

Finance and Performance Committee

Meeting of 23 September 2026

Business Unit: Infrastructure

Date Created: 08 September 2026

Recommendation to Include Strategic Risk Driver – Regulatory and Compliance

Purpose Te Aronga o te Pūrongo

To consider a recommendation from the Manawatū Water Services Committee to add Regulatory and Compliance as a Council-wide strategic risk driver, and to approve the associated Strategic Risk Profile.

Recommendations Ngā Tūtohunga

That the Finance and Performance Committee:

1. Notes the recommendation made by the Manawatū Water Services Committee at its meeting 09 September 2026 (MWS 25-28/059), as per attachment 1 to this report.
2. Approves Regulatory and Compliance as a Council-wide strategic risk driver within Council's strategic risk framework.
3. Approves the Strategic Risk Profile – Regulatory and Compliance, as per attachment 2 to this report.
4. Notes that ongoing monitoring of the Regulatory and Compliance strategic risk will sit with the General Manager - Infrastructure, with governance oversight, review and reporting undertaken through the Finance and Performance Committee in the same manner as Council's other strategic risk drivers.

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Approved for submission by:

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1 Background Ngā Kōrero o Muri

- 1.1 The Manawatū Water Services Committee Terms of Reference require the Committee to develop a risk appetite and risk management framework for Manawatū Water Services that complies with Council's Risk Framework, and to cyclically review key strategic and operational risks. As part of responding to this requirement, Water Services leadership, with input from the Governance and Assurance Team, reviewed Council's existing strategic risk framework and profiles.
- 1.2 The review concluded that Water Services should apply Council's existing risk framework and strategic risk drivers rather than develop a separate set of strategic risks. While some existing strategic risks may have a greater potential impact on the water business, the underlying drivers are common across Council.
- 1.3 One material gap was identified: Regulatory and Compliance is not currently represented as a distinct strategic risk driver. The Manawatū Water Services Committee considered this matter at workshop and, at its formal meeting on 9 September 2026, recommended that the Finance and Performance Committee approve Regulatory and Compliance as a Council-wide strategic risk driver and approve the associated strategic risk profile. The Governance and Assurance Team has been involved in developing the proposed approach and profile.

2 Strategic Fit Te Tautika ki te Rautaki

- 2.1 The recommendation supports good governance and assurance by ensuring that Council has clear visibility of a material risk that can affect its ability to deliver strategic priorities and services. Recognising Regulatory and Compliance as a strategic risk driver provides a consistent Council-wide basis for oversight, ownership, monitoring and escalation, while retaining the existing integrated risk management framework.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

- 3.1 The preferred option is to add Regulatory and Compliance as a Council-wide strategic risk driver and adopt the attached profile. This recognises that Council operates in an increasingly complex regulatory environment and that failure to anticipate, interpret, resource or demonstrate compliance can have strategic consequences across multiple activities.
- 3.2 The draft profile defines the risk as Council's ability to anticipate and respond to regulatory requirements and maintain compliance while delivering its strategic priorities and services. Key causes include rapid or complex regulatory change, gaps in capability, systems or data, limited lead time to respond, and dependence on external regulators, approvals and guidance. Potential consequences include regulatory breaches or enforcement, service or project disruption, unplanned cost and affordability pressure, harm to people or the environment, and loss of regulator, community or elected-member confidence.

- 3.3 The alternative considered was to continue managing regulatory and compliance exposure through existing strategic risk drivers such as Government Reform and Financial Affordability, together with operational and project risks. This option is not recommended because it does not provide sufficient visibility of the cumulative Council-wide exposure, nor a clear basis for coordinated governance oversight, ownership and assurance.
- 3.4 The proposed profile identifies Legal Compliance - Averse-Minimalist as the primary risk appetite area. It also recognises consequential exposure across Health, Safety and Wellbeing - Minimalist; Financial and Investment - Cautious; Reputational - Cautious; Service Delivery - Cautious-Open; and Environmental - Open.

4 Risk Assessment Te Arotake Tūrarua

- 4.1 The principal risk is not adding Regulatory and Compliance as a strategic risk driver. Without an explicit strategic profile, material regulatory obligations and emerging requirements may remain dispersed across operational, project and other strategic risks. This can reduce visibility of cumulative exposure, lead to inconsistent ownership or controls, and limit timely escalation and governance assurance.
- 4.2 Adding the risk driver provides a clear Council-wide focus for monitoring material regulatory change and compliance exposure. The profile assigns ongoing monitoring to the General Manager - Infrastructure and brings the risk into the same Finance and Performance governance, review and reporting arrangements as Council's other strategic risks. The profile also aligns oversight with Council's low appetite for legal compliance risk.

5 Engagement Te Whakapānga

Significance of Decision

- 5.1 The Council's Significance and Engagement Policy is not triggered by the decisions sought in this report. This is an internal governance and risk-management decision and does not change levels of service, funding commitments or statutory obligations. No external stakeholder engagement is required.

Māori and Cultural Engagement

- 5.2 No specific Māori or cultural engagement is required for this internal governance decision. The proposed strategic risk profile does not replace engagement or cultural considerations associated with individual regulatory, consenting or service-delivery matters.
- 5.3 There are no known cultural considerations associated with the matters addressed in this report. No specific engagement with Māori or other ethnicity groups is necessary.

Community Engagement

- 5.4 No community engagement is required. Internal engagement has included the Governance and Assurance Team and the Manawatū Water Services Committee.

6 Operational Implications Ngā Pānga Whakahaere

- 6.1 Operational implications are limited to incorporating the new strategic risk driver and profile into Council's existing strategic risk management arrangements. Ongoing monitoring will sit with the General Manager - Infrastructure, with governance, review and reporting through Finance and Performance in the same manner as other strategic risk drivers.

7 Financial Implications Ngā Pānga Ahumoni

- 7.1 There are no direct financial implications arising from the recommendations. Any future control improvement actions identified through monitoring of the strategic risk would be considered through normal operational, Long-term Plan or Annual Plan processes as appropriate.

8 Statutory Requirements Ngā Here ā-Ture

- 8.1 There are no specific statutory requirements associated with approving a new strategic risk driver. The proposed profile supports Council's governance and assurance arrangements for identifying and managing regulatory and compliance obligations across its activities.

9 Next Steps Te Kokenga

- 9.1 If approved, Regulatory and Compliance will be incorporated into Council's strategic risk framework and the approved profile will become the Council-wide Strategic Risk Profile for this driver. Ongoing monitoring will commence under the ownership of the General Manager - Infrastructure.
- 9.2 The risk will then be governed, reviewed and reported to Finance and Performance through the same strategic risk cycle as Council's other strategic risk drivers, including consideration of changes in exposure, controls and any required improvement actions.

10 Attachments Ngā Āpitihanga

- Recommendation from Manawatū Water Services Committee 09 September 2026 (MWS 25-28/059).
- Strategic Risk Profile – Regulatory and Compliance.