

Office of Hon Nanaia Mahuta

MP for Hauraki-Waikato

Minister of Foreign Affairs

Minister of Local Government

Associate Minister for Māori Development



14 December 2022

Dame Karen Poutasi
Chair
Taumata Arowai
Level 2, 10 Brandon Street
PO Box 628
Wellington 6140
email to: kpoutasi@gmail.com

Tēnā koe Dame Karen

Letter of Expectations for 2023

This letter sets out my expectations for Taumata Arowai—the Water Services Regulator in 2023. I expect you to ensure your entire Board is aware of the expectations it contains.

This letter replaces the one I issued on 11 November 2021. It retains some of the points covered in that letter, where these continue to be relevant. It also includes some new matters I would like Taumata Arowai to focus on during 2023. These matters have been included throughout this letter, under the relevant subheadings.

Enduring expectations

The enduring letter of expectations¹ for statutory Crown entities remains in effect, and I would like to emphasise three enduring expectations in particular:

- ensuring a unified and value-based government for all New Zealanders;
- supporting future-focused Māori Crown relations; and
- contributing to improving wellbeing.

As a general rule, you should inform me promptly of matters of significance to my portfolio responsibilities, particularly where these matters may be controversial or become the subject of public debate.

I note the Water Services Act 2021 contains provisions that require Taumata Arowai to consult me before making certain decisions, including declaring a drinking water emergency. In addition, I expect you to keep me informed of incidents affecting the safety or supply of drinking water, which do not result in the declaration of an emergency yet still pose a serious risk to public health.

¹ Refer to <https://ssc.govt.nz/resources/enduring-letter-of-expectations-to-statutory-crown-entities-2019/>

Public Sector priorities

Building on the foundations laid in its first term, the Government has identified three overarching priorities:

- keeping New Zealanders safe from COVID-19;
- accelerating our economic recovery; and
- laying the foundations for a better future.

To achieve these overarching priorities, three priority outcomes have been identified with support from Ministers, agencies, and the sector:

- economic recovery;
- vibrant, innovative sectors; and
- better access and participation.

Taumata Arowai has an important role in contributing to these outcomes, both independently and in collaboration with others. To that end, I expect you to ensure existing baseline expenditure is aligned with Government priorities and is delivering value for money.

Governance and reporting

I expect the Board to continue to oversee the performance and long-term strategic direction of Taumata Arowai and provide best-practice governance. This includes monitoring the financial wellbeing and long-term viability of Taumata Arowai, and ensuring that it has robust risk awareness and management processes in place.

While the Board has the most immediate and direct responsibility for monitoring the performance of Taumata Arowai, I expect it to continue to provide the Department of Internal Affairs, as my agent, with information on performance against planning documents and timely information on risks and opportunities.

In particular, I expect you to provide the Department of Internal Affairs, as the monitoring department, with quarterly reports on progress against financial and non-financial performance targets, key initiatives and risks, and organisational health. During 2023, I also expect you to support the Department's work to develop an appropriate framework for it to monitor the ongoing performance of Taumata Arowai (for Departmental assurance and Ministerial advisory purposes).

I note the Water Services Act 2021 provides for specific public reporting requirements for Taumata Arowai, including:

- a drinking water compliance, monitoring and enforcement strategy, to be reviewed every three years;
- a drinking water regulation report, to be presented to Parliament annually before 1 July; and
- an annual stormwater and wastewater network monitoring report.

I expect a particular focus during 2023 will be to develop an approach to performance monitoring relating to wastewater and stormwater networks.

Funding and financial matters

As a Crown entity, Taumata Arowai is required to operate in a financially responsible manner (section 51 of the Crown Entities Act refers). For this purpose, the Board must ensure Taumata Arowai prudently manages its assets and liabilities, and acts as a successful ongoing concern. I expect the Board to pay particular attention to responsible fiscal management – including with regard to standing up new functions.

I have asked the Department of Internal Affairs to continue developing options for a levy that would commence on 1 July 2024. This levy, alongside central government financial support, would provide Taumata Arowai with the financial certainty to perform its roles and functions. I expect Taumata Arowai will provide the necessary assistance to progress this work.

Relationship management and collaboration with other government agencies

I expect Taumata Arowai will:

- manage its relationships with other government agencies with interests in the wider water services landscape; and
- manage its relationships with Te Puni Kōkiri and Te Arawhiti from a Crown-Māori perspective.

During 2023, I expect Taumata Arowai to continue working with the Department of Internal Affairs to progress the regulations that still need to be made under the Water Services Act 2021. This work includes strategies for bringing unregistered drinking water suppliers into the new regulatory system, infringements, and the development of ‘acceptable solutions’ and an ‘authorised persons’ framework. I expect there to be close connections between all of these pieces of work.

I expect Taumata Arowai to continue to participate constructively in the Three Waters Reform Programme, including through the transition process. This includes collaborating with the Department of Internal Affairs, and other agencies as necessary, to ensure there is consistency and cohesiveness across the three waters system.

Of particular relevance will be working with the Commerce Commission (and the respective monitoring departments) to develop a coherent and cohesive approach to regulation across the new three waters system. This will need to deliver a well-coordinated, efficient, and seamless regulatory experience for the new water services entities, and useful information to consumers.

Engagement and areas of particular focus

I expect engaging with rural communities, marae and papakāinga, and supporting Te Mana o te Wai, to be areas of continuous focus for Taumata Arowai. There should be a clear sense of how you are approaching these important issues, throughout your planning, reporting, engagement, and communications activities. I also expect the Board to ensure the advice of Te Puna (the Māori Advisory Group) is being considered and implemented – both with regards to these specific areas of interest and expertise, and more generally across all areas of work.

In addition, during 2023, I expect Taumata Arowai to:

- continue to work with local authorities and other registered drinking water suppliers to ensure full compliance with the regulatory system;
- ensure the National Transition Unit, and the new water services entity establishment boards and chief executives (once in place), understand the drinking water regulatory system, and the requirements that will apply to the entities.

Conclusion

I invite you to respond to this letter outlining the key strategic challenges and opportunities facing Taumata Arowai, and how you intend to respond to the specific expectations contained in this letter.

I would like to acknowledge the work of your Board, Te Puna, and Taumata Arowai over the past year, and look forward to a successful year ahead.

Nāku noa, nā



Hon Nanaia Mahuta
Minister of Local Government

cc: Bill Bayfield, Chief Executive, Taumata Arowai

cc: Paul James, Chief Executive, Department of Internal Affairs