly by promoting collaboration, education, and training is one of the statutory operating principles for Taumata Arowai.

We are beginning to support industry and the education sector, in providing fit-for-purpose education that delivers on the future needs for employers and employees to thrive. This work is ongoing.

Since 2022 we have participated in the Workforce Development Strategy and Three Waters Strategic Reference group for the water services sector. These initiatives, coordinated by Waihanga Ara Rau, resulted in plans aimed at strengthening workforce and skills development and contribute to coordinated industry pathways and a training and career development pipeline.

A focus in 2023 is widening and deepening local connections across the workforce development sector, including those who provide learning and development options for their communities. Further engagement with agencies, groups, and local organisations is needed to advance common goals and get the best use of available resources and workforce development pathways.

Through our involvement with the Rural Drinking Water Funding Programme, we have heard what the needs are of some marae across the country. However, more work is needed in the future to reach and support these supplies.



Enforcement action

We are working with suppliers to shift from a compliance mindset to one of risk-management.

We use our powers to direct or require remedial actions where a drinking water supplier fails to take suitable action to rectify non-compliance. We have issued our first enforcement action as the regulator – a direction to Clutha District Council and City Care Water Limited, the Council's former water services contractor.

Our work to establish processes for receiving and reviewing drinking water safety plans and conducting site visits means that in the 2023/24 year we will learn more about compliance across the sector. We expect there will be a rise in enforcement activity as a result.

Exemptions

A drinking water supplier may apply for an exemption from some of the requirements in the WSA.

General exemptions allow drinking water suppliers to be exempt from complying with a range of legislative requirements. Residual disinfection exemptions allow drinking water suppliers to be exempt from using residual disinfection in a reticulated drinking water supply.

Exemptions are considered on a case-by-case basis. Applicants must explain to Taumata Arowai how an exemption will be consistent with the main purpose of the WSA, which is to ensure that drinking water suppliers provide safe drinking water to consumers.

We also require applicants to explain how an exemption will give effect to Te Mana o te Wai if it were to be granted.

Suppliers issued with an exemption are required to comply with the conditions of that exemption. Our responsibility is to ensure those conditions are adhered to and we will work with the suppliers through regular monitoring. Where necessary, enforcement action will be taken in line with our regulatory approach.

In 2022/23, we started receiving and processing exemption applications. As at 30 June 2023, we had received 13 exemption applications: two for chlorine contact time exemptions, two for general exemptions, and nine for residual disinfection exemptions.

We provided final decisions on two residual disinfection exemption applications at the end of the year. Both applications were declined, with comments provided to indicate what would need to be addressed to improve the prospects of any future application.

The decision papers setting out the final decision and reasons for it are published [on our website](#).

We have provided draft decisions on an additional two residual disinfection applications. Of the remaining nine, six are currently on hold pending other decisions or further information from the applicant or about the supply, and one draft decision is being prepared.

We expect the number of exemption applications to increase in 2023/24.

Responding to critical notifications

Water suppliers and accredited testing laboratories are required by the WSA to notify us of any instances where drinking water samples taken from supplies show exceedances of the MAVs and may be unsafe, or (for suppliers) if sufficient water cannot be provided.

We triage notifications and prioritise responding to those deemed critical. We work closely with water suppliers to ensure they are addressing the notified issues.

In 2022/23 we received 1,228 critical notifications, and our median response time was less than four hours. The outcome of each notification depended on the specific circumstances. The most common outcome has us check that suppliers were taking appropriate action including issuing consumer advisories and, if necessary, requiring them to take those actions.

Preparing for our wastewater and stormwater responsibilities

Unlike drinking water, where we are the primary regulator, we play an oversight role for stormwater and wastewater network environmental performance. Regional councils remain the primary regulator for discharges of wastewater and stormwater into the environment under the Resource Management Act 1991 and the Natural and Built Environment Act 2023. Our priorities around stormwater and wastewater are outlined in our [Statement of Intent](#).

In this oversight role, we have a range of tools available to support improvements in the environmental performance of networks. These include the ability to establish measures and targets for networks and their operators, and the power to set wastewater environmental performance standards. Regional councils help to give effect to wastewater environmental performance standards through resource consents and regional planning documents.

Our expanded wastewater and stormwater functions do not fully commence until 4 October 2023. Our work this financial year has consequently focused on planning and development in anticipation of these powers and responsibilities.

One example includes the development of Network Environmental Performance Measures. Here, we have been developing a bespoke engagement piece with Māori technicians to ensure that we develop measures that are informed by Te Mana o te Wai. We have also been working on developing a register for wastewater networks in our system, Hinekōrako. The measures and the register enable Taumata Arowai to collect data from wastewater network operators and make the data publicly available. This increases transparency and enables comparisons to be made, aiding public understanding of the environmental performance of networks. This data will inform future versions of our Network Environmental Performance Report (from 2025).



Our approach to managing emergencies

2022/23 has seen unprecedented extreme weather events resulting in catastrophic damage and tragic loss of life. Taumata Arowai acknowledges the impacts of these events across Aotearoa, and we are committed to ensuring we play our part in managing future emergencies.

We work across the four Rs of comprehensive emergency management: Reduction, Readiness, Response, and Recovery. This helps to increase the resilience of Taumata Arowai and the wider water sector to respond to emergencies and reduce their impact on the community.

Our role in the national emergency response framework is to monitor, engage, assist, or direct drinking water supplier responses as required, endeavouring to ensure that communities have access to safe drinking water. In an emergency response led by another agency (such as the National Emergency Management Agency), we work with Water New Zealand to provide a layer of coordination and liaison on behalf of the water sector at the national level.

Under the WSA we have, the power to declare a drinking water emergency if we believe, on reasonable grounds, that there is a serious risk to public health relating to the drinking water supplied to consumers, or the ongoing supply of a sufficient quantity of drinking water in an area. When a drinking water emergency is declared, we can use additional emergency powers to mitigate public health risk.

In any incident or emergency, whether it is declared under the WSA or another jurisdiction, we work closely with the appropriate agencies and response partners to reduce the impact on the community. We recognise, that in these incidents or emergencies, we must also work in partnership with iwi and hapū as appropriate and in accordance with their need. Our primary role is to facilitate local relationships where the connection is strongest, between communities and the affected suppliers or councils that are responding to the incident or emergency and its effects.

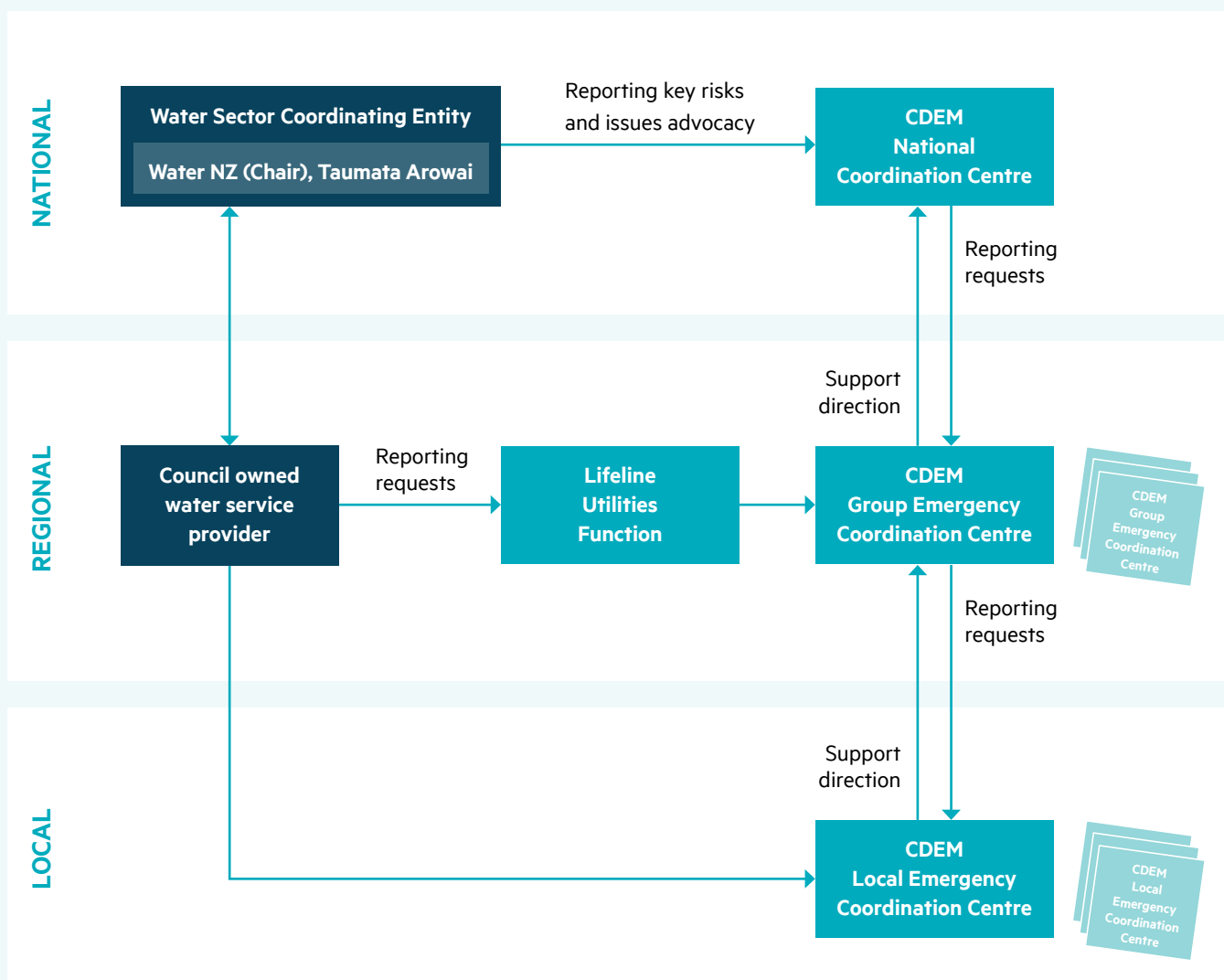
Emergency response planning and exercises

In October/November 2022, we undertook an emergency response exercise looking at the potential effect on water supplies of a major (magnitude 8) earthquake on the Alpine Fault (AF8).

The exercise involved university experts, the National Emergency Management Agency and those involved in planning for the likely consequences of an expected major earthquake on the Fault. The exercise resulted in a webinar as well as a series of local meetings building on existing planning for AF8.



Water sector coordination in the CDEM response framework



Our response to Cyclone Gabrielle

Cyclone Gabrielle had a significant impact on drinking water, wastewater, and stormwater services, with a disproportionate impact on Māori communities, particularly in rural areas of Te Tai Tokerau (Northland), Te Tairāwhiti (East Coast), and Hawkes Bay.

In February 2023, we established an Incident Management Team (IMT) to respond to the impacts on the water sector. The IMT remained active for four weeks before transitioning into recovery in March.

During the response, we focused on coordinating the water sector response at the national level, assisting with compliance requirements around unplanned supply of drinking water to affected communities, supporting supplier responses, and engaging with affected kāinga and iwi to assess their needs and inform our wider response.

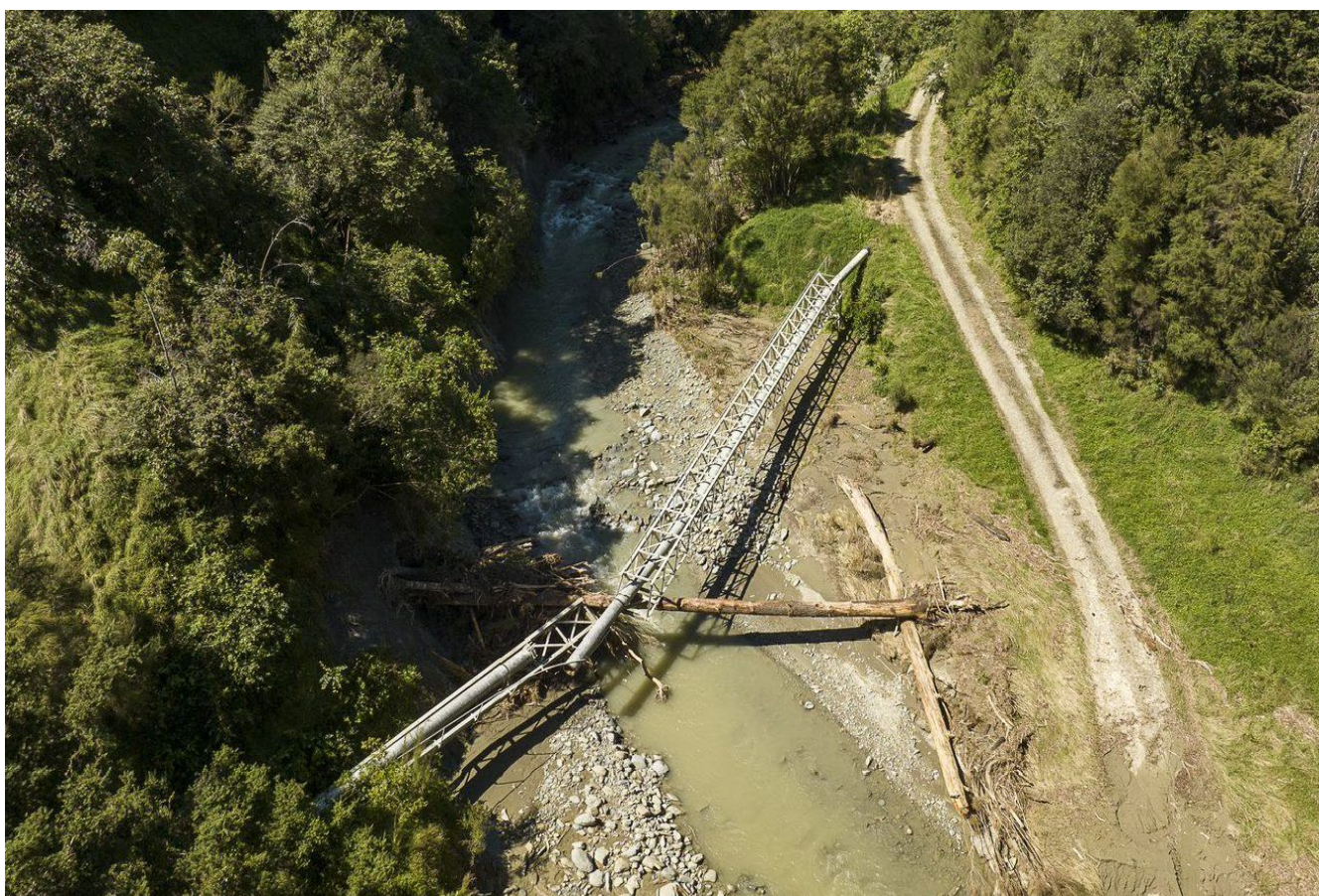
Other emergency responses



In 2022/23, we also worked with:

- Waimate District Council when the Lower Waihao rural drinking water supply exceeded the MAV for nitrate in August 2022 following heavy rain
- multiple councils in August 2022, when severe rainfall affected drinking water supplies across the Nelson, Tasman, West Coast, and Marlborough regions
- the all-of-government supply chain monitoring group during the shortage of food grade carbon dioxide, which is used in the water treatment process for some supplies, in later 2022/early 2023.

We learnt valuable lessons through our responses to these emergencies, including the cyclone, which we will be using to continuously improve our response work in the future.



Gisborne District Council Waingake Pipe Reinstatement - Cyclone Gabrielle 2023 | pg.12

Ā mātou mahi whakahaere

Our organisational operations

In 2022/23, we were in our second full year as a Crown entity, and our focus has been on building our organisation to ensure we are living up to our commitment of being a good employer and a great place to work.

Equal employment opportunity policies

Taumata Arowai is committed to the principles of equal employment opportunities (EEO) and being a good employer. We apply this through supporting and promoting good equal employment practices across Taumata Arowai. Equal employment is one of the ways Taumata Arowai recognises and supports the aims and aspirations of Māori, thereby contributing to the spirit of partnership envisaged by the Treaty of Waitangi.

Policy reviews

EEO policies are subject to regular reviews and updates. In the 12 months covered by this report, all staff-related policies, including EEO, have been subject to regular reviews. As each policy is reviewed, or new policies adopted, a review period is set and added to the calendar.

Our good employer obligations

As a Crown entity, Taumata Arowai must be a good employer. We actively work to minimise bias or discrimination and create an environment of equal opportunity. The table below outlines our achievements so far against our good employer obligations.

Good employer obligations	Achievements
Leadership, accountability, and culture	
Develop and maintain a culture that is supportive and equitable for all staff	We are listening to our staff to learn and understand what they need. We respond to their feedback as we build on our policies, procedures, and guidance for them. This includes using feedback processes, workshops, and our annual engagement and pulse surveys.
Develop and maintain a learning culture	As we build our organisation, we have been developing a learning culture that encourages our staff to participate in learning and development opportunities. Details of the opportunities we have provided our staff to learn and develop so far are included in the section 'Growing our capability'.
Ensure policies reflect obligations and commitments to being a good employer	We are currently working through an update of our policies that were developed during our establishment. These updates will ensure that our policies reflect what is required of an operational regulatory organisation and reflect our good employer obligations.

Good employer obligations	Achievements
Recruitment, selection, and induction	
Use of robust and transparent recruitment and selection processes	<p>We use transparent hiring processes to ensure we are meeting our legislative requirements, and that our hiring decisions are focused on selecting the best people, for the right position, at the appropriate time. We provide an in-house recruitment service to support managers to make fair and equitable decisions.</p> <p>We have updated our recruitment and selection guidelines to better align with our Te Mahere Mahi Rerekētanga Ira Tāngata Pay Gap Action Plan. More information on this is included in the section 'Diversity, equity, and inclusion'.</p> <p>We have also implemented a pay gap calculator that supports hiring managers when making offers and supports us to manage our gender and ethnic pay gaps and overall salary relativities.</p>
Attract diverse applicants for roles	We use a range of channels to attract applicants for roles, and we continue to consider new ways to connect with target audiences. When seeking to fill Māori-specific roles, we use Māori recruitment agencies.
Employee development, promotion and exit processes	
Provide equal access to personal development and other activities that may lead to promotion	<p>We provide equal opportunities for all staff to develop and learning opportunities that are relevant to roles or career development.</p> <p>Our annual development planning approach provides all staff with the opportunity to discuss and agree the learning and development opportunities required for current and future roles.</p> <p>Details of the opportunities we have provided our staff to learn and develop so far are included in the section 'Growing our capability'.</p> <p>In 2022/23 we also created a refreshed online induction experience that provides new staff in all roles with the same improved onboarding experience.</p>
Use fair and transparent performance management practices	Our Managing for Performance system is led by both our people leaders and our staff. Resources outlining our system, why each part is important, and how moderation and bias checks are undertaken to ensure fairness and transparency, is available to all staff on Pātaka Mauri, our intranet.
Provide staff with the opportunity to complete an 'in confidence' exit survey	Staff who are leaving the organisation are provided an opportunity to complete an exit survey, which is conducted by our People and Culture team and is treated as 'in confidence'.
Flexibility and work design	
Have an organisation-wide flexible work programme that recognises the needs of our staff	<p>All staff can request flexible working arrangements via a formal or informal process.</p> <p>We have invested in technology that supports flexible working and encourages remote collaboration. We actively support our staff to have a healthy work-life balance.</p>
Remuneration, recognition, and conditions	
Provide transparent, equitable, and gender-neutral job evaluation processes	This year, we engaged all staff in a review of our position descriptions to ensure they fairly represent the mahi that we do. All position descriptions were re-evaluated using the Strategic Pay job evaluation methodology.

Good employer obligations	Achievements
Review the remuneration system regularly	<p>We are taking the opportunity to plan a review of our remuneration framework in 2023/24 to ensure it is fair, equitable and unbiased.</p> <p>This year, we adopted the Te Kawa Mataaho Public Service Pay Adjustment approach, providing equitable pay adjustments for all staff in December 2022. We will also be doing this in December 2023.</p>
Prevention of harassment and bullying	
Promote relevant policies and the Code of Conduct to staff	We use our fortnightly Whāngaia te Whānau all-staff meeting to promote a culture of inclusion and recognition of positive behaviour and achievements, including opportunities to promote policies and guidelines around speaking up.
Train managers and staff in their responsibilities	As we grow, we are working to provide training to managers and staff in this space. This is an area we intend to focus on in 2023/24.
Practice a zero-tolerance of harassment and bullying	Our leaders take inappropriate behaviour seriously, and we have policies and guidelines to deal with any instances that are raised or become visible.
Safe and healthy environment	
Create an environment that supports employee participation in health and safety	<p>We are fully committed to ensuring that Taumata Arowai is a safe environment in which to work.</p> <p>In 2022/23 we started to draft a Hauora and Wellbeing strategy for our organisation.</p> <p>In 2023/24 we intend to review and formalise this strategy, including employee participation through a Health and Safety Committee. We have also started arranging first aid training for staff in our physical offices, which will continue in 2023/24.</p>
Take a proactive approach to employee health and wellbeing	<p>The wellbeing, health, and safety of our staff is a priority for us. Continuous improvement of our health and safety systems is a focus for us as we transition from establishment to an operational regulator.</p> <p>Our work on proactively ensuring the health, safety, and wellbeing of our staff is included in the section 'Building our organisation'.</p>
Provide easy access to the Employee Assistance Programme for all staff	All staff have access to the Employee Assistance Programme via Pātaka Mauri, our intranet. We also have options for Managers to support staff through a referral process.

Building our organisation

In September 2022, we ran a full staff Pulse Survey. Close to 85% of participants stated they knew how their work contributes to the goals of Taumata Arowai, up from 83% last year. The survey results also showed areas where we could improve, including enhancing visibility of and access to career opportunities for our staff, as well as recognising and rewarding people fairly and equitably.

Our focus on the wellbeing, health, and safety of our staff

The wellbeing, health, and safety of our staff is a priority for us. Maintaining, applying, and improving our health and safety policies is key to a safe working environment. In 2022/23 we started to draft a health and wellbeing strategy for our organisation.

Continuous improvement of our health and safety systems is a focus for us as we transition from establishment to an operational regulator. We manage our key health and safety risks through our policies and activities such as running and monitoring driver training and providing working from home equipment. In 2022/23, we had no health and safety incidents of note. We managed several near misses through our reporting system. We encourage our staff to report near misses and incidents through our reporting system.

We have also been working on implementing a range of wellbeing initiatives that were identified by our staff through workshops, surveys, and other feedback mechanisms. In 2022/23 we started an initiative for a modest wellbeing payment designed to support people to engage in out-of-work activities that enhance their wellbeing and work-life balance.

Over 2023/24 we will continue this focus on wellbeing, health, and safety, with a view to building a culture where everyone is encouraged to contribute ideas and perspectives, and raising issues is the norm. This will include integrating our draft Hauora and Wellbeing strategy into our systems and practices, as well as taking the opportunity to refine our policies to ensure we are compliant and supportive of safe work practices. This includes formalising employee participation through a Health and Safety Committee.

Recognition of the aspirations, employment requirements and involvement of Māori employees

In early 2023, a Māori staff network was established at Taumata Arowai. The network focuses on providing a space for Māori staff to come together, provide support, share connection, and discuss matters in a familiar and open

environment. There is no set agenda, and discussion is based on the notion of a wānanga, or open meeting. All decisions and actions are determined by consensus.

The network meets weekly and has led out across activities including Te Kāhui Matariki, Māori New Year celebrations, and alongside Te Rōpū Ārahi with activities including weekly waiata sessions and other opportunities to engage in te ao Māori.

Work is ongoing to provide greater formal opportunities to support Māori staff aspirations, employment requirements, and involvement, particularly through the development work underway for a five-year Treaty partnerships plan and a Māori-Crown relations capability strategy.

Our internal processes and systems

Business readiness

We commissioned a review of our business capabilities one year on from assuming our responsibilities for water services regulation from the Ministry of Health on 15 November 2021.

The review in November/December 2022 was to:

- assess progress we have made in critical capability areas and activities
- provide recommendations on steps to close any gaps to ensure we are well placed to deliver on our mandate.

Overall, the assessment was that we had made substantial progress toward implementing a new regulatory regime, given an ambitious target for the 12-month period the review considered.

The review observed that:

- the fundamental elements of the new regulatory system had been implemented to a functioning standard, and would continue to evolve and be enhanced over time
- critical capability areas were in place and operating at a level that would reasonably be expected.

ICT and security

We have run a Continuous Improvement Programme, which has completed eight system releases to Hinekōrako in the last year. These have varied in size and complexity. We have added new features as well as made improvements to existing functionality. Notable changes include Multi Supply Group Access, View My Rules builder, and DWQAR reporting functionality.

There were no notable cyber security incidents in the 2022/23 year. Several email phishing attacks were attempted but stopped by existing technology protections. Security awareness campaigns are on-going with quarterly phishing simulations and improvements to security inductions.

The Protective Security Requirements report was submitted in March 2023 and shows steady progress in the previous 12 months. We work with a trusted security vendor to provide independent security assurance and penetration testing on critical technology platforms, with full certification and accreditation of internal systems expected to be completed by November 2023.

Progressive procurement

Progressive procurement is a government initiative aimed to support whānau Māori enterprise through procurement activities by setting a target of government spend towards Māori businesses. The policy came into effect on 1 July 2021.

The target is based on data on the Māori economy, the developing social procurement systems in New Zealand and international models. The goal is to increase the target percentage over time and move to a value-based target of contracts awarded to Māori businesses. In 2021/22 the target was 5%, in 2022/23 it increased to 8%.

It is our intention to ensure Māori suppliers are considered in all applicable procurement activities. Our performance since 1 March 2021 is shown in the following table.

	Contracts awarded to Māori Suppliers	Total number of contracts awarded	%
01/03/2021 - 30/06/2021	5	42	11.90%
01/07/2021 - 30/06/2022	9	75	12.00%
01/07/2022 - 30/06/2023	20	94	21.28%

Diversity, equity, and inclusion

Te Mahere Mahi Rerekētanga Ira Tāngata – Pay Gaps Action Plan 2023-2024

In April 2023, we published [Te Mahere Mahi Rerekētanga Ira Tāngata](#), our first Pay Gaps Action Plan, which aligns to the [Kia Toipoto](#) focus areas from Te Kawa Mataaho.

Our data as of 30 June 2023 shows a -2.4% gender pay gap across all roles. This positions us favourably against the Public Service average of 7.7%.

Our action plan focuses on improving our Māori, Pacific, and ethnic pay gaps (which do not meet the minimum volume criteria to report) over the next 18 months.

Our full plan is available on both the Te Kawa Mataaho and [our](#) websites.

Supporting staff-led networks

We support several staff-led networks that promote and celebrate our diversity and multiple perspectives while having a key focus on upholding our Treaty obligations in supporting reo Māori me ona tikanga focused groups, including:

- Ngā Akonga Reo Māori rōpū
- Māori staff network
- Sustainability network
- Women's network
- Waiata group.

We are working to develop and publish a simple guideline to support the establishment of staff-led networks.

Growing our capability

Opportunities for employees to enhance and grow

In 2022/23, we developed a Regulatory Capability Framework and a learning pathway to support employees to become appointed as compliance officers. Further work to expand this framework is planned for the coming year.

In 2022/23 we also provided the following opportunities to our staff:

- supporting them to complete the suite of NZ Certificates in Regulatory Knowledge, Compliance and Practices developed by the government regulatory practice initiative (G-Reg). In 2022/23, one employee enrolled at level 5, four at level 4 (three completed), and 22 employees completed the level 3 course
- supporting participation in the webinar and training programmes offered by Water New Zealand. In 2022/23, there were 41 sign ups across the three Water NZ badges. Our people also attend webinars and training programmes as part of their own personal development
- supporting our staff to attend a range of national and international conferences, webinars and presentations to learn from international experts as part of their ongoing development
- supporting employees to complete a NZQA Limited Credit Programme in drinking water
- supporting staff to be trained in NZ CIMS. We had enough

CIMS trained staff to manage effectively during recent emergency responses, and extra response and resilience specialists were also recruited in early 2023. This team will assess the need for additional CIMS training.

Leadership development has also been a focus. Leadership development is available to all our leaders through their professional development plans. In late 2022, all our leaders also had the opportunity to participate in a leadership coaching programme. In our Regulatory team all managers and team leaders have also participated in an additional dedicated leadership programme.

Building Māori-Crown relations capability

In 2022, we commissioned a report to advise Taumata Arowai on organisational readiness from a te ao Māori perspective. The report recommended that Taumata Arowai take a range of actions to support our ability to meet our core obligations and lift the capability of our staff to meet them.

In response, our Chief Executive established a Treaty partnerships project team to support the development of a five-year Treaty partnerships plan, which will set out how we will give effect to Te Mana o te Wai and our role in relation to the Treaty and its principles. In line with Ministerial expectations, we have framed our approach as Māori-Crown relations, recognising the need for strong understanding to enable us to meet our statutory functions.

As part of this work, we developed a Māori-Crown relations capability self-survey. Staff were asked to identify their existing capabilities and areas where they believe further development is needed. The results of the survey will be released in the first quarter of 2023/24. Further work is ongoing to develop a robust capability strategy to build capabilities across Te Mana o te Wai, the Treaty, engagement with Māori, tikanga, and te reo Māori. We intend to run this survey annually to inform ongoing work in this space.

Revitalising and implementing te reo Māori

The use and revitalisation of te reo Māori in our work and approach is a priority for Taumata Arowai.

The Maihi Karauna: the Crown's Māori Language Strategy, led by Te Taura Whiri i te reo Māori, takes a 'macro' approach by focusing on creating conditions for te reo Māori to thrive and ensuring government systems support this.

Taumata Arowai continues to strive to implement more formal language plans, individual development plans and any other initiatives that are adopted to ensure we meet our aspirations to support te reo Māori in our work.

Other initiatives in the last year have included:

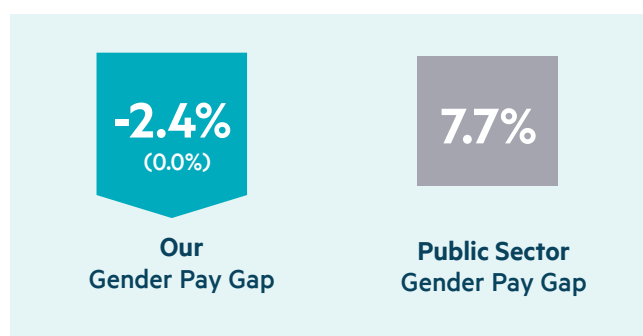
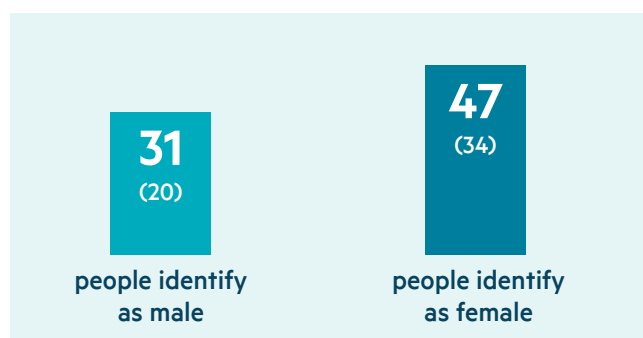
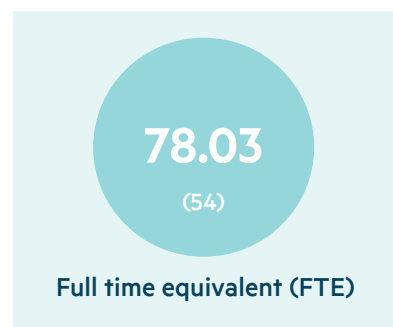
- our Ngā Akonga Reo Māori rōpū supports our people to connect, learn, and support each other in the understanding, use, and application of te reo Māori in our day-to-day business
- we also have a wider organisation te reo Māori group, which is voluntary and open to all staff. This group meets twice weekly to learn from each other and practice te reo Māori to grow their individual, and our organisation's, capabilities
- our weekly waiata group connects in person and online to sing waiata together and support each other in learning new waiata.

We recognise these three rōpū as significant contributors to the use of te reo Māori within our organisation. We also recognise our responsibility to ensure these practices continue to be supported.



Employee profile

As at 30 June 2023, our employee profile was as follows (figures in brackets are as at June 2022 for comparison):



As at 30 June 2023, our staff reported their primary ethnicity as follows:

Self-reported primary ethnicity	2023 % of total staff	2022 % of total staff
African	1.3%	3.7%
Asian	7.7%	9.3%
European (all locations)	10.3%	9.3%
Pacific	1.3%	0.0%
NZ European/Pākehā	61.6%	61.1%
NZ Māori	15.4%	14.8%
South American	2.6%	0.0%
Other	1.3%	0.0%

Age profile	As at 30 June 2023	As at 30 June 2022
60+	7	4
50-59	17	13
40 - 49	17	16
30-39	23	11
20-29	14	10
No data	1	

Remuneration disclosure

Board

The total value of remuneration paid or payable to each Board member during the year was:

	Actual 2022/23 \$	Actual 2021/22 \$
Dame Karen Poutasi (Board chair)	30,000	30,000
Troy Brockbank	15,000	15,000
Riki Ellison	15,000	15,000
Brian Hanna	15,000	15,000
Dr Virginia Hope	15,000	15,000
Loretta Lovell	15,000	15,000
Anthony Wilson	15,000	15,000
Total Board member remuneration	120,000	120,000

No Board members received compensation or other benefits in relation to cessation (2022: \$0).

Te Puna

The total value of remuneration paid or payable to each Te Puna member during the year was:

	Actual 2022/23 \$	Actual 2021/22 \$
Tipa Mahuta (Chair)	16,938	9,750
Ian Ruru (Deputy Chair)	4,594	3,956
Bonita Bigham	2,100	3,900
Riki Ellison	7,819	3,619
Loretta Lovell	4,275	5,288
Pita Paul	6,975	4,350
Frank Hippolite	-	900
Te Huia Taylor	5,213	-
Stephanie Dijkstra	300	-
Total Te Puna member remuneration	48,213	31,763

Staff

Total employee remuneration paid or payable that is or exceeds \$100,000:

Total employee remuneration paid or payable that is or exceeds \$100,000:	Actual 2022/23 Number	Actual 2021/22 Number
\$100,000 - \$109,999	7	3
\$110,000 - \$119,999	7	1
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	3	5
\$140,000 - \$149,999	3	3
\$150,000 - \$159,999	4	3
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	2
\$180,000 - \$189,999	1	1
\$220,000 - \$229,999	1	1
\$260,000 - \$269,999	1	-
\$400,000 - \$409,999	-	1
Total Employees	30	21

During the year ended 30 June 2023, 2 employees (2022: 0) received \$41,793 in compensation and other benefits in relation to cessation.

Indemnity insurance

Taumata Arowai held professional indemnity insurance cover during the 12-month period to 30 June 2023 of \$10,000,000 in respect of the liability or costs of Board members, Te Puna advisory group members and employees. In addition to this, Directors' and Officers' insurance cover of \$5,000,000 was held during the same period in respect of the liabilities or costs of Board members.



Climate change response

Carbon emissions measure and report

We collate and report our carbon emissions to demonstrate our commitment to sustainability and environmental best practice. We also inform leadership of our emissions, ensuring decisions align with our carbon reduction goals and sustainability strategy.

We undertook our first Carbon Emissions audit in April 2023 for the financial year 2021/2022. Our inventory was prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) ('the GHG Protocol') for the year ended 30 June 2022.

The data was verified by an independent auditor as required by the Carbon Neutral Government Programme (CNGP). The inventory for 2022/2023 included in the below table, is yet to undergo verification, but will be verified and published in next year's annual report.

Sources	2022/2023 ↑ CO ₂ e (Unverified)	Percentage	Movement	2021/2022 ↑ CO ₂ e (Baseline)
Scope 1 – Direct GHG Emissions	3.0	1.6%	↑ 69.3%	1.8
Vehicle Fleet – Leased	3.0	1.6%		1.8
Scope 2 – Electricity indirect GHG emissions	2.7	1.4%	↓ 35.3%	4.1
Purchased Electricity	2.7	1.4%		4.1
Scope 3 (mandatory) – Other indirect emissions	178.7	96.6%	↑ 237.1%	53.0
Freight	0.1	0.1%		N/A
Air Travel	150.1	81.2%		34.7
Accommodation	9.5	5.1%		3.3
Passenger vehicles	9.5	5.1%		5.6
Transmissions and Distribution losses	0.3	0.2%		0.4
Waste	0.6	0.4%		0.5
Wastewater	4.8	2.6%		3.4
Water Supply	0.4	0.2%		0.3
Working from home	3.4	1.8%		4.9
Scope 3 (other material)	0.5	0.3%	↓ 66.7%	1.5
Microsoft Cloud usage	0.5	0.3%		1.5
Total	184.9		↑ 206.1%	60.4

The 2022/2023 data demonstrates an increase in emissions, which was expected due to growth in staff numbers and one-off long-haul flights. Our FTE numbers have increased by 42.6% and Contractors 23.5% over the past year and will continue to increase as we take on additional functions. As a new agency it will be difficult for us to provide a realistic baseline for a few years due to increased resources and the need to travel to connect with water services suppliers.

The highest emission source was Scope 3 Travel, which comprises air travel, passenger vehicles and accommodation. It equates to 91.5% (72% in 21/22) of our GHG inventory. Once we are in a steady state, we acknowledge that we will need to work towards developing and implementing reduction strategies, more robust travel policies and procedures. This will ensure we minimise our travel where appropriate to meet our reduction targets.

We also introduced some new emissions sources in 2022/2023 as we were able to obtain data from supplier contracts, such as compost from food waste and freight. We have chosen to include small sources where we have the data. This is because we want to have clarity on the complete emissions profile of Taumata Arowai. The image below shows our results for tonnes of carbon emissions by source for 2021/22 and 2022/23.

■ 21/22 ■ 22/23

3 - OTHER	MICROSOFT CLOUD USAGE	1.5	0.5
3	WORKING FROM HOME	4.9	3.4
3	WATER SUPPLY	0.3	0.4
3	WASTEWATER	3.4	4.8
3	WASTE	0.5	0.6
3	TRANSMISSION AND DISTRIBUTION LOSSES	0.4	0.3
3	PASSENGER VEHICLES	5.6	9.5
3	ACCOMMODATION	3.3	9.5
3	AIR TRAVEL	34.7	150.1
3	FREIGHT	0	0.1
2	PURCHASED ELECTRICITY	4.1	2.7
1	VEHICLE FLEET – LEASED	1.8	3.0

The data has been collected by various methods including staff surveys (working from home), supplier data, spend and per capita applications. Emission factors published by Ministry for the Environment: Measuring emissions: A guide for organisations 2023 have been applied and converted the source activity into tonnes of CO₂ equivalent.

We identified emissions from Scope 3 – purchased goods and services, as well as outsourced activities that we were not able to measure accurately. We have excluded these from our inventory, meaning our assurance level for Scope 3 is limited. We will endeavour to work with our suppliers to obtain improved data that will allow us to measure and report this in the future.

We also acknowledge that fluctuating staff numbers have made it difficult to quantify emissions, but we have used the final number (FTE and contractor numbers) at the end of the financial year. We are working to implement both an HRIS and contract management system to help with ease of reporting of these figures.

Intensity measures

The following table outlines the per FTE emissions for each year. This comparison is useful for organisations that are in a period of growth or undertake significant organisational changes.

Scope	2021/2022 tCO ₂ -e	2022/2023 tCO ₂ -e (Unverified)	Movement
FTE	54	78.03	44.5% ↑
Contractors (equivalent to FTE)	17	21	23.5% ↑
TOTAL FTE	71	99	39.4% ↑
Total Emissions	60.4	184.9	206.1% ↑
Total emissions per FTE	0.850704	1.8678	119.7% ↑

Taumata Arowai is in a period of growth. We expect that staff numbers will stabilise in 2025/26, which will likely trigger an update of our emissions baseline to ensure it is representative of our typical emissions profile at that time.

We envisage that as we implement and work towards reduction targets, the emissions per FTE will likely reduce as our staff numbers grow.

Reduction targets for 2025 and 2030

Taumata Arowai continues to make carbon conscious decisions to reduce our carbon impact where possible.

We will set reduction targets that reflect our intended growth, acknowledging that we are not likely to stabilise until 2025/26, therefore, we may need to offset emissions in-order to contribute to efforts to keep global warming to less than 1.5 degrees of warming as required under the Carbon Neutral Government Programme.

Our culture of improvement

The key area for improvement is Scope 3 – travel related emissions. We are planning to make changes to our travel policy, including the use of car-share services and more robust criteria for travel. However, our travel will increase before it stabilises (and eventually decreases) as we increase our presence around the country to fulfil our regulatory responsibilities, including meeting our obligations in relation to the Treaty and Te Mana o te Wai.

Our Finance and Procurement team will be working with suppliers and supporting the rest of the organisation with carbon budgeting and obtaining quality data.

Our Te Whanganui-a-Tara (Wellington) office is currently under consideration for NABERS-NZ accreditation and will be rated a minimum of four stars. The employee-led Sustainability Network has implemented behaviour change initiatives such as kaicycle and will continue to look for improvement opportunities.

We have identified several opportunities to enhance data collection, including integrating Power BI with our finance and contract management systems. However, we are still in the early stages of our journey. As a proactive measure, we will strive to obtain reports from suppliers regularly and focus on creating contracts with low emissions while simultaneously measuring carbon budgets from a financial perspective.

As our organisation continues to grow, we can seek external help to drive behaviour change, paving the way for more sustainable practices. Moving forward, we will be integrating carbon emissions considerations into our budget planning and decisions made by our senior leadership team, allowing us to take proactive steps towards reducing our carbon footprint. Overall, we see these challenges as opportunities to make meaningful progress towards our sustainability goals.

Conflicts of interest and unauthorised transactions

The Board, Te Puna, the Finance Risk and Assurance sub-committee and the People, Chief Executive Performance and Remuneration sub-committee of the Board all maintain a register of members' interests. At the start of each meeting, all members are required to declare any additional interests acquired since the previous meeting. If a registered interest conflicts with an item on the agenda, they are required to declare this.

For the purposes of section 68 of the Crown Entities Act 2004, no permission to act despite a declared interest in a matter was given to any Board member in 2022/23.

We require staff and contractors to provide regular statements of interests and conflicts, with conflict management plans recorded when necessary and appropriate.

We did not enter into any unauthorised transactions during the year.

Written directions from the Minister

In 2022/23, we received no new written directions from the Minister.

Search warrants

Section 171 of the Search and Surveillance Act 2012 requires us to report on certain search and surveillance powers, including warrantless powers, exercised by our compliance officers over the financial year.

We have not exercised any reportable search and surveillance powers in the period 1 July 2022 to 30 June 2023.



Te arotake tātari kaute

Audit opinion



BDO Wellington Audit Limited

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF
TAUMATA AROWAI FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Taumata Arowai. The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and the performance information, including the performance information, of the Taumata Arowai on his behalf.

Opinion

We have audited:

- the financial statements of Taumata Arowai on pages 54 to 71, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Taumata Arowai which reports against the statement of performance expectations for the year ended 30 June 2023 on pages 41 to 53.

In our opinion:

- the financial statements of Taumata Arowai:
 - o present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - o comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information of Taumata Arowai for the year ended 30 June 2023:
 - o presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - o complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of Taumata Arowai for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of Taumata Arowai for assessing the ability of Taumata Arowai to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Taumata Arowai, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Water Services Regulator Act 2020.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the statement of performance expectations of Taumata Arowai.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of Taumata Arowai.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the performance information which reports against the statement of performance expectations of Taumata Arowai.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Taumata Arowai to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Taumata Arowai to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 3 to 35 and page 72, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Taumata Arowai in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Taumata Arowai.

A handwritten signature in black ink, appearing to be 'H. McClintock', with a stylized, looped flourish at the end.

Henry McClintock
BDO WELLINGTON AUDIT LIMITED

On behalf of the Auditor-General
Wellington, New Zealand

Ngā pūtea a Taumata Arowai

Taumata Arowai funding

In 2022/23, Taumata Arowai was primarily funded through Vote Internal Affairs (Non-Departmental Output Expenses: Taumata Arowai).

The appropriation is limited to supporting Taumata Arowai in meeting its statutory responsibilities as New Zealand's water services regulator. Taumata Arowai therefore only has one class of outputs to report on and will have consolidated financial and non-financial performance reporting.

Taumata Arowai does not have any class of outputs that is not reported on.

	Actual 2022/23 \$000s	Budget 2022/23 \$000s	Actual 2021/22 \$000s
Revenue from the Crown	19,666	19,290	18,016
Other revenue	245	30	29
Interest revenue	50	80	6
Total revenue	19,961	19,400	18,051
Total expenditure	18,360	19,400	14,094
Surplus/(deficit)	1,601	-	3,957

Ā mātou whakaaturanga

Our performance

Our performance framework

We have identified three focus areas that describe how we will approach our short, medium, and long-term planning and performance. These are reflected in our performance framework below and the corresponding performance measures reported on the following pages:

- Tiaki (protect)
- Whakaawetanga (influence)
- Haututanga (lead).

We have achieved 37 of 38 (97%) non-financial performance measures we are reporting for the year, with one measure partially achieved. We are unable to report on two measures until the 2023/24 year because they relate to future events. We removed a further four measures from the 2023/24 SPE because we are unable to measure them and have ceased reporting on them.



Long-term strategic goals

We have three long-term strategic goals, each with a 15-year or longer horizon. These goals demonstrate system performance, and we are one of many organisations that contribute to achieving these results.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
1.	Wai mauri: Through our leadership, Taumata Arowai contributes to people from all communities (including Māori, urban and rural) giving effect to Te Mana o te Wai.	
1.1	<p>Regular (annual or three-yearly) surveys of stakeholder groups, water suppliers, Māori, and the general public. Timing of surveys to be scoped during the establishment of the baseline. The general public survey will be statistically adjusted to reflect the population of Aotearoa. The surveys will track perceptions of our performance against several Key Result Areas. They will also help us to identify lead indicators to predict behaviour change, such as the number of articles referencing the use of Te Mana o Te Wai guidance by suppliers.</p> <p>The % of survey respondents who say that:</p> <ul style="list-style-type: none"> • Taumata Arowai contributes to an increased awareness of the connection between the health and wellbeing of water and the health and wellbeing of people. • Taumata Arowai contributes to the health and wellbeing of water and of people being a priority in the management and regulation of water services. • Taumata Arowai contributes to the provision of information to people and communities (including Māori, urban and rural communities) that supports them to participate in long-term water services planning and delivery. 	<p>Baseline survey achieved.</p> <p>Survey regularity to be confirmed in 2022/23 subject to budget availability.</p>
<p>Achieved.</p> <p>Regular (annual or three-yearly) surveys of stakeholder groups, drinking water suppliers, and the public. The public survey results are adjusted to reflect the current population makeup of Aotearoa. This year, the baseline survey was achieved (completed). Going forward, the surveys will be annual, subject to budgetary approval. (NB these caveats apply to all measures using surveys.)</p> <p>Results below are based on the number of respondents who tend to agree or strongly agree with the statement.</p> <ul style="list-style-type: none"> • Taumata Arowai increases awareness of the connection between the health and wellbeing of water and the health and wellbeing of people: 63% of stakeholders (October 2022); 39% of suppliers (June 2023). • Taumata Arowai contributes to the health and wellbeing of water being a priority in the management and regulation of water services: 63% of stakeholders (October 2022); 44% of suppliers (June 2023). • Taumata Arowai contributes to the health and wellbeing of people being a priority in the management and regulation of water services: 56% of stakeholders (October 2022); 46% of suppliers (June 2023). • Taumata Arowai supports different communities to participate in long-term water services planning and delivery through the provision of information and guidance: 41% of stakeholders (June 2023); 30% of suppliers (June 2023). 		
1.2	<p>Case studies:</p> <ul style="list-style-type: none"> • one each year of iwi/Māori, major suppliers, rural and agricultural suppliers, very small suppliers, network operators • followed for a minimum of two years to monitor the relationship developed • with a maximum 15 concurrent cases to report on. 	<p>Initial case study participants identified with formal agreements negotiated in 2022/23.</p>

Ref.	How we will collect data for measures	Performance Assessment 2022/23
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Achieved.

This year, the case study participants were identified, and agreements negotiated. In 2023/24, we will commence the case studies. In 2023/24 we will identify further participants and negotiate agreements for the 2024/25 year.

The participants are a water carrier; a networked supply including marae, kōhanga reo, kura kaupapa and Māori community; a self-supplied building; a networked supply covering a marae, papakāinga and Māori community; and a whānau papakāinga. All but one are registered.

The case studies will follow the case participants for up to three years, seeking to understand:

- 1) the quality of the relationships between Taumata Arowai and drinking water suppliers and network operators regarding our performance in giving effect to Te Mana o te Wai
- 2) behaviours and motivations of suppliers and other duty holders concerning compliance with Standards and Rules.

2.	Wai mana: Taumata Arowai strengthens the delivery of drinking water, wastewater and stormwater services in communities.	
2.1	<p>See 1.1 for a description of the survey.</p> <p>The % of survey respondents who say that:</p> <ul style="list-style-type: none"> • People and key stakeholders involved in water services believe that Taumata Arowai is contributing to improved drinking water (baselined in 2022/23). • Māori believe that Taumata Arowai is contributing to tangata whenua becoming more actively involved in water service management and an improved understanding of the contribution of mātauranga Māori, tikanga Māori and enabling kaitiakitanga to be exercised. <p>Performance of networks and services over time (baselined in 2023/24).</p> <p>People and key stakeholders involved in water services believe that Taumata Arowai is contributing to improved water networks in communities. (From 2024/25).</p>	<p>Baseline survey achieved.</p> <p>Survey regularity to be confirmed in 2022/23.</p>

Achieved.

This year, the baseline survey was achieved (completed). See the notes for measure 1.1 for how the results are calculated.

- Taumata Arowai contributes to improved drinking water in New Zealand: 55% of stakeholders (October 2022).
- Taumata Arowai is partnering with tangata whenua to support Māori to be actively involved in the management of water services: Māori survey participants only; 33% of stakeholders (June 2023); 33% of suppliers (June 2023).
- Taumata Arowai is partnering with tangata whenua to create a greater understanding of the importance of mātauranga Māori and tikanga Māori across the water services sector: Māori survey participants only; 48% of stakeholders (June 2023); 27% of suppliers (June 2023).
- Taumata Arowai is partnering with tangata whenua to make it more possible for Māori to exercise kaitiakitanga of their wai across the water services sector: Māori survey participants only; 33% of stakeholders (June 2023); 31% of suppliers (June 2023).

2.2	<p>Trends from annual drinking water regulation and drinking water, wastewater, stormwater network environmental performance reporting.</p> <p>Performance of networks and services over time.</p>	<p>Drinking water regulation baseline achieved.</p>
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Achieved.

This year, we published our [Drinking Water Regulation Report 2022](#) which contained baselines of the measures we will be reporting on each year in this report.

We also published the second tranche of [Drinking Water Network Environmental Performance Measures](#) in June 2023. Drinking water network operators will report their 2022/23 results to Taumata Arowai, and we will publish these in the first annual Network Environmental Performance Report. We are due to publish the report in the third quarter of 2023/24.

Network Environmental Performance Measures for wastewater were also developed this year but will not be reported on until the 2023/24 report.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
3.	Wai ora: Taumata Arowai regulatory settings and actions contribute to providing access to safe and sufficient drinking water and effective and resilient wastewater and stormwater networks, thereby protecting people's health and wellbeing.	
3.1	See 1.1 for a description of the survey. The % of survey respondents who believe that regulatory settings and actions contribute to: <ul style="list-style-type: none"> protecting people from becoming unwell from drinking water equitable and reliable access to safe and sufficient drinking water. 	Survey scoped and baseline establishment achieved.
Achieved. This year, the baseline survey was achieved (completed). See the notes for measure 1.1 for how the results are calculated. <ul style="list-style-type: none"> The regulatory settings and actions of Taumata Arowai are important in protecting people from becoming unwell from drinking water: 89% of stakeholders (June 2023); 65% of suppliers (June 2023). The regulatory settings and actions of Taumata Arowai are important to ensure everyone can access safe drinking water: 83% of stakeholders (June 2023); 60% of suppliers (June 2023). The regulatory settings and actions of Taumata Arowai are important to ensure everyone can access a reliable supply of safe drinking water: 86% of stakeholders (June 2023); 58% of suppliers (June 2023). 		
3.2	Instances where safe water unable to be provided e.g. boil water notices, water outages, populations affected, duration of effect.	Baseline achieved.
Achieved. A total of 238 consumer advisories were active for registered suppliers in 2022/23 – 209 boil water notices, 27 do not drink notices and 2 do not use notices. The future reporting format is to be developed.		
3.3	Trends in gastroenteritis and other potentially water-related disease notifications in areas where new treatment methods have been installed.	Data definition and collection process scoped.
Achieved. This year, we endorsed a research proposal, led by Dr Tim Chambers, Senior Research Fellow at the Health Environment and Infection Research Unit in the Department of Public Health, University of Otago, designed to undertake a review of the national burden of disease analysis of water-borne diseases in Aotearoa New Zealand from community drinking water infrastructure. The proposal has been accepted and the research will be undertaken over the 2024 and 2025 calendar years. The research will draw on data held by Taumata Arowai.		
3.4	Data trends from public health notifications, notifications to Taumata Arowai, environmental network performance reporting, notifications to/from regional councils. <ul style="list-style-type: none"> Water losses (%) within a network. Reported resilience of networks. Reported negative effects on the environment (closure of specified bathing/swimming beaches, unplanned discharges, duration). Reducing the loss of water in water networks. Reducing the negative impact of water networks on the environment. Improving the resilience of water services to risks and natural and economic shocks. 	Data definition scoped.
Achieved. This year, we scoped and defined metrics relating to water losses within a network, the reported resilience of networks, and reported negative effects on the environment.		

Medium-term objectives

We have six medium-term objectives, with a 5- to 14-year horizon. These goals demonstrate our impact on system performance and our ability to influence the behaviour of others.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
4.	We contribute to giving effect to Te Mana o te Wai through our information provision, engagement programmes and working with other agencies and parties, including mātauranga Māori experts. (Contributes to Wai mauri.)	
4.1	Library of Te Mana o te Wai guidance documents (number of times accessed/downloaded).	Baselined in 2022/23.
Achieved. The library of guidance on Te Mana o te Wai available on the Taumata Arowai website were accessed by 2,836 unique users between 1 July 2022 and 30 June 2023. These are our baseline figures for future measurement.		
4.2	Number of webinars about Te Mana o te Wai, number of participants, feedback from participants.	Baselined in 2022/23.
Achieved. There were 7 Te Mana o te Wai webinars with a total of 184 webinar participants between 1 July 2022 – 30 June 2023. These are our baseline figures for future measurement.		
4.3	Number of joint initiatives and meetings with agencies (such as the Ministry for the Environment, Ministry of Education, academic institutions) and other parties to promote an understanding Te Mana o te Wai.	Baselined in 2022/23.
Achieved. Number of joint initiatives on Te Mana o te Wai 1 July 2022 – 30 June 2023: 1 (the collaboration with Water NZ on a specific space for Te Mana o te Wai at the Water NZ conference 2022).		
4.4	Trends in the results of regulatory audits and monitoring.	Baselined in 2022/23.
Not reported. Audits are one of many regulatory tools available to Taumata Arowai. There is no specific audit programme or schedule of regular audits available to analyse to determine trends. The intent of this measure was to demonstrate the impact of our regulatory interventions. This intention is captured in another performance measure, “15.1: Number of incidents where Taumata Arowai had to intervene and use powers to ensure effective management.”		
4.5	Direction from Te Puna on giving effect to Te Mana o te Wai – reporting if the direction is taken and implemented (Reporting as required by s17(3) of TAWSRA)	Baselined in 2022/23.
Achieved. Reporting as required by s17(3) of TAWSRA. No formal advice on giving effect to Te Mana o te Wai was received from Te Puna. Te Puna has direct input into decision-making by the Board through scheduling Te Puna meetings ahead of Board meetings, Te Puna receiving the full Board meeting pack and feedback being provided to the Board via the two joint Board/Te Puna members.		

Ref.	How we will collect data for measures	Performance Assessment 2022/23
5.	Through our balanced regulatory approach (including monitoring and enforcement), we ensure drinking water suppliers and other duty holders under the WSA comply with legislative requirements, including Standards and Rules. (Contributes to Wai mauri and Wai mana.)	
5.1	Tracking the behaviour of suppliers who have been the subject of enforcement action over time – does it improve subsequent behaviour? Is repeat enforcement action required? <ul style="list-style-type: none"> Analysed by type of enforcement action, seriousness of behaviour requiring action, size and type of supplier and location. 	Tracking system scoped and implemented.
Achieved. One instance of enforcement action was taken over the reporting period – the direction issued to Clutha District Council (CDC) and its former water services contractor City Care Water Limited. CDC is still working to address the issues raised in the direction and has no further instances of needing enforcement action.		
5.2	Case studies for qualitative assessment of the behaviours and motivations of suppliers and other duty holders.	Case study participants identified with formal agreements negotiated in 2022/23.
Achieved. This year, the case study participants were identified, and agreements to participate negotiated. The participants and the scope of the cases are listed under measure 1.2.		
5.3	Kaupapa Māori research on Māori responses to regulatory approach.	Research scoped.
Achieved. This year, we scoped the Kaupapa Māori research on Māori responses to regulatory approach. Our regulatory approach includes the CME, regulatory policies, supply registration, the exemption process, communications, sector capability activities, and our guidance material.		
6.	We help to grow the capability and resilience of the water services sector so that water services improve over time. (Contributes to Wai mana.)	
6.1	Programme of work to measure the regulatory system's impact on capability and resilience.	Programme scoped.
Achieved. We have scoped the programme of work on measuring the regulatory system's impact on capability and resilience of the sector. The programme of work will be implemented in 2023/24.		
7.	Through our mana and influence, drinking water suppliers provide equitable access to safe and sufficient drinking water and resilient water networks. (Contributes to Wai mana.)	
7.1	Success of our input into decision-making on the distribution of funding to support the upgrade of small supplies. Number of communities assisted and results of assistance (improvements in health of water and people over time).	Data collection and analysis work programme scoped.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
<p>Not reported.</p> <p>Scoping of this measure was achieved in 2022/23. However, the scoping activity identified that Taumata Arowai does not play a substantive role in the decision-making relating to the Rural Drinking Water Programme led by Crown Infrastructure Partners. We have removed this measure for 2023/24 and out-years.</p>		
7.2	Trends from the annual Drinking Water Regulation and Network Environmental Performance reports.	Baselines established for Drinking Water Regulation.
<p>Achieved.</p> <p>See measure 2.2 for link to the Drinking Water Regulation Report and its publication date.</p> <p>The Drinking Water Regulation Report covers the 2022 calendar year. Key metrics and 2022 calendar year results are reported above at performance measure 2.2 “Trends from annual drinking water regulation and drinking water, wastewater, stormwater network environmental performance reporting.”</p> <p>Network Environmental Performance Reports have yet to be developed. Initial data will be collected in 2023/24.</p>		
7.3	Results of the work programme with the economic regulator for water – once appointed.	Work programme scoped (subject to the date of the appointment).
<p>Not reported.</p> <p>The Commerce Commission has been confirmed as the intended economic regulator for water, however, aspects of its functions come into force in future years in accordance with transitional arrangements in the Water Service Economic Efficiency and Consumer Protection Act 2023. While we have been working with the Commerce Commission to develop a common understanding, there is no formal agreed work programme.</p>		
8.	Taumata Arowai, through its regulatory stewardship and actions, contributes to the improvement of the performance of drinking water, wastewater and stormwater systems over time. (Contributes to Wai mana.)	
8.1	Trends from the Network Environmental Performance report/s.	Approach to the reports scoped.
<p>Achieved.</p> <p>This year, the second tranche of drinking water Network Environmental Performance Measures were gazetted and published in June 2023. In July 2023, drinking water network operators will begin reporting their 2022/23 results to Taumata Arowai. The first annual Network Environmental Performance Report is due to be completed and presented to the House of Representatives late in the 2023/24 year.</p> <p>Network Environmental Performance Measures for wastewater were developed in 2022/23, with a view to them coming into force from early 2024, and we expect to incorporate these results the annual Network Environmental Performance Report in March 2025. Network Environmental Performance Measures for stormwater will be developed in late 2023/24, with a view to be adopted from 1 July 2024 and reported in March 2025.</p>		

Ref.	How we will collect data for measures	Performance Assessment 2022/23
9.	Taumata Arowai is acknowledged as a trusted and effective regulator by the Crown, Treaty partners, stakeholders and the general public. (Contributes to Wai ora).	
9.1	See 1.1 for a description of the survey. <ul style="list-style-type: none"> The % of survey respondents (stakeholders, suppliers, network operators, Māori, and the general public) who view Taumata Arowai as trusted and effective regulator. 	Baseline from the stakeholder and supplier survey.
Achieved. This year, the baseline survey was achieved (completed). See notes to measure 1.1 for how the results are calculated. <ul style="list-style-type: none"> Taumata Arowai is trustworthy: 59% of stakeholders (October 2022); 32% of suppliers (June 2023). Taumata Arowai is an effective regulator: 28% of stakeholders (October 2022); 25% of suppliers (June 2023). 		
9.2	Trends in results from participation in the Kiwis Count survey.	Establish if we can get responses specific to Taumata Arowai from this survey.
Not reported. Scoping of this measure was achieved in 2022/23. However, the scoping activity confirmed that Taumata Arowai is not able to participate in the Public Service Commission's Kiwis Count Survey, and our own surveying of stakeholders and the public is not able to be readily benchmarked with the Kiwis Count Survey. We have removed this measure for 2023/24 and out years.		

Short-term deliverables

We have nine short-term deliverables, with up to a four-year horizon. These deliverables demonstrate our performance.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
10.	We make, publish, monitor and enforce standards, rules and other requirements – for drinking water and water networks – and report on compliance with these in annual technical reports. (Links to Wai mana and KRA 8).	
10.1	Consultation trends: <ul style="list-style-type: none"> • number of consultations • number of documents included • number of submissions • number of new standards and rules developed. 	Report trend from 2021/22 baseline measures and assess if a target would be useful.
Achieved. In 2021/22, Taumata Arowai conducted seven consultations for seven documents, which received a total of 2,098 submissions. In 2022/23, Taumata Arowai conducted two consultations and one engagement for three documents, which received a total of 45 submissions.		
10.2	No secondary regulatory instrument made or issued by Taumata Arowai is disallowed by Parliament.	Achieved/Partly Achieved/Not Achieved.
Achieved. No instruments developed by Taumata Arowai were disallowed by Parliament during the 2022/23 financial year.		
10.3	Trends from the annual Drinking Water Regulation and Network Environmental Performance reports.	Baseline established for Drinking Water Regulation reporting.
Achieved. See measure 2.2 for link to the Drinking Water Regulation Report and its publication date. The Drinking Water Regulation Report covers the 2022 calendar year. Key metrics and 2022 calendar year results are reported above at performance measure 2.2 “Trends from annual drinking water regulation and drinking water, wastewater, stormwater network environmental performance reporting.”		
11.	We publish guidance and technical performance reports to help drinking water suppliers meet our expectations on their performance, including giving effect to Te Mana o te Wai. (Links to Wai mauri.)	
11.1	Library of guidance for sector and consumers on water suppliers’ duty of care, complaints and notifications processes, annual technical reports, giving effect to Te Mana o te Wai and toolkits for marae, number of times each downloaded – by type of guidance. This includes guidance provided by others that we have collaborated on.	Baseline established in 2022/23.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
<p>Achieved.</p> <p>The library of guidance for sector and consumers available on the Taumata Arowai website were accessed by 14,319 unique users between 1 July 2022 and 30 June 2023. These are our baseline figures for future measurement. Types of guidance accessed are not readily identified and so are not reported.</p>		
11.2	<p>See 1.1 for a description of the survey.</p> <ul style="list-style-type: none"> The % of survey respondents (stakeholders, suppliers, network operators) who advise that the guidance is useful to them. 	Baseline established from the stakeholder and supplier survey.
<p>Achieved.</p> <p>This year, the baseline survey was achieved (completed). See measure 1.1 for how the results are calculated.</p> <ul style="list-style-type: none"> Taumata Arowai produces useful information: 56% of stakeholders (June 2023); 46% of suppliers (June 2023). 		
12.	<p>We publish information for consumers to find:</p> <ul style="list-style-type: none"> who their drinking water supplier is how to make a complaint about their supply or the supplier about Te Mana o te Wai how domestic self-suppliers can ensure their drinking water is safe how stormwater and wastewater systems in their region are performing. (Links to Wai mauri and Wai mana.) 	
12.1	Library of information for water consumers and domestic self-suppliers, number of times each item is accessed/ downloaded. This includes guidance provided by others that we have collaborated on.	Baseline established in 2022/23.
<p>Achieved.</p> <p>The library of guidance for water consumers and domestic self-suppliers available on the Taumata Arowai website were accessed by 886 unique users. Additionally, Taumata Arowai contributed to 5 Water NZ webinars with a total of 697 participants. These are our baseline figures for future measurement.</p>		
12.2	<p>See 1.1 for a description of the survey.</p> <ul style="list-style-type: none"> The % of public survey respondents who advise that the guidance is useful to them. 	Baseline established in 2022/23.
<p>Achieved.</p> <p>This year, the baseline survey was achieved (completed). See measure 1.1 for how the results are calculated.</p> <ul style="list-style-type: none"> Which of the following best describes the extent you have interacted with Taumata Arowai: 17% of the society survey participants had at least heard of Taumata Arowai (May 2023) How satisfied or dissatisfied were you with the information included on the [Taumata Arowai] website: 44% fairly satisfied or very satisfied (May 2023). 		
12.3	Up to date, accessible, searchable public register of drinking water suppliers (as supplies are verified).	Achieved.
<p>Achieved.</p> <p>Hinekōrako has been set up as our online portal for water suppliers and for their customers to find information about their supplier. It provides an online searchable register of all verified supplies.</p>		

Ref.	How we will collect data for measures	Performance Assessment 2022/23
13.	We are active regulatory stewards – we take a whole-of-system view of regulation and take a proactive collaborative approach to care for the system. (Links to Wai mana.)	
13.1	<p>Reviews of the regulatory system:</p> <ul style="list-style-type: none"> assessment of percentage of the performance of the regulatory system that is reviewed frequency of reviews actions taken to resolve risks and issues within the system. <p>Benchmarked against other regulatory stewardship agencies.</p>	Data collection and analysis scoped.
<p>Achieved.</p> <p>Data collection and analysis been scoped based on MBIE's Regulatory Stewardship Review and Maturity Assessment tool. Review to be completed by independent assessor; procurement proposal for independent assessor completed.</p>		
14.	We provide effective, efficient and easy to use registration and notification systems. (Links to Wai mana.)	
14.1	<p>The Taumata Arowai registration and notifications systems are available for >95% of time (measure may change once a baseline is established).</p> <ul style="list-style-type: none"> number of outages planned/unplanned time until restored. 	Baseline established in 2022/23.
<p>Achieved.</p> <p>The percentage of total hours that Hinekōrako was unavailable was 1.65% between 1 July 2022 – 30 June 2023. The percentage of total hours for Hinekōrako being unplanned outages was 0.10%. These are our baseline figures for future measurement.</p>		
14.2	<p>See 1.1 for a description of the survey.</p> <p>The % of supplier and laboratory survey respondents who advise that:</p> <ul style="list-style-type: none"> our systems are effective, efficient and easy to use help is readily available if required. 	Baseline established in 2022/23.
<p>Achieved.</p> <p>This year, the baseline survey was achieved (completed). See measure 1.1 for how the results are calculated.</p> <p>Stakeholder survey results:</p> <ul style="list-style-type: none"> Taumata Arowai has systems that are effective and efficient: 60% of water testing laboratories (June 2023); 23% of suppliers (June 2023). Taumata Arowai has systems that are easy to use: 60% of water testing laboratories (June 2023); 27% of suppliers (June 2023). Taumata Arowai readily provides help when needed: 40% of water testing laboratories (June 2023); 34% of suppliers (June 2023). 		
15.	We have oversight of responses to drinking water incidents and provide appropriate advice when there is a civil defence or drinking water emergency. (Links to Wai ora.)	
15.1	Number of incidents where Taumata Arowai had to intervene and use powers to ensure effective management.	Baseline established in 2022/23.

Ref.	How we will collect data for measures	Performance Assessment 2022/23
Achieved. One instance of enforcement action was taken over the reporting period – the direction issued to Clutha District Council (CDC) and its water services contractor. CDC is still working to address the issues raised in the direction and has no further instances of needing enforcement action.		
15.2	Trend from post-incident reviews and participant surveys: <ul style="list-style-type: none"> % of participants in drinking water incidents/emergencies who approve of the actions and advice given by Taumata Arowai. 	Baseline established in 2022/23.
Not reported. Taumata Arowai has not declared a drinking water emergency, so a baseline cannot be established. Measure 15.2 has been removed from 2023/24 SPE pending a redesign of this measure.		
16.	We participate in programmes that build the capability and capacity of the water services sector and promote public understanding of the environmental performance of drinking water, wastewater and stormwater networks. (Links to KRA 4)	
16.1	Programme of work to build sector capability and capacity, including Te Mana o te Wai capability and capacity.	Programme scoped.
Partially achieved. Sector capability and capacity work programme scoped. Te Mana o te Wai capability and capacity work programme was not completed during 2022/23. While the Te Mana o te Wai programme of work has not yet been scoped, recruitment has commenced which will allow for this to be resourced and achieved in 2023/24.		
16.2	See 1.1 for a description of the survey. <ul style="list-style-type: none"> The % of public survey respondents who advise that they understand our reporting on the environmental performance of drinking water, wastewater and stormwater networks. 	No target.
Not reported. No target set in 2022/23 SPE because the Network Environmental Performance reporting does not commence until 2023/24.		
17.	Taumata Arowai identifies the right mix of resources needed to operate effectively at our stage of development, including capability and capacity for giving effect to Te Mana o te Wai, to the extent it relates to our functions and duties. (Links to Wai ora and KRA 5)	
17.1	See 1.1 for a description of the survey. <ul style="list-style-type: none"> The % of stakeholder survey respondents that see Taumata Arowai as having the right mix of resources to operate. 	Baseline established in 2022/23.
Achieved. This year, the baseline survey was achieved (completed). See measure 1.1 for how results are calculated. <ul style="list-style-type: none"> Taumata Arowai has the right mix of resources needed to operate effectively at its current stage of development: 38% of stakeholders (October 2022). 		

Ref.	How we will collect data for measures	Performance Assessment 2022/23
17.2	Trends in regulatory capability framework, gap analysis and targeted learning solutions.	Scoped and implemented 2022/23.
Achieved. Regulatory Capability Framework completed. Initial learning solutions to build baseline regulatory capability implemented. Targeted learning solutions identified based on gaps evident in the Regulatory Capability Framework.		
18.	We respond to statutory requests for information, reporting requirements and critical notifications lawfully and in a timely manner. (Links to Letter of Expectations.)	
18.1	Timely delivery of appropriate responses to requests from Parliament (PQs); the Minister (Ministerials and briefings); Media, Privacy Act and Official Information Act requests; quarterly and statutory reporting.	> 95%
Achieved. Taumata Arowai received 34 Official Information Act requests, 93 written parliamentary questions, 19 ministerial briefings, and 0 Privacy Act requests from 1 July 2022 – 30 June 2023. All were responded to within the required timeframe (including approved extensions).		
18.2	No decisions to overturn responses following complaints to or decisions from the Ombudsman or Privacy Commissioner.	Achieved.
Achieved. During the 2022/23 financial year, no Privacy Act request complaints or OIA request complaints were received or upheld by the Privacy Commission or Ombudsman, respectively.		
18.3	See 1.1 for a description of the survey. <ul style="list-style-type: none"> The % of stakeholder survey respondents who describe our response to requests for information as being timely. 	Baseline established in 2022/23.
Achieved. This year, the baseline survey was achieved (completed). See measure 1.1 for how the results are calculated. <ul style="list-style-type: none"> Taumata Arowai responds to requests for information in a timely manner: 41% of stakeholders (October 2022). 		
18.4	Tracking of responses to critical notifications in Hinekōrako, our registrations and intelligence system.	Tracking and reporting method scoped and implemented.
Achieved. Tracking and reporting method scoped and implemented based on the median time between a notification is tagged as critical and the time the notification is responded to by Taumata Arowai staff.		

Ngā pūrongo ahumoni

Financial statements

Statement of comprehensive revenue and expense for the period ended 30 June 2023

	Notes	Actual 2022/23 \$000s	Budget 2022/23 \$000s	Actual 2021/22 \$000s
Revenue				
Funding from the Crown	1	19,666	19,290	18,016
Interest revenue		245	30	29
Other revenue	1	50	80	6
Total revenue		19,961	19,400	18,051
Expenses				
Personnel costs	2	11,608	10,694	9,097
Depreciation and amortisation expense	6, 7	514	476	364
Other expenses	3	6,238	8,230	4,632
Total expenses		18,360	19,400	14,094
Total comprehensive revenue and expense for the period		1,601	-	3,957

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2023

	Notes	Actual 2022/23 \$000s	Budget 2022/23 \$000s	Actual 2021/22 \$000s
Assets				
Current assets				
Cash and cash equivalents	4	9,936	4,917	7,961
Debtors and other receivables	5	30	-	6
GST Receivable		-	240	308
Prepayments		240	75	279
Total current assets		10,205	5,232	8,555
Non-current assets				
Property, plant, and equipment	6	593	577	737
Intangible assets	7	2,676	2,375	2,510
Total non-current assets		3,270	2,952	3,247
Total assets		13,475	8,184	11,803
Liabilities				
Current liabilities				
Payables and deferred revenue	8	1,365	1,014	2,000
GST Payable		508	-	-
Employee entitlements	9	564	924	366
Provisions	10	15	-	14
Total liabilities		2,451	1,938	2,380
Total non-current liabilities		-	-	-
Total liabilities		2,451	1,938	2,380
Net assets		11,023	6,246	9,423
Equity				
Contributed Capital	12	3,400	3,400	3,400
Accumulated surplus/(deficit)	12	7,623	2,846	6,023
Total Equity		11,023	6,246	9,423

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of changes in equity for the period ended 30 June 2023

	Notes	Actual 2022/23 \$000s	Budget 2022/23 \$000s	Actual 2021/22 \$000s
Balance as at 1 July		9,423	6,246	5,466
Capital contribution from the Crown	12	-	-	-
Total comprehensive revenue and expense for the period	12	1,601	-	3,957
Balance as at 30 June		11,023	6,246	9,423

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Statement of cash flows for the period ended 30 June 2023

	Notes	Actual 2022/23 \$000s	Budget 2022/23 \$000s	Actual 2021/22 \$000s
Cash flows from operating activities				
Receipts from the Crown		19,666	19,290	18,016
Receipts from other revenue		26	80	-
Interest received		245	30	29
Net Goods and Services Tax Received/(Paid)		816	64	118
Payments to suppliers		(10,382)	(10,275)	(7,866)
Payments to employees		(7,861)	(8,392)	(5,488)
Net cash flow from operating activities		2,510	797	4,808
Cash flows from investing activities				
Receipts from sale of PPE		-	-	-
Purchase of PPE		(17)	-	-
Purchase of intangible assets		(519)	(223)	(1,689)
Net cash flow from investing activities		(536)	(223)	(1,689)
Cash flows from financing activities				
Capital contribution		-	-	-
Net cash flow from financing activities		-	-	-
Net (decrease)/increase in cash and cash equivalents		1,974	574	3,119
Cash and cash equivalents at the beginning of the period		7,961	4,343	4,843
Cash and cash equivalents at the end of the period	4	9,936	4,917	7,961

Explanations of major variances against budget are provided in Note 16.

The accompanying notes form part of these financial statements.

Te tauākī mō ngā kaupapa here mahi kaute

Statement of accounting policies

Reporting entity

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

Taumata Arowai is the water services regulator for Aotearoa New Zealand and is committed to ensuring all communities have access to safe and reliable drinking water every day. Taumata Arowai also have an oversight role in relation to the environmental performance of drinking water, wastewater, and stormwater networks. Taumata Arowai does not operate to make a financial return.

Taumata Arowai has designated itself a public benefit entity (PBE) for financial reporting purposes.

The financial statements for Taumata Arowai are for the year ended 30 June 2023, and were approved by the Board on 26 October 2023.

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 periods presented.

Although Crown funding has been appropriated to Taumata Arowai for the 2024 financial year, there is still a degree of uncertainty regarding the funding of the 2025 financial year. As at 30 June 2023, \$14.364m of Crown funding had been confirmed and appropriated for the 2025 financial year. The balance of the operational expenditure is expected to be sourced via levies as the 10 water service entities are established, and further Crown funding if required.

As these funding sources are subject to Cabinet decisions and consultation, this creates an element of uncertainty. Despite this fundamental uncertainty, Taumata Arowai still believes it is appropriate to apply the going concern assumption in the preparation of these financial statements.

The rationale for preparing the financial statements on a going concern basis is based upon the current Crown funding which has been appropriated, large reserves balance, and the levy setting and Budget processes which Taumata Arowai and DIA are actively engaging in. Furthermore, Cabinet have previously agreed to some form of levy being established from 1 July 2024, with the expectation that the Budget process will confirm any remaining funding that Taumata Arowai requires to appropriately operate as a regulator.

The financial statements of Taumata Arowai have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Taumata Arowai is a Tier 2 entity and the financial statements have been prepared in accordance with PBE Standards Reduced Disclosure Regime (PBE Standards RDR) for public sector entities. The criteria under which Taumata Arowai is eligible to report in accordance with PBE Standards RDR is that it has total expenses between \$2 million and \$30 million. 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 Taumata Arowai. All values are round to the nearest thousand dollar (\$000), except for related party transactions in Note 13, which are rounded to the nearest dollar.

Changes in accounting policy

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023. Taumata Arowai has assessed that there is little change as a result of adopting the new standard, as the requirements are similar to those contained in PBE IFRS 9.

Summary of significant accounting policies

Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and services tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the Inland Revenue Department, including the GST related to investing activities is classified as net operating cash flows in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. Explanations of major variances against budget are provided in Note 16.

Critical accounting estimates, assumptions, and judgements

In preparing these financial statements, Taumata Arowai 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 - refer to Note 6
- useful lives of intangibles – refer to Note 7.

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

- Going concern assumption - refer to the Statement of Compliance
- Leases classification – refer to Note 3 and 11.

Ngā kōrero tāpiri ki te pūrongo ahumoni mō te tau i mutu i te 30 o Hune 2023

Notes to the Financial Statements for the year ended 30 June 2023

1. Revenue

Accounting policy

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

Revenue from the Crown

Taumata Arowai, has to date, been primarily funded through revenue received from the Crown via Vote Internal Affairs (Non-Departmental Output Expenses: Taumata Arowai), which is restricted in its use for the purpose of Taumata Arowai meeting its objectives as specified in the Statement of Intent, Taumata Arowai—the Water Services Regulator Act 2020 and the Water Services Act 2021.

Taumata Arowai considers there are no conditions attached to the funding and it is recognised at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Interest received

Interest revenue is recognised on an accruals basis using the effective interest method.

Other revenue

Other revenue is recognised on an accrual invoice basis and includes Exemption Application Fees and Secondment charges. Any services provided to third parties on commercial terms are recognised as revenue in proportion to the stage of completion at reporting date.

Breakdown of Other Revenue	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Exemption fee applications	50	5
Secondments	-	1
Total Other Revenue	50	6

2. Personnel costs

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.

Breakdown of Personnel costs	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Salaries and wages	7,621	5,464
Contractors	2,803	2,952
Increase/(decrease) in employee entitlements	153	117
Defined contribution plan employer contributions	225	168
Recruitment costs	316	247
Learning and development	319	70
Other personnel expenses	171	78
Total Personnel Costs	11,608	9,097

3. Other expenses

Breakdown of Other Expenses	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Staff travel and accommodation	460	159
Operating leases (Property, ICT and Motor Vehicles)	560	505
Insurance	75	90
Website and other software development expenses	1,160	662
Marketing and communication	694	606
Consultants	1,382	1,261
Information communication and technology	1,380	837
Governance	306	227
Low value asset purchases	74	97
Fees to BDO for audit of Financial Statements	68	53
Fees to BDO for other services	-	-
Legal expenses	33	58
Other expenses	46	79
Total Other Expenses	6,238	4,632

4. 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.

Breakdown of cash and cash equivalents	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Cash at bank and on hand	9,936	7,961
Term deposits with maturities of three months or less	-	-
Total cash and cash equivalents	9,936	7,961

5. Debtors and other receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses if appropriate. There have been no overdue accounts or losses to date. Short-term receivables will be written off if there is no reasonable expectation of recovery.

Breakdown of Receivables	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Receivables (gross)	-	6
Less: Allowance for credit losses	-	-
Accrued Revenue (Exemption Fees)	30	-
Net Receivables	30	6
Receivables comprise:		
Exchange transactions	30	6
Non-Exchange transactions	-	-

6. 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 Taumata Arowai and the cost of the item can be measured reliably. Purchases of property, plant and equipment are initially recorded at cost.

Costs incurred after the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Taumata Arowai and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are expensed in the surplus or deficit 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 reported net in the surplus or deficit.

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:

- | | | |
|--------------------------|-------------------|----------------|
| • Computer hardware | 3 to 5 years | 20% to 33.3% |
| • Leasehold improvements | 5.5 to 5.75 years | 17.4% to 18.2% |
| • Furniture and fittings | 3 to 15.5 years | 6.45% to 33.3% |
| • Plant and equipment | 3 to 10 years | 10% to 33.3% |

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Impairment of property, plant and equipment

Taumata Arowai does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the surplus or deficit. Any reversal of an impairment loss is also recognised in the surplus or deficit.

Critical accounting estimates and assumptions

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 several factors to be considered such as the physical condition of the asset, expected period of use of the asset by Taumata Arowai 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. Taumata Arowai 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.

Taumata Arowai has not made significant changes to past assumptions concerning useful lives and residual values.

Property, Plant and Equipment Cost	Balance at 30 June 2021 \$000s	Additions \$000s	Disposals \$000s	Balance at 30 June 2022 \$000s
Computer hardware	212	-	-	212
Leasehold improvements	436	-	-	436
Furniture and Fittings	286	-	-	286
Plant and Equipment	13	-	-	13
Total Property, Plant and Equipment Cost	948	-	-	948

Property, Plant and Equipment Cost	Balance at 30 June 2022 \$000s	Additions \$000s	Disposals \$000s	Balance at 30 June 2023 \$000s
Computer hardware	212	9	-	222
Leasehold improvements	436	-	-	436
Furniture and Fittings	286	8	-	294
Plant and Equipment	13	-	-	13
Total Property, Plant and Equipment Cost	948	17	-	965

Accumulated Depreciation and Impairment Losses	Balance at 30 June 2021 \$000s	Depreciation Expense \$000s	Impairment or Disposals \$000s	Balance at 30 June 2022 \$000s
Computer hardware	15	54	-	69
Leasehold improvements	25	76	-	101
Furniture and Fittings	10	29	-	38
Plant and Equipment	0	2	-	2
Total Accumulated Depreciation and Impairment Losses	50	160	-	211

Accumulated Depreciation and Impairment Losses	Balance at 30 June 2022 \$000s	Depreciation Expense \$000s	Impairment or Disposals \$000s	Balance at 30 June 2023 \$000s
Computer hardware	69	55	-	124
Leasehold improvements	101	76	-	177
Furniture and Fittings	38	29	-	67
Plant and Equipment	2	2	-	5
Total Accumulated Depreciation and Impairment Losses	211	161	-	372

Carrying Amounts	Balance at 30 June 2021 \$000s	Balance at 30 June 2022 \$000s	Balance at 30 June 2023 \$000s
Computer hardware	197	143	98
Leasehold improvements	411	335	259
Furniture and Fittings	277	248	227
Plant and Equipment	13	11	9
Total Carrying Amounts	898	737	593

7. Intangible assets

Intangible assets consists of developed computer software which is measured at cost less accumulated amortisation and impairment losses.

Work in progress (developed computer software) is measured at cost to date less impairment losses (if any).

Software acquisition and development

Costs that are directly associated with the development of software for internal use are initially recognised as an intangible asset under the Work in Progress classification.

At the relevant release date for new features, the costs are transferred to their own Intangible Asset category and amortised over their useful life. Direct costs include employee and contractor costs.

Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are expensed when incurred. Costs associated with development and maintenance of the Taumata Arowai website are expensed when incurred.

Taumata Arowai has developed a customised software as a service code base through creating whole new functionalities and are not using the existing 'software', but instead hosting on the Microsoft 365 platform. The new functionalities create significant future economic benefits to Taumata Arowai and third parties.

Taumata Arowai has the ability to restrict others' access to these benefits through controlling who can register and access the system. Furthermore, Taumata Arowai can extract its data and customised code base from Microsoft 365 at our discretion and therefore could utilise this code on another provider's hosting platform.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows across both the current and comparable period:

- Developed computer software – 3 to 8 years
12.5% to 33.3%

Impairment of 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:

- (a) the new feature release is cancelled; or
- (b) the new feature is defective and does not increase the future economic benefits derived from the system; or
- (c) 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 Taumata Arowai largely comprises:

- Hinekōrako - the primary channel for registration and management of drinking water supplies – allowing suppliers and laboratories to share information with Taumata Arowai.
- 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 Taumata Arowai to estimate the useful life of the software assets. In assessing the useful lives of software assets, several factors are considered, including:

- the period of time the software is intended to be in use
- the effect of technological change on systems and platforms
- the expected time frame for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the statement of financial position. Taumata Arowai has estimated a useful life of up to eight years for its Hinekōrako regulatory and Business Intelligence Data platforms based on their anticipated period of use. This useful life is still considered reasonable based on the current performance and use of the software. There are currently no indicators the period of use of the software will be materially different.

Intangible Assets Cost	Balance at 30 June 2021 \$000s	Additions \$000s	Transfer out of Work in Progress \$000s	Balance at 30 June 2022 \$000s
Hinekōrako	-	2,580	-	2,580
Business Intelligence Data Platform	-	90	-	90
Work in progress (software)	1,024	-	(981)	44
Total Intangible Assets Costs	1,024	2,670	(981)	2,714

Intangible Assets Cost	Balance at 30 June 2022 \$000s	Additions \$000s	Transfer out of Work in Progress \$000s	Balance at 30 June 2023 \$000s
Hinekōrako	2,580	253	-	2,834
Business Intelligence Data Platform	90	310	-	399
Work in progress (software)	44	-	(44)	-
Total Intangible Assets Costs	2,714	563	(44)	3,233

Accumulated Amortisation and Impairment Losses	Balance at 30 June 2021 \$000s	Amortisation Expense \$000s	Impairment \$000s	Balance at 30 June 2022 \$000s
Hinekōrako	-	198	-	198
Business Intelligence Data Platform	-	6	-	6
Work in progress (software)	-	-	-	-
Accumulated Amortisation and Impairment Losses	-	204	-	204

Accumulated Amortisation and Impairment Losses	Balance at 30 June 2022 \$000s	Amortisation Expense \$000s	Impairment \$000s	Balance at 30 June 2023 \$000s
Hinekōrako	198	339	-	537
Business Intelligence Data Platform	6	13	-	19
Work in progress (software)	-	-	-	-
Accumulated Amortisation and Impairment Losses	204	353	-	556

Carrying Amounts	Balance at 30 June 2021 \$000s	Balance at 30 June 2022 \$000s	Balance at 30 June 2023 \$000s
Hinekōrako	-	2,383	2,296
Business Intelligence Data Platform	-	84	380
Work in Progress (Software)	1,024	44	-
Total Carrying Amounts	1,024	2,510	2,676

Capital commitments

There were no contractual commitments for the acquisition of intangible assets at balance date.

8. Payables and deferred revenue

Short-term payables are recorded at the amount payable.

Breakdown of Payables	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Payables under exchange transactions		
Accounts payable	1,112	1,587
Accrued expenses	212	382
Income in Advance (Exemption Fees)	27	-
Other payables	14	31
Total payables under exchange transactions	1,365	2,000
Payables under non-exchange transactions	-	-
Total Payables	1,365	2,000

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

9. Employee entitlements

Short-term employee benefits

Employee benefits that are due to be settled wholly within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned but not yet taken at reporting date.

Presentation of employee entitlements

Accrued salaries, wages and annual leave are classified as a current liability. Taumata Arowai does not offer long service leave entitlements to employees and there are no other non-current employee entitlements.

Breakdown of Employee Entitlements	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Current portion		
Accrued salaries and wages	238	153
Annual leave	311	213
Sick leave	15	-
Total current portion	564	366
Total non-current portion	-	-
Total employee entitlements	564	366

10. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that an outflow of future economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

ACC workplace cover levies

Taumata Arowai has made a provision for the ACC levies due for the quarter from April to June 2023 based off payroll reporting as ACC charges levies on a March financial year-end.

Breakdown of Provisions	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Current portion		
ACC Workplace Cover Levies	15	14
Total current portion	15	14
Total non-current portion	-	-
Total provisions	15	14

11. Contingencies and commitments

Contingent assets and liabilities

Taumata Arowai had no contingent assets or liabilities as at 30 June 2023 (2022: Nil.)

Operating lease commitments

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to Taumata Arowai 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.

The future aggregate minimum lease payments to be paid under operating leases are as follows:

Breakdown of Operating Leases	Actual 2022/23 \$000s	Actual 2021/22 \$000s
Not later than one year	480	484
Later than one year and not later than five years	1,004	1,416
Later than five years	-	-
Total Operating Leases	1,484	1,899

Taumata Arowai leases its main premises at Level 2, 10 Brandon Street, Wellington which expires on 30 November 2023 and holds a further right of renewal for a period of three years.

There are no restrictions placed on Taumata Arowai by any of its leasing arrangements.

12. 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
- Total comprehensive revenue and expense.

Breakdown of Equity	Balance at 30 June 2021 \$000s	Capital Contribution or Surplus \$000s	Capital Repayment or Deficit \$000s	Balance at 30 June 2022 \$000s
Contributed Capital	3,400	-	-	3,400
Accumulated surplus/(deficit)	2,066	3,957	-	6,023
Total Equity	5,466	3,957	-	9,423

Breakdown of Equity	Balance at 30 June 2022 \$000s	Capital Contribution or Surplus \$000s	Capital Repayment or Deficit \$000s	Balance at 30 June 2023 \$000s
Contributed Capital	3,400	-	-	3,400
Accumulated surplus/(deficit)	6,023	1,601	-	7,623
Total Equity	9,423	1,601	-	11,023

13. Related party transactions

Taumata Arowai is controlled by the Crown. Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship
- on terms and conditions no more or less favourable than those that it is reasonable to expect Taumata Arowai would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Related party transactions required to be disclosed

Taumata Arowai did not enter into transactions with other Crown related entities on non-commercial terms.

Key Management Personnel Compensation	Actual 2022/23 \$	Actual 2021/22 \$
<i>Board Members</i>		
• Remuneration	120,000	120,000
• Headcount	0.88	0.88
<i>KOPA (Leadership Team)</i>		
• Remuneration	1,070,437	980,871
• Full-time equivalent members	4.01	4.00
Total key management personnel remuneration	1,190,437	1,100,871
Total full-time equivalent personnel	4.89	4.88

The full-time equivalent personnel for Board members has been based on the expected commitment by the Minister of Local Government as outlined in their respective appointment letters. An analysis of Board member remuneration is provided on pages 30 of this Annual Report.

14. Financial instruments

Taumata Arowai is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, receivables and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the surplus or deficit.

All financial assets and financial liabilities are measured at amortised cost.

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Financial Instrument Categories	Actual 2022/23 \$000s	Actual 2021/22 \$000s
<i>Financial liabilities measured at amortised cost</i>		
Payables	1,365	2,000
Total financial liabilities measured at amortised cost	1,365	2,000
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	9,936	7,961
Receivables	30	6
Total financial assets measured at amortised cost	9,965	7,967

15. Events after the balance date

There were no significant events after the balance date.

16. Explanation of major variances against budget

Statement of comprehensive revenue and expense

Personnel Costs

Personnel costs were greater than budgeted by \$0.914 million, primarily driven by the tight labour market and unexpected vacancies, requiring contractor support in key roles.

Other Expenses

Other expenses were less than budgeted by \$1.992 million due to:

- a reduced communications approach, opting for direct engagement rather than widespread campaigns
- reduced spend on external consultants for policy and sector capability projects due to capacity constraints, addressed through increased contractor costs
- external research being deprioritised by the organisation for the year
- minimal use of legal funds held.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents were \$5.019 million higher than budget due to the higher level of surplus than forecast at the beginning of the period (2021/22 surplus). This was exacerbated due to the reduced expenditure in the 2022/23 year than planned (see Statement of comprehensive revenue and expense).

Statement of cash flows

Payments to employees

Payments to employees were less than budgeted by \$0.531 million, mainly due to the delays in recruitment and unexpected vacancies noted above. Consequently, cash outflows for payments to employees were less than budgeted.

Te anga whakamua

Our way forward

Through our establishment, Taumata Arowai has prioritised the development and operation of core regulatory systems and an initial focus on registered drinking water supplies that collectively serve around 85% of New Zealanders. We are building our regulatory presence across the country to work closely with the sector to deliver on the aim of safe water for everyone.

With our core regulatory systems for drinking water now set up and underway, we are working to prepare for our other statutory functions in wastewater and stormwater that come into effect on 4 October 2023. This will expand our role to include regulation and oversight of the three waters together.

We are preparing to receive data for the first tranche of drinking water network environmental performance measures that were introduced from 1 July 2022 to 30 June 2023. Reporting from network operators is due by the end of September 2023. Reporting against these measures will provide greater transparency about the performance and impacts these networks have on the environment and public health. We will be releasing the first annual report on these measures in 2024.

Building on this, we intend to shine a light on the environmental performance of wastewater and stormwater networks in outyears. As we start monitoring and reporting on the environmental performance of all three water services, New Zealanders will have visibility of comparative performance locally, regionally, and nationally.

Through our Drinking Water Safety Plan reviews, we will build a greater understanding of how supplies and risks are being managed. We expect to have an increase in our regulatory activities with suppliers to support a reduction in safety risks. Where needed, we will also be exercising more of our enforcement tools to ensure the water is safe.

We have a leading role in the water services sector, and the sector is facing challenges where there has been underinvestment. As a key agency within the drinking water, wastewater, and stormwater system, we will continue to work to deliver on the aim of safe water every day for everyone.

