

Manawatu Water Services Committee

Meeting of 005 - 09/09/2026: Manawatu Water Services Committee

Business Unit: Infrastructure
Date Created: August 12, 2026

Risk Approach Statement

Purpose Te Aronga o te Pūrongo

To confirm the strategic risk management approach for Manawatū Water following the Committee workshop, and to seek formal endorsement of the proposed way forward.

Recommendations Ngā Tūtohunga

That the Manawatū Water Services Committee:

1. Confirms that Manawatū Water will operate within Council's existing Risk Management Policy, Risk Appetite Statement and Council-wide strategic risk profiles, with water services-specific impacts and controls considered through those profiles;
2. Confirms that no additional Manawatū Water specific strategic risk drivers will be developed;
3. Recommends to the Finance and Performance Committee that the regulatory and compliance environment be considered for inclusion as an additional Council-wide strategic risk driver; and
4. Notes that officers will implement cyclic strategic and operational risk reporting to the Manawatū Water Services Committee in accordance with the Committee's Terms of Reference.

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1 Background Ngā Kōrero o Muri

- 1.1 The Water Services Committee Terms of Reference require the Committee to develop a risk appetite and risk management framework for Manawatū Water that complies with Council's Risk Framework, and to cyclically review and discuss key strategic and operational risks.
- 1.2 Council already has an organisation-wide Risk Management Policy, Risk Appetite Statement and strategic risk profiles. Manawatū Water leadership reviewed how these should apply to the internal business unit and presented the proposed approach to the Committee at its workshop session.
- 1.3 The workshop conducted with the Manawatū Water Services Committee on 12th August 2026 confirmed the proposed direction. No new or different matters were raised by members, and the approach set out in this report reflects the position discussed at that session.

2 Strategic Fit Te Tautika ki te Rautaki

- 2.1 This report supports the Long-term Plan priorities Infrastructure fit for future and Value for money and excellence in local government. A consistent risk approach supports resilient infrastructure planning and delivery while avoiding duplicate governance processes.
- 2.2 The approach also supports a future planned together by ensuring strategic risks are considered consistently across Council, while allowing the Manawatū Water Services Committee to focus on the implications of those risks for delivery of the Water Services Strategy and associated investment programme.

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

Confirmed approach

- 3.1 Manawatū Water will apply Council's existing strategic risk framework as the foundation for risk governance, including the Risk Management Policy, Risk Appetite Statement, risk assessment methodology, governance responsibilities, escalation requirements and review and reporting arrangements. This establishes a single, consistent framework before the Committee adopts the strategic risk profiles that will apply to Manawatū Water; consideration of those profiles is therefore the application of Council's framework through a water services lens, rather than the creation of a separate risk framework.
- 3.2 The strategic risk drivers for Manawatū Water are considered to be the same as those applying across the wider Council. The potential impact of individual risks may, however, be greater or manifest differently within Manawatū Water because it delivers essential services, manages long-life infrastructure, has significant compliance obligations and a substantial capital programme.
- 3.3 For that reason, Manawatū Water will not establish a separate set of strategic risk drivers. The existing Council profiles will be used, with a water services lens applied to the causes, consequences, controls and residual exposure where appropriate. This preserves a single Council framework and avoids duplicate risk ownership and reporting.

- 3.4 The existing Council strategic risk profiles are considered relevant to Manawatū Water are Financial Affordability, Growth, Staffing, Climate Change, Iwi Relationships, Government Reform and Local Economy. Some of these risks have particular significance for the water business, for example affordability of large infrastructure investment, growth-related capacity decisions, specialist workforce capability, climate resilience and relationships associated with freshwater and consenting.

Regulatory and compliance environment

- 3.5 The review identified one material gap in the current Council-wide strategic risk drivers: the regulatory and compliance environment. Manawatū Water operates within a complex and changing regime covering drinking water, wastewater discharge requirements, resource consents, environmental monitoring, stormwater obligations, economic regulation and information disclosure.
- 3.6 While some regulatory change can be considered through the existing Government Reform profile, the ongoing strategic effect of operating in a highly regulated environment is broader. Failure to anticipate, interpret, resource or respond to regulatory requirements could materially affect service delivery, affordability, infrastructure investment, reputation and the ability to deliver the Water Services Strategy.
- 3.7 Consistent with the principle of maintaining Council-wide strategic risk drivers, officers do not recommend creating a Water Services-only regulatory risk. Instead, the Manawatū Water Services Committee is asked to recommend to the Finance and Performance Committee, as the committee through which the relevant strategic risk profiles are managed on behalf of Council, that the regulatory and compliance environment be considered for inclusion as an additional Council-wide strategic risk driver. The risk profile has been drafted and is attached for input by this Committee ahead of a recommendation to the Finance and Performance Committee.

Options considered

- 3.8 Option 1 - Apply the existing Council framework and strategic risk profiles, with a water services lens, and advocate for regulatory and compliance to be considered as a Council-wide strategic risk driver. This is the preferred option and reflects the direction confirmed at the Committee workshop.
- 3.9 Option 2 - Develop separate Manawatū Water strategic risk drivers and/or a separate risk framework. This is not recommended because it would duplicate Council's existing arrangements, create the potential for inconsistent risk settings and split ownership of risks that are fundamentally organisation-wide.
- 3.10 Option 3 - Apply the Council framework without any water services specific assessment. This is also not recommended because it would not adequately recognise where the scale of consequence, controls or management response differs materially for the water business.

4 Risk Assessment Te Arotake Tūraru

- 4.1 The key governance risk is fragmentation of Council's risk management arrangements if Manawatū Water establishes separate strategic risk drivers or appetite settings. This

could result in inconsistent assessment, duplicated ownership and unclear escalation pathways.

- 4.2 The proposed control is to retain Council's existing framework and strategic risk profiles, while explicitly considering water services specific impacts and controls through cyclic Committee reporting.
- 4.3 A further risk is that the strategic effect of the regulatory and compliance environment is understated because it is not currently a distinct Council-wide strategic risk driver. The proposed treatment is for this Committee to advocate to the Finance and Performance Committee for its inclusion at Council level.
- 4.4 The approach is consistent with Council's risk appetite and does not itself introduce a new operational, financial or compliance exposure.

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. The report confirms an internal governance approach and does not alter levels of service or create new funding commitments.

Māori and Cultural Engagement

- 5.2 No separate engagement is required for adoption of the risk approach. Iwi and tangata whenua relationships remain one of Council's existing strategic risk profiles and Water Services will continue to consider water-specific impacts and controls through that profile.

Community Engagement

- 5.3 No community engagement is required for this internal governance decision.

6 Operational Implications Ngā Pānga Whakahaere

- 6.1 The approach uses Council's existing risk framework and therefore avoids establishing a parallel Manawatū Water risk system. Officers will continue to monitor strategic and operational risks through existing management processes and provide cyclic reporting to the Committee.

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 risk monitoring will 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 approvals required. The recommendations give effect to the Manawatū Water Services Committee Terms of Reference, which require the Committee to develop a risk appetite and risk management framework that complies with Council's Risk Framework and to cyclically review key strategic and operational risks.

9 Next Steps Te Kokenga

- 9.1 Following the adoption of the recommendations:

- Existing Council strategic risk profiles will continue to be used, with material water services specific impacts, controls and changes in exposure identified through Committee reporting.
- A recommendation will be forwarded to the Finance and Performance Committee to consider the regulatory and compliance environment as an additional Council-wide strategic risk driver.
- Officers will develop a concise approach to cyclic reporting of strategic and operational risks to meet the Committee's Terms of Reference, with material or severe matters escalated as required.

10 Attachments Ngā Āpitihanga

- Draft Strategic Risk Profile – Regulatory and Compliance