



2023/24



Tauākī mō ngā Kawatau Mahi Statement of Performance Expectations

Presented to the House of Representatives pursuant to section s149L of the Crown Entities Act 2004.

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Statement of Performance Expectations 2023/24

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Te Whakatauāki 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 the water is the health of the people
Water is a treasure that must be protected
We are water
Water is us

Ngā kaupapa

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He kōrero whakataki

Introductions

Nā te Poari From the Board

Taumata Arowai is a young organisation.

Since our establishment in 2021, we have focused on building a strong foundation based on principles of leadership, influence, and protection.

Our work with Te Puna, the Taumata Arowai Māori advisory group, has been integral to this. Together, we are establishing our vision as the regulator of water services in Aotearoa, 'kia tiakina te wai, hei oranga te katoa – safe water every day for everyone.'

In the year ahead, we will build on these foundations, educating New Zealanders about our regulatory role and making sure we have the tools we need to deliver on our obligations.

While we are now actively regulating the quality of drinking water, tens of thousands of drinking water suppliers will need to register with us by 2025 and be fully compliant by November 2028. This is a time for us to listen and understand what we need to do to build a new regulatory system that works for all New Zealanders.

We plan to continue our regulatory leadership as regards to giving effect to Te Mana o te Wai. We also intend to work with communities, suppliers and government agencies to help build resilience to respond to emergency events.

The recent reset of the Water Services Reform Programme sees a proposed increase to ten water services entities. The timeframe for setting up all these entities has been extended to 2026, which is two years later than originally planned. As we move forward with these changes, we know the year ahead will be a time of significant public interest. We are confident that our strong foundations will ensure all New Zealanders continue to have access to safe drinking water.

Over the coming year, we are committed to working with Māori to inform the evolution of our performance framework so that it reflects te ao Māori perspectives.

This Statement of Performance Expectations is a statutory document, required under section 149C of the Crown Entities Act 2004. It sets out our annual performance expectations and provides a baseline to assess our performance.

Nā Te Puna From Te Puna

Tēnā a Matariki kua rewa i te pae. Nō reira, kaweā atu ngā mate o te tau kia wheturangitia ki te pō. E ao te rā ki a tātou te hunga ora. Nei rā ngā mihi a Te Puna e rere atu ana ki a koutou katoa.

E taku wai ora, me pēwhea rā. Kua warewaretia tō mana e te ao hou nei, ā, nei rā te ōati a Te Puna ki a koe; kia whakamutua atu te takahia o too mana. Kia whai hua tā mātou whakahua i te koorero ko wai au, ko wai koe, ko wai tātou.

We are Te Puna, the Māori advisory group for Taumata Arowai. Our mahi is to make sure the voices of Māori lead in building a system that provides safe drinking water and restores the thriving well-being of our wai.

Māori have managed freshwater resources in Aotearoa for over a thousand years and we continue to live in close contact with our wai. Our wai is intrinsic to who we are. Through our unique relationship with the environment as tangata whenua, we have developed an irreplaceable knowledge about wai. This means that mātauranga Māori must play a role in ensuring Te Mana o te Wai guides how we manage drinking water supplies across Aotearoa.

Many Māori whānau live in small rural communities at high risk of significant damage to drinking water supplies from climate change events. Currently, whānau in Taitokerau, Tairāwhiti and Heretaunga are

still rebuilding from the recent destruction of Cyclone Gabrielle and Cyclone Hale. Catastrophic weather events will continue and may become more frequent in some rohe. Over the next year, we will work wherever we can to ensure whānau in these areas have the support they need to rebuild resiliency and restore access to safe drinking water.

Over the past year, it has been our privilege to be a Māori voice for change within the water services sector and ensure Te Tiriti o Waitangi and Te Mana o te Wai are respected at every step of the ambitious journey for Taumata Arowai. Our efforts will continue.

Ko te ora o te wai, ko te ora o te tangata. Our health and that of the water is one and the same.



Tauāki Haepapa

Statement of responsibility

The Board certifies that the information contained in this Statement of Performance Expectations reflects the operation and prospective financial statements, including the appropriateness of the underlying assumptions for Taumata Arowai for the period 1 July 2023 to 30 June 2024.



Dame Karen Poutasi

Board Chair

In signing this statement, we acknowledge our responsibility for the prospective financial statements contained in this Statement of Performance Expectations.



Loretta Lovell

Board member

Mō Taumata Arowai

About Taumata Arowai

Tō mātau ingoa

Our name

Taumata refers to a high point in the landscape from where we can see a broad perspective of what lies beneath. Arowai speaks to the presence of water.

Our name recognises our unique overview of water services in Aotearoa and how, from our unique position, we can ensure Te Mana o te Wai is protected and given effect to throughout the entire water services sector.

Tā mātau matakitenga me te kaupapa

Our vision and purpose

Our vision is *kia tiakina te wai, hei oranga 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.

Tangata whenua have gifted us a framework for how we can operate as a bicultural drinking water services regulator. This framework is our foundation. It includes the Taumata Arowai:

- » pou, or pillars
- » aro, or focuses
- » tikanga, or ways of working
- » whakatauki, or guiding wisdom.

These inform and guide us in all aspects of our mahi.



Te Tiriti o Waitangi

Te Tiriti o Waitangi and partnering with Māori is the foundation of our mahi. We are committed to ensuring the principles of Te Tiriti are woven into everything we do.

The principles of Te Tiriti guide us in achieving our strategic goals to:

- » give effect to Te Mana o te Wai, to the extent to which it applies to our functions and duties
- » improve delivery of drinking water, wastewater, and stormwater services
- » regulate to protect the hauora, or well-being, of people.

The **Taumata Arowai—the Water Services Regulator Act 2020** requires us to:

- » uphold the Te Tiriti o Waitangi and its principles
- » partner and engage early and meaningfully with Māori
- » be informed by Māori on how we can give effect to Te Mana o te Wai
- » be informed by Māori on how we can understand, support, and enable the exercise of mātauranga Māori, tikanga Māori, and kaitiakitanga
- » build and maintain credibility and integrity, so that Taumata Arowai is trusted by Māori
- » engage with Māori and understand their perspectives.

Te Puna has been established to guide us in te ao Māori and our responsibilities to Te Tiriti. We have also created a Te Rōpū Ārahi team within Taumata Arowai to, amongst other things, provide advice on Te Tiriti across our organisation.

We are growing our Māori capability across the organisation. This includes establishing a new leadership team position focused on Te Tiriti o Waitangi and Te Mana o te Wai, growing our Te Rōpū Ārahi function, developing and implementing a five-year plan to build our Te Tiriti partnership capability and accountability, and strengthening our partnerships and engagement functions.

Te Mana o te Wai

All New Zealanders have a special relationship with water and a sense of connection to the rivers, lakes, and wetlands of Aotearoa. Te Mana o te Wai recognises that the well-being of these waters must be protected for us and the wider environment to thrive.

We are committed to supporting tangata whenua in their mahi to define Te Mana o te Wai.

Our strategic goals, objectives, and deliverables demonstrate the practical things we are doing to give effect to Te Mana o te Wai. These are set out in the Enduring Performance Framework. We will continue to work closely with Māori over the next year to update the framework with an ao Māori perspective.

Te Mana o te Wai is underpinned by six key principles.

1. Mana whakahaere: the power, authority, and obligations of tangata whenua to make decisions that maintain, protect, and sustain the health and well-being of, and their relationship with, freshwater.
2. Kaitiakitanga: the obligation of tangata whenua to preserve, restore, enhance, and sustainably use freshwater for the benefit of present and future generations.
3. Manaakitanga: the process by which tangata whenua show respect, generosity, and care for freshwater and for others.
4. Governance: the responsibility of those with authority for making decisions about freshwater to do so in a way that prioritises the health and well-being of freshwater now and into the future.
5. Stewardship: the obligation of all New Zealanders to manage freshwater in a way that ensures it sustains present and future generations.
6. Care and respect: the responsibility of all New Zealanders to care for freshwater in providing for the health of the nation.

Te Mana o te Wai has been recognised in planning documents, including the:

- » **National Policy Statement for Freshwater Management**
- » **Taumata Arowai—the Water Services Regulator Act 2020**
- » **Water Services Act 2021**
- » **Water Services Entities Act 2022.**

A key obligation for all persons exercising functions, powers, or duties under the Water Services Act 2021, including Taumata Arowai and drinking water suppliers, is to give effect to Te Mana o te Wai to the extent it relates to the performance of those functions, powers, and duties.

Giving effect to Te Mana o te Wai requires us to build effective, positive, and enduring relationships with tangata whenua. Tangata whenua are the hereditary kaitiaki of natural resources within their takiwā. Their role as kaitiaki is protected under Te Tiriti o Waitangi, and their responsibility to exercise kaitiakitanga over natural and physical resources is recognised under the Resource Management Act 1991.

Tangata whenua are responsible for defining what Te Mana o te Wai means for them and their communities at a local level. It is these local definitions that drinking water suppliers need to consider under the Act. Part of our mahi is to awahi the water services sector to understand how to practically give effect to Te Mana o te Wai.

The requirement to give effect to Te Mana o te Wai in the Water Services Act 2021 also applies to the water services entities under the Water Services Entities Act 2022 and the Water Services Legislation Bill.

Tā mātou ture Our legislation

We were established as a Crown entity under the Taumata Arowai—the Water Services Regulator Act 2020.

As a Crown agent, we also are subject to the provisions of the Crown Entities Act 2004.

The Water Services Act 2021 provides us with powers necessary to administer the water services regulatory system.

Ā mātou mahi What we do

We undertake a range of activities to protect public health and improve the performance in the water services sector. In all our activities we must give effect to Te Mana o te Wai.

These activities include:

- » taking a balanced approach to regulation: we use a range of tools and approaches to ensure suppliers have effective risk management practices, strengthen the sector's performance, and improve environmental outcomes
- » partnering and engaging early and meaningfully with Māori: Tangata whenua inform us of how we can give effect to Te Mana o te Wai and help us develop a regulatory system that understands the needs of Māori communities
- » developing meaningful relationships throughout the water services sector: to be effective as a regulator, we need to work closely with and through others
- » promoting supplier responsibility: we provide guidance on Te Mana o te Wai, regulatory obligations, and suppliers' duties
- » enhancing sector capability: we contribute to the sector's growth and development
- » providing information and insights to advise the sector and prioritise our activities: we analyse the data and information we obtain from suppliers to prioritise our work based on risk, and share insights to support the continuous improvement of performance across the sector
- » undertaking enforcement action: our enforcement activities are proportionate to the risk to consumers and the extent that the supplier has failed to meet their duties, and reflect the undertakings in our Compliance, Monitoring and Enforcement Strategy 2022-2025
- » responding to emergencies to ensure public safety: we engage effectively with response agencies and ensure our emergency powers are available to support emergency responses
- » informing and protecting consumers and communities: we ensure consumers and communities understand critical information about their drinking water supply and can engage their supplier. The public know how to raise a concern or a complaint about water services.

Later in 2023 we assume new statutory functions for stormwater and wastewater. This will include setting standards, measures and targets, network environmental performance reporting, and maintaining registers of stormwater and wastewater networks.

Ko tā mātou whai i ngā mahi waeture Our approach to regulation

We take a balanced regulatory approach. This means we adopt a mix of responsive and proactive regulatory activities to:

- » incentivise desirable behaviour change in the drinking water sector
- » disincentivise behaviours that do not support effective risk management or increase the likelihood of harm to consumers from unsafe drinking water
- » disincentivise behaviours that do not provide sufficient drinking water.

Our regulatory interventions will be proportionate and directed to address the risk and nature of the behaviours of regulated parties. Our decision to intervene will be based on the need to:

- » protect people and communities from a serious risk to their health due to the quality or quantity of drinking water supplied
- » support the water services sector to improve its performance and environmental outcomes.

Where deemed necessary, however, we will take a strong and clear regulatory response if drinking water suppliers engage in unacceptable conduct or do not take their duties and responsibilities suitably seriously.

Te aroturuki me te mana whakahaere Monitoring and governance

Responsible Minister and monitoring agency

The Minister of Local Government is responsible for Taumata Arowai. Their role is to oversee and manage the Crown's interest in and relationship with us and exercise any statutory responsibilities. We are accountable to the House of Representatives for our actions.

Our Statement of Performance Expectations is informed by the **Minister's Letter of Expectations**. The current version of this Letter of Expectations was provided to our Board in December 2022.

Te Tari Taiwhenua – Department of Internal Affairs is our monitoring agency.

The Board

The Board is appointed by the Minister of Local Government and is responsible for the stewardship and future well-being of the organisation. The Board ensures we act in a manner consistent with our objectives and functions under the Taumata Arowai – the Water Services Regulator Act 2020 and other legislation we administer.

The Board is also required to meet its responsibilities under the **Crown Entities Act 2004**. In discharging their responsibilities, the Board and its members have collective and individual duties which are owed to the Minister and Taumata Arowai.

The Board has two subcommittees:

- » Finance, Risk and Assurance Committee has oversight of budgeting, the annual audit processes, and risk management. The committee has an independent chair.
- » Chief Executive's Performance and Remuneration Committee has oversight of the Chief Executive's performance criteria, assessment, and remuneration.

The Board is chaired by Dame Karen Poutasi. **Profiles of the Board members** are available on our website.

The Board and Te Puna work together to meet the objectives and support the work of Taumata Arowai. This approach is outlined in **He Pukapuka Orataau i Waenga i Te Poari me Te Puna, Memorandum of Understanding Between the Board and Te Puna**.

The Board is required to have regard for the advice of Te Puna, and we must demonstrate in our Annual Report how the Board responded to this advice.

Te Puna

Te Puna has a significant role in ensuring that Taumata Arowai delivers better outcomes for all New Zealanders through giving effect to Te Tiriti o Waitangi and Te Mana o te Wai. They guide us in applying a te ao Māori framework to how we work.

Te Puna is chaired by Tipa Mahuta. Te Puna members bring expertise in te ao Māori, resource management, Māori development, governance, and the public sector. They are kanohi kitea, known faces within te ao Māori, and champions of Te Mana o te Wai. **Profiles of Te Puna members** are available on the Taumata Arowai website.



Te Puna is established under the Taumata Arowai—the Water Services Regulator Act 2020 and 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 for Taumata Arowai 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 members are appointed by the Minister of Local Government.

Te Puna Terms of Reference can be found on our website.

Our leadership team

Our leadership team is known as Kaihautū o Puni Arowai (KOPA) and consists of the Chief Executive and the Heads of Regulatory, Corporate, and Strategy and Insights. In 2023/24 we will establish a new leadership team position with a focus on Te Tiriti o Waitangi and Te Mana o te Wai.

We acknowledge the contribution of our previous Chief Executive, Bill Bayfield in establishing Taumata Arowai, and we welcomed our new Chief Executive, Allan Prangnell in 2023.

Profiles of our leadership team are available on our website.



Tō mātou horopaki rautaki, whakahaere hoki

Our strategic and operational context

Te pūnaha ratonga wai The water services system

The water services system in Aotearoa covers freshwater, drinking water, wastewater, and stormwater. Every organisation with duties, functions, and powers in the water services system needs to co-ordinate and work together. No one organisation or group can achieve this alone.

The recent reset of the Water Services Reform Programme will involve two particular changes that will affect our mahi:

- » an increase in the number of water services entities from four to ten to broadly align with the boundaries of regional councils

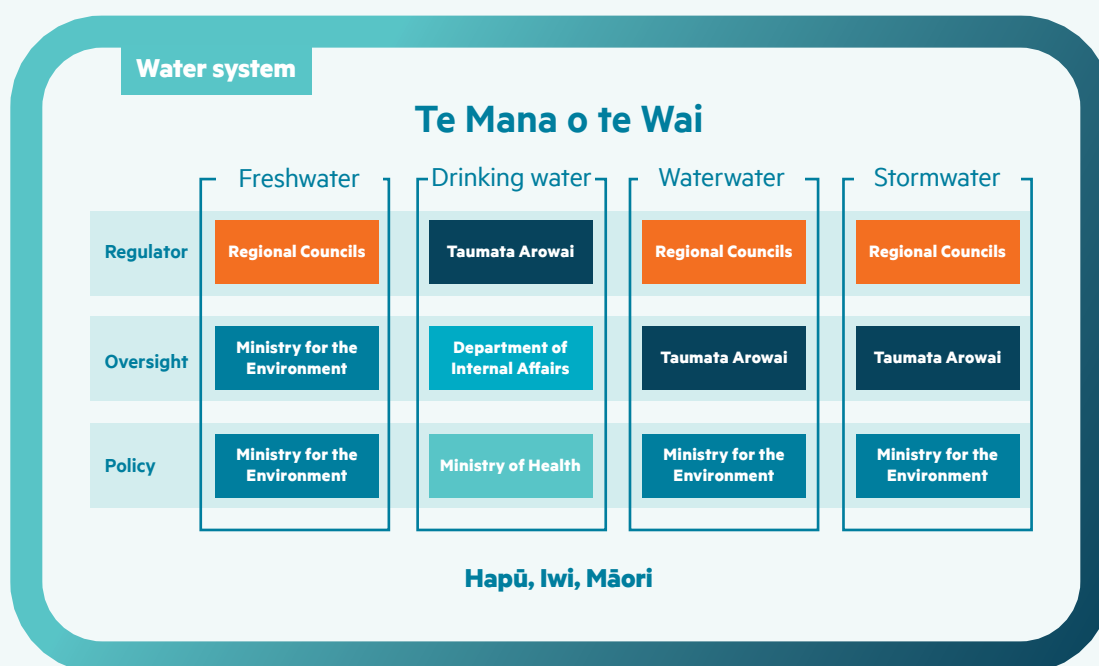
- » a delay of up to two-years in transferring responsibility for drinking water delivery to all the water services entities. The new date will be no later than 1 July 2026.

The delay in transfer of responsibility will mean a delay in our ability to receive levy revenue from the water services entities, which has funding implications for us.

The Government has confirmed its intent to appoint the Commerce Commission as the economic regulator for water services.

We will continue to work closely with Te Tari Taiwhenua – Department of Internal Affairs as our monitoring agency and on the Water Services Reform Programme to ensure regulatory alignment, including any required legislative changes and our authorisations framework.¹

Figure 2: Agencies in the water services system



¹ Changes to the Water Services Reform Programme and its timeframes may require the Board and Te Puna to revisit our Statement of Intent earlier than required by statute.

Responding to natural emergencies

Weather events may impact on the vulnerabilities of water infrastructure that exist in some communities. Many of these are rural and isolated communities with high Māori populations.

Our role in emergencies affecting drinking water supplies is to provide support and coordination as part of a broader emergency response. We provide advice and guidance to drinking water suppliers to help them ensure the water they provide their communities continues to be safe. We work with Te Whatu Ora, Te Aka Whai Ora, Manatū Hauora – Ministry of Health, local authorities, and Civil Defence

to ensure communities have the information they need to make sure their water is safe to drink.

We will continue to work with the water services sector and our partner agencies to strengthen capability and coordination in responding to emergencies.

Ā mātau kaupapa rautaki Our strategic initiatives

We have committed to achieving strategic initiatives that will enhance what we do and how we do it. The table below summarises these strategic initiatives for the 2023/24 year.

Table 1: Our strategic initiatives

| Strategic Initiative | Description |
|--|--|
| Drinking Water Safety Plans Review | Undertake review of drinking water safety plans in accordance with section 32 of the Water Services Act 2021 |
| Network Environmental Performance | Deliver the first annual Drinking Water Network Environmental Performance Report in 2023/24. Develop performance measures for wastewater by 30 June 2024 |
| Stormwater and Wastewater Responsibilities | Prepare for our stormwater and wastewater responsibilities with a wastewater register in place ahead of our legislated responsibilities coming into force on 4 October 2023 |
| Unregistered Drinking Water Supplies | Design, develop, and test the approach to registering drinking water supplies by November 2025, and the regulatory approach for compliance by November 2028 |
| Authorisation Framework | Commencing a multi-year programme to develop an authorisation framework for drinking water suppliers. Ministerial permission will be sought to consult on preferred options |
| Emergency Response Capability | Develop our emergency response capability, informed by previous response activities including Cyclone Gabrielle. Work to incorporate a response plan, a toolkit of resources, and training |
| Supporting the regulatory presence, including a Northland office | Property programme to respond to our continued growth. This includes establishing an office in Northland, reviewing Wellington office lease, and identifying future property needs across the motu |

Tā mātau whakatutukitanga

Our performance

O mātou aro

We have identified three aro, or focus areas that describe how we will approach our short-term, medium-term, and long-term planning and performance:

- » tiaki to protect
- » whakaawetanga, to influence
- » hautūtanga, to lead.

These are reflected in our detailed performance framework to strategic goals, objectives, and deliverables.

Table 2: O mātou aro

| Aro | Description | Use in performance framework |
|----------------------|--|--|
| Tiaki | Actively nurturing and growing meaningful partnerships and relationships to support broad guardianship of water. Lifting sector capability, capacity, leadership, and equitable opportunities for Aotearoa to reach intergenerational aspirations for our water, people, and environment. | Long-term strategic goals This is about our ability to affect the long-term health and well-being of water, people and the environment. We are one of several organisations, so success will occur through our collective contribution. |
| Whakaawetanga | Promoting and advising on the national standard, shining a light on the performance of wastewater and stormwater, building relationships, trust, and confidence within communities and those we work alongside. | Medium-term objectives This speaks to our ability to persuade others to follow our path. While the quality and frequency of our persuasion is within our control, its effects are not. Some of our influence in this area will be directly attributable to our actions, some of it will relate to our contribution alongside others. |
| Hautūtanga | Providing leadership on the three waters (drinking water, wastewater, and stormwater); holding ourselves and water service suppliers to account; setting promoting, advising on, enforcing, and monitoring the national standards for drinking water. | Short-term deliverables This is closest to daily operations and therefore most within our direct control. We can attribute success in these areas to our actions. |

Enduring Performance Framework

Aligned to our focus areas, the Enduring Performance Framework sets out long-term (15+ years), medium-term (5-14 years), and short-term (0-4 years) performance measures.

Over the coming year, we are committed to working with Māori to understand what accountability means in a te ao Māori context and we will refine our performance framework as needed.

Figure 3: Enduring Performance Framework



Long-term strategic goals

We have three long-term strategic goals, with a 15-year + horizon. These strategic goals demonstrate system performance, and we are one of many organisations required to achieve these results. We contribute to these performance measures, as opposed to being able to attribute improvements over time to our direct actions.

These strategic goals give effect to Te Mana o te Wai principles of:

- » mana whakahaere
- » kaitiakitanga
- » manaakitanga
- » governance
- » stewardship
- » care and respect.

| Strategic Goal One: Give effect to Te Mana o te Wai | | | | |
|--|--|---|---------------------------------|--|
| Through our leadership, Taumata Arowai contributes to people from all communities giving effect to Te Mana o te Wai. | | | | |
| Reference number | How we will collect data for measures | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 1.1 | <p>The percentage 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 well-being of water and the health and well-being of people • Taumata Arowai contributes to the health and well-being of water and of people a priority in the management and regulation of water services • Taumata Arowai contributes to the provision of information to people and 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.</p> | Achieved | Improve on baseline |
| 1.2 | <p>Case studies:</p> <ul style="list-style-type: none"> • one each year of Māori, major suppliers, rural and agricultural suppliers, very small community suppliers, network operators • followed for a minimum of two years to monitor the relationship developed • with a maximum of 15 concurrent cases to report on. | <p>Initial case study participants identified with formal agreements negotiated in 2022/23.</p> | Achieved | <p>Initial case studies undertaken and reported on.</p> <p>New tranche of case studies for 24/25 identified and formal agreements negotiated</p> |

| Strategic Goal Two: Improve delivery of drinking water, wastewater, and stormwater | | | | |
|--|---|---|---------------------------------|--|
| Taumata Arowai strengthens the delivery of drinking water, wastewater, and stormwater services in communities. | | | | |
| Reference number | How we will collect data for measures | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 2.1 | <p>The percentage 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 • 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 • performance of networks and services over time (baselined in 2023/24) • people and key stakeholders involved in water services believe that Taumata Arowai is contributing to improved water networks in communities (from 2024/25). | <p>Baseline survey achieved.</p> <p>Survey regularity to be confirmed in 2022/23.</p> | Achieved | Improve on baseline |
| 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> | Achieved | <p>Improve on drinking water baseline</p> <p>Baseline Drinking Water Network Environmental Performance</p> |

| Strategic Goal Three: Regulate to protect the health and well-being of people | | | | |
|---|---|---|---------------------------------|--|
| Taumata Arowai regulatory setting and actions contribute to providing access to safe and sufficient drinking water and effective and resilient wastewater and stormwater networks, protecting people's health and well-being. | | | | |
| Reference number | How we will collect data for measures | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 3.1 | <p>The percentage of survey respondents who believe that regulatory settings and action contribute to:</p> <ul style="list-style-type: none"> • protecting people from becoming unwell from drinking water • equitable and reliable access to safe and sufficient drinking water. | <p>Survey scoped and baseline establishment achieved.</p> | Achieved | Improve on baseline |
| 3.2 | <p>Instances where safe water unable to be provided such as boil water notices, water outages, populations affected, duration of effect.</p> | <p>Baseline achieved.</p> | Achieved | Improve on baseline |
| 3.3 | <p>Trends in gastroenteric and other potentially water-related disease notification in areas where new treatment methods have been installed.</p> | <p>Data definition and collection process scoped.</p> | Achieved | Data definition and collection process implemented |

Strategic Goal Three: Regulate to protect the health and well-being of people (continued)

Taumata Arowai regulatory setting and actions contribute to providing access to safe and sufficient drinking water and effective and resilient wastewater and stormwater networks, protecting people's health and well-being.

| | | | | |
|-----|---|-------------------------|----------|---|
| 3.4 | <p>Data trends from public health notifications, notifications to Taumata Arowai, environmental network performance reporting, notifications to or from regional councils:</p> <ul style="list-style-type: none"> • water losses (percentage) 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 | Baseline reporting against Water NZ National Performance Review |
|-----|---|-------------------------|----------|---|

Medium-term objectives

We have six medium-term objectives (five-to-14-year horizons). As with the long-term strategic goals, we are

one of many organisations required to act to achieve these results, so we contribute to them (as opposed to being able to attribute improvements over time to the actions of Taumata Arowai).

Objective: Provide information and engage with stakeholders

We contribute to giving effect to Te Mana o te Wai through our information provision, engagement programme and working with other agencies and parties, including mātauranga Māori experts.

| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
|-------------------------|---|---------------------------------------|---------------------------------|--|
| 4.1 | Library of Te Mana o te Wai guidance documents (number of times accessed or downloaded). | Baselined in 2022/23. | Achieved | Improve on baseline |
| 4.2 | Number of webinars about Te Mana o te Wai, number of participants, feedback from participants. | Baselined in 2022/23. | Achieved | Improve on baseline |
| 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 | Improve on baseline |
| 4.4 | <p>Trends in the results of regulatory audits and monitoring.</p> <p>*This measure is not reported for 2022/23 and removed for 2023/24 and out years. Regulatory audits are one of the regulatory instruments available for use, and information relating to regulatory audits and monitoring is covered in the performance measure 15.1 number of incidents where Taumata Arowai had to intervene and use powers to ensure effective management.</p> | Baselined in 2022/23. | Not reported | Measure removed for 2023/24 and outyears |

Objective: Provide information and engage with stakeholders (continued)

We contribute to giving effect to Te Mana o te Wai through our information provision, engagement programme and working with other agencies and parties, including mātauranga Māori experts.

| | | | | |
|-----|---|-----------------------|----------|----------|
| 4.5 | Direction from Te Puna on giving effect to Te Mana o te Wai, reporting if the advice is taken and implemented. ² | Baselined in 2022/23. | Achieved | Achieved |
|-----|---|-----------------------|----------|----------|

Objective: Ensure compliance through a balanced regulatory approach

Through our balanced regulatory approach (including monitoring and enforcement) we ensure drinking water suppliers and other duty holders under the Water Services Act 2021 comply with legislative requirements, including Standards and Rules.

| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
|------------------|--|--|--------------------------|--|
| 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? Analysed by type of enforcement action, seriousness of behaviour requiring action, size and type of supplier and location. | Tracking system scoped and implemented. | Achieved | Narrative reporting |
| 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 | Initial case studies undertaken and reported on New tranche of case studies for 24/25 identified and formal agreements negotiated |
| 5.3 | Kaupapa Māori research on Māori responses to regulatory approach. | Research scoped. | Achieved | Procurement for researcher |

Objective: Grow sector capability and resilience

We help to grow the capability and resilience of the water services sector so that water services improve over time.

| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
|------------------|---|--------------------------------|--------------------------|--------------------------------|
| 6.1 | Programme of work to measure the regulatory system's impact on capability and resilience. | Programme scoped. | Achieved | Refinement of scoped programme |

² Reporting as required by s17(3) of the Taumata Arowai—the Water Services Regulator Act 2020

| Objective: Ensure drinking water suppliers provide equitable access to safe water | | | | |
|---|--|---|---------------------------------|---|
| Through our mana and influence, drinking water suppliers provide equitable access to safe and sufficient drinking water and resilient networks. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 7.1 | Success of our input into decision-making on the distribution of funding to support the upgrade of small supplies, especially marae and papakāinga. Number of communities assisted and results of assistance (improvements in health of water and people over time).* *Scoping of this measure was achieved in 2022/23, however the scoping activity identified that Taumata Arowai does not play a substantive role in decision making relating to the Rural Drinking Water Programme led by Crown Infrastructure Partners. As such, this measure is removed for 2023/24 and outyears. | Data collection and analysis work programme scoped. | Achieved | Measure removed for 2023/24 and outyears |
| 7.2 | Trends from the annual Drinking Water Regulation and Network Environmental Performance reports. | Baselines established for Drinking Water Regulation Report. | Achieved | Improve on baseline for drinking water. Baseline Network Environmental Performance report for drinking water networks |
| 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). | Not reported | Work programme scoped (subject to the date of the appointment) |

| Objective: Improve water services system performance | | | | |
|--|--|---------------------------------------|---------------------------------|---|
| Taumata Arowai, through its regulatory stewardship and actions, contributes to the improvement of the performance of drinking water, wastewater, and stormwater systems over time. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 8.1 | Trends from the Network Environmental Performance reports. | Approach to the reports scoped. | Achieved | Drinking Water Network Environmental Performance report published |

| Objective: Provide trusted and effective regulation | | | | |
|---|---|--|---------------------------------|--|
| Taumata Arowai is acknowledged as a trusted and effective regulator by the Crown, Te Tiriti partners, stakeholders, and the public. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 9.1 | The percentage of survey respondents, such as stakeholders, suppliers, network operators, Māori and the public who view Taumata Arowai as trusted and effective regulator. | Baseline from the stakeholder and supplier survey. | Achieved | Improve on baseline |
| 9.2 | Trends in results from participation in the Kiwis Count survey.* *Scoping of this measure was achieved in 2022/23, however the scoping activity identified that Taumata Arowai is not able to participate in the Kiwis Count survey managed by the Public Service Commission, and our own surveying of stakeholders and the public is not able to be readily benchmarked with the Kiwis Count survey. The measure is removed for 2023/24 and outyears. | Establish if we can get responses specific to Taumata Arowai from this survey. | Achieved | Measure removed for 2023/24 and outyears |

Short-term deliverables

We have nine short-term deliverables (one to four year horizon). Success in these is attributable to our performance.

| Deliverable: Set standards and report on compliance | | | | |
|---|---|---|---------------------------------|---|
| 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. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 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 feedback on consultation process. | Report trend from 2021/22 baseline measures and assess if a target would be useful. | Achieved | Improve on baseline |
| 10.2 | No secondary regulatory instrument made or issued by Taumata Arowai is disallowed by Parliament. | Achieved/Partly Achieved/Not Achieved. | Achieved | Achieved |
| 10.3 | Trends from the annual Drinking Water Regulation and Network Environmental Performance reports. | Baseline established for Drinking Water Regulation reporting. | Achieved | Analysis of trends from Drinking Water Regulation Report Network Environmental Performance Report baselined for drinking water |

| Deliverable: Publish guidance | | | | |
|---|---|--|---------------------------------|---------------------------------------|
| 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. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 11.1 | Library of guidance for sector and consumers on drinking 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 we have collaborated on. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 11.2 | The percentage of survey respondents, such as stakeholders, suppliers, network operators), who advise that the guidance is useful to them. | Baseline established from the stakeholder and supplier survey. | Achieved | Improve on baseline |

| Deliverable: Publish consumer information | | | | |
|---|--|---------------------------------------|---------------------------------|---------------------------------------|
| We publish information for consumers to find who their drinking water provider 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. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 12.1 | Library of information for water consumers and domestic self-suppliers, number of times each item is accessed or downloaded. This includes guidance provided by others that we have collaborated on. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 12.2 | The percentage of public survey respondents who advise that the guidance is useful to them. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 12.3 | Up to date, accessible, searchable public register of drinking water suppliers (as supplies are verified). | Achieved. | Achieved | Achieved |

| Deliverable: Provide regulatory stewardship | | | | |
|--|--|---------------------------------------|---------------------------------|--|
| 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. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 13.1 | Reviews of the regulatory system: <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 benchmarked against other regulatory steward agencies. | Data collection and analysis scoped. | Achieved | Data collection and analysis implemented |

| Deliverable: Provide a registration and notification system | | | | |
|---|---|---------------------------------------|---------------------------------|---------------------------------------|
| We provide effective, efficient, and easy to use registration and notification systems. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 14.1 | The Taumata Arowai registration and notifications systems are available for >95 percent of time (measure may change once a baseline is established). <ul style="list-style-type: none"> number of outages planned/unplanned time until restored. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 14.2 | The percentage of supplier and laboratory survey respondents who advise that: <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. | Achieved | Improve on baseline |

| Deliverable: Respond to incidents | | | | |
|--|---|---------------------------------------|---------------------------------|---|
| We have oversight of responses to drinking water incidents and provide appropriate advice when there is a civil defence or drinking water emergency. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 15.1 | Number of incidents where Taumata Arowai judged it appropriate to intervene and use powers to ensure effective management. | Baseline established in 2022/23. | Achieved | Assess trends and whether a hard target would be useful |
| 15.2 | Trend from post-incident reviews and participant surveys: The percentage of participants in drinking water incidents/emergencies who approve of the actions and advice given by Taumata Arowai. *There were no drinking water emergencies declared in 2022/23, so this measure is not reported. In a drinking water emergency, Taumata Arowai takes regulatory action and issues directions to impacted suppliers. Supplier approval of such action and direction is not indicative of a good response to drinking water emergencies. This measure is removed for 2023/24 and outyears. | Baseline established in 2022/23. | Not reported | Measure removed for 2023/24 and outyears |

| Deliverable: Build sector capability and capacity. Promote public understanding of environmental performance | | | | |
|--|---|---------------------------------------|---------------------------------|---------------------------------------|
| 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. | | | | |
| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
| 16.1 | Programme of work to build sector capability and capacity, including Te Mana o te Wai capability and capacity. | Programme scoped. | Achieved | Programme implemented |
| 16.2 | The percentage 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 | Baselined 2023/24 |

Deliverable: Maintain our operating model

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.

| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
|-------------------------|---|---------------------------------------|---------------------------------|---------------------------------------|
| 17.1 | The percentage of stakeholder survey respondents that see Taumata Arowai as having the right mix of resources to operate. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 17.2 | Trends in regulatory capability framework, gap analysis and targeted learning solutions. | Scoped and implemented 2022/23. | Achieved | Baselined |

Deliverable: Respond to information requests

We respond to statutory requests for information, reporting requirements and critical notifications lawfully and in a timely manner.

| Reference number | What we will measure | 2022/23 Performance Assessment | 2022/23 Estimated Actual | 2023/24 Performance Assessment |
|-------------------------|--|---|---------------------------------|---|
| 18.1 | Timely delivery of appropriate responses to requests from Parliament, the Minister, media, Privacy Act and Official Information Act requests, and quarterly and statutory reporting. | > 95 percent | 95 percent | > 95 percent |
| 18.2 | No decisions to overturn responses following complaints to or decisions from the Ombudsman or Privacy Commissioner. | Achieved. | Achieved | Achieved |
| 18.3 | The percentage of stakeholder survey respondents who describe our response to requests for information as being timely. | Baseline established in 2022/23. | Achieved | Improve on baseline |
| 18.4 | Tracking of responses to critical notifications in Hinekōrako, our registrations and intelligence system. | Tracking and reporting method scoped and implemented. | Achieved | Assess trends and whether a hard target would be useful |



Ngā tauāki pūtea e matapaetia ana

Prospective Financial Statements

Ngā pūtea a Taumata Arowai

Taumata Arowai funding

Taumata Arowai is 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.

Cost of service statement

| | Estimated Actuals 2022/23 \$000 | Forecast 2023/24 \$000 |
|--------------------------|--|---------------------------------------|
| Funding from the Crown | 19,666 | 21,272 |
| Interest revenue | 228 | 288 |
| Other revenue | 89 | 278 |
| Total revenue | 19,982 | 21,838 |
| Total expenditure | 19,982 | 25,281 |
| Surplus/(deficit) | 331 | (3,443) |

**Prospective statement of comprehensive revenue and expense
for the year ended 30 June 2024**

| | Estimated Actuals 2022/23 \$000 | Forecast 2023/24 \$000 |
|---|--|---------------------------------------|
| Revenue | | |
| Funding from the Crown | 19,666 | 21,272 |
| Interest revenue | 228 | 288 |
| Other revenue | 89 | 278 |
| Total revenue | 19,982 | 21,838 |
| Expenses | | |
| Personnel costs | 12,384 | 17,614 |
| Depreciation and amortisation expense | 501 | 634 |
| Other expenses | 6,767 | 7,033 |
| Total expenses | 19,651 | 25,281 |
| Total comprehensive revenue and expense for the year | 331 | (3,443) |

Prospective statement of financial position as at 30 June 2024

| | Estimated Actuals 2022/23 \$000 | Forecast 2023/24 \$000 |
|----------------------------------|---------------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 8,278 | 5,334 |
| Debtors and other receivables | - | - |
| Taxes receivable | 195 | 188 |
| Prepayments | 98 | 122 |
| Total current assets | 8,571 | 5,645 |
| Non-current assets | | |
| Property, plant and equipment | 577 | 417 |
| Intangible assets | 2,670 | 2,767 |
| Total non-current assets | 3,247 | 3,184 |
| Total assets | 11,819 | 8,828 |
| Liabilities | | |
| Current liabilities | | |
| Creditors and other payables | 1,360 | 1,273 |
| Employee entitlements | 697 | 1,235 |
| Provisions | 7 | 9 |
| Total current liabilities | 2,065 | 2,517 |
| Non-current liabilities | - | - |
| Total liabilities | 2,065 | 2,517 |
| Net assets | 9,754 | 6,311 |

Prospective statement of changes in equity for the year ended 30 June 2024

| | Estimated Actuals 2022/23 \$000 | Forecast 2023/24 \$000 |
|--|---------------------------------------|------------------------------|
| Balance at 1 July | 9,423 | 9,754 |
| Capital contribution from the Crown | - | - |
| Total comprehensive revenue and expense for the year | 331 | (3,443) |
| Balance at 30 June | 9,754 | 6,311 |

Prospective statement of cash flows for the year ended 30 June 2024

| | Estimated Actuals 2022/23 \$000 | Forecast 2023/24 \$000 |
|---|---------------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Receipts from the Crown | 19,666 | 21,272 |
| Receipts from other revenue | 89 | 278 |
| Interest received | 228 | 288 |
| Net Goods and Services Tax | 113 | 7 |
| Payments to suppliers | (10,557) | (7,142) |
| Payments to employees | (8,721) | (17,077) |
| Net cash flow from operating activities | 817 | (2,373) |
| Cash flows from investing activities | | |
| Receipts from sale of PPE | - | - |
| Purchase of PPE | - | - |
| Purchase of intangible assets | (501) | (571) |
| Net cash flow from investing activities | (501) | (571) |
| Cash flows from financing activities | | |
| Capital contribution | - | - |
| Net cash flow from financing activities | - | - |
| Net (decrease)/increase in cash and cash equivalents | 316 | (2,944) |
| Cash and cash equivalents at the beginning of the year | 7,961 | 8,278 |
| Cash and cash equivalents at the end of the year | 8,278 | 5,334 |

Key assumptions

The following significant assumptions have been used in preparing the forecast information:

- » Other revenue from fees and charges may vary. The forecast other revenue for 2023/24 is based on the assumed effort required to respond to applications that are subject to cost-recovery under the Water Services (Fees and Charges) Regulations 2021.
- » Personnel costs are based on the organisational structure most recently approved in May 2023.
- » Continued increased investment in building regulatory frameworks, building capability and capacity, including to act as a responsible Te Tiriti partner, and enhancement of business systems.

Tauāki o ngā kaupapahere 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 as a public benefit entity (PBE) for financial reporting purposes.

The reporting period covered by these prospective financial statements is for the years ending 30 June 2023 and 30 June 2024 and were approved by the Board on 26 June 2023.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of Taumata Arowai have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements 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 rounded to the nearest thousand dollar (\$000).

Critical accounting estimates and assumptions

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
- » Useful lives of intangibles.

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

- » Leases classification.

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 (Goods and Services Tax), 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.

Revenue

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

Funding 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.

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.

Interest revenue

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

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.

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.

Debtors and other receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses if appropriate. Short-term receivables will be written off if there is no reasonable expectation of recovery.

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 subsequent to initial acquisition are capitalised only when it is probable that the 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.

The costs of day-to-day servicing of property, plant and equipment are expensed 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 included in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight-line basis 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 assets have been estimated as follows:

| Asset class | Depreciation rate |
|------------------------|-----------------------------------|
| Computer hardware | Three to five years (33%-20%) |
| Furniture and fittings | Three to ten years (33%-10%) |
| Plant and equipment | Three to ten years (33%-10%) |
| Leasehold improvements | Over the useful life of the lease |

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

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 a number of 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.

Intangible assets

Intangible assets consist 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:

| Asset class | Amortisation rate |
|-----------------------------|-------------------------------------|
| Developed computer software | Three to eight years (33%-12.5%) |

Impairment

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.

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 doesn't 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.

Creditors and other payables

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

Employee entitlements

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.

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.

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.

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, and
- » total comprehensive revenue and expense for the year.

Operating leases

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.

Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

Ngā mahi whai ake

Our next steps

Taumata Arowai is a young organisation.

To reflect this, the 2023/24 Statement of Performance Expectations is a transitional document. It is only our second Statement of Performance Expectations. It sets out in advance our most important activities and how we plan to deliver them. We are learning as we go. Our mahi is easy to define: to ensure all New Zealanders have access to safe, healthy drinking water every day and that the environmental performance of drinking water, wastewater and stormwater networks is improved.

However, the journey to get there will not be straight forward or quick. Our communities are diverse and many face a legacy of underinvestment in water infrastructure. For Māori, though they are partners with the Crown to Te Tiriti o Waitangi, there is a clear desire to be meaningfully involved in decisions about wai that affect them.

Taumata Arowai will be a different type of regulator. This means more partnership with Māori and other communities, a joined-up approach to what it means to give effect Te Mana o te Wai from across

government agencies – working alongside tangata whenua – and building an effective regulatory system that works for all New Zealanders.

To deliver on our statutory functions and the mahi described in this Statement of Performance Expectations, we expect our staff numbers will continue to grow over the coming years. Between 2023 and 2025, we will require further investment in our people to ensure we can achieve our strategic goals and to establish and operate new functions that come into force during this time.

The recent reset of the Water Services Reform Programme, which includes a longer timeframe to establish water services entities, will mean a delay in our ability to receive levy revenue from the water services entities, which has funding implications for us from July 2024.

Our progress against the activities and performance measures set out in this Statement of Performance Expectations will be reported in the 2023/24 Annual Report.





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