

Taumata Arowai: D.20 Annual Report 2021/22



Te whakatauākī 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 whakatauākī 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.

Email: info@taumataarowai.govt.nz

Phone: +64 4 889 8350

Mail: Level 2, 10 Brandon Street, PO Box 628, Wellington 6140, New Zealand

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Tā mātau kaupapa

Our purpose

| | |
|-----------------|---|
| Vision: | Tiakina te wai, hei oranga te katoa – Safe water every day for everyone. |
| Purpose: | Transforming the performance of water services to improve the health of water and people. |

Taumata Arowai is a Crown entity established on 1 March 2021, through the [Taumata Arowai—the Water Services Regulator Act 2020](#), to regulate and report on drinking water supplies, have oversight of and report on the environmental performance of networks for drinking water, wastewater and stormwater.

From the commencement of the [Water Services Act 2021](#) on 15 November 2021 – our “Go-Live” date – the role of the drinking water regulator for Aotearoa New Zealand transferred from Manatū Hauora | Ministry of Health (MoH) to Taumata Arowai.

The Water Services Act 2021 brings new responsibilities for all drinking water suppliers and some wastewater and stormwater suppliers through a staged set of changes, starting with currently registered drinking water suppliers. In this first operational period to 30 June 2022, drinking water suppliers and water carriers that were registered before the commencement of the Water Services Act 2021 have been required to continue to meet existing compliance and monitoring requirements while Taumata Arowai contributed to the development of new Standards and developed new Aesthetic Values and Rules for drinking water.

From 1 March 2021 to 14 November 2021, the main activity for Taumata Arowai was to establish a new organisation.

From 15 November 2021 to 30 June 2022, to:

- monitor the performance of drinking water suppliers and water carriers
- verify registered supplies and start to build relationships with water suppliers
- establish the first set of new regulatory instruments, secondary legislation required by the Water Services Act 2021.

Tā mātau whakatutukitanga

Our performance

The Minister of Finance, with the support of the Minister of Local Government, granted Taumata Arowai an exemption from preparing an Annual Report at the end of the 2020/21 financial year. Accordingly, this Annual Report covers the 16 months from 1 March 2021 to 30 June 2022.

In addition to describing the establishment phase of the organisation, it reports against the Minister of Local Government's [Letter of Expectations](#) (LOE) of 11 November 2021 and the Taumata Arowai [Plan to 30 June 2022](#) (which incorporates the Minister's expectations). In the 2021/22 financial year:

- Taumata Arowai achieved or partially achieved 97 per cent of our key performance measures. Much of the work is ongoing and will continue into the coming years.
- A significant focus has been to check the details of the registered drinking water supplies. As at 30 June 2022, we have verified 36 per cent of all supplies (728 verified out of a total of 1997). The majority of these are council owned/controlled supplies that were targeted for early verification because council supplies serve the majority (82 per cent) of the population.

Some aspects of the oversight role that Taumata Arowai has for the environmental performance of drinking water networks has begun. Oversight of wastewater and stormwater networks will commence from November 2023 and therefore are not covered in this report.

The period covered by this report has two distinct stages



Ā mātau whakahaere – ngā tatau

Our operations – by the numbers

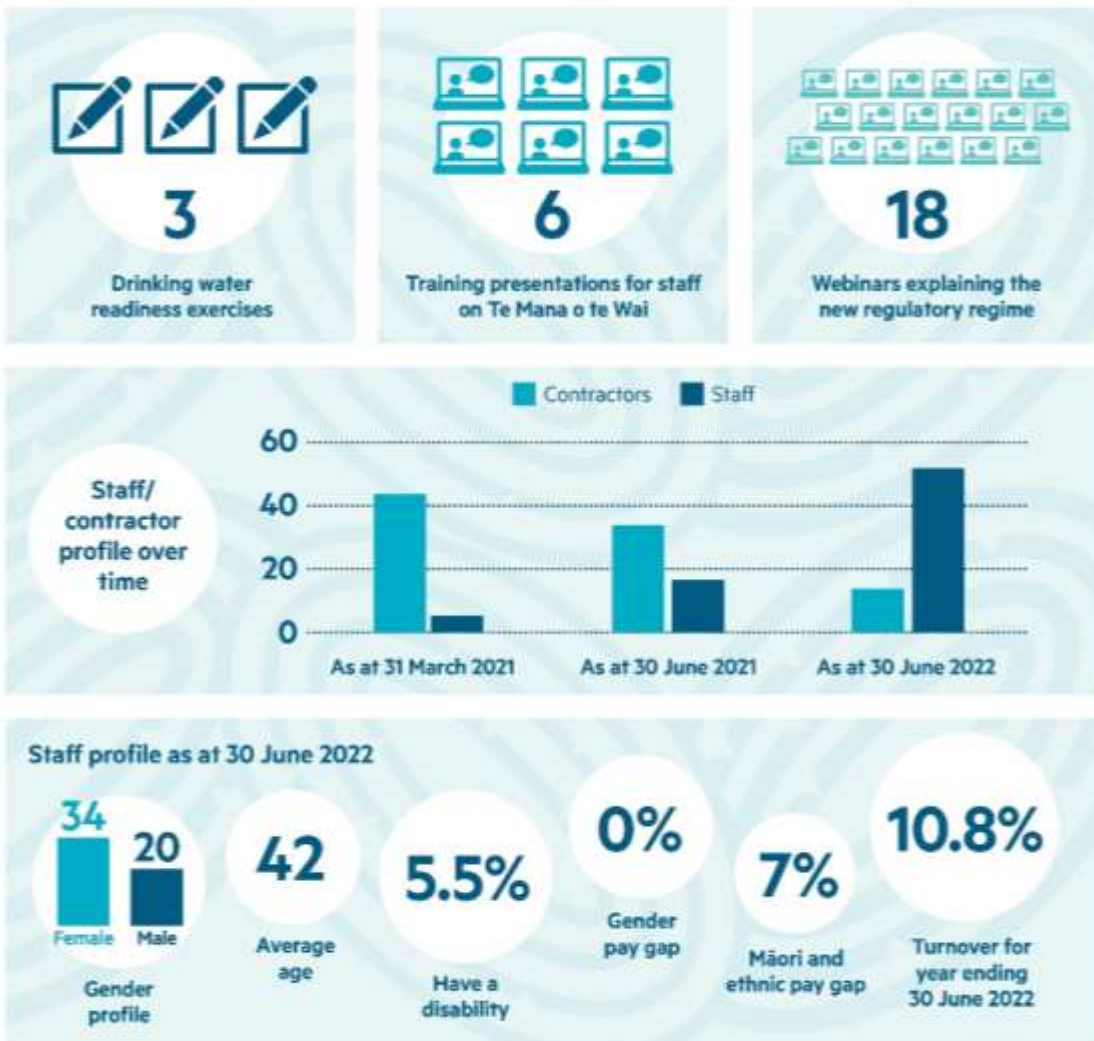
He kōrero mō ngā kaiwhakarato wai inu me ā rātau ratonga
Profile of drinking water suppliers and their supplies



He kōrero mō te Taumata Arowai

Profile of Taumata Arowai

15 November 2021 – 30 June 2022



Ngā kaupapa

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He kōrero whakataki

Introductions

Nā te Poari From the Board

Whāngaia te iwi
Sustain the people

Taumata Arowai is a young organisation. From a governance and strategic direction setting perspective this presents exciting opportunities and interesting challenges.

The work to date has been focused on building a foundation of strong principles and relationships.

Our first year as a new Crown entity traversed significant milestones which included the commencement of the [Taumata Arowai—the Water Services Regulator Act 2020 on 1 March 2021](#), and the commencement of the [Water Services Act 2021](#) and transitioning the regulation of drinking water supplies from the Ministry of Health to ourselves on 15 November 2021.

All of this had to be underpinned by a strong governance foundation. The work of our Taumata Arowai Board with Te Puna has been integral to this, allowing us to establish a clear vision as the regulator of water services in Aotearoa New Zealand, based on Te Mana o te Wai.

Te Mana o te Wai is a functional concept focused on restoring and preserving the balance between water (wai), the environment (taiao) and people (tāngata) now and in the future. The first set of values most New Zealanders are relatively familiar with: good governance, stewardship and the care and respect for water. It is critical for Taumata Arowai to weave these values into its regulatory approach.

This Annual Report 2021/22 documents our achievements over our first 16 months as a new Crown entity. Over this period, we have focused on building the foundations of our organisation, ensuring New Zealanders understand the regulatory role of Taumata Arowai and that Taumata Arowai has the tools it needs to deliver on its vision of safe water every day for everyone.



Dame Karen Poutasi
Board Chair

Nā Te Puna From Te Puna

*Ko te wai ahau, ko ahau te wai
He whakaaturanga tātau 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 tatou*

This whakataukāki, gifted by our mātanga Māori, Shane Te Ruki, speaks to the interconnectedness of water, health and people. It also sets a clear direction for Taumata Arowai. It tells us to put the health of water first. That direction was clearly heard and it resonated with Te Puna. It offered us a strategy steeped in a Māori worldview that ensures we give effect to Te Mana o te Wai in our mahi at a governance level.

This strategy was recognised with the development of a Memorandum of Understanding between the Taumata Arowai board and Te Puna. It ensured a closer working relationship, captures the intention set out in the Taumata Arowai – the Water Services Regulator Act 2020 and takes the intention a step further. It was recognised very early that, if the Board and Te Puna are successful in the performance of their roles, Taumata Arowai will be able to demonstrate capacity, resilience, credibility, integrity and trust of Māori. Success would also support and enable mātauranga Māori, tikanga Māori and kaitiakitanga and uphold Te Tiriti o Waitangi and give effect to Te Mana o Te Wai. As a board, we understood that these outcomes were of utmost importance and, together with the Board, have forged a Te Tiriti based relationship. This way of working was acknowledged through the 2022 Spirit of Service awards. I see this as a starting point and believe the best outcomes of our partnership are yet to be realised.

The working relationship has worked practically for us and has led to robust and important conversations between the boards and the chairs. All Te Puna advice given to the Board has been received; we believe that speaks to our relationship and collective approach.

While Te Puna has kept up with the pace of a quickly evolving environment, reflections on the last year have given us insight into areas we could grow and develop as an organisation, including ensuring we are communicating clearly to a wide range of audiences including our iwi, hapū and mana whenua partners. Te Puna members are more than just governors, we are first hapū and iwi members. We recognise and understand that the approach to Māori communications and engagement can, and should, look different to what has been traditionally used in the sector. We welcome the opportunity to take an approach that acknowledges and aligns with tikanga and kawa.

With the Three Waters reform continuing to headline and, as disinformation plagues communities, we know clear communication is going to be important for all of Aotearoa to achieve safe drinking water for everyone. We are a whakaaturanga of our wai, I look forward to the year ahead. There is a lot of work ahead, but we will continue to work towards equitable access to safe and healthy wai.



Tipa Mahuta
Te Puna Chair

Nā te Tumuaki From the Chief Executive

*Ka hoki kōmuri ngā whakairo kia anga whakamua te titiro
Turn our minds to the past to determine our way forward.*

This annual report is an opportunity to look back on our first year as a new Crown entity and reflect on our successes and challenges as the water services regulator for Aotearoa New Zealand.

Our first year has seen us navigate the commencement of the [Taumata Arowai—the Water Services Regulator Act 2020](#) on 1 March 2021, officially becoming a new Crown entity, the commencement of the [Water Services Act 2021](#) and subsequent ‘Go-Live’ date as the drinking water regulator on 15 November 2021.

The successful transition of registered drinking water supplies from the from Manatū Hauora | Ministry of Health (MoH) to Taumata Arowai has been a significant focus for us as we verify these supplies and start to build relationships with water suppliers.

We are still learning what is required to effectively regulate drinking water under the Water Services Act 2021 and bring registered and eventually unregistered suppliers into the regulatory fold.

Over time we will build our regulatory system and toolkit in a way that enables us to become a balanced regulator that delivers on our vision of ensuring that everyone has access to safe water every day. I believe we have a unique opportunity to do things differently and better.

As you read the Annual Report 2021/22, you’ll get a sense of the journey we have ahead of us. We are still very much in start-up mode. We are keen to listen and learn from the sector especially as we better understand what giving effect to Te Mana o te Wai and upholding Te Tiriti o Waitangi means in practice, and how we can further advance the evolution of the water service sector that will see Te Mana o te Wai at the heart of how water services are provided in Aotearoa.

Embedding Te Mana o te Wai will require a close relationship between Taumata Arowai, mana whenua and kaitiaki who are best placed to advise on the tikanga and mātauranga which underpin Te Mana o te Wai interests. I am proud of the work done to date and excited for what we can achieve working together with the wider water sector over the coming years.

This Annual Report 2021/22 measures our performance against our Statement of Service Performance, which is based on the [Taumata Arowai Plan to 30 June 2022](#) – a non-statutory document, prepared in response to the Minister of Local Government’s [Letter of Expectations](#).



Bill Bayfield
Chief Executive

Mō tā mātau whakahaere

About our organisation

Tō tātau whakapapa

Our whakapapa

Karangahia ngā ope

Be the voice of welcome

Everyone in Aotearoa New Zealand deserves to have a sufficient supply of safe drinking water available to them every day, but this is not always the case. The establishment of a dedicated water regulator was part of the Government's response to low levels of compliance resulting in events such as the Havelock North contamination and other incidents, where unsafe water led to significant levels of illness in our communities.

The establishment of Taumata Arowai is the first of three pou (pillars) of the Government's Three Waters Reform programme. Te Mana o te Wai is integral to the operation of Taumata Arowai and forms a korowai for structural and system reform.

The name, Taumata Arowai, was gifted by Hon Nanaia Mahuta, Minister of Local Government.

- Taumata refers to a summit or gathering of people coming together around an important area of focus.
- Arowai refers to our focus on wai (water) as a taonga (treasure), now and in the future, and the intention to put its mauri (life force), mana (integrity) and ora (health) at the centre of everything we do.

Tā mātau pou tarāwaho rautaki

Our strategic framework

The [Water Services Act 2021](#) provides the powers Taumata Arowai uses for administering the drinking water regulatory system. Taumata Arowai must initially focus on regulating water services for the provision of safe and sufficient drinking water.

Taumata Arowai is taking a balanced regulatory approach.¹ This means we will adopt a mix of responsive and proactive regulatory activities to incentivise desirable behaviour change and build capability in the drinking water sector. Our regulatory interventions will be proportionate and directed to address the risk and nature of the behaviours of regulated parties. The Water Services Act 2021 also provides Taumata Arowai with a range of enforcement tools to use when a water supplier fails to meet its duties, particularly if the drinking water provided poses a serious risk to public health.

¹ Deloitte (2020). [‘If at first you don't find a balanced regulatory model - try, try, again’](#). Blog by Mike Turley, Vice Chairman and Global Public Sector Leader, 5 February 2020.

Figure 2: Strategic framework

Strategic Framework



Te hāpai i Te Tiriti o Waitangi Upholding Te Tiriti o Waitangi

Enshrined in our legislation, Taumata Arowai is required to have the capability and capacity to uphold Te Tiriti o Waitangi and its principles, and to engage with Māori and to understand the perspectives of Māori.

Principles of Te Tiriti o Waitangi that Taumata Arowai primarily seeks to uphold are:

- **Rangatiratanga** – performing regulatory functions in ways that enhance Māori self-determination and mana motuhake.
- **Equity** – ensuring equitable access to clean, healthy drinking water for Māori.
- **Active Protection** – using fair processes, consulting and, where appropriate, making decisions with people whose interests will be affected.
- **Partnership** – on-going engagement with whānau, hapū and Iwi/Māori communities to govern, design, deliver and monitor services that seek to improve access to clean, healthy drinking water.

We acknowledge that our journey to uphold Te Tiriti o Waitangi is ongoing and understand the importance of continuing to develop our capability is essential to our role as a regulator.

Kia whai mana ai Te Mana o te Wai Giving effect to Te Mana o te Wai

The Taumata Arowai–Water Services Regulator Act 2020, followed by the Water Services Act 2021, were the first two statutes requiring a Crown entity to give effect to Te Mana o te Wai in the context of its functions, powers and duties.

Te Mana o te Wai has been developed and expressed in policy and planning documents including the National Policy Statement for Freshwater Management (NPS-FM)² established under the Resource Management Act 1991 (RMA). Te Mana o te Wai was informed by intergenerational observations and lived experiences of tangata whenua with kaitiakitanga of their water.

It is a fundamental concept that sets out six principles and a hierarchy of obligations, requiring the health and wellbeing of water to be prioritised first. The second priority is to the health needs of people (such as drinking water) and the third is the ability of people and communities to provide for their social, economic and cultural well-being.³

Giving effect to Te Mana o te Wai means ensuring Taumata Arowai, local authorities and drinking water suppliers place the health and wellbeing of water as a priority in executing their respective functions and duties.

² Ministry for the Environment (2020). [National policy statement for freshwater management | Ministry for the Environment.](#)

³ Refer to the Taumata Arowai Statement of Intent 2022–2026 section on Te Mana o te Wai for more information.

Ngā Minita Ministers

Our Responsible Minister is Hon Nanaia Mahuta, Minister of Local Government. The Associate Minister of Local Government is Hon Kieran McAnulty.

Our monitoring agency is the Department of Internal Affairs (DIA).

Tauākī Whakatutukitanga ā-Ratonga

Statement of Service Performance

Tā mātau pou tarāwaho whakatutukitanga mō 2021/22

Our performance framework for 2021/22

Because we are a new Crown entity, with our actual powers not finalised until shortly before they took effect in November 2021, the Minister of Local Government granted a waiver for preparing a Statement of Intent (SOI). The waiver for the SOI was incorrectly understood to also be a waiver for a Statement of Performance Expectations due to a misunderstanding between Taumata Arowai and the monitoring department. This inadvertently led to a breach of the requirement to produce an SPE under the Crown Entities Act 2004.

Instead, Taumata Arowai produced a non-statutory document – the [Taumata Arowai Plan to 30 June 2022](#) – in response to the Minister of Local Government’s [Letter of Expectations](#).

This Statement of Service Performance is based on that Plan.

Te wā whakatūnga, mai i te Maehe ki te Noema 2021

The establishment period, from March to November 2021

Te whakatū i tētahi whakahaere hou

Establishing a new organisation

In 2020, DIA set up the Taumata Arowai Establishment Unit to draft the business functions including policies, procedures and systems to support the financial, human resource, information technology, policy, regulatory and governance arrangements of the new entity. This included the appointment of an Establishment Chief Executive.

From the outset, thought was given to how Te Ao Māori could inform the establishment of the new entity, its business systems, and its responsibility to protect Māori interests. This led to the development of an identity which is expressed in the Taumata Arowai Whakapapa and taonga gifted to Taumata Arowai by mana whenua and mātauranga Māori specialists.

With the commencement of the Taumata Arowai—the Water Services Regulator Act 2020, Taumata Arowai became an operational Crown entity from 1 March 2021.

The Establishment Chief Executive was responsible for developing a new organisation and recruiting permanent staff in Wellington and the regional offices. Taumata Arowai was established during an international pandemic, when New Zealand was in a level 4 alert, with the Establishment Chief Executive and contracted staff working from home for much of this period. The info graphics at the beginning of this report show the transition of contractors to permanent staff over the establishment period to 30 June 2022.

Te whakatū i te Poari me Te Puna Establishing the Board and Te Puna

The Taumata Arowai Board (the Board) comprises seven members. The Board was appointed by the Minister of Local Government on 17 February 2021 and held its first meeting on 20 April 2021.

Te Puna, the Māori Advisory Group, comprises seven Te Ao Māori specialists with governance and advisory experience. Te Puna was appointed on 20 May 2021, inducted into the role on 23 June 2021 and held its first meeting on 20 July 2021.

There are currently two dual members of both the Board and Te Puna. The dual members are committed to supporting the relationship between the Board and Te Puna and act as a conduit between the two.

Over the period covered by this Annual Report, the Board held 14 meetings and Te Puna held seven meetings. The Board and Te Puna have held five joint meetings, including a site visit to the Te Marua Water Treatment plant in Upper Hutt, and one wānanga that also involved external agencies.

The Board has established two sub-committees:

- The Finance, Risk and Assurance Committee provides advice and oversight of financial reporting, external and internal audit, risk management and legislative compliance. It has an independent chair.
- The Chief Executive Remuneration Committee provides advice on the employment agreement between the Board and the Chief Executive.



November 2021 – Board and Te Puna members – left to right – Ian Ruru (Te Puna), Brian Hanna (Board), Pita Paul (Te Puna), Dr Virginia Hope (Board), Dame Karen Poutasi (Board Chair), Troy Brockbank (Board), Tipa Mahuta (Chair Te Puna), Bonita Bigham (Te Puna), Anthony Wilson (Board). Not present – Riki Ellison and Loreta Lovell (Board and Te Puna joint members), Frank Hippolite (Te Puna).

Developing the partnership between the Board and Te Puna

*E rua ngā awa, engari kia whakakotahi rāua, kia kaha ake ai
Two rivers, when joined, are stronger*

Since their appointments in 2021, the Board and Te Puna members have strengthened their relationship and set about guiding the strategic direction of Taumata Arowai.

In December 2021, the Board and Te Puna met in Ngāruawāhia to discuss their relationship and took the opportunity to understand the journey of Waikato-Tainui to [Te Ture Whaimana o Te Awa o Waikato](#) and to meet with local council representatives.

At this wānanga, the Board and Te Puna committed to act as strategic partners in the execution of their respective responsibilities for governing and advising Taumata Arowai. This agreement is expressed in [He Pukapuka Orotau i Waenga i Te Poari Me Te Puna](#) – the Memorandum of Understanding (MOU) between the Board and Te Puna, which was ratified in January 2022. The MOU records the partners’ commitment to providing an enduring, collaborative relationship between them, founded on the establishing legislation and Te Tiriti o Waitangi.

This agreement also informed the development of [Ngā Tikanga Whakahaere o Te Puna](#) – the Terms of Reference (TOR) for Te Puna, approved in April 2022. The MOU and the TOR contain more detail about how the Board and Te Puna manage their respective roles under the Taumata Arowai–the Water Services Regulator Act 2020.

The strength of the partnership between the Board and Te Puna has been recognised by our winning the 2022 Te Tohu mō te Kaiārahi Mahi Whakahaere | Leadership in Governance at Te Hāpai Hāpori | Spirit of service Awards.

How Te Puna advice is woven into Board decision-making

Te Puna has direct input into Board decision-making – through having full access to all Board papers prior to Board meetings, a standing invitation to the Te Puna Chair to attend Board meetings, two joint members and quarterly joint Board and Te Puna meetings. Te Puna meets prior to the Board to formulate its advice to the Board, which is then conveyed through the dual members of the Board and Te Puna. This ensures that Board decision-making is undertaken with the collective knowledge and lived experiences from Te Puna and dual members.

Te Puna and the Board worked together to shape the direction of the strategic direction-setting documents of Taumata Arowai – the Statement of Intent (SOI), the Statement of Performance Expectations (SPE) and the Compliance Monitoring and Enforcement Strategy (CME). In addition, Te Puna led the drafting of the MOU, TOR and drafted sections of the SOI, SPE and CME.

Decisions on these key strategic documents were taken at the joint quarterly hui.

Te whakarite mō te tīmatanga o te Ture Ratonga Wai 2021

Preparing for the commencement of the Water Services Act 2021

For much of the establishment period, there was uncertainty as to the final content of the Water Services Act 2021 and when it would commence, with corresponding uncertainty as to the scope of associated functions, powers and duties.

The Water Services Act 2021, like the Health Act 1956, provides both compliance and risk-based elements that follow World Health Organisation recommendations. The previous regulatory regime required registered suppliers to seek approval from the regulator for many aspects of their operation, including water safety planning. The focus with the passing of the Water Services Act 2021 is on the responsibility of drinking water suppliers to demonstrate to the regulator how they are managing risks and hazards impacting the supply of safe drinking water. Suppliers have a duty of care that they must deliver safe and sufficient drinking water to their consumers.

The Water Services Act 2021 extends the types of drinking water supplies and related suppliers covered by regulation. All supplies and suppliers providing drinking water to more than a stand-alone domestic dwelling are required to meet the requirements of the Act. There are different timing requirements on meeting all aspects of the Water Services Act depending on whether supplies were registered or unregistered as at 15 November 2021.

In addition, the Water Services Act 2021 outlines notification requirements and provides additional compliance and enforcement tools. Past performance and reporting demonstrated that improvements are needed across water services to deliver a continuous supply of safe drinking water throughout Aotearoa New Zealand.⁴

The Water Services Act 2021 was finalised at the conclusion of its third reading debate in Parliament on 23 September 2021 and came into effect on 15 November 2021 (the Go-Live date for Taumata Arowai having powers as the regulator).

⁴ More information on the reason for the establishment of Taumata Arowai can be found in the [Statement of Intent 2022 – 2026](#).

Te waihanga i tētahi pūnaha ratonga whaiaro mō ngā ratonga Building a new self-service system for supplies

Taumata Arowai requires specialist information, communication and technology (ICT) systems to:

- record registered drinking water supplies and enable the suppliers to verify their supplies
- enable laboratories and suppliers to notify Taumata Arowai of instances where water testing exceeds Maximum Acceptable Values (MAVs) and
- allow suppliers to submit their Drinking Water Safety Plans to Taumata Arowai for review.

In the establishment phase, we went to market and selected a technology partner to deliver this capability. The online regulatory and intelligence system became operational from 15 November 2021. It has been gifted its name by Te Atiawa – Hinekōrako.

The concept of Hinekōrako, once understood, is designed to inspire people to think deeply about the nature of water and thereby inspire positive behaviours towards the management of water quality. In this way, it can be considered to support giving effect to Te Mana o te Wai.

Hinekōrako is a phenomenon occurring when light from the moon refracts through tiny droplets of water suspended in the atmosphere. The name 'Hinekōrako' provides a useful metaphor for the accumulation of data over time, like the collection of droplets in a lunar rainbow.



Te wā whakahaere, mai i te 15 o Noema 2021 ki te 30 o Hune 2022

The operational period, from 15 November 2021 to 30 June 2022

Tirohanga o ngā whakatutukitanga i tēnei wā

Overview of performance in this period

Tō mātou tikanga: Kaitiakitanga

Our ways of working: we will protect the health of water as it applies to our functions, powers and duties

Our *plan to 30 June 2022* was published in November 2021 and created a performance framework based on the Minister's LOE.

Measured against this, Taumata Arowai achieved, or partially achieved, 97 per cent of its key performance measures across 15 key result areas. The result areas that we have had to focus on relate to checking the details of the registered supplies. More time was needed to support suppliers to verify the details of the registered supplies than anticipated and that has meant we have had to prioritise this verification over other work. It is a significant achievement to have verified 36 per cent of supplies serving the majority (78 per cent) of the population as at 30 June 2022, given this backdrop.

Assessment is tracked as follows:

- Achieved – delivered what was needed by the due date
- Partly achieved – either delivered only some aspects of what was needed or missed some deadlines
- Not achieved – did not manage to deliver what was required
- Continuing – work to complete this delivery will be extended into the next reporting year
- Ongoing – work in this area will continue to develop over the following years

Ka tīmata atu hei kaiwhakarite ā-ture ratonga wai hou, e aro ana ki te wai inu i te tuatahi

Starting as the new water services regulator, focusing initially on drinking water

This area of our performance reflects the need for Taumata Arowai to firmly establish itself as the drinking water services regulator, effective from 15 November 2021. We had seven measures to report on across four key result areas and achieved all seven.

| What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|---|---|---|---|---|
| 1. A successful transition of drinking water regulation from the Ministry of Health (MoH) to Taumata Arowai. | <ul style="list-style-type: none"> - Interim Agreement in place with MoH. - Successful migration of MoH drinking water data. - Successful redirection of enquiries and information from MoH to Taumata Arowai website. | <ul style="list-style-type: none"> - By 15 November 2021. - By 15 November 2021. - By 15 November 2021. | <ul style="list-style-type: none"> - Achieved. - Achieved. - Achieved. | <ul style="list-style-type: none"> - Agreement was signed in November 2021 with a placeholder for a health policy agreement signed in April 2022. - MoH drinking water data was migrated pre-15 November 2021. - From 15 November 2021, the MoH website redirected drinking water enquiries to Taumata Arowai. |
| 2. Critical business functions, including registration and notification of drinking water problems, are established for the new regulator as required under the Act. | <ul style="list-style-type: none"> - Online registration of accredited laboratories and drinking water suppliers is available. - There is a system for Taumata Arowai to receive notifications of issues with water supplies. | <ul style="list-style-type: none"> - The new registration system includes information that can be checked. - Notifications are received and actioned appropriately. | <ul style="list-style-type: none"> - Achieved. - Achieved. | <ul style="list-style-type: none"> - Online registration of accredited laboratories occurred prior to 15 November 2021. - Initial lab notifications were fully online; suppliers were able to enter online notifications from late November 2021. |
| 3. The capability (range of skills) and capacity (number of resources) to operate as the regulator is in place. | <ul style="list-style-type: none"> - Planned positions filled with appropriately experienced and skilled staff. | <ul style="list-style-type: none"> - Taumata Arowai is able to operate as the regulator from 15 November 2021. | <ul style="list-style-type: none"> - Achieved. | <ul style="list-style-type: none"> - We had assessed the critical positions, and filled these, prior to 15 November 2021 and retained contractors critical for meeting the Go-Live requirements. |
| 4. A framework for gathering performance data from drinking water suppliers for future drinking water regulation reports is designed. | <ul style="list-style-type: none"> - Scope of drinking water regulation reports is identified and agreed so that data can be collected. | <ul style="list-style-type: none"> - By 30 June 2022. | <ul style="list-style-type: none"> - Achieved. | <ul style="list-style-type: none"> - First Drinking Water Regulation Report 2021 (DWRR) was scoped and drafted in early 2022, provided to the Minister on 30 June 2022 and published on 14 July 2022. This annual DWRR is the means by which Taumata Arowai shares with the sector the data and insights we collect. |

The Chief Executive commissioned an independent review of our readiness to become the regulator to assure the Board and the Minister that Taumata Arowai was ready to take over as the regulator. The report made some recommendations to improve readiness that were actioned by management, including the need for ongoing evolution of business requirements, risks associated with the loss of knowledge as the establishment unit disbanded, potential distraction from the Three Waters structural reforms, the need for stable medium-term funding, building relationships with Iwi/Māori and integrating Te Mana o te Wai and mātauranga Māori with science-based standards, constructing a balanced regulatory strategy and the cultural shift in the water services sector from rules-based to risk-based.

Prior to Go-Live on 15 November 2021, we successfully migrated the registered supply data from the Ministry of Health’s Drinking Water Online system into Hinekōrako, our online regulatory and intelligence system for registering drinking water supplies. From Go-Live, the Ministry of Health’s website directed enquiries on drinking water regulation to Taumata Arowai.

Security and privacy are at the heart of Hinekōrako. Subject matter experts provided specialist design advice at every development stage. In support of ongoing resilience, independent security and privacy testing is undertaken every three months.

Mauri stone.



As part of the Go-Live, MoH presented Taumata Arowai with a pounamu mauri stone to mark the transfer of responsibility for the mauri of water in Aotearoa.

Since Go-Live, we have been working with registered suppliers to verify the supply data migrated to Hinekōrako. The information provided for larger registered supplies like council supplies, was generally of good standard, however the supply data transferred for small, registered supplies was not as accurate or current. This is because the MoH’s compliance reporting focussed on registered supplies serving a population greater than 100 people.

To verify the details of the registered small supplies, we have had to use a number of routes to find the right contact for the supplier. This more extensive outreach has required a much higher level of resource than anticipated and has impacted other activities we sought to achieve within the year.⁵ Some of our activities will therefore be ongoing in the 2022/23 year.

In 2021/22, Taumata Arowai completed and published our first Drinking Water Regulation Report (DWRR), covering six months from 1 July 2021 to 31 December 2021). This report will be produced each calendar year and will meet the requirements set out in the Water Services Act 2021. The 2021 DWRR reports on the extent of compliance, safety of drinking water, and the management of risks and hazards of source water. It also outlines our intentions for future reporting on activities that lift capability across suppliers and the sector, our performance against the [Compliance, Monitoring and Enforcement Strategy](#) (CME) and the extent to which the Water Services Act 2021 is meeting its purpose.

Te whakatū i ngā whakaritenga hou mō te rāngai wai **Setting up the new requirements for the water sector**

A key part of our responsibilities is to clearly indicate what we expect of drinking water services and how we will act as the regulator. Across four key result areas we had nine performance measures, of which we achieved eight and partly achieved one.

⁵ See the measures in the following tables that are partly achieved or not achieved.

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|----|--|--|---|---|--|
| 5. | <p>Registered and unregistered drinking water suppliers, water carriers and laboratories, know about:</p> <ul style="list-style-type: none"> - their duties - how and when the new regulatory regime applies to them - our approach to compliance, monitoring and enforcement and perform their duties as required. | <ul style="list-style-type: none"> - Clear information from Taumata Arowai on how we intend to operate until 30 June 2022 (and beyond). - Initial plan, roadmaps and drafts of Standards, Rules and Acceptable Solutions released. - Our regulatory approach in the first year is outlined in a Plan and will be communicated to the water services sector through various channels. | <ul style="list-style-type: none"> - Initial communications explaining duties, roadmaps and draft Standards, Rules and Acceptable Solutions for groups of water services by 15 November 2021. - Statistics on: <ul style="list-style-type: none"> - # and type of supplies verified in Hinekōrako - # consumer advisories by type - # notifications by laboratory/supplier. | <ul style="list-style-type: none"> - Achieved. - Achieved and continuing. | <p>By 15 November 2021 we published:</p> <ul style="list-style-type: none"> - Plan to 30 June 2022 - Information provided to water suppliers on what they needed know on their duties and the timeframes. - Draft Standards, Rules and Acceptable Solutions. <p>See tables below for data.</p> |
| 6. | <p>Incidents of unsafe, insufficient, or non-compliant drinking water supply receive an effective response to protect public health.</p> | <ul style="list-style-type: none"> - Triaging of drinking water incidents occurs via the notification system. - Response to drinking water notifications. - Emergency management system is tested and in place. - Emergency management system is practical when used for actual incidents. - Appropriate action is taken when there is a significant risk to public health. | <ul style="list-style-type: none"> - By 15 November 2021. - As they occur. - By 15 November 2021. - When incidents occur. - When incidents occur. | <ul style="list-style-type: none"> - Achieved. - Achieved and continuing. - Achieved and continuing. - Achieved and continuing. - Achieved and continuing. | <ul style="list-style-type: none"> - Processes were in place to triage notifications from 15 November 2021. - # notifications by criticality and actions taken (see tables below). - Emergency management exercises were undertaken in October and December 2021 and May 2022. - Emergency management system was used for the South Waitaki Water Treatment Plant fire and the Buller storm event (see story below for details). - # of formal enforcement actions taken (warnings, infringements, prosecutions). |

| What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|---|--|--|--|---|
| 7. New drinking water Standards, Quality Assurance Rules, Acceptable Solutions and Aesthetic Values are developed, publicly consulted on and recommended for adoption. | <ul style="list-style-type: none"> - Draft for consultation in early 2022. - Consultation process. - Final recommendations. | <ul style="list-style-type: none"> - Drafts completed by 31 January 2022. - Documents finalised by 30 June 2022. | <ul style="list-style-type: none"> - Achieved. - Partly achieved and continuing. | <ul style="list-style-type: none"> - Drafts were completed. - Final recommendations for Standards completed. - Final versions of Rules, Acceptable Solutions and Aesthetic Values completed outside the reporting period to provide additional time to consider submissions from the consultation. |
| 8. Initial guidance is provided on how drinking water suppliers, water carriers and laboratories can: <ul style="list-style-type: none"> - effectively manage risk - give effect to Te Mana o te Wai. | <ul style="list-style-type: none"> - Guidance communications are provided. | <ul style="list-style-type: none"> - By 31 March 2022. | <ul style="list-style-type: none"> - Achieved and continuing. | <ul style="list-style-type: none"> - Initial guidance was published. |

A dedicated regulator is established

In preparation for Go-Live, we used targeted communications to inform registered suppliers about the transition from MoH to Taumata Arowai, key timelines and what suppliers needed to do. Channels included our website⁶, direct emails, media releases, industry publications, webinars, communicating through other channels (Water NZ, Federated Farmers, Rural Women’s Network, Irrigation NZ, other government agencies), presentations and attendance at conferences (including Water NZ, Water Industry Operators Group, Local Government New Zealand (LGNZ), Te Maruata and the Iwi Chairs’ Forums).

In partnership with Water New Zealand, we ran 14 webinars on a range of topics (such as the role of Taumata Arowai and draft regulations). We also ran three webinars specifically targeted at whānau, hapū and iwi and one webinar for farming women with Rural Women New Zealand.

Our approach to regulation

In the Taumata Arowai *Plan to 30 June 2021*, we outlined our approach to regulation and then delivered the [Compliance, Monitoring and Enforcement \(CME\) Strategy](#) by 30 June 2022. This is a three-year strategy built on four key concepts: Duty of Care, Te Mana o te Wai, Risk-based and the Taumata Arowai whakapapa. The CME Strategy is designed to clearly indicate to the water services sector what they can expect from Taumata Arowai as the regulator – our approach to compliance, monitoring and enforcement and the basis on which we will decide to take actions.

⁶ www.taumataarowai.govt.nz

Taumata Arowai is taking a balanced regulatory approach.⁷ This means we will 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.

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 being supplied
- support the water services sector to improve its performance and environmental outcomes.

A key tool in our regulatory interventions is our notifications process. All supplies and testing laboratories are required under the Water Services Act 2021 to notify Taumata Arowai if there is a reasonable likelihood that drinking water is or may be unsafe. This means that notifications occur in real time, as opposed to past practice when reporting was after the event – sometimes long after.

From November 2022, registered drinking water suppliers are required to have Drinking Water Safety Plans (DWSPs) that include Source Water Risk Management Plans (SWRMPs). Taumata Arowai will review, but not approve, these plans and prioritise the reviews based on scale, complexity, risk and population served. From 2023/24, Taumata Arowai will implement an audit programme that determines the extent to which the plans have been implemented, whether operations are consistent with the plans and whether they are appropriate for the supply.

Progress on verifying migrated supplies and registering new supplies

Hinekōrako enables suppliers to register and verify their supplies, supports notifications from suppliers and laboratories, and records the interactions between suppliers and Taumata Arowai. As at 30 June 2022, there were 1,997 migrated (from MoH) drinking water supplies on the register operated by 997 suppliers. Taumata Arowai requires registered suppliers to log on to the new self-service portal (Hinekōrako) and check all details relating their supplies. This means Taumata Arowai has confirmed information on supplies that are subject to regulatory requirements and knows who is responsible for the supply.

As at 30 June 2022, of the 1,997 migrated supplies:

- 36 per cent have been verified by the supplier, confirming that the contact details and supply information are correct. The registered supplies that have verified their details provide drinking water to approximately 78 per cent of the New Zealand population.
- 64 per cent were in the process of being verified, where we help migrated supplies to log onto the system and confirm the details for their supplies. We are reaching out using multiple channels – emails, phone calls, letters, site visits, working through trusted third parties. The as yet unverified supplies provide drinking water to a much smaller percentage of the population and are therefore deemed to be a much lower risk. The migrated but unverified supplies are all small supplies which

⁷ Deloitte (2020). 'If at first you don't find a balanced regulatory model - try, try, again'. Blog by Mike Turley, Vice Chairman and Global Public Sector Leader, 5 February 2020.

provide water to populations below 100 people, with the vast majority serving populations below 25 people and in the rural sector. The general characteristics of these supplies is that the populations are personally known to the supplier and, according to the representative organisations we have spoken with, are aware of the risks associated with their drinking water, many utilising end point treatment or point of entry treatment devices to ensure water is filtered and UV treated prior to consumption. As noted in our CME strategy, we are using population as a proxy for risk in the absence of a more wholesome data set. Because of their population size, these supplies were prioritised behind the larger council owned and operated supplies which collectively serve approximately 85% of the population of Aotearoa.

Most migrated council-operated or controlled supplies verified their details with Taumata Arowai by 30 June 2022. These supplies were deliberately targeted for verification, given that council-operated or controlled supplies provide drinking water to 82 per cent of the population. Verifying small, migrated supplies is continuing.

Our approach to monitoring supplies is by exception as we build the systems and tools to do proactive assessments of degrees of compliance. Since Drinking Water Safety Plans that reflect the requirements of the Water Services Act 2021 are not required of registered supplies until November 2022, there was no objective basis for assessments.

As at 30 June 2022, 71 supplies that were not previously migrated from MoH have registered with Taumata Arowai.

Migrated supplies verified by type as at 30 June 2022

| Supplier Type | Total Supplies | Verified Supplies | Unverified supplies | | | | |
|----------------------|----------------|-------------------|-------------------------------------|-------------------------------|-----------------------------------|---------------------------------------|--------------------------|
| | | | Supplies Cancelled/ Deregistered | Invited and Redeemed Supplies | Invited and Not Redeemed Supplies | Supplies with Contact and Not Invited | Supplies with No Contact |
| Government | 500 | 54 | 20 | 63 | 161 | 176 | 26 |
| Council | 555 | 515 | 20 | 13 | 1 | | 6 |
| Kāinga | 155 | 5 | | 1 | 4 | 124 | 21 |
| Building | 204 | 34 | 11 | 29 | 56 | 64 | 10 |
| Water Carrier | 279 | 61 | 17 | 50 | 92 | 22 | 37 |
| Other | 304 | 59 | 3 | 56 | 56 | 83 | 47 |
| Total | 1997 | 728 | 71 | 212 | 370 | 469 | 147 |

| Supplier Type | Total Supplies | Size of population served | | | | | |
|----------------------|----------------|---------------------------|------------|------------|------------|------------|------------|
| | | 0 - 25 | 26 - 50 | 51 - 100 | 101-500 | >500 | Unknown |
| Government | 500 | 55 | 116 | 138 | 172 | 19 | |
| Council | 555 | 31 | 30 | 66 | 168 | 254 | 6 |
| Kāinga | 155 | 44 | 44 | 45 | 21 | 1 | |
| Building | 204 | 51 | 59 | 49 | 33 | 12 | |
| Water Carrier | 279 | | | | | | 279 |
| Other | 304 | 110 | 69 | 58 | 59 | 6 | 2 |
| Total | 1997 | 291 | 318 | 356 | 453 | 292 | 287 |

Developing the first suite of regulatory instruments

Alongside MoH, we worked with four reference groups and international peer reviewers to develop the Drinking Water Standards, Drinking Water Quality Assurance Rules, Aesthetic Values and Acceptable Solutions. Three reference groups represented suppliers in the rural, local authority and government sectors and one reference group provided technical expertise.

From 17 January to 28 March 2022, we held our first public consultation and sought feedback on our first suite of regulatory instruments.⁸ These instruments are classified as secondary legislation issued under the Water Services Act 2021. As a result:

- New Drinking Water Standards (the [Water Services \(Drinking Water Standards for New Zealand\) Regulations 2022](#)), and Aesthetic Values were published in June 2022 and will come into effect on 14 November 2022 (www.taumataarowai.govt.nz/for-water-suppliers/new-compliance-rules-and-standards).
- Drinking Water Quality Assurance Rules were published shortly after the end of June 2022 and will also come into effect on 14 November 2022.
- Network Environmental Performance Measures have been refined and guidance material has been published. The first reporting period for network operators began on 1 July 2022 (www.taumataarowai.govt.nz/for-water-suppliers/network-environmental-performance-measures).
- Taumata Arowai will finalise Acceptable Solutions for roof water supplies, rural agricultural water supplies, and spring and bore supplies in the first half of the 2022/23 financial year.

⁸ Drafts of Drinking Water Standards, Drinking Water Quality Assurance Rules, Aesthetic Values, Network Environmental Performance Measures and three Acceptable Solutions.

Receipt and triaging of notifications from 15 November 2021

Under the Water Services Act 2021, all laboratories undertaking water testing are required to be independently accredited and are also required to notify Taumata Arowai of any exceedances of maximum acceptable values (MAVs) in drinking water they test. The accreditation body for laboratories is International Accreditation New Zealand (IANZ), which audits the performance of all accredited laboratories regularly. Suppliers are also required to notify Taumata Arowai of any MAV exceedances and of any other risks to the delivery of safe and sufficient water. This creates a robust, real-time reporting regime, as opposed to the previous historical reporting which was dependent on suppliers self-reporting, often some time after the actual incident.

We began to triage all notifications from registered laboratories and suppliers from 15 November 2021. Using a system based on five criteria, we assess all notifications as either Low, Medium, High or Critical and review them accordingly against:

- implications for Te Mana o te Wai
- the risk of harm that may be caused by the event
- the water supplier's capability to resolve the risk
- the environmental risk of the event
- effective use of our resources.

Critical notifications are reviewed as soon as practicable after receipt. High notifications are reviewed within 12 hours, Medium on the following business day. Low priority incidents that do not present a risk to health are not reviewed individually and are monitored for trend and insight analysis as aggregated data. Taumata Arowai has staff on call to review, and where appropriate to respond to, notifications assessed as Critical or High.

Criticality of notifications by type as at 30 June 2022

| Supplier Type | Total Notifications | Critical | High | Medium | Low | N/A | Unknown |
|----------------------------|---------------------|------------|------------|------------|-----------|-----------|-----------|
| Building | 8 | 8 | | | | | |
| Council | 680 | 223 | 198 | 140 | 66 | 30 | 23 |
| Government | 73 | 66 | 2 | 4 | | | 1 |
| Kainga | 15 | 14 | 1 | | | | |
| Other | 76 | 57 | 10 | 1 | 7 | 1 | |
| Unregistered Supply | 245 | 209 | 23 | 2 | 6 | 4 | 1 |
| Water Carrier | 9 | 5 | | 3 | 1 | | |
| Total | 1106 | 582 | 234 | 150 | 80 | 35 | 25 |

Notification source by type as at 30 June 2022

| | Total Notifications | Laboratory Notification | Supplier Notifications (Reasons for notification) | |
|---------------------|---------------------|-------------------------|--|---|
| Supplier Type | | | Risk to Drinking Water Safety or Quantity | Stop, Limit, Reduce Supply or Change Ownership |
| Building | 8 | 7 | 1 | |
| Council | 680 | 202 | 462 | 16 |
| Government | 73 | 57 | 15 | 1 |
| Kainga | 15 | 11 | 4 | |
| Other | 76 | 56 | 20 | |
| Unregistered Supply | 245 | 231 | 14 | |
| Water Carrier | 9 | 5 | 1 | 3 |
| Total | 1106 | 569 | 517 | 20 |

Notification responses by type as at 30 June 2022

| Taumata Arowai responses | | | | | | |
|--------------------------|---------------------|---|-----------|-------------------|-------------------------------|-------------------------------|
| Supplier Type | Total Notifications | Appropriate action taken by supplier | Cancelled | External referral | No further action required | Not closed (as at 30 June) |
| Building | 8 | 2 | | | 3 | 3 |
| Council | 680 | 305 | 4 | 1 | 227 | 143 |
| Government | 73 | 23 | | 3 | 18 | 29 |
| Kainga | 15 | 7 | | | 7 | 1 |
| Other | 76 | 35 | | | 40 | 1 |
| Unregistered Supply | 245 | 52 | 2 | 69 | 110 | 12 |
| Water Carrier | 9 | | | | 8 | 1 |
| Total | 1106 | 424 | 6 | 73 | 413 | 190 |

Enforcement actions

As of 30 June 2022, drinking water suppliers have responded appropriately to the circumstances giving rise to each notification and no enforcement action has been required in the period since Taumata Arowai became the regulator. Appropriate responses have included 44 Boil Water Notices, 9 Do Not Drink Advisories and 5 Do Not Use advisories, making a total of 58 actions affecting consumers taken.

Exercises on drinking water emergencies

Taumata Arowai will not be a lead agency in most drinking water emergencies. We may take a lead agency role and direct certain actions of the responding supplier or of another territorial or local authority should the response be ineffective, or the responding organisation be ineffective or lack capability or resource. This includes declaring a drinking water emergency under Section 59 of the Water Services Act 2021, should a declaration be appropriate to expedite the response and prevent further risk to public health.

Over the reporting period, we held three emergency readiness exercises to test our communications, systems, reporting processes and incident management team's ability to respond appropriately to a range of potential incidents. This is a new function and we needed to be clear on the impacts and requirements of our roles and responsibilities. In addition to the exercises, key staff have undertaken Co-ordinated Incident Management system (CIMS) training.

A summary of the three drinking water emergency readiness exercises held are below.

1. Insufficient Supply Functional Exercise – October 2021

This initial emergency response exercise focussed on an acute water insufficiency scenario in the Far North District. Mana whenua involvement was well received and welcomed by the participating iwi representatives. The exercise tested the Taumata Arowai incident management team staff with the primary objective of confirming a state of readiness to be the regulator and ensure that we met the conditions of a minimum viable product with regards to incident and emergency response.

2. Pressure loss/Backflow Table-top – December 2021

We conducted a tabletop discussion with participation from the Institute of Environmental Science and Research (ESR), Regional Public Health and Wellington Water. The discussion was set against a broad scenario of a significant distribution pressure drop in a major component of the Wellington drinking water supply, resulting in backflow contamination from unknown commercial/industrial sources and generating a substantial risk to public health. The key learning from this exercise was for suppliers, public health authorities and Taumata Arowai to have common situational awareness and consistent messaging to ensure all operational and affected parties have access to the correct information and understand the progress of the response.

3. Exercise Wai Aroturuki: Health Outbreak Table-Top – May 2022

Exercise Wai Aroturuki involved a simulated Public Health Unit (PHU) notification of a confirmed illness outbreak across multiple population demographics within a small Manawatū town, with water as the likely, but unconfirmed, source for the illness. Two agencies needed to take a unified control in this scenario. As with the Havelock North outbreak, this type of emergency will involve a health response to provide support and health advice to the community and those affected, and a supplier/local authority response to resolve the drinking water concern.

Drinking water incidents

Taumata Arowai assisted in resolving two significant drinking water incidents in the period to 30 June 2022.

1. South Waitaki Water Treatment Plant Fire - Jan 2022

In January 2022, Waitaki District Council suffered a fire within their Lower Waitaki water treatment plant building that disrupted their trickle feed supply. The Council's response was a good example of implementing an existing emergency plan and good interaction with Taumata Arowai. The Council is looking at longer term options with this system during the broader recovery phase.

Public information was fast and widely broadcast across a range of media. The information provided good detail on the issue, the action underway, and the potential interruptions that consumers could expect (including for how long). This was effective and resulted in understanding and positive feedback from both consumers and council/industry stakeholders.

There was discussion seeking Taumata Arowai advice regarding the issue of Boil Water Notice. Taumata Arowai is not a recommending or approving authority for water advisories. The decision to issue and cease water advisories is up to the supplier, which has the best appreciation of the hazards and risks affecting the supply.

2. Buller Storm Event - Feb 2022

In February 2022, Buller District Council experienced a significant slip in that damaged the raw water intake pipe to the Westport supply that, coupled with additional aggravating factors, nearly resulted in the supply running out of water. The post activity report highlights a number of concerns and responses done well. The most significant learning was regarding Te Mana o te Wai captured below. The Council is now carrying out a consolidated resilience planning activity with specialist support from Watercare.

As part of Buller District Council's response to this incident, a decision was made to split the catchment and use one of the three streams which had lower turbidity than two other feeder streams. This required the creation of a temporary dam and an improvised intake upstream of the normal infiltration gallery. The result of this work did not significantly affect the overall outcome of the incident or resolve the ability to take and treat the water.

In future incidents, consultation with mana whenua to allow due consideration of Te Mana o te Wai in these circumstances – for example, the impact of changing the intake location on the mauri of the catchment – will be beneficial to response decisions, the source and the people.

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 Taumata Arowai compliance officers over the financial year. Taumata Arowai has not exercised any reportable search and surveillance powers in the period 1 March 2021 to 30 June 2022.

Ko te whakapiki i te mōhiotanga o te iwi whānui ki ngā take wai inu

Building public understanding about drinking water

Our third key area of performance is building public understanding about drinking water, including understanding who supplies drinking water, how to raise a complaint or concern and what Taumata Arowai does. Across three key result areas, we had six measures, of which we achieved two and partly achieved the remaining four.

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|-----|---|---|--|--|---|
| 9. | Public information is available on registered drinking water suppliers. | - The Registration and Intelligence system (Hinekōrako) provides registration information via the Taumata Arowai website. | - Functionality is ready by 15 November 2021. | - Partly achieved and continuing. | - A list of registered supplies was published in PDF format on the website from 15 November 2021. In March 2022, the information became searchable. We are seeking to provide the public with more information on their supplies over time. |
| 10. | People from all communities (including urban, rural and Māori) know how to raise a concern or make a complaint about their drinking water supplier or supply. | Taumata Arowai website includes information on complaints and concerns. | - The website tool operates. - Research shows an initial understanding of the role of Taumata Arowai and satisfaction with the channels provided. | - Partly achieved and continuing. - Partly achieved and continuing. | - Complaints process initially published on our website. Subsequently removed as detailed process not yet decided. - Three surveys had begun in 2021/22. Fieldwork for the public survey was completed by 30 June 2022 and surveys for suppliers and stakeholders were being prepared for release. |

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|-----|--|--|--|---|--|
| 11. | People from all communities (including urban, rural and Māori) know about Taumata Arowai, what our role is and why we exist. | Taumata Arowai Plan to 30 June 2022. Results from a stakeholder engagement survey and Kaupapa Māori engagement. | <ul style="list-style-type: none"> - Pre and post 15 November 2021 engagement and planning is undertaken. - Research shows an initial understanding of the role of Taumata Arowai. - Statement of Intent and Statement of Performance Expectations are delivered to Parliament on or before 30 June 2022. | <ul style="list-style-type: none"> - Achieved. - Partly achieved and continuing. - Achieved. | <ul style="list-style-type: none"> - Summary of engagement planning – reports to the Board. - Three surveys had begun in 2021/22. Fieldwork for the public survey was completed by 30 June 2022 and surveys for suppliers and stakeholders were being prepared for release. - SOI and SPE were delivered to the Minister on 30 June 2022. |

Awareness of Taumata Arowai

We commissioned a ‘society’ survey to establish a baseline of public understanding of where their drinking water comes from, what Te Mana o te Wai means to them and their perceptions about the role of Taumata Arowai. The society survey was undertaken online over May and June 2022 and involved 2,504 respondents. Weighting was applied to ensure that the sample was representative of the New Zealand population on age, gender, region and ethnicity, using 2018 New Zealand Census data. The results of this survey are statistically significant at the 95 per cent confidence level.

The survey found that 58 per cent of respondents would approach their local or regional council if they needed to raise a concern or make a complaint about their drinking water, 17 per cent would contact their supplier and 12 per cent their landlord or property manager.

The survey also found that whilst one third of those surveyed have heard of Taumata Arowai, two thirds of respondents are unaware of the role and remit of Taumata Arowai. Further research is planned in the coming year to grow our understanding of stakeholders and audiences' information wants, needs and knowledge.

Engagement with small, registered supplies, including kāinga

The Board and Te Puna receive monthly updates on planned communications and engagement activities, including specific engagement with Iwi/Māori. Work finding and engaging directly with small, registered supplies and registered kāinga suppliers has been hampered by the wave of COVID-19 over the last six months and resourcing.

We are starting to see the benefits of the Board and Te Puna March 2021 decision to invest further to establish inhouse Te Tiriti and Te Mana o Te Wai capability. The webinars and conference appearances have been very useful for explaining the new expectations, but these are not sufficient in future. We plan to invest more in kānohi ki te kānohi (face to face) engagement in the coming year. Our specific engagement with Iwi/Māori is detailed further in the section ‘Respecting Māori interests’.

Engaging with rural suppliers

The Chief Executive co-chaired the Rural Drinking Water Technical Working Group, which included a Te Puna member, to consider the impact of the Water Services Act 2021 and the proposed service delivery reforms (four water services entities) on the rural sector. This working group provided recommendations to DIA in June 2022.

To date, we have engaged with the rural sector primarily through representative groups such as Federated Farmers, Irrigation New Zealand, Fonterra and the Rural Women's Network, with key messages around milestones for registration and compliance with the new regulatory requirements. We also offered a range of webinars in partnership with Water NZ, explaining the new regulatory regime and how it will affect communities.

We are also engaging with the Ministry for Primary Industries to understand how we can, together, engage more directly with the sector, including to inform the sector about compliance pathway options (such as the use of Acceptable Solutions) and timelines for registration of currently unregistered supplies.

Development of the accountability documents

During the period covered by this report, Taumata Arowai created its first four important accountability documents for communicating our role and responsibilities and the performance of drinking water supplies. These documents are:

- the [Statement of Intent 2022-2026](#) (SOI) – a four-year strategic plan that describes what we intend to achieve in the future and, at a high level, how we will undertake this plan
- the [Statement of Performance Expectations 2022/23](#) (SPE) – a one-year operational plan, including specified work programmes to be delivered and resourcing to support them
- the [Compliance, Monitoring and Enforcement Strategy 2022-2025](#) (CME) – a three-year strategy describing how we will go about ensuring suppliers deliver safe drinking water, monitoring suppliers' actions and taking needed enforcement action
- the [Drinking Water Regulation Report 2021](#) (DWRR) – a report describing how registered supplies performed against the current Drinking Water Standards between 1 July and 31 December 2021.

Ko te whai whakaaro ki ngā tika a Ngāi Māori **Respecting Māori interests**

Taumata Arowai has specific responsibilities in our enabling legislation for engaging early and working meaningfully with Iwi/Māori, upholding the principles of Te Tiriti o Waitangi and giving effect to Te Mana o te Wai. In this area of our performance, we had eight performance measures over three key result areas. We achieved one of these, partly achieved six and did not achieve one measure.

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Notes |
|-----|---|---|--|--|---|
| 12. | Iwi/Māori aspirations regarding drinking water supplies are listened to, understood and relationships established. | <ul style="list-style-type: none"> - With Te Puna, a pathway for effective engagement is identified and put in place to understand the aspirations of Iwi/Māori. - Establish relationships with Te Arawhiti and Te Puni Kōkiri (TPK). | <ul style="list-style-type: none"> - Plan for engaging with whānau, hapū and iwi regarding their registered and unregistered drinking water supply will be communicated by February 2022. - Advice from Te Puna and how this was responded to is included in the Taumata Arowai Annual Report. | <ul style="list-style-type: none"> - Partly achieved and continuing. - Partly achieved and continuing. | <ul style="list-style-type: none"> - Plan was delayed by COVID and hampered by the quality of the data for registered Māori supplies. - Following the MOU between the Board and Te Puna, Te Puna reviewed all Board papers and through the dual members, provided input into Board decisions. It also led the drafting of the MOU, the TOR, and advised on the direction of the SOI, SPE and CME. |
| 13. | Our engagement and consultation approach is co-ordinated with other government agencies to maximise benefit for Iwi/Māori to participate and minimise disruption. | <ul style="list-style-type: none"> - Internal capability in giving effect to Te Mana o te Wai. - Liaison with DIA, TPK and Te Arawhiti on consultation timeframes to coordinate activities. | <ul style="list-style-type: none"> - Taumata Arowai has an internal capability programme in the application of Te Mana o te Wai. - Opportunities for maximising benefits to whānau, hapū and iwi are identified and actioned. - Taumata Arowai provides sufficient advice and timely responses. | <ul style="list-style-type: none"> - Partly achieved and continuing. - Partly achieved and continuing. - Achieved and continuing. | <ul style="list-style-type: none"> - External expert provided a series of 6 workshops over April – June 2022. - Plan was delayed by COVID and hampered by need to work to identify and contact Māori-owned supplies. - Requests for information from stakeholders have been responded to within statutory timeframes. |

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Notes |
|-----|---|---|---|--|--|
| 14. | Iwi/Māori are informed about when the new drinking water requirements will apply to drinking water provided through marae and papakāinga. | <ul style="list-style-type: none"> - Specific, targeted communications to Iwi/Māori about requirements – for both registered and unregistered suppliers. - Examples or case studies of successful delivery of safe drinking water by Iwi/Māori communities are available. | <ul style="list-style-type: none"> - Iwi/Māori know what is required for water supplies they control and when. - Insights from kaupapa Māori engagement and research findings are shared. - Iwi/Māori can find examples of success to work from. | <ul style="list-style-type: none"> - Partly achieved and continuing. - Partly achieved and continuing. - Not achieved and continuing. | <ul style="list-style-type: none"> - Focus has been on contacting Iwi/Māori owned supplies and building trust. - Surveys begun but not completed by 30 June 2022. - Focus has been on contacting Iwi/Māori owned registered supplies. |

Tō mātou tikanga: Manaakitanga

Our ways of working: We will act in and support mana-enhancing ways to achieve intergenerational sustainability

Developing meaningful relationships with tangata whenua

The key focus for Taumata Arowai in its first year has been to work with kāinga immediately impacted by the drinking water regulatory regime. Kāinga for Taumata Arowai are those Māori drinking water suppliers like marae, papakāinga, kōhanga a reo, kura kaupapa, iwi, hapū and hāpori Māori who exercise authority of their water source, treatment, and delivery of drinking water to their whānau, hapū, iwi and hāpori.

To date, the key focus for Taumata Arowai in working with Māori drinking water supplies has been to identify and verify correct contact information. This task has been more challenging than originally anticipated. More recently, we have been able to build our relationships with Māori drinking water suppliers as we move from verification to kōrero (discussions) on the duties of a drinking water supplier and drinking water safety. For example, we:

- hosted a webinar with the Raupunga Community Supply. The supplier shared their history, challenges and how they approach safety planning. We received feedback from participants that it was helpful to hear practical advice that can be considered and applied to other Māori drinking water suppliers.
- contributed to a wānanga at Te Huingawaka Marae, in Kāingaroa, to support three Māori drinking water suppliers. This was an opportunity to reflect on how working with kāinga as a cluster could be useful for the suppliers and Taumata Arowai in the future.
- two webinars held for whānau, hapū, iwi and kāinga with interests in Taumata Arowai covering our role as the regulator and discussing how to support Iwi/Māori owned registered and unregistered water supplies, empower kaitiakitanga, consider mātauranga Māori and give effect to Te Mana o te Wai.

The greatest achievement of engaging with kāinga has been developing meaningfully and trusting relationships with kāinga and consultants and organisations who work with them. Taumata Arowai is planning to continue to grow our relationships with kāinga and those who support them.

Another focus area has been to strengthen relationships with mana whenua: Te Atiawa to ensure we safeguard the taonga Māori gifted to Taumata Arowai from mana whenua, Ngāi Tahu to support the registering of their kāinga in Te Waipounamu and Waikato-Tainui to register their kāinga. We continue to reach out to other iwi also.

Wānanga

In September 2021, Te Puna hosted a wānanga with DIA and the Ministry for the Environment (MfE) focused on elements of the Taumata Arowai work programme that are important to whānau, hapū and iwi. The wānanga concluded with a commitment by all parties to work together so that the burden of engagement with government agencies on whānau, hapū and iwi is lessened and information on key local contacts and initiatives is shared by agencies.

Te Puna contributions to communications and engagement planning

Te Puna has been actively involved in communications and engagement planning, with a particular focus on the needs of whānau, hapū and iwi and Māori owned supplies. The work has included:

- a review of the strategy for public consultation that was undertaken in January – March 2022
- an approach to working with currently registered kāinga
- ongoing reviews and refinement of Taumata Arowai key messages.

Giving effect to Te Mana o te Wai

Taumata Arowai continues to work on what giving effect to Te Mana o te Wai looks like in a practical sense, both for us and others in the water services sector. This work programme will be ongoing over the next several years and will involve Te Puna, consultation with mātauranga Māori experts and engagement with other agencies tasked with giving effect to Te Mana o te Wai.

As COVID restricted our abilities to meet in person, we provided a comprehensive programme of webinars and presentations with WaterNZ, plus a separate series of three webinars specifically aimed at whānau, hapū and iwi.

Investment in resources to support engagement with Iwi/Māori

Early in 2022, the Board and Te Puna recognised that additional resources were needed to support Taumata Arowai to build its capability to effectively engage with Iwi/Māori and supported additional investment in growing our capacity and capability.

A kāinga project team identified key contacts and built trust through partnering with local iwi and other groups. The aim of the project is to understand the needs, aspirations and challenges of Iwi/Māori owned supplies. As part of the process of reaching out to kāinga, the team has helped each contact to understand how the new standards and rules are likely to apply to kāinga and how expectations differ to those of large suppliers.

We also engaged with iwi organisations, such as Ngāi Tahu and Waikato-Tainui, to reach out to supplies in their rohe. We have identified several barriers to kāinga being able to verify their contacts and supply data, including governance arrangements requiring formal processes to establish a RealMe identity, lack of funding, dependence on volunteers, distance from accredited laboratories, limited phonenumber or internet connectivity and physical isolation.

He rāngai wai e honohono ana A joined-up waters sector

Tō mātou tikanga: Kāwanatanga

Our ways of working: We will model positive partnerships and behaviours in our relationships

We are required to work with others in the water services sector and key agencies working with the sector, which will be an ongoing activity.

| | What we said we would do | What needed to be delivered | Success factors/dates | Assessment | Commentary |
|-----|---|--|--|-------------------------|--|
| 15. | Connections are made across the waters sector, by listening to and understanding concerns and leading conversations on our responsibilities alongside key agencies that are also part of water services, including rural and urban communities. | - Active participation in the waters sector, listening and water services understand the role of Taumata Arowai in relation to the roles and responsibilities of MoH, MfE, DIA and other key agencies. | - Research shows an initial understanding of the role of Taumata Arowai. | - Achieved and ongoing. | - Active participation in Three Waters planning; interim working agreement reached with MoH; contacts with DIA, MfE, Te Arawhiti and Te Puni Kōkiri. - Te Puna organised a wānanga with DIA and MfE to discuss our working relationship and plans to develop guidance on giving effect to Te Mana o te Wai. |

Working with DIA

Taumata Arowai has been an active participant in the Three Waters planning processes. We have been members of the Three Waters Service Delivery Steering Committee and the Three Waters Service Delivery Programme Board from early in our establishment phase. The Taumata Arowai and DIA Chief Executives meet six monthly.

Staff meet monthly on policy and delivery matters across all levels of DIA and Taumata Arowai. These meetings have mostly been focused on:

- the broader Three Waters Service Delivery Cabinet decisions and legislation programme
- the regulations programme of work for Taumata Arowai
- developing the monitoring relationship.⁹

⁹ [Improving value through better Crown entity monitoring — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://www.oag.parliament.nz/publications/2022/03/improving-value-through-better-crown-entity-monitoring)

We also work with DIA to coordinate responses to Official Information Act responses, Parliamentary Questions and Ministerial briefings.

We are also working with DIA, Te Puni Kōkiri and Crown Infrastructure Partners on the policies and processes that underpin the \$30 million Rural Drinking Water Programme. The Programme provides communities, including kāinga, with funding for treatment systems, training and maintenance to help them keep their water safe and meet new regulatory requirements and drinking water standards.

Working with the Ministry of Health

MoH is responsible for providing health policy advice to Taumata Arowai. Taumata Arowai and MoH have, and will continue to, work closely together and with other agencies to determine the appropriate strategic approach to some potential drinking water contaminants including lead and nitrate. In addition, MoH, PHUs, the Medical Officers of Public Health and Taumata Arowai have complementary roles in responses to drinking water incidents or emergency.

On 15 November 2021, Taumata Arowai and MoH acknowledged the transferring of water services regulatory responsibilities to Taumata Arowai. MoH gifted Taumata Arowai a mauri stone – a pounamu – to signify this transfer at a ceremony.

An interim working agreement with MoH was drafted and signed in November 2021, and an interim health policy agreement was included in April 2022. This interim agreement will be reviewed and replaced by a memorandum of understanding with the relevant parts of the new health sector agencies.

We worked with MoH officials throughout 2021. An MoH staff member was seconded from MoH to Taumata Arowai and a joint working group was established to manage the transition. Some relevant work Taumata Arowai and MoH undertook during the 2021/22 year includes:

- organising the transfer of drinking water data and resources from MoH to Taumata Arowai
- feedback from Ministry of Health on key documents ahead of public consultation
- participating in teleconferences to update PHU staff on progress
- sharing information on incidents and notifications
- involvement of MoH and PHUs in emergency exercises.

Working with other government agencies

There have been two meetings with Te Arawhiti that covered updates and discussions on future opportunities to collaborate.

We have regular meetings with MfE on Te Mana o te Wai, including discussions on how the Te Mana o te Wai statements will operate within the resource management reforms.

The relationship with Te Puni Kōkiri is at an early stage of development, although Te Rōpū Ārahi has made use of their databases to try to identify current contact information for Iwi/Māori owned registered supplies.

We continue to work with the Ministry for Primary Industries to understand how their delivery and support agencies might assist Taumata Arowai to engage more directly with the sector. We have also met with the Ministry for Business, Innovation and Employment to discuss their work on the control of lead content in plumbing fixtures and the relationship between the Water Services Act 2021 and the Building Act 2004.



Ngā pūtea a Taumata Arowai

Taumata Arowai funding

In 2021/22, 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.

Te utu o te tauākī ratonga

Cost of service statement

| | 12 months | | 4 months | |
|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Actual 2021/22 \$000 | Budget 2021/22 \$000 | Actual 2020/21 \$000 | Budget 2020/21 \$000 |
| Revenue from the Crown | 18,016 | 15,005 | 7,830 | 7,280 |
| Other revenue | 29 | - | 1 | - |
| Interest revenue | 6 | 350 | - | - |
| Total revenue | 18,051 | 15,355 | 7,831 | 7,280 |
| | | | | |
| Total expenditure | 14,094 | 14,865 | 5,765 | 7,280 |
| | | | | |
| Surplus/(deficit) | 3,957 | 490 | 2,066 | - |

Tō mātau āheinga mō tō mātau kaha

Our capability and capacity

Te arotake i ngā tikanga mana whakahaere

Review of governance practices

The Minister's Letter of Expectations required the Board and Te Puna to review their governance practices in the first year of operation. In April 2022, the Board engaged the Institute of Directors to support this review. The review enabled the Board and Te Puna to self-reflect on their working relationship and respective roles, strengths, and areas for development.

Tā mātau kīwhaiaro kaimahi

Our employee profile

As at 30 June 2022, our employee profile was as follows:

- 54 employees – 34 identify as female, 20 identify as male
- the average age at Taumata Arowai is 42
- our gender pay gap is 0%, our Māori and ethnic pay gap is 7%
- 5.5% of staff identify as having a disability
- our staff turnover for the year to 30 June 2022 is 10.8%.

As at 30 June, our staff reported their main ethnicity as:

| Self-reported main ethnicity | % of total staff |
|------------------------------|------------------|
| African | 3.7% |
| Asian | 9.3% |
| European (all locations) | 9.3% |
| Not Disclosed | 1.8% |
| NZ Euro/ Pākehā | 61.1% |
| NZ Māori | 14.8% |

Our age demographic looks like:

| | |
|-------|----|
| 60+ | 4 |
| 50-59 | 13 |
| 40-49 | 16 |
| 30-39 | 11 |
| 20-29 | 10 |

Ngā herenga hei kaitukumahi pai

Obligations as a good employer

We have a statutory obligation under section 118 of the Crown Entities Act 2004 to operate a personnel policy that complies with the principle of being a good employer. The Human Rights Commission monitors and reports on the performance of Crown entities against its seven key elements of what being a good employer looks like. The table below outlines our key actions against these seven elements.

| Elements | Initiatives |
|---|---|
| Leadership, accountability and culture | <p>In 2022, we undertook our first full engagement survey to measure employee engagement and overall experience in areas such as culture, leadership, working environment and sense of involvement.</p> <p>This survey found that 66% of employees at Taumata Arowai are engaged (May 2022 as compared to a benchmark of 63% for organisations using the same reporting tool). Our people leaders have been actively working with their teams to put action plans in place to boost staff engagement and sentiment over the course of the next year.</p> <p>Whāngaia te Whānau</p> <p>Every two weeks we bring our people from across the organisation together at Whāngaia te whānau, our all-staff forum. This forum ensures that all of our people are connected to our mahi and have awareness of what is happening across the organisation.</p> |
| Recruitment, selection and induction | <p>Recruitment and selection</p> <p>Taumata Arowai needs a workforce with the capability to perform in a complex, changing environment, and a culture that recognises and values different perspectives. Recruiting capable and adaptable people is the key to achieving this.</p> <p>We actively work to achieve no bias or discrimination in our remuneration systems or recruitment practices – our systems and practices are designed to remove bias, including minimal gaps in starting salaries, unless there is a good business reason, and actively considering our gender and ethnic pay gaps at all points in the recruitment process. Our gender pay gap is 0% and our Māori and ethnic pay gap is 7%.</p> <p>As a small organisation, every appointment or resignation can impact our pay gaps dramatically. Taumata Arowai will continue to develop our recruitment and selection tools that educate our hiring managers and protect the work we have already done to close our ethnic pay gap.</p> <p>Induction</p> <p>As Taumata Arowai has been working through a period of organisational growth, and we have been recruiting a permanent workforce, we have had to ensure that our new starters have a good and consistent experience. An induction programme was developed and rolled out to support people leaders with the onboarding of their new staff. This ensured that our people’s first steps into our organisation are steeped in understanding our origin, our whakapapa and our tikanga.</p> |

| Elements | Initiatives |
|--|--|
| | <p>We hold regular mihi whakatau to welcome cohorts of new staff to the Taumata Arowai whānau.</p> |
| <p>Employee development, promotion and exit</p> | <p><i>Learning and development</i></p> <p>Our focus this year has been on recruitment and ensuring that Taumata Arowai had the knowledge, skills and behaviours in our workforce to deliver on our work. Our focus in learning and development has been on technical training and skills to do the work. Foundational work has been undertaken to procure suppliers for our leadership development, cultural capability and health and safety learning solutions in the next year.</p> <p><i>Regulatory Capability</i></p> <p>This year we offered the level 3 G-Reg Qualification to staff in order to build our regulatory capability for our frontline staff and build awareness of the work of a regulatory agency for non-frontline staff. A number of staff undertook Water NZ short courses to grow their technical understanding and knowledge of drinking water. This provided our people with good foundational knowledge and awareness, which they then took to the next level by undertaking the Level 4 NZQA Certificate in Water Assessment. This is a 65-credit programme that we will continue to build on over time. Work has also been undertaken to grow our internal repository of information and learning on regulatory topics as well as curating communities of practice to share knowledge and skills with staff across the organisation.</p> <p><i>Emergency Management Capability</i></p> <p>Taumata Arowai has a role to play in response and emergency management. To ensure that our people can operate in an emergency management environment, Coordinated Incident Management System (CIMS) training has been made available to all staff. This has been coupled with our Exercise Programme to ensure that our people are ready for the unexpected.</p> <p><i>Cultural Capability</i></p> <p><i>Te Mana o te Wai</i></p> <p>This year we delivered a programme of six Te Mana o te Wai workshops to our people. The purpose of the programme was to enable all staff to work off the same page to develop and agree Te Mana o te Wai guidance and frameworks. The programme enabled our people to learn more about the whakapapa of wai, the Te Tiriti o Waitangi and its application to wai and to deepen understanding of co-governance and co-management amongst other topics.</p> <p>All workshops included the context of our evolving landscape, cognisant of the impact of the proposed water service entities and the role of Te Mana o te Wai statements.</p> <p><i>Te Reo Māori</i></p> <p>Our te reo Māori Employee Led Network helped our people connect, learn and support each other in the understanding, use and application of te reo Māori. Groups of staff met twice weekly to learn from each other and practice te reo Māori in order to grow our organisation’s capability.</p> |

| Elements | Initiatives |
|---|--|
| | <p>Exit Review of employee turnover trends and reasons for exit are analysed to identify improvement opportunities.</p> |
| Flexibility and work design | <p>Our approach to flexible work is that our people can work flexibly by default. In our May 2022 engagement survey, 85 percent of our people said that they were genuinely supported if they choose to make use of flexible work arrangements.</p> |
| Remuneration, recognition and conditions | <p>Remuneration Taumata Arowai has subscribed to the Strategic Pay SP10 job evaluation methodology. Once job design has been completed for all new roles, the positions are then sized using SP10 ensuring that all roles of similar size and complexity are remunerated comparatively and in-line with current market data.</p> <p>Gender and Ethnic pay equity is monitored to ensure equity within pay bands.</p> <p>Enhanced Employment Provisions COVID-19 All staff have access to enhanced employment provisions should they contract COVID-19 so that they can focus on their health and wellbeing while recovering without worrying about their leave balances.</p> <p>Parental Leave Taumata Arowai offers enhanced employment provisions for expecting parents, including paid special leave for expecting mothers in the run up to their due date and paid special leave for the partners of expecting mothers in the run up to, or after, the due date.</p> |
| Harassment and bullying prevention | <p>Taumata Arowai has zero tolerance of any form of harassment or bullying. Standards of integrity and conduct and related policies are maintained. The Employee Code of Conduct and relevant policies are available to staff at all times.</p> |
| Safe and healthy work environment | <p>The Health, Safety and Wellbeing of our people is a priority. Our approach to maintaining a healthy and safe work environment ensures that our people feel comfortable in their work environments and confident in the controls that we put in place to protect their wellbeing. The 2022 Staff Engagement Survey found that 93% of our staff feel that their manager genuinely cares about their wellbeing.</p> <p>COVID-19 We have had strong controls in place to ensure that Taumata Arowai has not only complied with the COVID-19 Protection Framework, but also created an environment where our people can feel safe and thrive in their work. This has included keeping our offices at reduced capacity and running wellbeing check-ins for staff to join and feel connected to the rest of the workforce.</p> |

| Elements | Initiatives |
|----------|--|
| | <p><i>Driver Training</i> Driving is our number one critical health and safety risk at Taumata Arowai. To help mitigate that risk, we offer targeted training to our staff so that they make better choices when driving, develop better driver attitudes and create safer behaviours and awareness.</p> <p><i>eRoad</i> Creating a safe workplace is a key goal for Taumata Arowai, regardless of whether that workplace is in one of our offices, or on the road in one of our fleet cars. We have equipped all of our fleet with eRoad telematic systems to help us manage health and safety outcomes and boost driver performance.</p> <p><i>Working from home equipment</i> As part of our commitment to creating a safe working environment and with our approach to flexible by default, we offer all permanent and fixed term staff equipment to set up an ergonomically correct workstation for those times they need to work from home.</p> <p><i>Period Products</i> This year Taumata Arowai subscribed to Dignity, a social responsibility organisation whereby we provide free period products to female employees. Through this 'Buy-one, Give-one' partnership, for order of period products that Taumata Arowai buys, Dignity matches the equivalent number of boxes and gifts them to youth and community groups throughout New Zealand.</p> |

Ngā kaupapahere ara whiwhi mahi tautika

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 Te Tiriti o Waitangi/the Treaty of Waitangi.

Ngā arotake kaupapahere

Policy reviews

EEO policies are subject to regular reviews and updates. In the 16 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.

Whakapuakanga utu Remuneration disclosure

Board

| The total value of remuneration paid or payable to each Board member during the year was: | Actual 2021/22 \$ | Actual 2020/21 \$ |
|---|-------------------------|-------------------------|
| Dame Karen Poutasi (Board chair) | 30,000 | 10,000 |
| Troy Brockbank | 15,000 | 5,000 |
| Riki Ellison | 15,000 | 5,000 |
| Brian Hanna | 15,000 | 5,000 |
| Dr Virginia Hope | 15,000 | 5,000 |
| Loretta Lovell | 15,000 | 5,000 |
| Anthony Wilson | 15,000 | 5,000 |
| Total Board member remuneration | 120,000 | 40,000 |

No Board members received compensation or other benefits in relation to cessation (2021: \$nil).

Te Puna

| The total value of remuneration paid or payable to each Te Puna member during the year was: | Actual 2021/22 \$ | Actual 2020/21 \$ |
|---|-------------------------|-------------------------|
| Tipa Mahuta (Chair) | 9,750 | 500 |
| Ian Ruru (Deputy Chair) | 3,956 | 300 |
| Bonita Bigham | 3,900 | 300 |
| Riki Ellison | 3,619 | 300 |
| Loretta Lovell | 5,288 | 300 |
| Pita Paul | 4,350 | 300 |
| Frank Hippolite | 900 | 300 |
| Total Te Puna member remuneration | 31,763 | 2,300 |

No Te Puna members received compensation or other benefits in relation to cessation (2021: \$nil).

Staff

| Total employee remuneration paid or payable that is or exceeds \$100,000: | Actual 2021/22 Number | Actual 2020/21 Number |
|---|-----------------------|-----------------------|
| \$100,000 - \$109,999 | 3 | 0 |
| \$110,000 - \$119,999 | 1 | 0 |
| \$120,000 - \$129,999 | 1 | 1 |
| \$130,000 - \$139,999 | 1 | 0 |
| \$140,000 - \$149,999 | 5 | 0 |
| \$150,000 - \$159,999 | 3 | 0 |
| \$160,000 - \$169,999 | 2 | 0 |
| \$170,000 - \$179,999 | 1 | 0 |
| \$180,000 - \$189,999 | 1 | 0 |
| \$190,000 - \$199,999 | 1 | 0 |
| \$220,000 - \$229,999 | 1 | 0 |
| \$410,000 - \$419,999 | 1 | 0 |
| Total Employees | 21 | 1 |

During the year ended 30 June 2022, zero employees (2021: 0) received compensation and other benefits in relation to cessation.

Indemnity insurance

Taumata Arowai held professional indemnity insurance cover during the 16-month period to 30 June 2022 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.

Urupare huringa āhuarangi Climate change response

Monitoring footprint

As a Crown entity, Taumata Arowai is not yet required to report on its carbon footprint. We will begin the process of monitoring our footprint, starting from 1 July 2022.

Trees that Count

To celebrate the first Matariki public holiday, management gifted all staff with a native tree planted in their name by [Trees that Count](#). The initiative, run by Project Crimson, aims to plant more native trees across Aotearoa to capture carbon and mitigate climate change.

Whai ratonga anga whakamua

Progressive procurement

Progressive procurement is a government initiative aimed to support whānau Māori enterprise through procurement activities by setting a 5 per cent target of government spend towards Māori businesses. The progressive procurement policy came into effect on 1 July 2021 and applies to all mandated government agencies required to apply the Government Procurement Rules. This approach to procurement from Māori business is a way to rapidly support Māori businesses to participate in economic recovery.

The 5 percent 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.

It is the intention of Taumata Arowai to ensure Māori suppliers are considered in all applicable procurements.

The performance of Taumata Arowai over the reporting period is shown in the following table.

| | Contracts awarded to Māori Suppliers | Total number of contracts awarded | % |
|--------------------------------|--------------------------------------|-----------------------------------|-----|
| 01/03/2021 - 30/06/2021 | 5 | 42 | 12% |
| 01/07/2021 - 30/06/2022 | 9 | 75 | 12% |

Te tauākī 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.

We are 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 also responsible for establishing, and has established, a system of internal controls designed to provide reasonable assurance of the integrity and reliability of our 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 2022.

Signed on behalf of the Board.



Dame Karen Poutasi
Board Chair



Riki Ellison
Board Member

Huatau ōtita

Audit opinion

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

OF TAUMATA AROWAI

FOR THE PERIOD ENDED 30 JUNE 2022

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 of Taumata Arowai on his behalf.

We have audited:

- the financial statements of Taumata Arowai on pages 58 to 77, that comprise the statement of financial position as at 30 June 2022, 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 that include a summary of significant accounting policies and other explanatory information; and
- the performance information of Taumata Arowai on pages 17 to 42.

Opinion

In our opinion:

- the financial statements of Taumata Arowai on pages 58 to 77:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance on pages 17 to 42:
 - presents fairly, in all material respects, the performance of Taumata Arowai for the year ended 30 June 2022, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with expectations included in the Taumata Arowai 'Plan to 30 June 2022';
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 14 December 2022. This is the date at which our opinion is expressed.

The basis of our opinion is explained below, and we draw your attention to a breach of legislative requirements. 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 explain our independence.

Emphasis of matter – Breach of legislative requirement

Without modifying our opinion, we draw attention to page 17, which outlines that Taumata Arowai did not produce a Statement of Performance Expectations for the period ending 30 June 2022. The Minister’s letter of expectations required Taumata Arowai to prepare its first Statement of Performance Expectations to cover the 16 months since it was established. By not preparing a Statement of Performance Expectations, Taumata Arowai breached the expectations of the Minister and did not comply with the requirements of section 149D of the Crown Entities Act 2004. We note that the Taumata Arowai ‘Plan to 30 June 2022’ (a non- statutory document), was used to prepare the Statement of Service Performance for the period ended 30 June 2022.

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 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 the 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 reported performance information within the framework for reporting the performance 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 1 to 16 and 43 to 53, 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 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.



Henry McClintock

BDO WELLINGTON AUDIT LIMITED

On behalf of the Auditor-General Wellington, New Zealand

**Taumata Arowai
Financial Statements
for the period ended
30 June 2022**



Ngā tauākī pūtea

Financial statements

Tauākī o ngā moni whiwhi me ngā raruraru mō te wā i mutu i te 30 o Hune 2022

Statement of comprehensive revenue and expense for the period ended 30 June 2022

| | Notes | 12 months | | 4 months* | |
|---|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | Actual 2021/22 \$000s | Budget 2021/22 \$000s | Actual 2020/21 \$000s | Budget 2020/21 \$000s |
| Revenue | | | | | |
| Funding from the Crown | 1 | 18,016 | 15,005 | 7,830 | 7,280 |
| Interest revenue | | 29 | 0 | 1 | 0 |
| Other revenue | 1 | 6 | 350 | 0 | 0 |
| Total revenue | | 18,051 | 15,355 | 7,831 | 7,280 |
| Expenses | | | | | |
| Personnel costs | 2 | 9,097 | 7,985 | 4,085 | 4,900 |
| Depreciation and amortisation expense | 6,7 | 364 | 680 | 50 | 0 |
| Other expenses | 3 | 4,632 | 6,200 | 1,631 | 2,380 |
| Total expenses | | 14,094 | 14,865 | 5,765 | 7,280 |
| Total comprehensive revenue and expense for the period | | 3,957 | 490 | 2,066 | 0 |

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

The accompanying notes form part of these financial statements.

Taumata Arowai was established as a Crown Entity on 1 March 2021. We were granted an exemption by the Minister of Finance from producing an Annual Report for 2020/21.

*We have provided the comparative financial statements for the four months from 1 March 2021 to 30 June 2021.

Tauākī o te tūnga pūtea i te 30 o Hune 2022

Statement of financial position as at 30 June 2022

| | Notes | Actual 2021/22 \$000s | Actual 2020/21 \$000s |
|--------------------------------------|-------|-----------------------------|-----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 7,961 | 4,843 |
| Debtors and other receivables | 5 | 6 | 0 |
| GST Receivable | | 308 | 426 |
| Prepayments | | 279 | 94 |
| Total current assets | | 8,555 | 5,363 |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 737 | 898 |
| Intangible assets | 7 | 2,510 | 1,024 |
| Total non-current assets | | 3,247 | 1,922 |
| Total assets | | 11,803 | 7,285 |
| Liabilities | | | |
| Current liabilities | | | |
| Creditors and other payables | 8 | 2,000 | 1,668 |
| Employee entitlements | 9 | 366 | 150 |
| Provisions | 10 | 14 | 2 |
| Total current liabilities | | 2,380 | 1,819 |
| Total non-current liabilities | | 0 | 0 |
| Total liabilities | | 2,380 | 1,819 |
| Net assets | | 9,423 | 5,466 |
| Equity | | | |
| Contributed Capital | 12 | 3,400 | 3,400 |
| Accumulated surplus/(deficit) | 12 | 6,023 | 2,066 |
| Total Equity | | 9,423 | 5,466 |

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

The accompanying notes form part of these financial statements.

Taumata Arowai was established as a Crown Entity on 1 March 2021. We were granted an exemption by the Minister of Finance from producing an Annual Report for 2020/21.

* We have provided the comparative financial statements for the four months from 1 March 2021 to 30 June 2021.

No forecast statements of financial position were prepared during the establishment phase of Taumata Arowai.

Tauākī o ngā huringa ki te tūtanga mō te wā i mutu i te 30 o Hune 2022
Statement of changes in equity for the period ended 30 June 2022

| | | 12 months | 4 months* |
|--|-------|-------------------|-------------------|
| | | Actual 2021/22 | Actual 2020/21 |
| | Notes | \$000s | \$000s |
| Balance as at 1 July | | 5,466 | 0 |
| Capital contribution from the Crown | 12 | 0 | 3,400 |
| Total comprehensive revenue and expense for the period | 12 | 3,957 | 2,066 |
| Balance as at 30 June | | 9,423 | 5,466 |

The accompanying notes form part of these financial statements.

Taumata Arowai was established as a Crown entity on 1 March 2021. We were granted an exemption by the Minister of Finance from producing an Annual Report for 2020/21.

* We have provided the comparative financial statements for the four months from 1 March 2021 to 30 June 2021.

Tauākī o ngā moni kapewhiti mō te wā i mutu i te 30 o Hune 2022
Statement of cash flows for the period ended 30 June 2022

| | 12 months | 4 months* |
|---|-----------------------------|-----------------------------|
| Notes | Actual 2021/22 \$000s | Actual 2020/21 \$000s |
| Cash flows from operating activities | | |
| Receipts from the Crown | 18,016 | 7,830 |
| Receipts from other revenue | (0) | 0 |
| Interest received | 29 | 1 |
| Net Goods and Services Tax Received/(Paid) | 118 | (426) |
| Payments to suppliers | (7,479) | (3,184) |
| Payments to employees | (5,875) | (806) |
| Net cash flow from operating activities | 4,808 | 3,415 |
| Cash flows from investing activities | | |
| Receipts from sale of PPE | 0 | 0 |
| Purchase of PPE | 0 | (948) |
| Purchase of intangible assets | (1,689) | (1,024) |
| Net cash flow from investing activities | (1,689) | (1,972) |
| Cash flows from financing activities | | |
| Capital contribution | 0 | 3,400 |
| Net cash flow from financing activities | 0 | 3,400 |
| Net (decrease)/increase in cash and cash equivalents | 3,119 | 4,843 |
| Cash and cash equivalents at the beginning of the period | 4,843 | 0 |
| Cash and cash equivalents at the end of the period | 7,961 | 4,843 |

The accompanying notes form part of these financial statements.

Taumata Arowai was established as a Crown Entity on 1 March 2021. We were granted an exemption by the Minister of Finance from producing an Annual Report for 2020/21.

* We have provided the comparative financial statements for the four months from 1 March 2021 to 30 June 2021.

Tauākī o ngā kaupapahere mahi kaute **Statement of accounting policies**

Te hinonga pūrongorongo **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 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.

Taumata Arowai was granted an exemption by the Minister of Finance from producing an Annual Report for 2020/21. The financial statements for Taumata Arowai thus cover the 16-month period from the establishment of Taumata Arowai on 1 March 2021 to 30 June 2022, and were approved by the Board on 14 December 2022. The 16-month period has been split in the Financial Statements into:

- a) the 4-month comparative period to 30 June 2021, and
- b) the 12-month current period to 30 June 2022.

As a result, the comparative period is not directly comparable to the current period. These financial statements are the first set of financial statements presented for Taumata Arowai.

Te kaupapa o te whakarite **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.

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 rounded to the nearest thousand dollar (\$000), except for related party transactions in Note 13, which are rounded to the nearest dollar.

Te whakarāpopoto o ngā kaupapa here mahi kaute hira **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 final revenue budget figures for the four months to 30 June 2021 can be found in The Estimates of Appropriations 2021/22 under Vote Internal Affairs. The expenditure budget figures for the four months to 30 June 2021 were not officially approved by the Taumata Arowai Board and were set by the Taumata Arowai establishment team hired by DIA. The budget figures for the 12 months to 30 June 2022 were approved by the Taumata Arowai Board on 28 June 2021. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by Taumata Arowai for the preparation of 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:

- Leases classification - refer to Note 3 and 11.

Ngā Pitopito Kōrero ki Ngā Tauākī Pūtea Tōpū mō te tau i mutu i te 30 Hune 2022

Notes to the Financial Statements for the year ended 30 June 2022

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 | 12 months | 4 months |
|----------------------------|-----------------------------|-----------------------------|
| | Actual 2021/22 \$000s | Actual 2020/21 \$000s |
| Exemption fee applications | 5 | 0 |
| Secondments | 1 | 0 |
| Total Other Revenue | 6 | 0 |

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.

| | 12 months | 4 months |
|--|---------------------------|---------------------------|
| Breakdown of Personnel costs | Actual 2021/22 | Actual 2020/21 |
| | \$000s | \$000s |
| Salaries and wages | 5,464 | 757 |
| Contractors | 2,952 | 3,182 |
| Increase/(decrease) in employee entitlements | 117 | 37 |
| Defined contribution plan employer contributions | 168 | 21 |
| Recruitment costs | 247 | 66 |
| Learning and development | 70 | 2 |
| Other personnel expenses | 78 | 19 |
| Total Personnel Costs | 9,097 | 4,085 |

3. Other expenses

| | 12 months | 4 months |
|---|---------------------------|---------------------------|
| Breakdown of Other Expenses | Actual 2021/22 | Actual 2020/21 |
| | \$000s | \$000s |
| Staff travel and accommodation | 159 | 46 |
| Operating leases (Property, ICT and Motor Vehicles) | 505 | 150 |
| Insurance | 90 | 27 |
| Website and other software development expenses | 662 | 655 |
| Marketing and communication | 606 | 41 |
| Consultants | 1,261 | 426 |
| Information communication and technology | 837 | 165 |
| Governance | 227 | 65 |
| Low value asset purchases | 97 | 18 |
| Fees to BDO for audit of Financial Statements | 53 | 10 |
| Fees to BDO for other services | 0 | 0 |
| Legal expenses | 58 | 20 |
| Other expenses | 137 | 29 |
| Total Other Expenses | 4,632 | 1,631 |

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.

| | Actual 2021/22 | Actual 2020/21 |
|---|-------------------|-------------------|
| Breakdown of cash and cash equivalents | \$000s | \$000s |
| Cash at bank and on hand | 7,961 | 4,843 |
| Term deposits with maturities of three months or less | 0 | 0 |
| Total cash and cash equivalents | 7,961 | 4,843 |

5. 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 | 12 months | 4 months |
|--|-------------------|-------------------|
| | Actual 2021/22 | Actual 2020/21 |
| | \$000s | \$000s |
| Receivables (gross) | 6 | 0 |
| Less: Allowance for credit losses | 0 | 0 |
| Net Receivables | 6 | 0 |
| <i>Receivables comprise:</i> | | |
| Exchange transactions (Exemption Application Fees) | 6 | 0 |
| Non-Exchange transactions | 0 | 0 |

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 subsequent to 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 10 years | 10% 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 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.

| Property, Plant and Equipment Cost | Balance at 1 March 2021 \$000s | Additions \$000s | Disposals \$000s | Balance at 30 June 2021 \$000s |
|---|--------------------------------|------------------|------------------|--------------------------------|
| Computer hardware | 0 | 212 | 0 | 212 |
| Leasehold improvements | 0 | 436 | 0 | 436 |
| Furniture and Fittings | 0 | 286 | 0 | 286 |
| Plant and Equipment | 0 | 13 | 0 | 13 |
| Total Property, Plant and Equipment Cost | 0 | 948 | 0 | 948 |

| Property, Plant and Equipment Cost | Balance at 30 June 2021 \$000s | Additions \$000s | Disposals \$000s | Balance at 30 June 2022 \$000s |
|---|--------------------------------|------------------|------------------|--------------------------------|
| Computer hardware | 212 | 0 | 0 | 212 |
| Leasehold improvements | 436 | 0 | 0 | 436 |
| Furniture and Fittings | 286 | 0 | 0 | 286 |
| Plant and Equipment | 13 | 0 | 0 | 13 |
| Total Property, Plant and Equipment Cost | 948 | 0 | 0 | 948 |

| Accumulated Depreciation and Impairment Losses | Balance at 1 March 2021 \$000s | Depreciation Expense \$000s | Impairment or Disposals \$000s | Balance at 30 June 2021 \$000s |
|---|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
| Computer hardware | 0 | 15 | 0 | 15 |
| Leasehold improvements | 0 | 0 | 0 | 0 |
| Furniture and Fittings | 0 | 10 | 0 | 10 |
| Plant and Equipment | 0 | 25 | 0 | 25 |
| Total Accumulated Depreciation and Impairment Losses | 0 | 50 | 0 | 50 |

| 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 | 0 | 69 |
| Leasehold improvements | 0 | 76 | 0 | 76 |
| Furniture and Fittings | 10 | 29 | 0 | 38 |
| Plant and Equipment | 25 | 2 | 0 | 27 |
| Total Accumulated Depreciation and Impairment Losses | 50 | 160 | 0 | 211 |

| Carrying Amounts | Balance at 1 March 2021 \$000s | Balance at 30 June 2021 \$000s | Balance at 30 June 2022 \$000s |
|-------------------------------|---|---|---|
| Computer hardware | 0 | 197 | 143 |
| Leasehold improvements | 0 | 411 | 335 |
| Furniture and Fittings | 0 | 277 | 248 |
| Plant and Equipment | 0 | 13 | 11 |
| Total Carrying Amounts | 0 | 898 | 737 |

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 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.

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, a number of 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 8 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 1 March 2021 \$000s | Additions \$000s | Transfer out of Work in Progress \$000s | Balance at 30 June 2021 \$000s |
|--------------------------------------|--------------------------------|------------------|---|--------------------------------|
| Hinekōrako | 0 | 0 | 0 | 0 |
| Business Intelligence Data Platform | 0 | 0 | 0 | 0 |
| Work in progress (software) | 0 | 1,024 | 0 | 1,024 |
| Total Intangible Assets Costs | 0 | 1,024 | 0 | 1,024 |
| 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 | 0 | 2,580 | 0 | 2,580 |
| Business Intelligence Data Platform | 0 | 90 | 0 | 90 |
| Work in progress (software) | 1,024 | 0 | (981) | 44 |
| Total Intangible Assets Costs | 1,024 | 2,670 | (981) | 2,714 |

| Accumulated Amortisation and Impairment Losses | Balance at 1 March 2021 \$000s | Amortisation Expense \$000s | Impairment \$000s | Balance at 30 June 2021 \$000s |
|---|--------------------------------|-----------------------------|-------------------|--------------------------------|
| Hinekōrako | 0 | 0 | 0 | 0 |
| Business Intelligence Data Platform | 0 | 0 | 0 | 0 |
| Work in progress (software) | 0 | 0 | 0 | 0 |
| Accumulated Amortisation and Impairment Losses | 0 | 0 | 0 | 0 |

| Accumulated Amortisation and Impairment Losses | Balance at 30 June 2021 \$000s | Amortisation Expense \$000s | Impairment \$000s | Balance at 30 June 2022 \$000s |
|---|--------------------------------|-----------------------------|-------------------|--------------------------------|
| Hinekōrako | 0 | 198 | 0 | 198 |
| Business Intelligence Data Platform | 0 | 6 | 0 | 6 |
| Work in progress (software) | 0 | 0 | 0 | 0 |
| Accumulated Amortisation and Impairment Losses | 0 | 204 | 0 | 204 |

| Carrying Amounts | Balance at 1 March 2021 \$000s | Balance at 30 June 2021 \$000s | Balance at 30 June 2022 \$000s |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Hinekōrako | 0 | 0 | 2,383 |
| Business Intelligence Data Platform | 0 | 0 | 84 |
| Work in Progress (Software) | 0 | 1,024 | 44 |
| Total Carrying Amounts | 0 | 1,024 | 2,510 |

Capital commitments

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

8. Payables

Short-term payables are recorded at the amount payable.

| Breakdown of Payables | Actual 2021/22 \$000s | Actual 2020/21 \$000s |
|---|-----------------------|-----------------------|
| Payables under exchange transactions | | |
| Accounts payable | 1,587 | 1,541 |
| Accrued expenses | 382 | 127 |
| Other payables | 31 | 0 |
| Total payables under exchange transactions | 2,000 | 1,668 |
| Payables under non-exchange transactions | 0 | 0 |
| Total Payables | 2,000 | 1,668 |

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 2021/22 \$000s | Actual 2020/21 \$000s |
|------------------------------------|-----------------------------|-----------------------------|
| Current portion | | |
| Accrued salaries and wages | 153 | 53 |
| Annual leave | 213 | 96 |
| Total current portion | 366 | 150 |
| | | |
| Total non-current portion | 0 | 0 |
| | | |
| Total employee entitlements | 366 | 150 |

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 2022 based off payroll reporting as ACC charges levies on a March financial year-end.

| Breakdown of Provisions | Actual 2021/22 \$000s | Actual 2020/21 \$000s |
|----------------------------------|--------------------------------------|--------------------------------------|
| Current portion | | |
| ACC Workplace Cover Levies | 14 | 2 |
| <i>Total current portion</i> | 14 | 2 |
| | | |
| <i>Total non-current portion</i> | 0 | 0 |
| | | |
| Total provisions | 14 | 2 |

11. Contingencies and commitments

Contingent assets and liabilities

Taumata Arowai had no contingent assets or liabilities as at 30 June 2022 (2021: 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 2021/22 \$000s | Actual 2020/21 \$000s |
|---|--------------------------------------|--------------------------------------|
| Not later than one year | 484 | 439 |
| Later than one year and not later than five years | 1,416 | 1,638 |
| Later than five years | 0 | 162 |
| Total Operating Leases | 1,899 | 2,238 |

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 1 March 2021 \$000s | Capital Contribution or Surplus \$000s | Capital Repayment or Deficit \$000s | Balance at 30 June 2021 \$000s |
|-------------------------------|--------------------------------|--|-------------------------------------|--------------------------------|
| Contributed Capital | 0 | 3,400 | 0 | 3,400 |
| Accumulated surplus/(deficit) | 0 | 2,066 | 0 | 2,066 |
| Total Equity | 0 | 5,466 | 0 | 5,466 |

| 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 | 0 | 0 | 3,400 |
| Accumulated surplus/(deficit) | 2,066 | 3,957 | 0 | 6,023 |
| Total Equity | 5,466 | 3,957 | 0 | 9,423 |

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 2021/22 \$ | Actual 2020/21 \$ |
|--|-------------------|-------------------|
| <i>Board Members</i> | | |
| • Remuneration | 120,000 | 40,000 |
| • Headcount | 0.88 | 0.88 |
| | | |
| <i>KOPA (Leadership Team)</i> | | |
| • Remuneration | 913,800 | 304,992 |
| • Full-time equivalent members | 4 | 4 |
| | | |
| Total key management personnel remuneration | 1,033,800 | 344,992 |
| Total full-time equivalent personnel | 4.88 | 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 page 50 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 2021/22 | Actual 2020/21 |
|---|-------------------|-------------------|
| | \$000s | \$000s |
| <i>Financial liabilities measured at amortised cost</i> | | |
| Payables (excluding taxes payable) | 2,000 | 1,668 |
| Total financial liabilities measured at amortised cost | 2,000 | 1,668 |
| | | |
| <i>Financial assets measured at amortised cost</i> | | |
| Cash and cash equivalents | 7,961 | 4,843 |
| Receivables | 6 | 0 |
| Total financial assets measured at amortised cost | 7,967 | 4,843 |

15. Event 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

Funding from the Crown

Funding from the Crown for 2020/21 was \$0.6 million greater than budget resulting from an identified need to increase funding to match a re-forecasted increase in expenditure. This increased expenditure did not eventuate per the explanations below, which resulted in a surplus for 2020/21.

Funding from the Crown for 2021/22 was \$3.0 million greater than budget due to an additional \$2.5 million baseline transfer from Vote Health by the previous drinking water regulator, the Ministry of Health. A further \$0.5 million was transferred by the Department of Internal Affairs, which resulted from the unspent funding for the establishment of Taumata Arowai prior to 1 March 2021.

Other Revenue

Other revenue in 2021/22 was \$0.3 million less than budget due to the reduced number of applications for exemptions received, for which Taumata Arowai can recover costs through an initial application fee and subsequent related costs. The reduced number of applications received was due

to the effect of COVID-19 restrictions on events for the year and delayed timing by water suppliers in providing residual disinfection exemption applications.

Personnel Costs

Personnel costs in 2020/21 was \$0.8 million less than budget due to a timing delay in recruitment in the initial establishment phases of Taumata Arowai, balancing the need to transition from contractors to permanent staff over this period.

Personnel costs in 2021/22 was \$1.1 million greater than budget which is driven by the above timing delay in recruitment for the establishment of permanent staff and related costs during this period along with extensions of contractor terms. Furthermore, there was an identified need to accelerate additional recruitment, given the greater than expected workload in preparing for our regulation duties and continuing the establishment of and embedding initial processes at Taumata Arowai.

Other Expenses

Other expenses in 2020/21 were \$0.7 million less than budget which is primarily driven by minimal marketing and advertising in the initial establishment due to a change in communications strategy, as well as a reduced need for consultants in the initial stages of Taumata Arowai.

Other expenses in 2021/22 were \$1.6 million less than budget due to:

- to a more moderate level of communications campaigns to that originally budgeted
- reduced travel for governance resulting from COVID-19 restrictions
- minor use of legal funds held
- delay in sector capability projects due to capacity constraints, addressed through increased personnel costs above.
- a lower number of exemption applications received, which reduced the related application processing costs.

Āpitihangā: He Kuputaka

Appendix: Glossary of terms



Āpitianga: He Kuputaka

Appendix: Glossary of terms

Ngā kupu Reo Māori

Te Reo Māori terms

| Te Reo Māori term | English meaning | Source |
|-------------------|--|---|
| Aotearoa | Used as the Māori name for New Zealand. | Aotearoa - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Hinekōrako | The personification of the lunar rainbow. | hinekōrako - Te Aka Māori Dictionary (maoridictionary.co.nz) This name was gifted to Taumata Arowai for our Regulatory and Intelligence system by Te Atiawa |
| Hapū | Section of a large kinship group and the primary political unit in traditional Māori society. | hapū - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Iwi | Extended kinship group, tribe. | iwi - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Kaupapa | Topic, policy, matter for discussion, plan, scheme, proposal, purpose, proposal, subject, programme, theme, issue, initiative. | kaupapa - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Kaitiakitanga | Guardianship, stewardship, trusteeship. | kaitiakitanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Kāwanatanga | Governorship. | kāwanatanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Korowai | Cloak. | korowai - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Mana | Prestige, authority, control, power, influence, status, spiritual power, charisma. | mana - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Manaakitanga | Support. | manaakitanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Mana whenua | Territorial rights, power from the land. | mana whenua - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Marae | Community meeting place or surrounds. | marae - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Mātanga | Expert, specialist, consultant. | mātanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |

| Te Reo Māori term | English meaning | Source |
|-----------------------------------|---|---|
| Mātauranga | Knowledge, wisdom, understanding. | mātauranga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Mauri | Life principle, life force, vital essence, special nature. | mauri - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Ngā Kaihautū o Puni Arowai (KOPA) | Leaders/Leadership of Taumata Arowai. Kaihautū – leader. Puni – company of people. | Our Leadership team Taumata Arowai |
| Ora | Life, health, vitality. | ora - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Papakāinga | Home base, village, communal Māori land. | papakāinga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Rohe | Boundary, district, region, territory, area, border | rohe - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Tangata Tāngata | Person, human being. People, human beings. | tangata - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Tangata whenua | People of the land | whenua - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Taonga | Treasure, anything prized. | taonga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Taumata Arowai | Taumata is a term associated with a summit, symposium or congress. Aro means to give attention to, to focus on, or be in the presence of. Wai is water. | Who we are Taumata Arowai This name was gifted to us by Minister Nanaia Mahuta. |
| Te Arawhiti | Arawhiti – bridge. The Office for Māori Crown Relations. | Te Arawhiti - Tēnā koutou katoa |
| Te Mana o te Wai | A concept that refers to the fundamental importance of water and recognises that protecting the health of freshwater protects the health and well-being of the wider environment. | National Policy Statement for Freshwater Management 2020 (environment.govt.nz) |
| Te Puni Kōkiri | Ministry of Māori Development. | Role and focus (tpk.govt.nz) |
| Tikanga | The customary system of values and practices that have developed over time and are deeply embedded in the social context. | tikanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Te Tiriti o Waitangi | The Te Reo Māori version of The Treaty of Waitangi. | Meaning of the Treaty Waitangi Tribunal |

| Te Reo Māori term | English meaning | Source |
|-------------------|--|--|
| Wai | Water. | wai - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Whakaaturanga | Exhibition, demonstration, testimony, evidence. | whakaaturanga - Te Aka Māori Dictionary (maoridictionary.co.nz) |
| Whānau | Extended family, family group, a familiar term of address to a number of people. | whānau - Te Aka Māori Dictionary (maoridictionary.co.nz) |

Ngā kupu hangarau Technical terms

Note: where the technical terms arise from the Drinking-water Standards for New Zealand 2005 (revised 2018), these will be replaced by new Standards, Rules, Acceptable Solutions and Aesthetic Values late in 2022.

| Technical terms | Meaning | Source |
|--------------------------|--|--|
| Acceptable Solution | Prescribed requirements which a water supplier can adopt to meet some of the legislative requirements set out in the Water Services Act 2021. | Water Services Act 2021 |
| Aesthetic Values | Aesthetic values may, without limitation, specify or provide for minimum or maximum values for substances and other characteristics that relate to the acceptability of drinking water to consumers (such as appearance, taste, or odour). | Water Services Act 2021 |
| Compliance | A drinking water supply is in compliance when it has met all the compliance criteria requirements. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Cyanotoxin determinands | A toxin secreted by certain cyanobacteria. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Determinands | A constituent or property of a sample of water that is determined or estimated. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Drinking water suppliers | A person who supplies drinking water through a drinking water supply to more than one standalone domestic dwelling (Refer to the Water Services Act 2021, s8 for a full definition). | Water Services Act 2021 |

| Technical terms | Meaning | Source |
|------------------------------|--|--|
| Incident | An incident is a response to information contained in, or relevant to, a notification. An incident may be raised, for example, when a notification is given a high level of priority. | Taumata Arowai glossary |
| Inorganic determinands | A chemical consisting of elements other than carbon. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Laboratories | A scientific facility equipped to provided water quality tests. | Dictionary derived |
| Microbiological determinands | Studies or tests relating to living organisms that are too small to be visible with the naked eye, includes bacteria, viruses, protozoa and algae, collectively known as microbes. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Monitoring | Sampling and analysis of a drinking-water supply to test for compliance with the Drinking-water Standards for New Zealand 2005 (revised 2018), or for process control, by detecting changes in the concentrations of its constituent determinands or deviations of these from target values. | Water Services Act 2021 |
| Non-compliant | When a drinking water supply has not met all the compliance rules. | Dictionary derived |
| Organic determinands | Substances containing carbon that are covalently bonded to other elements, which are commonly from living plants and animals. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Radiological determinands | In water quality analysis, radioactive substances, factors, or elements in the drinking-water that are determinable. | Drinking-water Standards for New Zealand 2005 (revised 2018) |
| Registered water supplies | A drinking water supply registered in accordance with the requirements of subpart 7 of Part 2. | Water Services Act 2021, Subpart 2 - Interpretation |
| Rules | Requirements that drinking water suppliers must meet to demonstrate that they are not exceeding the maximum acceptable values (MAVs) for microbiological determinands, organic determinands, inorganic determinands, cyanotoxin determinands and radiological determinands that are set out in the New Zealand Drinking-water Standards 2005 (revised 2018). | Drinking-water Standards for New Zealand 2005 (revised 2018) |

| Technical terms | Meaning | Source |
|-----------------------------|---|---|
| Unsafe drinking water | <p>Drinking water that is likely to cause a serious risk of death, injury, or illness, whether immediately or over time and whether or not the serious risk is caused by the:</p> <ul style="list-style-type: none"> i. consumption or use of drinking water, or ii. other causes together with the consumption or use of drinking water. <p>The assessment of serious risk must take into account, among other factors, compliance with drinking water standards.</p> | Water Services Act 2021, section 7(ii) |
| Unregistered water supplies | A drinking water supply not registered in accordance with the requirements of subpart 7 of Part 2 of the Water Services Act 2021. Supplies that were not required to be registered under the Health Act 1956, or any other legislation. | Health Act 1956 Water Services Act 2021 |
| Water carriers | A drinking water supplier that transports drinking water (other than by reticulation) for the purpose of supplying it to consumers or another drinking water supplier. | Water Services Act 2021 |
| Water services sector | The water services sector refers to any organisation or agents involved with the regulation, provision or management of water supply, trunk sewers, local reticulation, sewage treatment and stormwater assets. | Definition taken from various sources, including Water New Zealand and DIA. |
| Water supplier/s | <ul style="list-style-type: none"> (a) A person who supplies drinking water through a drinking water supply; and (b) includes a person who ought reasonably to know that the water they are supplying is or will be used as drinking water; and (c) includes the owner and the operator of a drinking water supply; and (d) includes a person described in paragraph (a), (b), or (c) who supplies drinking water to another drinking water supplier; but (e) does not include a domestic self-supplier. | Water Services Act 2021, section 8 |
| Water supply/supplies | The infrastructure and processes used to abstract, store, treat, transmit, or transport drinking water for supply to consumers or another drinking water supplier. | Water Services Act 2021, section 9 |