

19 October 2021

Hon Nanaia Mahuta
Minister of Local Government

Tēnā koe Minister Mahuta

LETTER OF EXPECTATIONS 2021/22

I write on behalf of the Board to acknowledge your letter of 23 August 2021.

We value the pragmatic approach you have taken with your expectations of Taumata Arowai, planning and reporting requirements and funding and financial matters. We particularly appreciate the extensions of time for developing our accountability documents.

The Board understands the importance of undertaking periodic independent evaluations of governance practices and has agreed to undertake a baseline assessment in the current financial year.

RESPONSE TO YOUR SPECIFIC EXPECTATIONS

We will be using your six specific expectations as the basis for our performance reporting in this financial year, while developing an enduring performance framework as part of preparing our Statement of Intent 2022 – 2026 and Statement of Performance Expectations 2022/23.

Our initial performance report – forwarded to the Department of Internal Affairs at the end of August – used the expectations from the draft Letter of Expectations as the basis for reporting on our performance from 1 March to 30 June. From here onwards, we will use those from your letter of 23 August.

KEY STRATEGIC CHALLENGES AND OPPORTUNITIES

We have identified five key strategic challenges and opportunities for Taumata Arowai over the balance of this financial year.

1. The opportunity to work with the Māori Advisory Group to reach out early to iwi/Māori to build relationships. It is key that Taumata Arowai builds strong relationships and partnerships with iwi/Māori, as consumers, communities, drinking water suppliers and kaitiaki o Te Mana o te Wai.
2. Communicating the need for an independent water quality regulator to the various groups of drinking water suppliers.
3. The opportunity to lead the water services sector from a rules-based to risk management-based approach.
4. The risk that we may not have been able to acquire a full staff complement when we 'go live' as the regulator.
5. The risk that COVID-19 affects our ability to deliver services in the way we plan to do so.

The following sections of this letter lay out these in more detail, along with our proposed approach.

Reaching out to iwi/Māori

As a new entity, we can constitute ourselves differently. We have made the most of that opportunity, taking a lead from the legislation that established us. Taumata Arowai has a deliberate Māori whakapapa. We have a te reo name, our staff use te reo greetings and mihi mihi and we are actively trying to embed mātauranga Māori into our daily operations.

The Board values its relationship with our Māori Advisory Group and is working with this rōpū on aligning our work programmes and joint mahi. The members of the Māori Advisory Group and its Chair have identified that they will, in time, adopt a name change that reflects this relationship and their critical role.

We have not lost sight of the Memorandum of Understanding (MoU) and Terms of Reference (ToR) that are required under legislation. We have opted to first put the principles of how we will operate together in practice before recording that in the MoU and ToR as we consider this to be a more enduring approach. At the heart of how we will work together is the recognition of joint aspirations and desire to collaboratively achieve these.

This foundation will support Taumata Arowai effectively contributing to the Māori–Crown relationship. It will also support how Taumata Arowai will engage with whānau, hapū, iwi, Māori as Treaty partners, kaitiaki o Te Mana o te Wai and as drinking water suppliers.

We will actively partner with the Māori Advisory Group to assist staff and the Board to reach out to Māori in general, particularly those involved with supplying water to their communities, to understand their needs and support them as they transition to the new regulator and regime. We will also work closely with Te Arawhiti and Te Puni Kōkiri to maximise our reach.

Communicating the need for an independent regulator

It is evident from some of the feedback we have received or seen in the media that a few commentators believe that the role of Taumata Arowai is tied to the decision-making around who delivers the water services.

We have developed our communication and engagement strategies to send clear messages to the various groups of drinking water suppliers about our ongoing role, what has driven the need for it and what it means for them.

Leading the new regulatory water services sector approach

As a new entity, we can shift the culture of the water services sector from rules-based to risks management-based. The opportunity also comes with challenges in managing expectations. The water services sector has very high expectations of Taumata Arowai, and we have a very large work programme requiring a staged approach.

Our key messaging to the sector is consistently emphasising the shift in focus and that we will be taking a completely different approach from the Ministry of Health but also explaining the staged approach and the reasons for this.

We are developing our first plan, operative from the Water Services Act's Royal Assent to 30 June 2022, that will outline our approach to compliance, monitoring and enforcement through that initial period.

Over this financial year we will draft and consult on our Drinking Water Compliance, Monitoring and Enforcement (CME) strategy as part of our overarching strategy development. We plan to include the Compliance, Monitoring and Enforcement strategy as part of our Statement of Intent 2022 – 2026.

Limited supply of staff resources and relevant skills

Aotearoa currently has a low unemployment rate and key skills can be difficult to find, especially with the extremely limited ability to import skills from overseas because of COVID restrictions. At this point in time, we still have some vacancies in our regulatory team and are taking steps to reduce that risk.

We are promoting our status as a new, small organisation that is innovative, creative, smart and agile to position ourselves as an employer of choice. However, we acknowledge that, in a tight candidate market, we may need to be paying above average remuneration packages to attract and retain the best possible applicants.

To mitigate our inability to import key skills from outside Aotearoa, we have reached out to other water regulators and international water experts – such as Aurecon and the Water Industry Commission for Scotland – and are developing relationships with them where we can draw on their expertise.

COVID-19

COVID-19 will continue to be an on-going threat to New Zealand until most of the population is fully vaccinated. Significant outbreaks and lockdowns have the potential to affect our ability to deliver services to our stakeholders. While we can do much of our work remotely, investigations and emergency responses are likely to require in-person attendance and may be impacted.

In closing

You will begin to see regular Taumata Arowai updates, as matters arise, in your weekly Department of Internal Affairs' Status Report, in the section on 'Updates on operational issues'.

Finally, I thank you for your acknowledgement of our work to date and best wishes for the future. I am happy to discuss some or all of these challenges and opportunities with you at any time.

Nāku noa, nā



Dame Karen Poutasi
Chair, Taumata Arowai

Cc Paul James, Chief Executive, Department of Internal Affairs