# Council

Meeting of 18 November 2026

Business Unit: Corporate
Date Created: 27 October 2026

# Adoption of Amendments to Significance and Engagement Policy

## Purpose Te Aronga o te Pūrongo

To adopt amendments to the Significance and Engagement Policy for water services contracts, as required by the Local Government (Water Services) Act 2025, and to add the Manawatū Resource Recovery Centre to the Strategic Assets list in Schedule 3 of the Policy.

## Recommendations Ngā Tūtohinga

That the Council:

1. Considers, on reasonable grounds, that it has sufficient information about community interests and preferences to achieve the purpose of the Significance and Engagement Policy, and resolves not to consult on the proposed amendments under section 76AA(5) of the Local Government Act 2002.

2. Adopts the Water Services amendments to the Significance and Engagement Policy being the addition to the amended section 2.2, the new section 5 and the addition of a definition of water services to the Glossary.

3. Adopts the addition of the Manawatū Resource Recovery Centre to the Strategic Assets list in Schedule 3 of the Significance and Engagement Policy.

4. Delegates authority to the Chief Executive to make minor editorial amendments before publication that do not change Council's decisions.

Report prepared by:
Angela Rule
Senior Policy Adviser

Approved for submission by:
Frances Smorti
General Manager - Corporate

## 1 Background Ngā Kōrero o Muri

1.1 Council's Significance and Engagement Policy (the S&E Policy) guides decisions about significance and community engagement. Council adopted the current policy on 19 June 2025 following review and consultation.

1.2 Council decided on 15 May 2025 to retain in-house water services delivery through Manawatū Water, an in-house Council business unit planned to commence on 1 July 2027. Council remains the water services provider. The Local Government (Water Services) Act 2025 (LGWSA) requires Council to update its S&E Policy to reflect this role.

1.3 The LGWSA enables Water Service providers to enter into contracts for the performance of any aspect of providing a water service and requires the assessment of contracts for significance. It provides mandatory criteria and the option for the Water Service provider to set its own criteria and to set thresholds.

1.4 Manawatū Water officers developed the proposed criteria and thresholds using their technical and contract management experience. Officers also reviewed the approaches of Dunedin City, Gisborne District and Nelson City councils and discussed them with legal and policy officers at those councils.

1.5 The Water Service amendments were presented to the Manawatū Water Committee workshop on 9 September 2026 and are unchanged. The attached examples respond to members' request to show how the provisions would apply.

1.6 Separately, the Long-term Plan 2027–37 process identified that the Manawatū Resource Recovery Centre had been inadvertently omitted from the S&E Policy's Strategic Assets list.

## 2 Strategic Fit Te Tautika ki te Rautaki

2.1 The amendments support "A future planned together" by making clear when Council will engage with the community, and "Infrastructure fit for purpose" by supporting sound decisions about water services contracts and strategic assets.

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

**Water services amendments**

3.1 The amendments recognise Council's water services role in the S&E Policy's Scope, introduce section 5 on significant contracts and add a definition of Water Services to the Glossary. They establish a framework for assessing the significance of a contract; they do not approve any contract or change service delivery arrangements.

3.2 Section 24 of the LGWSA prescribes three criteria. Council may determine the thresholds and add further criteria. The proposals are set out below.

3.3 The underlined text in the table below shows the matters that Council has decision-making authority over. The other matters are mandatory. All are included in the new section 5.

| Criterion | Requirement or proposal | Rationale |
|---|---|---|
| Whether a proposed contract is of high value relative to the revenue that the provider receives from providing the water service to which the contract relates.<br>**Mandatory** | High value means 75% or higher of the annual operating revenue for the water service. | Distinguishes routine procurement from a substantial commitment likely to attract community interest. |
| Whether a proposed l contract will create a public-private partnership.<br>**Mandatory** | This criteria is, in itself, a threshold. | Legislative requirement |
| Consideration of all matters that are essential to the provider's ability to meet its obligations under the Local Government (Water Services) Act 2025 in relation to the water service to which the contract relates.<br>**Mandatory** | A threshold is not required for this criteria. Officers will assess a proposed contract against the LGWSA. | Legislative requirement |
| Whether a proposed contract will be for a period that is longer than 10 years.<br>**Self-imposed** | This criteria is, in itself, a threshold | Identifies long-term commitments, recognising uncertainty about future legislation, standards, technology, costs, funding and community expectations. |
| Any change to ownership or control of strategic water services assets<br>**Self-imposed** | This criteria is, in itself, a threshold | Reflects known community interest in Council retaining control of water services. |

3.3 A Water Service means water supply, wastewater or stormwater. The revenue comparison is with the service to which the contract(s) relates.

3.4 The criteria are applied alongside the S&E Policy's wider significance assessment. A contract need not meet every criterion to be significant. Falling below the value or duration threshold does not end the assessment.

3.5 Before entering into a significant contract, Council must assess options and consult as per the LGWSA. A significant amendment resulting from consultation requires further consultation.

**Manawatū Resource Recovery Centre**

3.6 The Centre is an established facility supporting waste management and minimisation services. Adding it to Schedule 3 corrects the omission and explicitly recognises its strategic importance. This does not change its ownership, operation or services, or authorise a future transfer. Proposals affecting the Centre would continue to be assessed under the Policy and applicable strategic asset requirements.

**Options available to Council**

3.7 The two sets of amendments can be decided separately. The recommended approach is to adopt both without further consultation, for the reasons in section 5. Council's alternatives and their implications are summarised below.

| Decision | Recommended approach | Alternative and consequences |
|---|---|---|
| Consultation on the amendments | Adopt without further consultation, relying on the grounds in section 5 for each amendment. | Consult on either or both amendments if Council is not satisfied the exception applies. This obtains direct feedback but delays adoption and requires resources. Officers would return with consultation material for approval. |
| Water Service provisions | Adopt the proposed criteria, thresholds and engagement provisions. This provides a framework for immediate use. | Amend Council's chosen threshold or additional criteria. The mandatory criteria must remain. Material changes needing further assessment would return to Council, with consultation reconsidered. |
| Resource Recovery Centre | Add the Centre to Schedule 3, correcting the omission and making its strategic status explicit. | Retain the current list or defer the addition. The omission and ambiguity would remain. |

3.8 The Chief Executive's proposed delegation covers minor editorial changes only. Any substantive change to the criteria or thresholds must be approved by Council.

## 4 Risk Assessment Te Arotake Tūraru

4.1 The main risk is a challenge to adoption without consultation if Council is perceived to lack reasonable grounds to rely on section 76AA(5) of the Local Government Act 2002 (LGA). Such a challenge could have legal, financial and reputational consequences. Section 5 records the grounds officers recommend Council consider for each amendment.

4.2 An incomplete policy or incorrect contract assessment could also result in non-compliance with the LGWSA. The response is to adopt clear criteria, build the required checks into procurement and record significance assessments. These measures reflect Council's averse to minimalist appetite for legislative non-compliance and cautious appetite for financial and reputational risk.

## 5 Engagement Te Whakapānga

### Significance of Decision

5.1 Officers assess the amendments as being of low significance under Schedule 1 of the Policy itself and that Council has reasonable information about community preferences on this matter. The amendments clarify decision-making requirements without themselves changing services, governance, asset ownership or control, charges or existing financial commitments.

### Māori and Cultural Engagement

5.2 Officers have identified no specific cultural considerations requiring separate engagement on these amendments.

### Community Engagement

5.3 Section 76AA(5) of the LGA requires consultation unless Council considers, on reasonable grounds, that it has sufficient information about community interests and preferences to achieve the S&E Policy's purpose. Officers recommend relying on this exception.

5.4 For the water services amendments, Council has recent feedback from the 2025 S&E Policy consultation and Local Water Done Well. Of the latter submissions, 96.4% supported the in-house option. This supports recognising community interest in changes to Council control; it does not establish endorsement of the precise thresholds. Officers consider the thresholds appropriate to distinguish routine procurement from substantial commitments. Future significant contracts remain subject to statutory consultation.

5.5 For the Resource Recovery Centre, officers consider the amendment a minor clarification of the Centre's existing strategic importance to waste management and minimisation services. It corrects an inadvertent omission without changing ownership, operation or services, or the need to assess future decisions under the Policy. This limited effect, together with the 2025 S&E Policy consultation, forms the basis for recommending no further consultation on this amendment.

5.6 Council must satisfy itself that the exception applies to each amendment. If it is satisfied for only one, that amendment can proceed independently.

## 6 Operational Implications Ngā Pānga Whakahaere

6.1 Officers will record significance assessments early in procurement, consider current and anticipated regulatory requirements, and allow time for any required options assessment and consultation when required. Ordinary procurement controls and delegations continue to apply.

## 7 Financial Implications Ngā Pānga Ahumoni

7.1 Adoption does not approve contract expenditure or change existing financial commitments. Future consultation and contract monitoring costs would be provided for in the relevant project or service budget. If Council chooses to consult on these policy amendments, this is likely to incur some costs and require staff time.

## 8 Statutory Requirements Ngā Here ā-Ture

8.1 The key LGWSA provisions are sections 23–24, covering contract assessments and significant contracts; sections 30–32, covering options and consultation; and section 34, requiring Council to amend its Policy. The attached legislative summary provides further detail.

8.2 Section 76AA of the LGA requires the S&E Policy to list strategic assets and governs consultation on amendments. Where consultation is required on these amendments, it must follow section 82.

## 9 Next Steps Te Kokenga

9.1 Following adoption, officers will finalise and publish the Policy and update the procurement checks. The provisions will support current decisions and preparation for Manawatū Water's commencement on 1 July 2027.

## 10 Attachments Ngā Āpitihanga

- Significance and Engagement Policy
- Significance and Engagement Policy – LGWSA Requirements
- Significance and Engagement Policy – Examples of application of new significant contracts amendment