



**I, Steven May, Tumu Whakarae Chief Executive Officer, hereby give notice that  
an Ordinary Meeting of Council will be held on:**

**Date:** Tuesday, 28 July 2020  
**Time:** 1.30pm  
**Location:** Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa

# **AGENDA**

## **Ordinary Council Meeting**

**28 July 2020**

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)





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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

**7 MINUTES OF THE PREVIOUS MEETING**

Ordinary Meeting - 16 June 2020

**MINUTES OF WAIROA DISTRICT COUNCIL  
ORDINARY COUNCIL MEETING  
HELD AT THE WAR MEMORIAL HALL, QUEEN STREET, WAIROA  
ON TUESDAY, 16 JUNE 2020 AT 1.30PM**

**PRESENT:** His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Hine Flood (Deputy Mayor), Cr Danika Goldsack, Cr Jeremy Harker, Cr Chaans Tumataroa-Clarke, Mr Kiwa Hammond

**IN ATTENDANCE:** Steven May (Tumu Whakarae Chief Executive Officer), Matthew Lawson (Wairoa District Council's Kitea Tipuna (Pouwhakarae – Hapori/Whakatūtaki Group Manager Community and Engagement), Kimberley Tuapawa (Pouwhakarae – Pārongo/Wheako Kiritaki Group Manager Information and Customer Experience), Gary Borg (Pouwhakarae – Pūtea/Tautāwhi Rangapū Group Manager Finance and Corporate Support), Stephen Heath (Pouwhakarae – Hua Pūmau Hapori/Ratonga Group Manager Community Assets and Services), Duane Culshaw (Pouahurea Māori Māori Relationships Manager), Luke Knight (Kaiwhakahaere Rawa Property Manager), Mike Hardie (Kaiwhakahaere Hua Pūmau Huarahi (Taupua)/Acting Transport Asset Manager), Gay Waikawa (Kaiurungi Mana Arahi/Governance Officer), Tyler Trafford-Misson (Kaiurungi Mana Arahi/Governance Officer),

**1 KARAKIA**

Karakia was given by Kiwa Hammond.

**2 APOLOGIES FOR ABSENCE**

**APOLOGIES**

**RESOLUTION 2020/22**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Jeremy Harker

That the apologies received from Cr Melissa Kaimoana and Paul Kelly be accepted and leave of absence granted.

**CARRIED**

**3 DECLARATIONS OF CONFLICT OF INTEREST**

Cr Jeremy Harker –QRS PGF Application for Operations Hub

**4 CHAIRPERSON'S ANNOUNCEMENTS**

His Worship the Mayor welcomed everyone and presented to the meeting a Petition from a group of Wairoa citizens, ratepayers and residents who are against any rates rise in this year of Covid-19.

**PETITION – GROUP OF WAIROA CITIZENS, RATEPAYERS AND RESIDENTS****RESOLUTION 2020/23**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Hine Flood

That Council accept the Petition received from a Group of Wairoa Citizens, ratepayers and residents who are against any rates rise in this year of Covid-19.

**CARRIED**

**5 LATE ITEMS OF URGENT BUSINESS****PUBLIC EXCLUDED – PROPERTY DISPOSAL UPDATE****RESOLUTION 2020/24**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Denise Eaglesome-Karekare

That in accordance with Section 46A (7) of the Local Government Official Information and Meetings Act 1987 the Public Excluded Item 10.1 – **Property Disposal Update** be considered given the item had not come to hand at the time of Agenda compilation and consideration of this matter is required now in order to respond within the timeframe allowed.

**CARRIED**

**QRS PGF APPLICATION FOR OPERATIONS HUB****RESOLUTION 2020/25**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Hine Flood

That Council:

1. Endorses QRS to source borrowings on optimal terms of up to 80% of the total expenditure of \$4million for the construction of an Operations Hub.  
  
and
2. That the original business case for the Operations Hub be the base of the work programme and any significant deviations from that plan or from the Company's Statement of Intent be consulted on with Council.

In Favour: Crs Craig Little, Denise Eaglesome-Karekare, Hine Flood, Danika Goldsack, Chaans Tumataroa-Clarke and Kiwa Hammond

Against: Nil

Abstained: Cr Jeremy Harker

**CARRIED**

## **6 PUBLIC PARTICIPATION**

Mr Min Johansen – Presented an information and question sheet for the Resolution to set Rates for the year commencing 1 July 2020.

Mr Bob Solomon, Chairman, Whakaki Marae Committee – Thank you to Council from the whanau of Whakaki for the PGF funding received for the replacement of Patangata Bridge.

Mr Richard Brooking, Chairman, Whakaki Lake Trust – Also acknowledged Council for the PGF funding received.

## **7 MINUTES OF THE PREVIOUS MEETING**

### **RESOLUTION 2020/26**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Chaans Tumataroa-Clarke

That the minutes and confidential minutes of the Ordinary Meeting held on 5 May 2020 be confirmed.

**CARRIED**

## **8 GENERAL ITEMS**

### **8.1 MAHANGA WATER SUPPLY**

#### **RESOLUTION 2020/27**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That Council hold a referendum of those eligible as per the relevant legislation next financial year, post July 1 2020 to vote in the Mahanga drinking-water supply to determine if the community supports discontinuing the supply.

**CARRIED**

### **8.5 NUHAKA RIVER ROAD - OPTIONS MOVING FORWARD**

#### **RESOLUTION 2020/31**

Moved: Cr Jeremy Harker

Seconded: Cr Hine Flood

That Council realign the river, create new road on old riverbed, providing access around the slip based on Hawke's Bay Regional Council's design. **UPDATE:** this is what PGF application was based on.

and

Direct the Chief Executive to continue to work with the Hawke's Bay Regional Council to investigate long term options.

**CARRIED**

ADJOURNED – 2.16PM

RECONVENED – 2.18PM

At 2.17pm, Cr Denise Eaglesome-Karekare left the meeting.

At 2.17pm His Worship the Mayor, Craig Little left the meeting.

Cr Hine Flood assumed the role as Chairperson

### **8.3 UPDATE TO FEES AND CHARGES**

#### **RESOLUTION 2020/29**

Moved: Cr Chaans Tumataroa-Clarke

Seconded: Cr Danika Goldsack

That Council adopts the fees and charges schedule attached as **Appendix 1**, prices to be effective from 1 July 2020.

**CARRIED**

### **8.6 CONTRACT FOR THE PROVISION OF VALUATION SERVICES**

#### **RESOLUTION 2020/32**

Moved: Cr Jeremy Harker

Seconded: Cr Chaans Tumataroa-Clarke

That Council approves the contract for the provision of valuation services and database management services proposed by Quotable Value Limited for a period of 6 years commencing 1 July 2020 at an estimated total cost of \$593,478.22.

**CARRIED**

**8.7 HAWKE'S BAY DISASTER RELIEF TRUST - COUNCIL CONTROLLED ORGANISATION EXEMPTION****RESOLUTION 2020/33**

Moved: Cr Jeremy Harker

Seconded: Cr Danika Goldsack

That Council, as provided for in sections 6 and 7 of the Local Government Act 2002, grants the Hawke's Bay Disaster Relief Trust an exemption from being a Council Controlled Organisation, as defined by section 6 of the Local Government Act 2002 for a period of three years to 30 June 2023.

**CARRIED**

**8.8 CEO REPORT****RESOLUTION 2020/34**

Moved: Cr Chaans Tumataroa-Clarke

Seconded: Cr Danika Goldsack

That Council receive the report.

**CARRIED**

Cr Danika Goldsmith left the meeting at 2.57pm.

**8.9 DOCUMENTS SEALED FOR THE PERIOD 16 NOVEMBER 2018 TO 15 MAY 2020****RESOLUTION 2020/35**

Moved: Cr Hine Flood

Seconded: Cr Chaans Tumataroa-Clarke

That Council receive the report.

**CARRIED**

ADJOURNED – 2.58PM

RECONVENED – 3.44PM

At 3.43 pm, Cr Denise Eaglesome-Karekare returned to the meeting.

**8.2 ADOPTION OF THE ANNUAL PLAN 2020/21****RESOLUTION 2020/28**

Moved: Cr Denise Eaglesome-Karekare



Seconded: Cr Chaans Tumataroa-Clarke

That Council adopt the Annual Plan 2020/21 noted with amendments.

**CARRIED**

Cr Danika Goldsmith returned to the meeting at 4.01pm.

#### **8.4 RESOLUTION TO SET RATES FOR THE YEAR COMMENCING 1 JULY 2020**

##### **RESOLUTION 2020/30**

Moved: Cr Jeremy Harker

Seconded: Cr Danika Goldsack

That Council set the rates under the Local Government (Rating) Act 2002 for the financial year commencing 1st July 2020 in accordance with the resolution attached as **Appendix 1**.

**CARRIED**

#### **INFRASTRUCTURE COMMITTEE TERMS OF REFERENCE**

##### **RECOMMENDATION**

That Council adopt the revised terms of reference attached as Appendix 1.

#### **10 PUBLIC EXCLUDED ITEM**

##### **RESOLUTION 2020/36**

Moved: Cr Hine Flood

Seconded: Cr Chaans Tumataroa-Clarke

That the public be excluded from the following parts of the proceedings of this meeting at 2.43pm pm.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| <b>General subject of each matter to be considered</b> | <b>Reason for passing this resolution in relation to each matter</b> | <b>Ground(s) under section 48 for the passing of this resolution</b> |
|--|--|--|
|--|--|--|

|  |  |  |
|--|--|--|
| <b>10.1 – Property Disposal Update</b> | s7(2)(h) – the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities. | s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7 |
|--|--|--|

**CARRIED****RESOLUTION 2020/38**

Moved: Cr Jeremy Harker

Seconded: Cr Hine Flood

That Council moves out of Closed Council into Open Council at 2.50pm.

**CARRIED****The Meeting closed at 4.17pm with a karakia by Kitea Tipuna.****The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 28 July 2020.**.....  
**CHAIRPERSON**

## 8 GENERAL ITEMS

### 8.1 COUNCIL'S STRATEGIC DIRECTION AND THE LONG TERM PLAN 2021 - 2031

**Author:** Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** Nil

#### 1. PURPOSE

- 1.1 This report seeks a decision from Council to adopt a revised set of community outcomes, and revised organisational vision and mission statements. It also seeks a decision to retain the current set of Long-term Plan (LTP) activity groups.

#### RECOMMENDATION

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Council adopts the revised set of community outcomes, and the revised organisational vision and mission statements, and retains the current set of LTP activity groups.

#### 2. BACKGROUND

- 2.1 As part of its strategic direction-setting for the new term, Council has reviewed and enhanced some of its key strategic and organisational components, including its community outcomes, vision and mission statements.
- 2.2 The decisions Council makes about these components will help it map a clear course of activity for the term, and inform the development of its LTP. It is therefore important that these components are relevant, meaningful and well-aligned to achieving social, economic, environmental and cultural well-being for the community.
- 2.3 Adopting a revised set of community outcomes and organisational statements meets the purpose of local government as it supports Council's planning and delivery of its LTP, which provides a basis for decision-making and service delivery.

#### 3. COMMUNITY OUTCOMES

- 3.1 Council has reviewed its community outcomes, which are the broad statements about what it wishes to achieve to promote the wellbeing of the district. Council currently has nine community outcomes, but has worked to reduce these down to four. In doing so, Council has aimed to retain the significance and meaning of the nine, but in less words. Succinct descriptions makes the outcomes easier to remember.
- 3.2 In addition, the revised outcomes have a stronger alignment with the four local government well-beings and with Council's mission and vision statements.

|                         | Social  | Economic   | Environmental  | Cultural                         |
|-------------------------|---|--|--|----------------------------------|
| <b>Current outcomes</b> | 1. Safe, accessible recreational facilities.<br>2. Supportive, caring and valued communities.<br>3. Strong leadership and sense of belonging. | 4. Strong, prosperous, thriving economy.<br>5. Safe and integrated infrastructure. | 6. Safe and secure community.<br>7. Lifetime of good health and wellbeing.<br>8. Environment that is appreciated, protected, sustained for future generations. | 9. Valued and promoted heritage. |
| <b>New outcomes</b>     | 1. Safe, supported and well-led community.  | 2. Strong and prosperous economy.  | 3. Protected and healthy environment.  | 4. Valued and cherished culture. |

#### 4. COUNCIL VISION

- 4.1 Council has reviewed and expanded its vision, so that it emphasises Council's economic focus and aligns more effectively with the four well-beings.

|                               | Social               | Economic         | Environmental          | Cultural              |
|-------------------------------|----------------------|------------------|------------------------|-----------------------|
| <b>Council Vision</b>         | Desirable Lifestyles | ??               | Treasured Environments | Connected Communities |
| <b>Amended Council Vision</b> | Desirable Lifestyles | Thriving Economy | Treasured Environments | Connected Communities |

#### 5. COUNCIL MISSION

- 5.1 Council has reviewed and simplified its mission statement, so that it is clearer, easier to remember, and emphasises good leadership.

|                                | Social  | Economic | Environmental | Cultural |
|--------------------------------|---|----------|---------------|----------|
| <b>Council Mission</b>         | The Wairoa District Council exists so that residents and visitors alike can enjoy the community in which they live and visit, supported by local decision-making to promote the social, economic, environmental and cultural well-being of the Wairoa District in the present and for the future. |          |               |          |
| <b>Amended Council Mission</b> | To <b>lead</b> and support the Wairoa community through <b>decision-making</b> that promotes the social, economic, environmental and cultural well-being of the district now and in the future.   |          |               |          |

## 6. GROUPS OF ACTIVITIES

- 6.1 Previous LTP's have grouped Council's activities into seven key categories, however there are currently nine distinct groups of activities, as shown below. These groupings have been set in a logical sequence that supports effective financial and planning processes, and aligns with the requirements of the Local Government Act (Schedule 10, Part 1, Section 2).
- 6.2 Renaming these groups may create a misalignment of data in our current planning and financial systems. Rather than risk potential rework, it is recommended that the current groupings be retained. To ensure these categories are understood, clear explanations about their contents will be added to the LTP.

| Activity Group                     | Activities  |
|------------------------------------|---|
| Group 1: Water                     | Water   |
| Group 2: Stormwater                | Stormwater  |
| Group 3: Wastewater                | Wastewater  |
| Group 4: Waste Management          | Waste   |
| Group 5: Transport                 | Roading, Airport  |
| Group 6: Community Facilities      | Cemeteries, Parks and Reserves, Library, Community Support  |
| Group 7: Planning and Regulatory   | Resource Planning, Environmental Health, Building Control, Liquor Control, Bylaw Compliance (Dog, Livestock, Bylaw) Emergency Management                        |
| Group 8: Leadership and Governance | Community Representation, Maori Relationships, Economic Development   |
| Group 9: Corporate Functions       | Property, Corporate and Funds Management, Corporate Support Services (Human Resources, Customer Services, Finance, Information Technology, Administration, GIS) |

## 7. OPTIONS

- 7.1 The options identified are:
- Adopt the proposed strategic components, as follows:
    - Adopt revised community outcomes: **1) Safe, supported and well-led community, 2) Strong and prosperous economy, 3) Protected and healthy environment, 4) Valued and cherished culture.**
    - Adopt revised Council vision: **To lead and support the Wairoa community through decision-making that promotes the social, economic, environmental and cultural wellbeing of the district now and in the future.**
    - Adopt revised Council mission: **Desirable lifestyles, thriving economy, treasured environments, connected communities.**
    - Retain current LTP activity groups: **Group 1: Water, Group 2: Stormwater, Group 3: Wastewater, Group 4: Waste Management, Group 5: Transport, Group 6: Community Facilities, Group 7: Planning and Regulatory, Group 8: Leadership and Governance, Group 9: Corporate Functions.**
  - Adopt the proposed changes, with minor edits.
  - Status quo, do not adopt the changes.

- 7.2 The preferred option is Option A, adopt the proposed changes. This contributes to the following community outcomes:

| <b>Economic wellbeing</b>  | <b>Social and Cultural Wellbeing</b>   | <b>Environmental Wellbeing</b>  |
|--|--|---|
| 1. A strong prosperous and thriving economy<br>2. A safe and integrated infrastructure | 3. A community that values and promotes its culture and heritage<br>4. Safe and accessible recreational facilities<br>5. Supportive, caring and valued communities<br>6. Strong district leadership and a sense of belonging | 7. A safe and secure community<br>8. A lifetime of good health, education and well-being<br>9. An environment that is appreciated, protected and sustained for future generations |

## 8. CORPORATE CONSIDERATIONS

### What is the change?

- 8.1 A revision and change to some of Council's strategic components, including its community outcomes, and organisational vision and mission statements.

### Compliance with legislation and Council Policy

- 8.2 The legislative requirements associated with Council's strategic components are contained in the Local Government Act 2002, in particular:

- Section 5 (1): Interpretation of community outcomes means the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region in the present and for the future.
- Schedule 10, Part 1: The requirement for a long-term plan to describe the community outcomes for the local authority's district or region.
- Schedule 10, Part 2: The requirement that a long-term plan must, identify the activities within the group of activities, and identify each of the following activities as a group of activities: water supply, sewerage, stormwater, roads and footpaths.

- 8.3 Council's strategic components supports all other Council policies and plans, including the LTP and District Plan.

### What are the key benefits?

- 8.4 Council's strategic components including its community outcomes, and organisational vision and mission are well-aligned, relevant and meaningful.
- 8.5 Supports and strengthens an effective long-term corporate planning framework and processes.

**What is the cost?**

- 8.6 There is no cost associated with adopting these revisions. The resourcing and administrative costs of reviewing these components are budgeted for as part of Council's operational expenditure.

**What is the saving?**

- 8.7 Nil

**Service delivery review**

- 8.8 Adopting proposed changes to components of Council's strategic direction will not trigger an S17a review.

**Maori Standing Committee**

- 8.9 This matter has not been referred to the Maori Standing Committee because it relates to the strategic direction of the whole of Council.

**9. SIGNIFICANCE**

- 9.1 The Council's community outcomes are significant in terms of their link to promoting the social, economic, environmental and cultural well-being of the Wairoa district. While the review of these outcomes and Council's other strategic components may not generate a high level of interest in the community, their significance to Council's direction-setting and planning processes is high, especially as it relates to the delivery of the LTP.
- 9.2 There are no direct implications on Council's budget.
- 9.3 Council's direction on its strategic components could be reversed during deliberations on the content of the LTP 2021-31, however this could delay the adoption of the LTP 2021-31.
- 9.4 No adjustments to service levels are currently proposed.

**10. RISK MANAGEMENT**

- 10.1 In accordance with the Council's Risk Management Policy the inherent risks associated with the matter of adopting these revised strategic components have low human, financial, regulatory, operational, employee-based impacts. These have been determined based on their likelihood of occurrence and level of consequence:

| Human      | Financial | Regulatory         |
|------------|-----------|--------------------|
| Low        | Low       | Low                |
| Operations | Employees | Image & Reputation |
| Low        | Low       | Considerable       |

**Who has been consulted?**

The work to review Council's strategic direction and enhance its outcomes and organisational statements has been carried out in workshops with elected members. These revised components will be included in the LTP consultation document when Council engages with the community on its LTP 2021-31. The community will have an opportunity to have their say about the LTP's content during the formal LTP consultation period in April 2021.

**Further Information**

Information about Council's current strategic components is available in its LTP 2018-28, which can be found on Council's website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz) and from Council's main office.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

|   |   |
|---|---|
|  |  |
| Author<br>Kimberley Tuapawa   | Approved by<br>Steven May   |



**8.2 PROGRESS UPDATE ON DEVELOPMENT OF LONG TERM PLAN 2021 - 2031**

**Author:** Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** Nil

**1. PURPOSE**

- 1.1 This report provides a progress update on the development of Council's Long Term Plan 2021–31 (LTP). No decisions are required by Council at this stage.
- 1.2 Although periodic updates on the LTP's progress have been presented to the Finance, Audit and Risk Committee, a recent request was that all future updates be presented to Council.

**RECOMMENDATION**

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that the Council receive the report.

**2. BACKGROUND**

- 2.1 Council is in the process of developing its Long Term Plan 2021–31. Managed by a small team, this two-year project comprises 45 separate projects, 100 key tasks and involves input from staff across the organisation. Council has a comprehensive project plan which is carefully managed to ensure that key deadlines are reached.
- 2.2 During 2020, the LTP's development has run concurrent to that of the Annual Plan 2020/21. The Annual Plan was completed during the CO-VID 19 lockdown period and successfully adopted before its statutory deadline.
- 2.3 This progress update meets the purpose of local government as it supports the delivery of Council's LTP which will help meet the needs of the community by providing a reference for planning, funding decisions and service delivery.

**3. WHAT'S BEEN DONE?**

Since January 2020, Council has completed the following tasks:

- 3.1 An environmental scan, to outline key issues that impact the LTP's development. A draft climate change report, to help inform key parts of the LTP, including the infrastructure strategy and asset plans. A second draft of the infrastructure strategy, and first draft of asset management plans.
- 3.2 A review of Council's levels of service and performance measures to determine whether these are still relevant, fit for purpose and align to our strategic direction. A review of Council's annual resident's satisfaction survey. A valuation of Council's infrastructural assets. A review and first draft of Council's forecasting assumptions underlying the financial estimates and forecasts.
- 3.3 The Annual Plan 2020/21 was completed and successfully adopted on 16 June, before its statutory deadline. Council achieved a rates increase within its threshold, and building

on its work from the previous year, delivered a document that was visually attractive, meaningful and easy to read.

#### **4. WHAT'S IN PROGRESS?**

Since March 2020, Council has worked on the following:

- 4.1 An economic and demographic growth report to support projections and provide content about the district's future profile. Linked to the LTP's development and as part of its strategic direction-setting, Council has reviewed and enhanced some of its key strategic components, including its community outcomes, vision and mission statements, and LTP activity groups.
- 4.2 A review of the LTP's structure and layout was completed successfully. The aim was to simplify the content structure and ensure all like-components were grouped together. This means that the content for the LTP 2021-31 will be structured under 5 key categories: 1) Our Long-term Plan, 2) Our Activities, 3) Our Finances, 4) Our Policies, and 5) Our Infrastructure.
- 4.3 The process for Annual Plan engagement is being organised, with plans to host caravan-based information sessions around the district.

#### **5. HOW ARE WE TRACKING AND WHAT'S COMING UP?**

- 5.1 Overall, the LTP project is tracking to schedule. Time sensitive tasks include the completion of draft asset management plans, and asset valuations. During July and August 2020, Council will continue to work on these. In addition, staff will begin planning the design and formatting of the LTP.
- 5.2 An internal review of Council's LTP policies will begin. The first of these is the Significance and Engagement Policy. Council will also initiate a rates review to provide an opportunity to engage with the community about addressing the challenges of the current system.
- 5.3 Preparations of the LTP-budgets have begun with activity managers engaged early on to review and forecast operational and capital expenditure.

#### **Further Information**

Further information is available in Council's LTP 2018-28 and Annual Plan 2020/21, which can be found on Council's website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz) and from Council's Main Office.

#### **References (to or from other Committees)**

Finance, Audit and Risk Committee. 3 March, 2020. Progress Update on Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 2 July, 2019. Project Plan for Development of Long Term Plan 2021-2031.

Finance, Audit and Risk Committee. 17 September, 2019. Detailed Project Plan for the Development of the Long Term Plan 2021-2031.

## Signatories

|   |  |
|---|--|
|  |  |
| Author<br>Kimberley Tuapawa   | Approved by<br>Steven May  |

**8.3 LOCAL ALCOHOL POLICY CONSULTATION**

**Author:** Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:**

1. Background paper [↓](#)
2. Draft local alcohol policy [↓](#)
3. Statement of proposal and submission form [↓](#)

**1. PURPOSE**

- 1.1 The purpose of this report is to present the proposed Local Alcohol Policy for adoption and public consultation.

**RECOMMENDATION**

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Council adopt the proposed Local Alcohol Policy for public consultation from 1 August, 2020 to 31 August, 2020.

**2. BACKGROUND**

- 2.1 The Sale and Supply of Alcohol Act 2012 (SSAA) gives local authorities the power to develop Local Alcohol Policies (LAPs). In 2013, Council resolved to develop a LAP.
- 2.2 The purpose of a LAP is to give communities greater control over the location and licensing conditions of liquor outlets. Its development is about setting licensing standards that are relevant to the needs of the community. It also provides the District Licensing Committee with guidance that helps ensure licensing decisions balance economic and social outcomes. If Council did not create a LAP, the default provisions in the Act would apply.
- 2.3 In order to adopt the LAP, Council is required to use the special consultative procedure. The suggested consultation period is 1 August, 2020 - 31 August, 2020. Hearings are tentatively scheduled for 22 September, 2020 at 10am – 12.30pm.
- 2.4 A background paper was prepared to accompany the LAP, attached as Appendix 1. It will be made available as part of the public consultation.

**3. LAP DEVELOPMENT PROCESS**

- 3.1 The LAP's development follows a six-stage process:

|   |   |
|---|---|
| 1 | Develop a background paper to provide context to local issues<br><i>Background Paper: Attached Appendix 1</i>   |
| 2 | Develop draft LAP in consultation with Police, Licensing Inspectors and Medical Officers of Health, and then formally consult with community.<br><i>Draft LAP: Attached Appendix 2</i><br><i>Statement of proposal and submission form: Attached Appendix 3</i> |
| 3 | Prepare a provisional LAP based on community feedback   |

|   |   |
|---|---|
| 4 | Give public notice of provisional LAP, and receive any appeals  |
| 5 | Adopt provisional LAP, which becomes final after 30 days after public notification, or after appeals are resolved |
| 6 | Give public notice of LAP's adoption, and date it will come into effect as determined by Council.                 |

3.2 The table below provides a recommended timeline for this process:

| Task   | Time                                 | Legislative basis    |
|--|--------------------------------------|----------------------|
| Council resolution to adopt draft for consultation                               | 28 July, 2020                        | Section 79 (SSAA)    |
| Public notice (of consultation)  | 30 July, 2020                        | Section 79 (SSAA)    |
| Consultation period (submissions)  | 1 August, 2020 – 31 August, 2020     | Section 83 (LGA)     |
| Hearings and deliberations   | 22 September, 2020                   | Section 83 (LGA)     |
| Council resolution to adopt provisional LAP                                      | 20 October, 2020                     | Section 79           |
| Public notice (of LAP's adoption to be provisional)                              | 22 October, 2020                     | Section 80 (SSAA)    |
| Appeals period   | 23 October, 2020 – 23 November, 2020 | Section 81-86 (SSAA) |
| Final LAP adoption if no appeals (or 30 days after last of appeals is dismissed) | 24 November, 2020                    | Section 87 (SSAA)    |
| Public notice (of final adoption)  | 25 November, 2020                    | Section 90 (SSAA)    |

#### 4. OPTIONS

4.1 The options identified are:

- a. Status quo, do not proceed with adopting a LAP
- b. Adopt the draft LAP for consultation

4.2 Option A: If Council no longer wishes to proceed with adopting a LAP, they will need to amend their decision from 2013 at the next ordinary Council meeting via the process for amending a Council decision. The resolution included the Local Approved Products Policy, so the whole resolution cannot be revoked. A LAP is not a requirement and the legislative provisions in the SSAA would continue to apply to the licensing process in the district.

4.3 Option B: Council staff have worked with key stakeholders on the development of the LAP. Based on their feedback, additional information relating to child-focussed events has been added to the submission form to enable the community to have their say on the issue prior to a decision being made on the wording of the LAP.

4.4 The preferred option is option B, as this contributes to the following community outcomes

| Economic wellbeing | Social and Cultural Wellbeing                | Environmental Wellbeing  |
|--------------------|--|--|
|                    | 5. Supportive, caring and valued communities | 7. A safe and secure community<br>8. A lifetime of good health, education and well-being |

## 5. CORPORATE CONSIDERATIONS

### What is the change?

5.1 Council will consult on a new proposed LAP.

### Compliance with legislation and Council Policy

5.2 The LAP complies with relevant legislation and Council policies.

### What are the key benefits?

5.3 An opportunity for the community to provide feedback to the content of the LAP.

### What is the cost?

5.4 Consultation costs are met within existing budgets.

### What is the saving?

5.5 Not applicable.

### Service delivery review

5.6 Not applicable.

### Maori Standing Committee

5.7 This matter has not been referred to the committee.

## 6. SIGNIFICANCE

6.1 The LAP is likely to have a high level of public interest.

## 7. RISK MANAGEMENT

7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

| Human      | Financial | Regulatory         |
|------------|-----------|--------------------|
| Low        | Low       | Low                |
| Operations | Employees | Image & Reputation |
| Low        | Low       | Considerable       |

**Who has been consulted?**

To date, no public consultation has occurred. Consultation is now required as per the requirements outlined in the SSAA.

**Further Information**

Sale and Supply of Alcohol Act <http://www.legislation.govt.nz/act/public/2012/0120/latest/DLM3339333.html>

Local Alcohol Policies <https://www.justice.govt.nz/justice-sector-policy/key-initiatives/sale-and-supply-of-alcohol/community-involvement/local-alcohol-policies/>

**References (to or from other Committees)**



Council. 28 November, 2013. Local Alcohol and Local Approved Products Policies.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

|   |  |
|---|--|
|  |  |
| Author<br>Kimberley Tuapawa   | Approved by<br>Steven May  |

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|  |
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# LOCAL ALCOHOL POLICY BACKGROUND PAPER

JUNE 2018



**TE WAIROA**  
**WAIROA DISTRICT**

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## INTRODUCTION

In August 2008, the Law Commission commenced a review of New Zealand's alcohol laws. As part of this process, the Commission engaged in wide public consultation, resulting in almost 3000 public submissions. In April 2010, the Commission published its final report, entitled *Alcohol in Our Lives: Curbing the Harm* (2010).

This report summarised the key issues raised through the submission process and presented the Commissions' final recommendations to the Government. The Alcohol Reform Bill, which was introduced to Parliament in November 2010, is the Government's legislative response to the Commission's work.

In December 2012, the Sale and Supply of Alcohol Act 2012 (*the Act*) replaced the Sale of Liquor Act 1989. The purpose of the Act is to put in place a system of control over the sale and supply of alcohol that is reasonable and helps achieve the objects of the Act (New Zealand Government, 2012).

Its objectives are that:

- a) The sale, supply, and consumption of alcohol should be undertaken safely and responsibly; and
- b) The harm caused by the excessive or inappropriate consumption of alcohol should be minimised.

The adoption of the Act gave territorial authorities the power to develop Local Alcohol Policies (LAPs). This policy opportunity is part of a greater reform of the way we sell, supply and consume alcohol in New Zealand. Its purpose is to give communities greater control over the licensing of liquor outlets.

Developing an LAP is about setting standards for liquor licensing that are relevant to the needs of our community.

At a Council meeting in July 2013, the Wairoa District Council resolved to develop an LAP. In developing its LAP, Council have regard to the way alcohol is supplied and consumed in Wairoa. If Council did not create a LAP, the default provisions in the Act would apply.

The purpose of this Background Paper is to provide background on alcohol and its place in our community, and key trends in relation to alcohol in the Wairoa district.

## THIS BACKGROUND PAPER IS DIVIDED INTO FIVE PARTS:

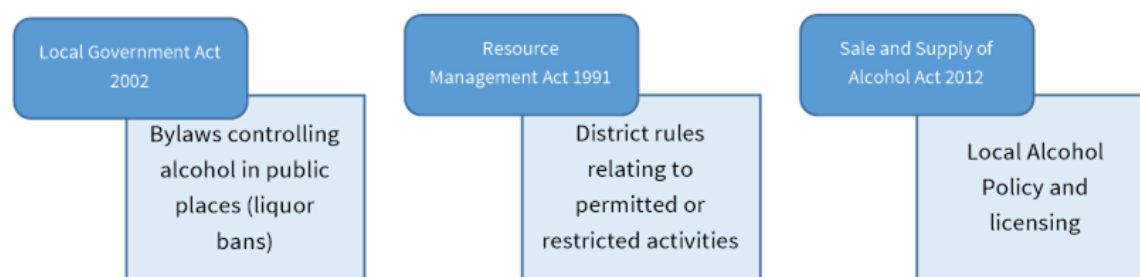
| Section   | Contents  |
|---|---|
| <b><i>What's an LAP?</i></b>                      | The key aspects of the LAP, its application, and what opportunities it will provide our community.  |
| <b><i>What are the alcohol-related harms?</i></b> | Health, crime and road safety issues that are linked with harmful alcohol consumption.  |
| <b><i>How are we consuming alcohol?</i></b>       | How people in New Zealand are consuming alcohol, and what that may mean for the way we are consuming alcohol.   |
| <b><i>The Wairoa community and alcohol</i></b>    | Wairoa's demographic and economic profile. How the people of Wairoa feel about alcohol, what controls currently exist to manage alcohol, and how the development of an LAP relates to community outcomes. |
| <b><i>How is the LAP developed?</i></b>           | The Act requires the Council to develop an LAP using a defined process.   |

## 1.0 WHAT'S AN LAP?

The purpose of an LAP is to give communities greater control over licensing of liquor outlets. LAPs affect the conditions for licences and the operation of licensed premises, and in doing so alter the supply of alcohol into the community. They can only contain policies relating to alcohol licensing. This means they cannot place any restrictions on who can purchase alcohol or place constraints over the products themselves. They do not alter restrictions relating to the age of purchase, types of marketing or price of alcohol.

As shown in **Figure 1**, LAPs sit within a regulatory regime developed by Central Government through Acts of Parliament. Those Acts delegate powers to Councils to regulate certain activities as well as requiring them to perform certain duties.

**Figure 1: Important legislation for Councils to manage alcohol**



## WHAT'S A LICENCE?

A licence allows the holder to sell alcohol. There are four types of licence and each type has specific criteria attached to it by the Act.

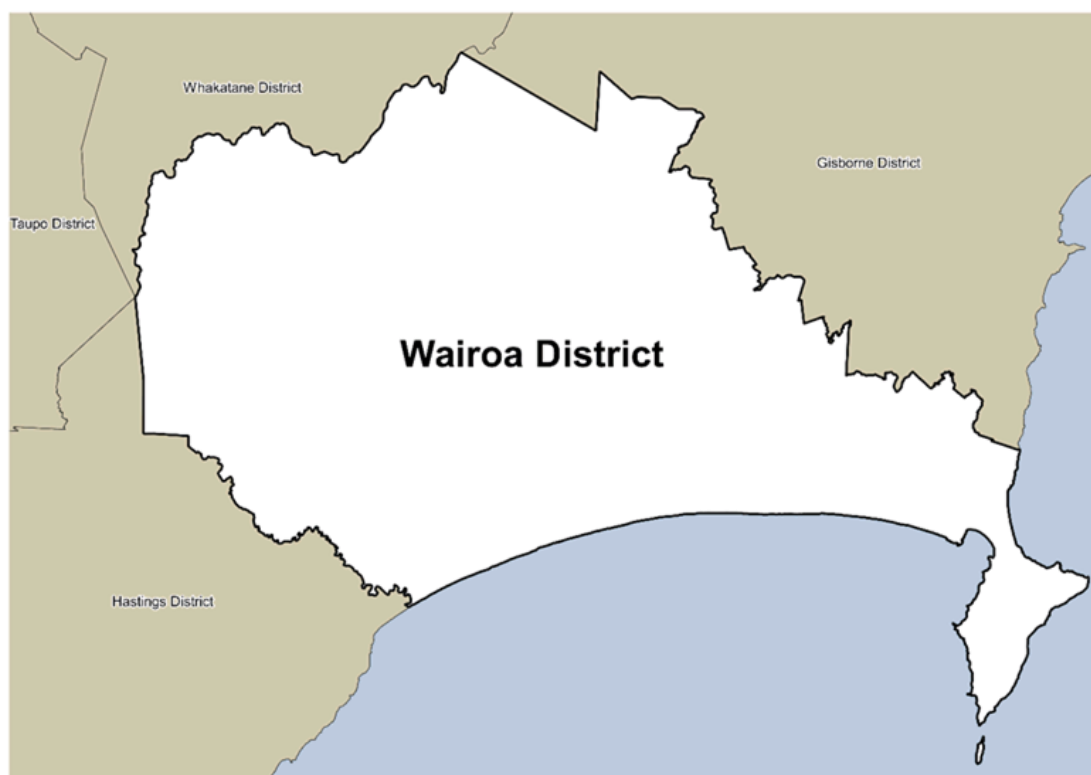
| Licence type           | Example of this type of licence      | Description   |
|------------------------|--------------------------------------|---|
| <b>On Licence</b>      | Pub, restaurant, café                | The sale and supply of alcohol for consumption at the premises, including outdoor areas.                                    |
| <b>Off Licence</b>     | Bottle store, supermarket            | The sale and supply of alcohol to be consumed away from the premises e.g. at home, at a BYO                                 |
| <b>Club Licence</b>    | Sports club, RSA, working men's club | The sale and supply of alcohol for consumption at the club premises and only to members, affiliates and guests of the club. |
| <b>Special Licence</b> | Festivals, weddings in Council halls | The sale of liquor at special events. It may be used to extend operational hours or to licence one-off events.              |

## WHERE DOES A LAP APPLY?

The LAP applies to the jurisdiction of a Territorial Authority.

**Figure 2** displays the jurisdiction over which the Wairoa District Council's LAP will apply.

**Figure 2: Wairoa District Council's jurisdiction**





## HOURS OF OPERATION

A LAP can set the maximum hours of operation for different licence types. If there is no policy on maximum trading hours, then the default hours of operation in the Act will apply.

## TRADING HOURS UNDER THE ACT

The default maximum national trading hours under the Act are:

- Hours between 8 am on any day and 4 am on the next day for the sale and supply of alcohol for consumption on premises for which an on-licence or a club licence is held, and
- Hours between 7 am and 11 pm on any day for the sale of alcohol on premises for which an off-licence is held.

## DISCRETIONARY CONDITIONS

The Act allows Councils to include specific conditions that can be applied to certain licence types at the time of granting a licence.

## APPLYING AN LAP

The LAP will apply to all applications for new licences after the date the policy comes into force.

In Wairoa the District Licensing Committee (the Committee) is made up of three people, two from the wider community and one elected member. They take advice from the NZ Police, Medical Officers of Health and the Council's licensing inspector.

The Committee decides applications for:

- New and renewed licences and managers' certificates,
- Temporary authorities and temporary licences,
- Variation of licences, and
- Most enforcement action for specific licences.

The committee must take the LAP into account when determining whether or not to grant a licence and what conditions will be attached to that licence. The Committee must also consider each application in accordance with criteria set out in the Act. That criteria includes whether the application complies with the LAP.

Other criteria are:

- The objectives of the Act,
- Suitability of the applicant,
- Design and layout of the premises,
- Whether the applicant provides goods or services other than those related to the sale of alcoholic and non-alcoholic refreshments and food,

- Whether, in the opinion of the Committee, the amenity and good order of the locality in which the premises is located is likely to be reduced by more than a minor extent by the issue of a licence,
- Whether the applicant has the appropriate systems, staff and training to comply with the law.
- Consideration of any other matters in opposition raised by the Medical Officer of Health, Police, or the Licensing Inspector.

## 2.0 ALCOHOL RELATED ISSUES – THE HARM

Current alcohol-related statistics for Wairoa in the areas of health, crime, and road safety were difficult to obtain. Where local data is unavailable, we used national or regional-level data. This data covers the Hawkes Bay region, of which Wairoa is a part.

Some of the key documents used were:

- **Tackling alcohol harm in Hawke Bay.** An Alcohol Harm Reduction Strategy for 2017 – 2022, developed by Hawkes Bay District Health Board.
- **Alcohol Related Harm Statistics.** Data specific to the Hawkes Bay region, provided by Hawkes Bay District Health Board.
- **Alcohol-related injury.** An evidenced-based Literature Review by Research New Zealand.
- **Alcohol – The Body and Health Effects.** A brief overview of the health and body effects of alcohol, published by the Health Promotion Agency.
- **Alcohol Harm in Wairoa.** A Scoping Project to Determine Alcohol Related Harm Priorities for the Region by Te He Hapori Haumaru, Wairoa Safe Communities.
- **Alcohol and Drugs 2017.** A statistical report by the Ministry of Transport on alcohol and drug's contribution to road crashes.

Despite its wide social acceptability and “normalisation” in New Zealand society, alcohol is not an ordinary commodity. It has been identified as a toxin, an intoxicant, and an addictive psychotropic drug. It has also been classified as a Group 1 carcinogen (carcinogenic to humans) by the World Health Organisation (Hawke's Bay District Health Board, 2017).

Alcohol is also the drug that causes the most harm to the most people in New Zealand. Every year around 600 – 800 New Zealanders die from alcohol-related causes. The harm caused by alcohol is estimated to cost NZ as a country an overall \$6.5 billion per year. In Hawke's Bay, based on hospital bed days alone, alcohol-related harm is estimated to cost \$3 million per year (2014-2015) (Hawke's Bay District Health Board, 2017).

Alcohol intoxication often results in injury, including falls, burns, motor vehicle accidents, assaults and drowning (Health Promotion Agency, 2016). An individual who is intoxicated may be injured themselves, or they may injure others, including family members, friends or strangers (Research New Zealand, 2012).

As well as potentially affecting the physical and mental health of individuals, chronic and heavy alcohol use can increase the risk of death. This can happen through acute alcohol poisoning or because the alcohol causes a fatal disease, such as cancer. Its use can also be a factor in a violent death or suicide. Alcohol also contributes to a high burden of disease, in terms of the years that people spend with a disability or in poor health because of an alcohol-related illnesses (Health Promotion Agency, 2016).

It is important to note that licensing decisions alone will not address these issues. However, informed licensing decisions can contribute to reducing alcohol-related harm and promoting responsible drinking behaviour.

## HAZARDOUS DRINKING

One in every four adults in Hawke's Bay is a "hazardous drinker". This means they are likely to harm their own health or cause harm to others through their behaviour. The Ministry of Health defines *hazardous drinking* as an established pattern of drinking that carries a risk of harming physical or mental health, or having harmful social effects to the drinker or others. Hazardous drinking is defined by a score of 8 or more on the alcohol screening tool known as AUDIT, the Alcohol Use Disorders Identification Test (Ministry of Health, 2013).

The Hawke's Bay population as a whole is drinking more hazardously than the rest of New Zealand, with the hazardous drinking rates in this region 60% higher than nationally. Moreover, these rates appear to be increasing over time (Hawke's Bay District Health Board, 2017). Significant inequities also exist, with higher rates of hazardous drinking by Māori compared with non-Māori, and higher hospitalisation rates for alcohol-related conditions for Māori and for men.

The age group with the highest rates of hazardous drinking is 15-24 years where, in Hawke's Bay, 41% of this age group are drinking hazardously (Hawke's Bay District Health Board, 2017).

## PREVALENCE IN HAZARDOUS DRINKING

As shown in **Table 1**, the hazardous drinking age standardised prevalence rates increased for both men and women in Hawke's Bay between 2002/03 and 2011/13. There has been an increase in Māori hazardous drinking rates in Hawke's Bay between 2002/03 and 2011/13, while rates of hazardous drinking have declined in Non-Māori over this time (Hawkes Bay District Health Board, 2017).

**Table 1: Proportion of hazardous drinkers in population**

| Area        | Hazardous Alcohol Drinking : ASR Prevalence rate % (15+ population) |        |         |             |         |             |       |             |
|-------------|---|--------|---------|-------------|---------|-------------|-------|-------------|
|             | Ethnicity   | Gender | 2002/03 |             | 2006/07 |             | 2012* |             |
|             |   |        | %       | 95% CI      | %       | 95% CI      | %     | 95% CI      |
| Hawkes Bay  | Total   | Total  | 29.1    | (21.6-38.0) | 25.2    | (20.2-30.9) | 29.3  | (25.7-33.2) |
|             |   | Men    | 38.3    | (26.6-51.6) | 32.4    | (24.4-41.6) | 41.8  | (35.5-48.4) |
|             |   | Women  | 16.6    | (8.1-31.1)  | 17.4    | (11.4-25.5) | 21.5  | (17.5-26.1) |
|             | Māori   | Total  | 30.7    | (18.9-45.8) | 36.8    | (29.4-44.9) | 43.2  | (38.4-48.2) |
|             |   | Men    |         |             | 48.6    | (36.2-61.3) | 58.5  | (50.0-66.6) |
|             |   | Women  |         |             | 29.6    | (21.4-39.3) | 33.1  | (27.7-39.0) |
|             | Non Māori   | Total  | 28.4    | (15.0-47.1) | 21.8    | (15.5-29.8) | 23.3  | (19.4-27.8) |
|             |   | Men    |         |             | 29.3    | (19.3-42.0) | 34.9  | (27.0-43.8) |
|             |   | Women  |         |             | 11.8    | (5.4-23.7)  | 15.9  | (10.7-22.9) |
| New Zealand | Total   | Total  | 19.2    | (18.0-20.5) | 19.9    | (18.9-21.0) | 17.1  | (16.3-18.0) |
|             |   | Men    | 27.2    | (25.2-29.4) | 27.9    | (26.1-29.7) | 24.1  | (22.7-25.5) |
|             |   | Women  | 11.5    | (10.2-12.9) | 12.3    | (11.3-13.5) | 10.4  | (9.6-11.3)  |

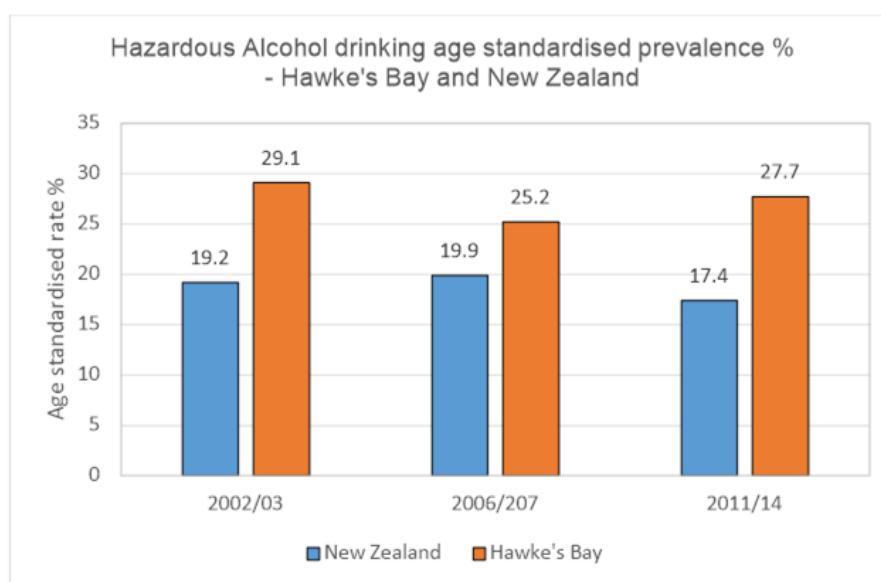


|  |           |       |      |             |      |             |      |             |
|--|-----------|-------|------|-------------|------|-------------|------|-------------|
|  | Māori     | Total | 26.2 | (23.1-29.5) | 31.1 | (29.2-33.1) | 28.4 | (26.7-30.2) |
|  |           | Men   |      |             | 41   | (37.8-44.3) | 36.3 | (33.6-39.2) |
|  |           | Women |      |             | 22.2 | (20.1-24.4) | 21.1 | (19.3-23.1) |
|  | Non Māori | Total | 17.9 | (16.7-19.2) | 17.9 | (16.7-19.1) | 15.1 | (14.2-16.0) |
|  |           | Men   |      |             | 25.6 | (23.7-27.6) | 21.9 | (20.4-23.4) |
|  |           | Women |      |             | 10.4 | (9.3-11.7)  | 8.4  | (7.6-9.4)   |

Note: 2012 (pooled data) 2011-2013. This ASR time series is available only up to 2011-2013 pooled data only.

As shown in **Figure 3** and **Table 2**, Hawke's Bay Hazardous Drinking age standardised prevalence rates increased 9.9 % between 2006/07 and 2011/14. In 2011/14 the New Zealand Health survey found Hawke's Bay Hazardous Drinking age standardised rates to be 60 % higher than overall New Zealand rates. This difference is statistically significant (Hawkes Bay District Health Board, 2017).

**Figure 3: Hazardous Alcohol Drinking: age standardised prevalence %**



Sources: 2002/03, 2006/07, 2011/12, 2012/13 and 2013/14 New Zealand Health Survey

**Table 2:**

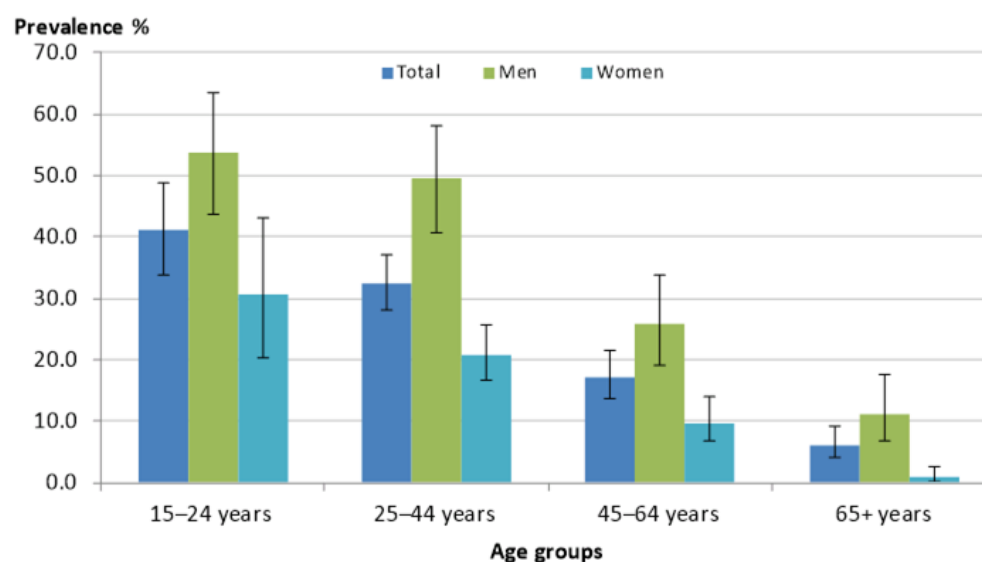
| Area        | 2002/03 |             | 2006/07 |             | 2011/14 |             |
|-------------|---------|-------------|---------|-------------|---------|-------------|
|             | Rate %  | CI          | Rate %  | CI          | Rate %  | CI          |
| New Zealand | 19.2    | (18.0-20.5) | 19.9    | (18.9-21.0) | 17.4    | (16.7-18.2) |
| Hawke's Bay | 29.1    | (21.6-38.0) | 25.2    | (20.2-30.9) | 27.7    | (25.2-30.4) |

## PREVALENCE FOR AGE GROUPS

As shown in **Figure 4** and **Table 3**, Hawke's Bay men and women have significantly higher unadjusted hazardous drinking rates compared to their national counterparts. Hazardous drinking crude rates are highest in the 15-24 year age group in Hawke's Bay and also nationally. Hawke's Bay rates in this age group are significantly higher than national rates for men but not so for women (Hawkes Bay District Health Board, 2017).

Hawke's Bay men in the 15-24 year age group have significantly higher hazardous drinking rates compared to Hawke's Bay women. In Hawke's Bay Hazardous drinking prevalence rates are 41.1 % in the 15-24 year age group. Hawke's Bay Hazardous Drinking prevalence rates in the 25-44 age group are 32.5 % overall, 49.5 % in men and 20.8 % in women. Hawke's Bay men and women rates in this age group are all statistically significantly higher compared to national rates (Hawkes Bay District Health Board, 2017).

**Figure 4: Unadjusted prevalence (%), adults aged 15 years and over, Hawke's Bay DHB, 2011-14**



**Table 3: Unadjusted prevalence (%), adults 15 years and over, Hawke's Bay DHB and New Zealand, 2011-14**

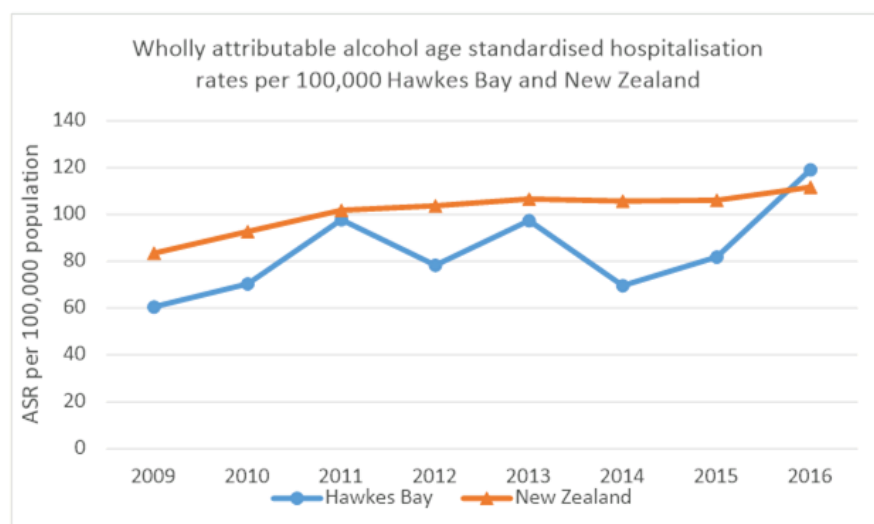
| Age group   | Total      |      | Men        |      | Women      |      |
|-------------|------------|------|------------|------|------------|------|
|             | Hawkes Bay | NZ   | Hawkes Bay | NZ   | Hawkes Bay | NZ   |
| Total       | 23.0       | 15.5 | 33.0       | 22.0 | 14.8       | 9.5  |
| 15-24 years | 41.1       | 25.6 | 53.9       | 30.9 | 30.6       | 20.0 |
| 25-44 years | 32.5       | 20.3 | 49.5       | 29.1 | 20.8       | 12.1 |
| 45-64 years | 17.3       | 11.4 | 25.8       | 17.2 | 9.8        | 5.9  |
| 65+ years   | 6.1        | 3.9  | 11.2       | 7.0  | 0.9        | 1.2  |

Sources: 2011/12, 2012/13 and 2013/14 New Zealand Health Survey

## HEALTH ISSUES

Alcohol is a major cause of health issues in the Hawkes Bay region. The following Figures look at the hospitalisation rates relating to alcohol in Hawkes Bay and New Zealand. As shown in **Figure 5**, HB rates have increased 97% from 60.5 per 100,000 population in 2009 to 119.1 per 100,000 population in 2016. NZ rates in the same period have increased 33.8% from 83.4 per 100,000 in 2009 to 111.6 per 100,000 in 2016.

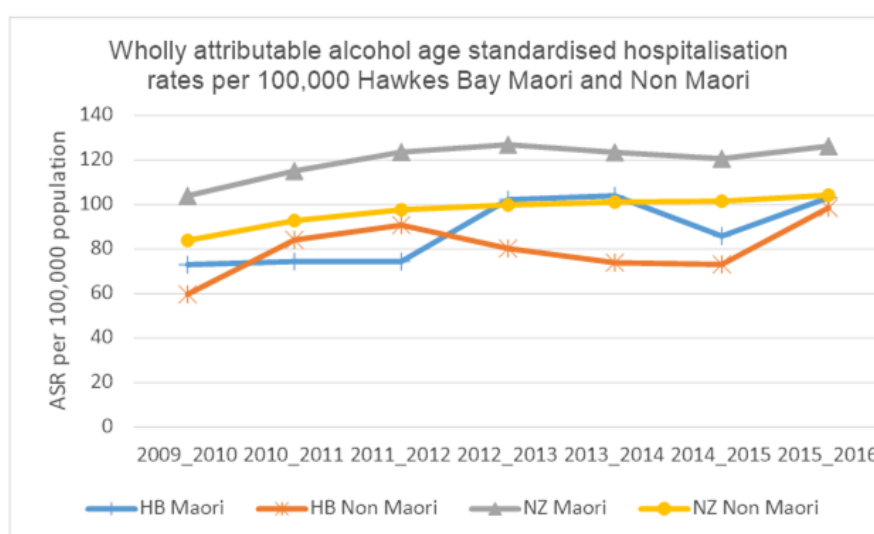
**Figure 5** Alcohol specific wholly attributable alcohol hospitalisations



Source: Centre for Public Health Research, Massey University Environmental indicators programme 2018

As shown in **Figure 6**, HB Maori rates have increased 41% from 73 per 100,000 population in 2009/2010 to 103.1 per 100,000 in 2015/2016. HB Non Maori rates have increased 65% from 59.7 per 100,000 population to 98.5 per 100,000 in 2015/2016. Māori and non-Māori rates are not statistically significantly different.

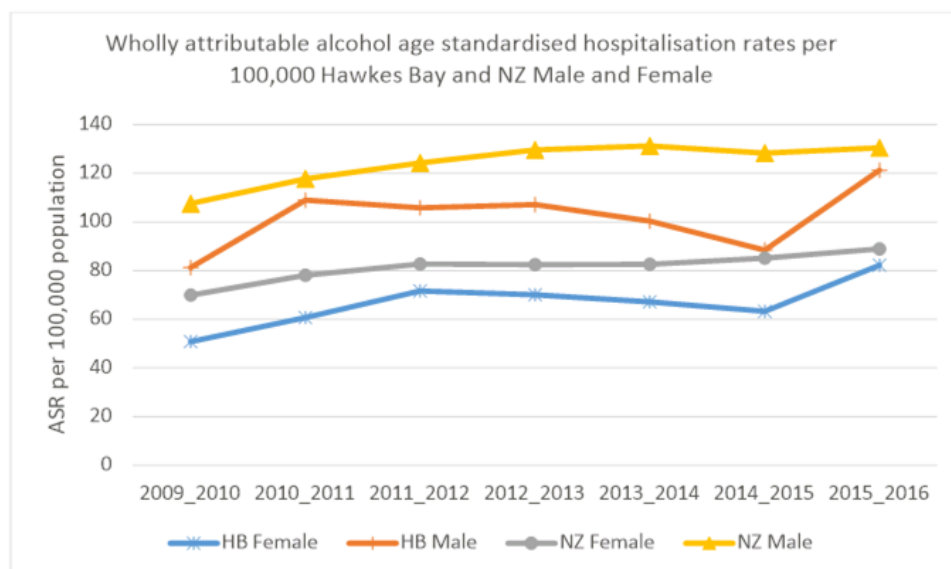
**Figure 6:** Wholly attributable alcohol hospitalisations ASR per 100,000 population



Source: Centre for Public Health Research, Massey University Environmental indicators programme 2018

As shown in **Figure 7**, Hawke's Bay male rates have increased 74% from 69.3 per 100,000 population in 2009/2010 to 121.3 per 100,000 in 2015/2016. New Zealand male rates increases 34 % in the same period. Hawke's Bay female rates have increased 61.7% from per 50.8 100,000 population to 82.2 per 100,000 in 2015/2016. New Zealand female rates increased 27% in the same period.

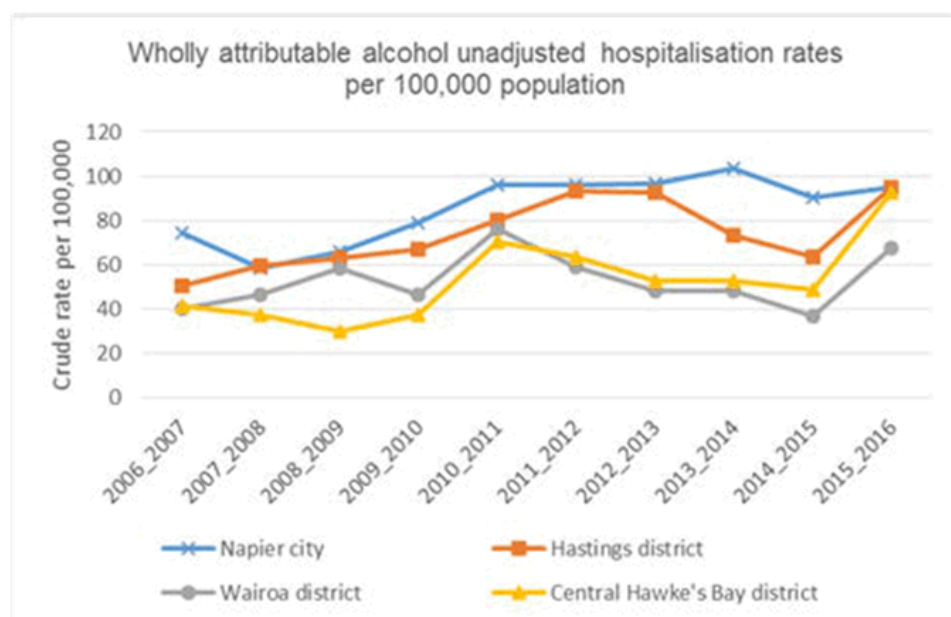
**Figure 7: Alcohol specific wholly attributable to alcohol hospitalisations by gender**



Source: Centre for Public Health Research, Massey University Environmental indicators programme 2018

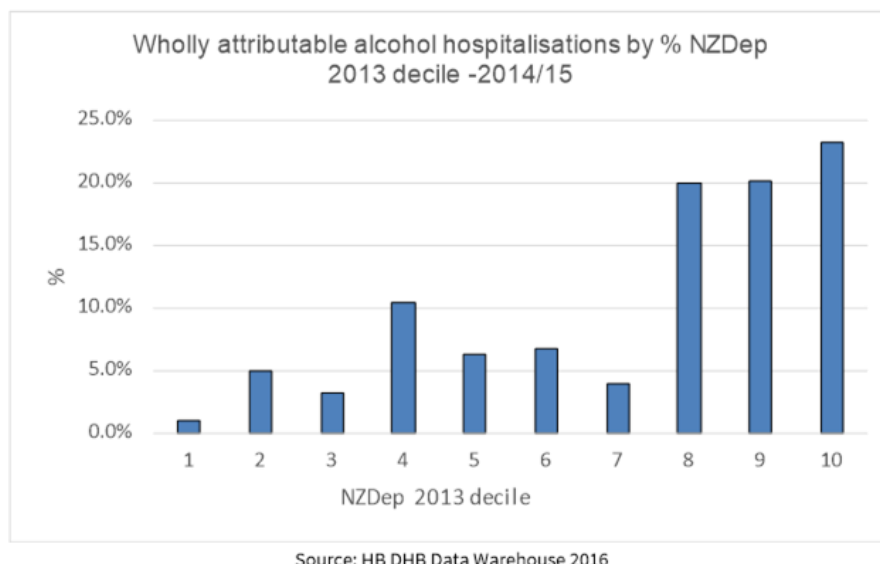
As shown in **Figure 8**, wholly attributable unadjusted (crude) alcohol hospitalisation rates in all TLA have increased in the 2 year period between 2014/2015 and 2015/2016. There is no statistical significance in rates between districts.

**Figure 8: Alcohol specific wholly attributable to alcohol hospitalisations by district**



As shown in **Figure 9**, alcohol specific hospitalisations in 2014/15 were predominantly (63.4%) residents from lower socio-economic areas 8, 9 and 10.

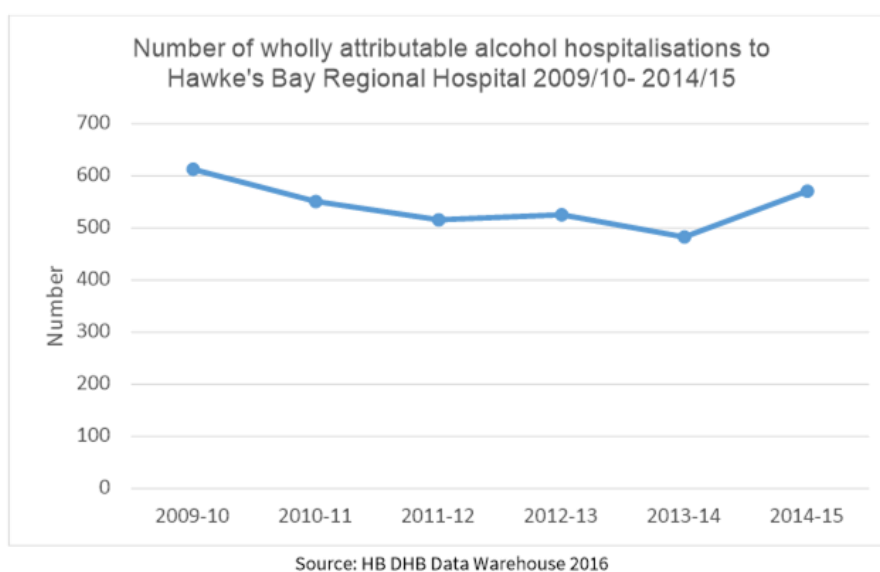
**Figure 9: Wholly attributable alcohol hospitalisations by New Zealand Deprivation (2013)**



The following analysis provides an indication of the resource used in relation to alcohol-related hospitalisations. This analysis includes hospitalisations for both Hawke's Bay domiciled residents and patients who usually live outside the Hawke's Bay DHB region.

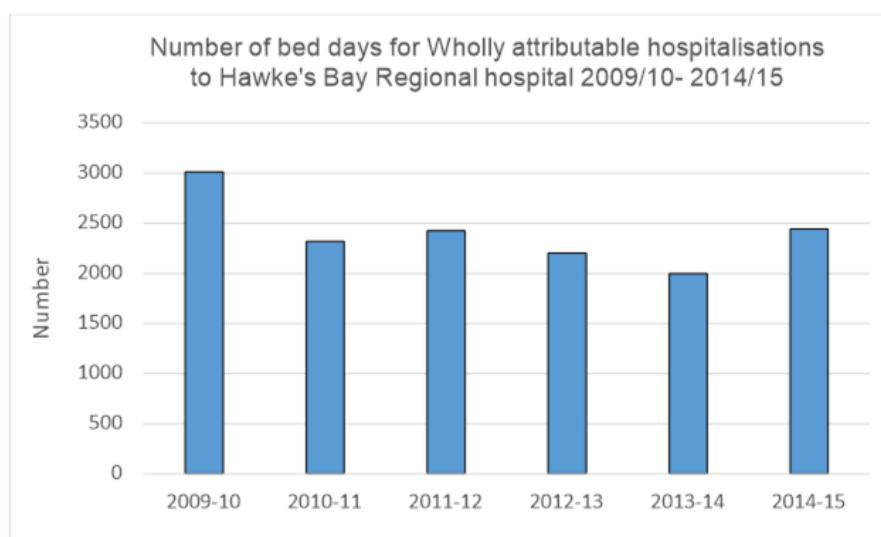
As shown in **Figure 10**, numbers of alcohol related hospitalisations to the Hawke's Bay Regional Hospital have trended downwards until 2013/14. However numbers have increased 18.2 % in the 2014/15 year compared to the previous 2013/14 financial year.

**Figure 10: Number of alcohol related hospitalisations to Hawke's Bay Hospital**



As shown in **Figure 11**, the average days stay in hospital for a wholly attributable alcohol related hospitalisation is 4.2 days. In 2014/15 the total bed days for wholly attributable alcohol related hospitalisation was 2,441 bed days or 7 hospital beds every day. This total direct hospital cost for these admissions in 2014/15 was \$3,107,049 (This does not include ongoing outpatient and rehabilitation costs).

**Figure 11: Number of bed days for wholly attributable hospitalisations to Hawke's Bay Hospital**



The Ministry of Health confirmed that in 2014, the number of deaths directly attributable to alcohol was 185<sup>1</sup>. However, none of these deaths were of people domiciled in the Wairoa District.

## CRIME AND VIOLENCE

Alcohol is a leading cause of crime and violence in New Zealand. It has been estimated that 31% of all recorded crime is perpetrated by an individual who has consumed alcohol prior to offending. In the Wairoa community, such problems appear closely linked to the use of alcohol supplied from off-licensed premises. Local Police are concerned with the high incidence of 'shed parties' being held by various community members who have made a habit of drinking socially at home. These events have become a popular option for some households, and it is thought that Wairoa's lack of nightlife activity is a contributing factor.

Unfortunately, these 'shed party' events are not restricted to weekends, and often occur during the week. Police report that these occasions cause problems. They result in instances of family violence, assaults, drink driving and arrests. The after-effects mean that on the following day children may be absent from school, and parents may be absent from work, which in turn creates further issues due to a lack of income.

On other occasions, Police have been called in as a result of violence which has occurred because of issues caused indirectly by alcohol. This includes situations where, for example an argument has arisen over misspent money, which was intended for essential household items or bills, but which has been spent on

<sup>1</sup> The age standardised rate (to the WHO standard population) of these deaths was 3.0 per 100,000.



alcohol. Other problems arise where, for example a person's drunk actions at a party has created awkward or challenging situations in family or social relationships.

Research from the Women's Health Action Trust has found that the harmful effect of alcohol on women have increased, and that in almost no areas is alcohol-related harm have reduced. The harms include "financial vulnerability, diminished physical and mental health, an increase in the severity and prevalence of violence directed at them, compromised parenting, family breakdown and erosion of cultural values and wellbeing". Women experience these harms from their own drinking, and from the drinking of others (Women's Health Action Trust, 2014, p. 6).

Wairoa Police and members from local Family Violence intervention agencies meet every week to discuss family harm incidents and call outs that have been attended by Police. The agencies and local representatives involved include DHB, Kahungunu Executive, local midwives, Wairoa Youth Services Trust, Child Youth & Family Services, Police, social workers, and health professionals.

The group discusses seven to 10 cases a week, the majority of which involve alcohol, where one or more of the persons involved had been drinking. These numbers are usually consistent across the year (Wairoa Safe Communities, 2016). These agencies can refer those requiring help on to an alcohol counselling service, but it is up to the individuals to accept help.

The majority of crime-related issues are not linked to the use of alcohol supplied from on-licensed premises. Police report that host responsibility at local bars, restaurants and cafes is very good. While historically, it was acceptable to be "rolling drunk" in the pub, "there is now no tolerance" for this behaviour. "Good host responsibility means that no one is really wasted [on site] these days". Local "hosts also have good methods in place to help prevent drink driving. These include having available sober-driving transport vans which are used to escort patrons home." Also "it's a small town, so the friends of those drinking can be called and asked to come down and pick up their friends" who have been drinking.

In Hawkes Bay, alcohol related offences are more likely to be committed by young people aged 17-25 years. Around 70-90% of all weekend crime in alcohol related (Napier City Council, Hastings City Council, 2013).

## ROAD TRAFFIC ACCIDENTS

Alcohol affects the way people drive. Studies show that the risk of being involved in a crash increases rapidly as a driver's blood alcohol level rises (New Zealand Transport Agency, 2010, p. 6).

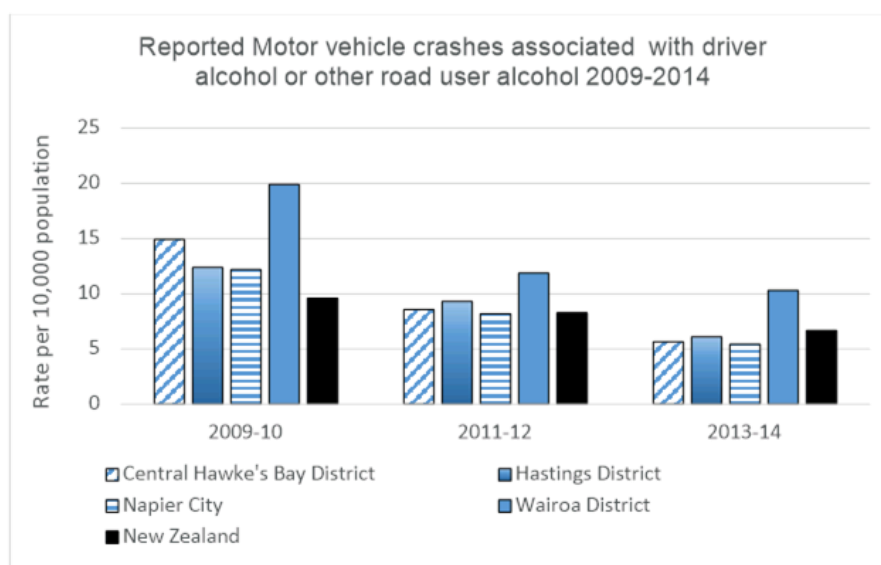
Road traffic accidents make up a major component of alcohol-related unintentional injuries, and a causal relationship between alcohol and road traffic injuries has been identified (Research New Zealand, 2012, p. 6). At 80mg of alcohol per 100ml of blood, a driver is about sixteen times as likely to be involved in a fatal crash as the same driver with a zero blood alcohol level (Ministry of Transport, 2017). As crash severity increases, so does the contribution of alcohol/drugs.

In New Zealand over the years 2014–2016, alcohol/drugs were a factor in 29 percent of fatal crashes, 14 percent of serious injury crashes and 10 percent of minor injury crashes. During 2016, driver alcohol/drugs were a contributing factor in 80 fatal traffic crashes, 144 serious injury crashes and 479 minor injury crashes. These crashes resulted in 89 deaths, 189 serious injuries and 674 minor injuries. The total social cost of

crashes involving alcohol/drugs was about \$564 million; 14 percent of the social cost associated with all injury crashes (Ministry of Transport, 2017).

Local Police report that drink driving is a serious issue in Wairoa. As shown in **Figure 12**, the rates of motor vehicle crashes associated with driver alcohol or other road user alcohol are **highest in Wairoa District**. However rates dropped in all districts between 2009-10 and 2013-14. Despite the drop in rates across all districts in Hawke's Bay, *Wairoa District alcohol related motor vehicle crash rates remained higher than national rates in all 3 periods* (Hawkes Bay District Health Board, 2017).

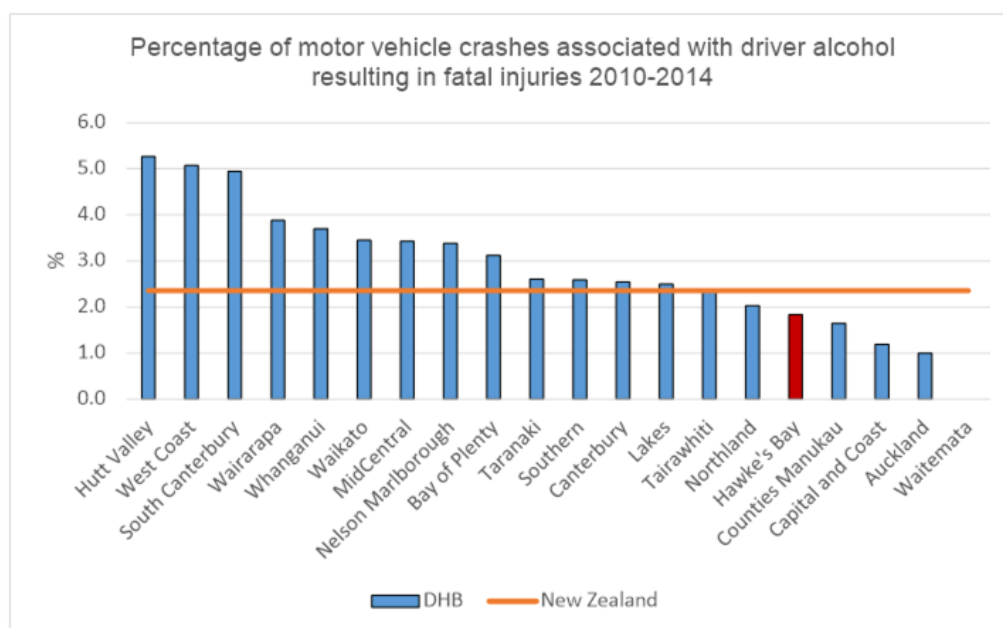
**Figure 12: Reported motor vehicle crashes associated with driver alcohol**



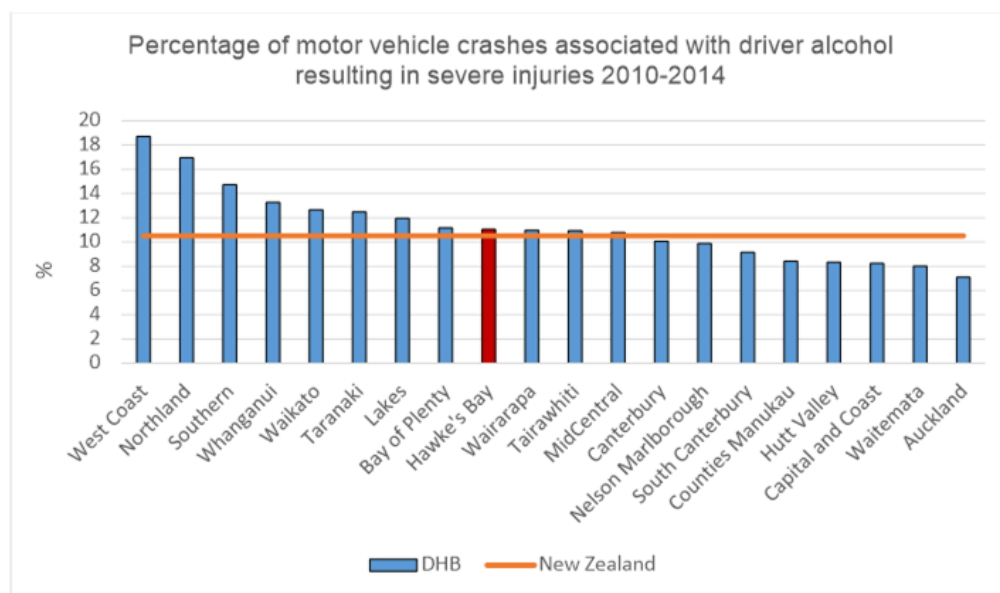
Source: Environment Health Indicators NZ programme, Massey University – Wellington (Provisional)

As shown in **Figure 13**, the percentage of alcohol related vehicle crashes resulting in fatal injuries dropped from 2.3 % in 2009-11 to 2.1 % in 2012-14. Hawke's Bay has one of the lowest percentage of alcohol related vehicle crashes that are fatal in New Zealand (Hawkes Bay District Health Board, 2017).



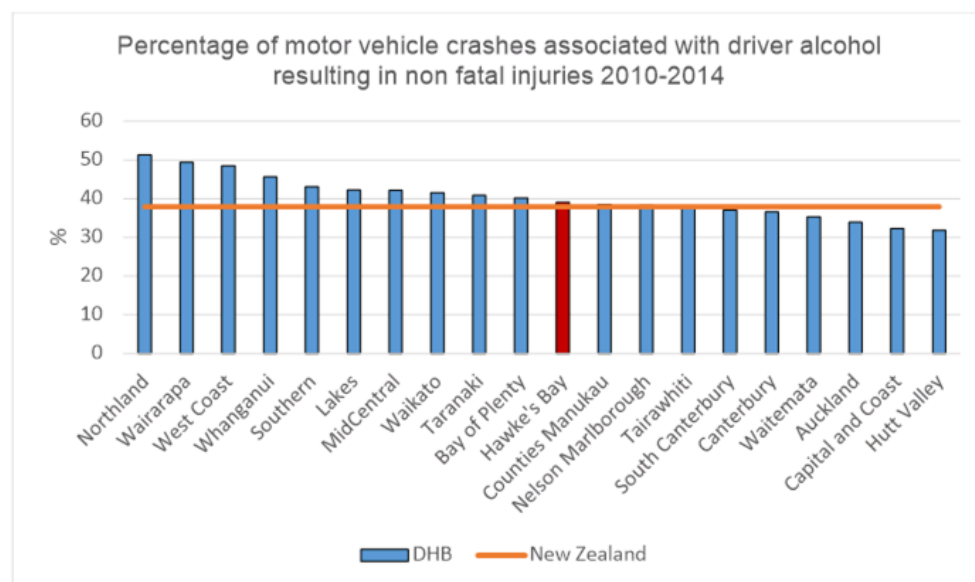
**Figure 13: Motor vehicle crashes associated with driver alcohol resulting in fatal injuries**

As shown in **Figure 14**, the % of alcohol related crashes resulting in severe injuries have increased from 6.2 % in 2009-11 to 11.3 % in 2012-2014 (Hawkes Bay District Health Board, 2017).

**Figure 14: Motor vehicle crashes associated with driver alcohol resulting in severe injuries**

As shown in **Figure 15**, the proportion of non-fatal injury alcohol crashes have increased from 36 % in 2009-2011 to 43 % in 2012 -2014. In the 5 year period 2010-2014 Hawke's Bay has slightly higher rates than New Zealand for alcohol related crashes resulting in non-fatal injuries (Hawkes Bay District Health Board, 2017).

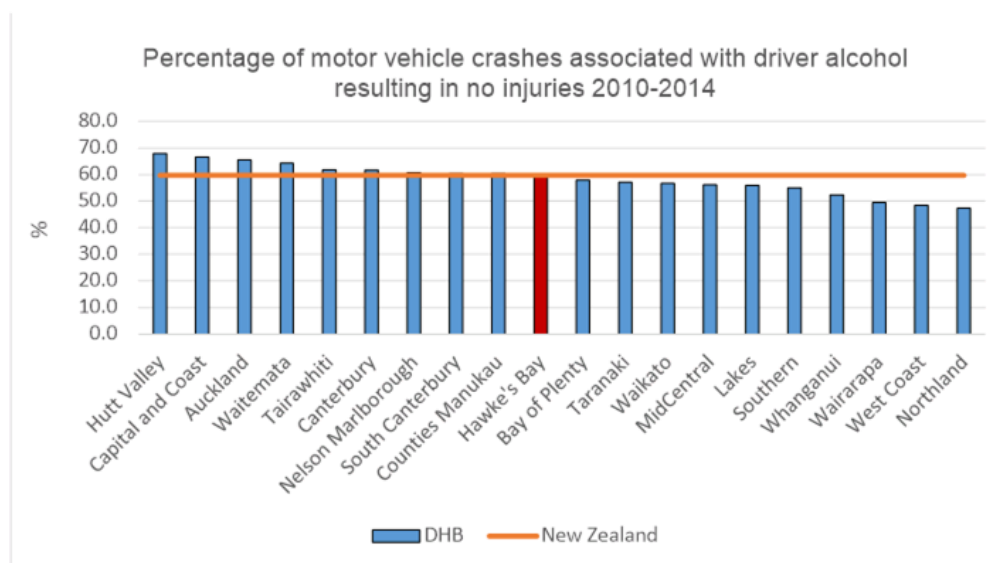
**Figure 15: Motor vehicle crashes associated with driver alcohol resulting in non-fatal injuries**



Source: Environment Health Indicators NZ programme, Massey University – Wellington (Provisional)

As shown in **Figure 16**, the percentage of alcohol related crashes that do not result in an injury have dropped from 57.5% in 2009-2011 to 48.9 % in 2012-2014. Over the 5 year period 2001-2014 Hawke's Bay had rates the same as national rates for the percentage of alcohol related crashes which had no injuries (Hawkes Bay District Health Board, 2017).

**Figure 16: Motor vehicle crashes associated with driver alcohol resulting in no injuries**



Source: Environment Health Indicators NZ programme, Massey University – Wellington (Provisional)

## 3.0 CONSUMPTION BEHAVIOUR

High doses of alcohol can result in alcohol-related harms. These harms are varied, and include injuries, health issues, violence and assaults, and motor vehicle accidents. This section looks at the types of consumption behaviour and what evidence there is for this behaviour in our community.

The Health Promotion Agency (HPA) report entitled *Attitudes and Behaviour towards Alcohol Survey 2013/2014 to 2015/2016: Hawke's Bay Regional Analysis (ABAS)* (2017) presents descriptive results from the 2013/14, 2014/15 and 2015/16 surveys about alcohol-related behaviours, attitudes and experiences of people aged 15 years and over living in the Hawkes Bay region, and compares these to New Zealand as a whole.

### ALCOHOL CONSUMPTION

The survey found that the majority (75%) of respondents aged 15 years and over in the Hawke's Bay region had consumed alcohol in the last year. Sixty-four percent of those living in the Hawke's Bay region reported consuming alcohol in the last four weeks. This was similar to the rest of New Zealand (62%). There were no significant differences for Hawke's Bay respondents across the three survey years.

### RISKY DRINKING

In the survey, the HPA defined "risky drinking" as seven or more drinks on any one occasion in the last four weeks for those aged 18 years and over, and five or more drinks on any one occasion in the last four weeks for those aged 15 to 17 years. One-third (33%) of Hawke's Bay respondents who had consumed alcohol in the past four weeks reported risky drinking behaviour, significantly higher than the rest of New Zealand (27%). Risky drinking behaviour increased significantly from 2013/14 (22%) to 2015/16 (41%).

### EXPERIENCES WITH ALCOHOL

The respondents who reported drinking alcohol in the last four weeks were asked if they had personally experienced any of a range of consequences after drinking. The most common experiences reported by Hawke's Bay respondents were "feeling good, happy or relaxed" (90%) and "was able to de-stress, wind down" (76%). A significantly greater percentage of Hawke's Bay respondents reported these experiences, compared with the rest of New Zealand (83% and 70%, respectively).

Experiences were categorised as harmful where they may potentially result in harmful physical, social or emotional outcomes. Twenty-one percent of Hawke's Bay respondents reported having at least one harmful experience from drinking alcohol in the last four weeks. This was similar to the rest of New Zealand (20%). For Hawke's Bay respondents, the most common harmful experiences were described as occasions in which they had "spent too much money on alcohol" (11%), "drove a vehicle while being unsure of how much you were under the influence of alcohol" (4%) and "injured yourself accidentally" (4%). These experiences were not significantly different from the rest of New Zealand. In 2015/16, a significantly greater percentage of Hawke's Bay respondents reported that they had "gotten drunk or intoxicated" (24%), compared with 2013/14 (10%).

## TYPES OF DRINKS CONSUMED

The respondents who had consumed two or more drinks on any one occasion in the last three months were also asked about the type(s) of drink they had consumed at their last drinking occasion. The most frequently reported types of alcohol consumed by Hawke's Bay drinkers were beer, wine or sparkling wine, and spirits.

There were no significant differences in the types of alcohol consumed compared with the rest of New Zealand. Across the three survey years, there were significant differences in the types of drinks consumed at the last drinking occasion. Significantly more respondents reported drinking cider on the last occasion, while significantly fewer respondents reported drinking wine in 2015/16 compared with 2013/14.

Based on observations, local Police report that the most popular types of alcoholic beverages being consumed in our community are beer and ready-mixed drinks, such as Bourbon & Cola.

## ATTITUDES TO DRINKING

All respondents were asked for their level of agreement with the statement "Binge drinking is part of kiwi culture". No definition was provided for "binge drinking"; respondents defined this for themselves. The responses to this statement used a 5-point scale from 'strongly agree' to 'strongly disagree'.

Fifty-three percent of Hawke's Bay respondents agreed or strongly agreed that 'binge drinking is part of kiwi culture'. There were no significant differences in level of agreement between those in the Hawke's Bay and the rest of New Zealand, or across the three survey years for Hawke's Bay respondents.

## PURCHASE LOCATIONS

The respondents who reported having purchased alcohol in the last four weeks were asked where they had purchased alcohol. For Hawke's Bay respondents, the supermarket, bottle or liquor store and restaurant/café were the most frequently reported places to purchase alcohol.

There were some significant differences in purchasing locations in the last four weeks between Hawke's Bay respondents and those in the rest of New Zealand:

- A greater proportion of Hawke's Bay respondents purchased alcohol at bottle or liquor stores (54%) and at vineyards (13%), compared with the rest of New Zealand (46% purchased at bottle or liquor stores; 4% at vineyards).
- A smaller proportion of Hawke's Bay respondents purchased alcohol from a bar/nightclub (17%), compared with the rest of New Zealand (23%).

For the most frequently reported locations where alcohol was purchased, there were no significant differences across the three survey years for Hawke's Bay respondents.

## THE BENEFITS OF ALCOHOL

Alcohol is a commodity that brings significant benefits to individuals, private entities, government and the economy as a whole. Its production generates considerable economic activity.

For example, New Zealand wine continues to perform strongly on the global stage (New Zealand Wine Growers, 2017). In fact, our wine now stands as our nation's fifth largest export good. Wine exports to the USA have passed the \$500 million mark, and our wine has become the third most valuable wine import into the USA (New Zealand Wine Growers, 2017, p. 3). Hawkes Bay, of which Wairoa is a part, is New Zealand's second-largest wine region.

Outside wine, the New Zealand beverage sector is primarily focused on production for domestic consumption; however, exports are growing (Coriolis, 2014). New Zealand is a minor beer exporter, and imports more beer than it exports, however, after a long period of flat exports, beer exports have started growing (Coriolis, 2014).

Recently the cider industry in New Zealand experienced strong growth, both for domestic consumption and export. Exports have shown strong growth over the past decade, almost exclusively to Australia (96%) (Coriolis, 2014).

Alcohol also generates revenue for the Government. Alcohol excise tax provides the New Zealand Government with revenue and so may slightly off-set the need for higher levels of other taxes. The most significant benefits to society are likely the pleasure to users and economic benefits (largely to industry) (Wilson, Gunasekara, & Thomson, 2011).

Domestically, the sale of alcohol is big business. There are economic benefits to alcohol producers and retailers. It provides employment in bars, restaurants, clubs and liquor stores throughout the country. The local alcohol industry contributes to our local Wairoa economy and supports a number of jobs. There is also the benefit to tourism from the contribution of alcohol to local cuisine.

There are also social benefits to alcohol consumption. When consumed safely and in moderation, alcohol can add to the enjoyment of an event or social gathering with minimal harmful effects. For many, drinking is a form of relaxation. It is also associated with various customary celebrations, events and uses (Porirua City Council, 2013).

There is some evidence to suggest that alcohol can have some benefits to health, such as reducing risk of heart disease in older people. But it is difficult to attribute these benefits directly or solely to alcohol consumption due to other confounding factors (Health Promotion Agency, n.d.).

The pleasure alcohol brings to consumers can relate to the taste of the beverage, the impact of alcohol on food enjoyment, and its pharmacological effects (Wilson, Gunasekara, & Thomson, 2011). **Figure 17** illustrates how alcohol can be enjoyed in a low-risk manner.



Figure 17: Low-risk alcohol drinking advice



Sourced from the Health Promotion Agency (2018)

## 4.0 OUR COMMUNITY

Wairoa's demographic and economic profile and how the people of Wairoa feel about alcohol, what controls current exist to manage alcohol, and how the development of an LAP relates to community outcomes.

### LICENSES

In the Wairoa District, there are 10 off-licensed premises, 10 on-licensed premises and six club licenses. There have been no new off-license outlets established within Wairoa for a number of years. However, one of the two local supermarkets closed within the past couple of years, which reduced the number of off-license outlets and the level of community exposure to alcohol retail sale.

The nature of alcohol consumption and licensed premises in Wairoa has undergone change in recent years. It has been noted that the number of on-licensed premises like taverns have reduced, and the number of on-licensed premises that serve alcohol with food has increased.

Results from a recent Community Alcohol Survey show that the majority of people in our Wairoa community want fewer bottle stores. They feel that off-licensed premises, specifically bottle stores, have the greatest impact on alcohol harm in the District.

Interestingly, the Law Commission's 2010 Public Consultation identified "strong support for halting ...licenses – particularly off-licenses. The reasons most commonly cited...were the impact...liquor stores has on low socio-economic and vulnerable communities, ...[the outlets'] facilitated supply to young people,...[and] the negative impacts...on the amenity values of neighbourhoods, including increased rates

of offending, vandalism, disorderly and offensive behaviour” (Law Commission New Zealand, 2010, p. 48). This aligns with the views of Wairoa Police concerning their experiences of local mid-week ‘shed parties’ and the resulting harms.

## NUMBER OF LICENSES

| Number | Licence               | Description                         |
|--------|-----------------------|-------------------------------------|
| 10     | Off Licensed Premises | Bottle stores, supermarket, taverns |
| 10     | On Licensed Premises  | Cafes, restaurants, bars, taverns   |
| 6      | Club Licences         | Sports clubs                        |
| 26     | Total Licences*       | All types of Licence                |

\* As at February 2018

The table does not include information about special licences.

## LICENSED HOURS FOR OFF-LICENSED PREMISES

Licensed premises in the Wairoa District generally have earlier closing hours than the default hours permitted under the Act.

| Premises                 | Days                                      | Times                     |
|--------------------------|---|---------------------------|
| Wairoa Club Inc          | Monday – Sunday                           | 9am – 1am                 |
| Clyde Hotel              | Monday – Sunday                           | 10am – 11pm               |
| Ferry Hotel              | Sunday – Wednesday<br>Thursday – Saturday | 10am – 11pm<br>9am – 11pm |
| Frasertown Tavern        | Monday – Sunday                           | 10am – 11pm               |
| Mahia Beach Store        | Monday – Sunday                           | 8am – 9pm                 |
| Wairoa Wines & Spirits   | Monday – Sunday                           | 8am – 11pm                |
| Steeds Convenience Store | Monday – Sunday                           | 7am – 9pm                 |
| Sunset Point Tavern Ltd  | Monday – Sunday                           | 9am – 11pm                |
| Wairoa New World         | Monday – Sunday                           | 7am – 9pm                 |
| Bottle O Wairoa          | Monday – Sunday                           | 8am – 10pm                |

## LICENSED HOURS FOR ON-LICENSED PREMISES

| Premises           | Days                                      | Times                     |
|--------------------|---|---------------------------|
| Clyde Hotel        | Monday – Sunday                           | 9am – 2am                 |
| Vista Motor Lodge  | Monday – Sunday                           | 9am – 2am                 |
| Ferry Hotel        | Sunday – Wednesday<br>Thursday – Saturday | 10am – 12am<br>10am – 2am |
| Rangers Café & Bar | Monday – Friday                           | 11am – 10pm               |
| Frasertown Tavern  | Monday – Sunday                           | 10am – 2am                |
| Rocket Café        | Monday – Sunday                           | 10am – 10pm               |
| The Beach Café     | Monday – Sunday                           | 12pm – 9pm                |

|                         |                   |             |
|-------------------------|-------------------|-------------|
| Sunset Point Tavern Ltd | Sunday – Thursday | 9am – 12am  |
|                         | Friday – Saturday | 9am – 1am   |
| 2ate7 Café & Motel      | Monday – Sunday   | 10am – 12am |
| Gaiety Theatre Complex  | Sunday – Thursday | 9am – 11pm  |
|                         | Friday – Saturday | 9am – 1am   |

## CLUB LICENSES

| Premises                    | Days              | Times      |
|-----------------------------|-------------------|------------|
| Wairoa Club Inc             | Monday – Sunday   | 9am – 1am  |
| Wairoa Bowling Club         | Monday – Sunday   | 8am – 12am |
| Wairoa Golf Club            | Monday – Sunday   | 8am – 12am |
| Mahia Golf Club             | Monday – Sunday   | 9am – 12pm |
| Wairoa Athletic Rugby       | Sunday – Thursday | 9am – 11pm |
|                             | Friday – Saturday | 9am – 1am  |
| Tapuae Multi Sports Complex | Monday – Thursday | 4pm – 10pm |
|                             | Friday – Saturday | 2pm – 1am  |

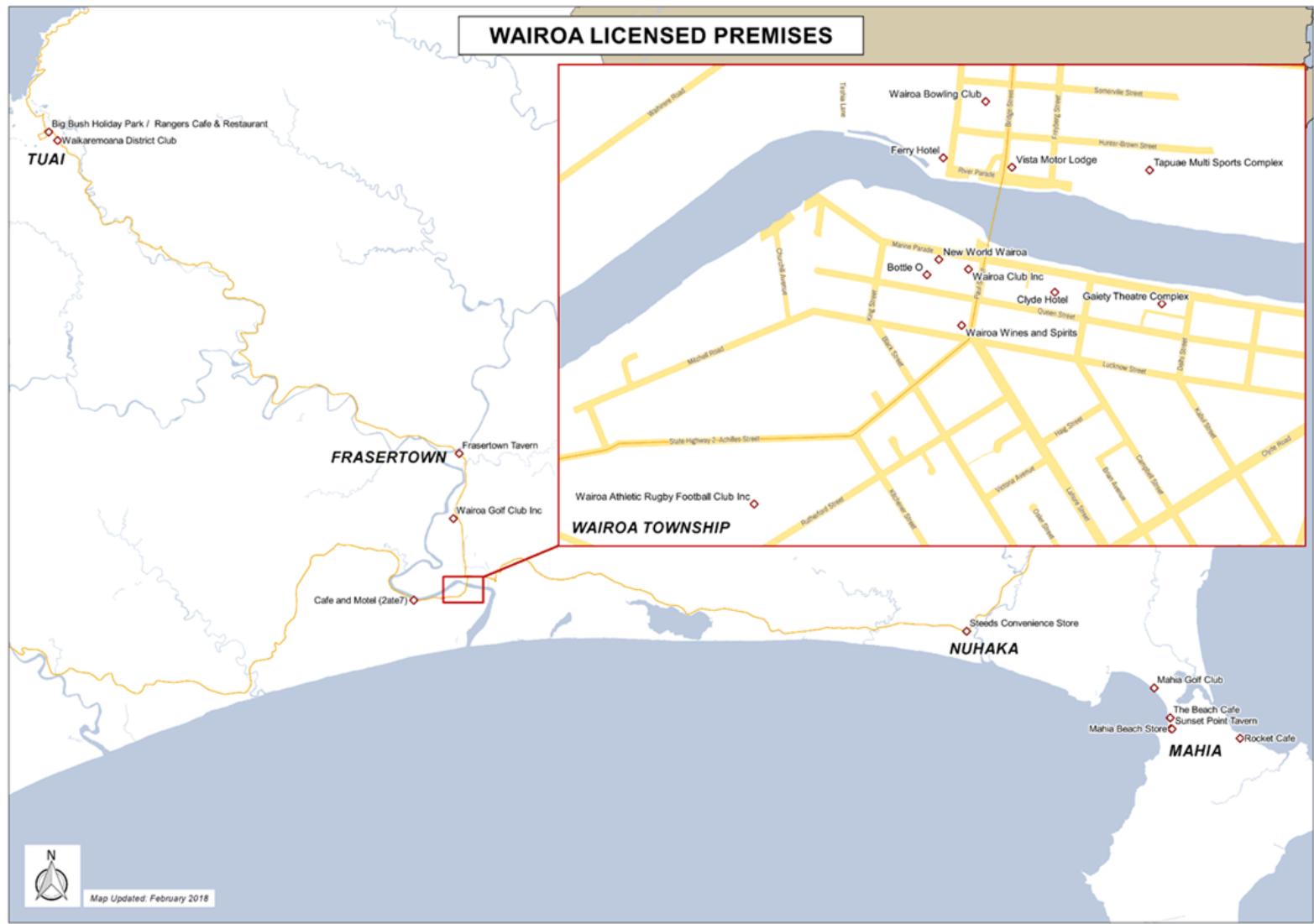
## SPECIAL LICENSES

In the three year period from Jan 1, 2015 – Jan 1, 2018 a total of 67 special licences were issued. These licences covered a mixture of events, including special events, dog trials and sporting events.

**Figure 18** provides a map to show the location of all licensed premises within the Wairoa District as of 2018.



Figure 18: Map of licensed premises in Wairoa



## DEMOGRAPHICS

The demographic and economic profile of our Wairoa community including population, households and affordability.

### POPULATION AND HOUSEHOLDS

Wairoa District is home to 8,210 people. Population decline in the area slowed noticeably during the 2014-2016 interval, and the latest estimates show that the district's population increased by 50 or 0.6% during the year to June 2017.

The Wairoa district accounts for 5% of the total Hawke's Bay population. The population growth result over the latest year compares to the total regional growth figure of 1.5%. The median age of the Wairoa population compares with the current Hawke's Bay figure of approximately 41 years whilst the district's Maori community share of the total population is more than double the regional proportion.

The age-groups that have recorded strongest population growth in the district since 2001 are, in order, 65+ years, 60-64 years and 50-59 years. The 30-39, 40-49 and 0-14 year age-groups have recorded the largest population declines. The median age of the total district population has been increasing gradually over time and currently stands at 38.7 years (compared with 37.7 years in 2013).

The actual total number of households in the district at the present time is estimated at 3,210. The total number of households in Wairoa district in June this year is projected to be in the range 3,120 (Low projection) to 3,280 (High projection), with a Medium or 'middle of the road' projection of 3,200 households.

Family based households comprise 68% of all households in the district and one-person households 31%. 'Couple without children' families account for 41% of all resident families, two-parent families 32% and one-parent families the balance of 27%. The total number of businesses/organisations in the district comprise primary production 42%, secondary industry 7% and service industries 51%.

Average household occupancy (average number of persons per household) in the area has continued to fall, from a level of 2.72 (persons per household) to 2.56 this year. As with the rest of New Zealand, this trend is the result of an increasing proportion of single-person households in the district and a decline in the average size of family based households.

### ECONOMY AND DEMOGRAPHY

The economic growth in Wairoa has fluctuated over the period but has averaged out at an underlying annual (growth) rate of 0.82%. This compares with the respective Hawke's Bay region and national growth rates of 1.66% and 2.54%.

It is noted that the GDP<sup>2</sup> per capita or per person in the district has increased at an average annual rate of 1.8% since year 2000, with the value in 2017 (\$35,172) being over 30% up on the year 2000 figure. Total employment in the district was relatively stable around the 3,500 mark during the 2000-2011 period. It then fell during the following two years but recovered sharply over the 2013-2015 interval. Since then employment in the area has fallen significantly down to around the 3,355 mark.

<sup>2</sup> GDP per capita is a formal economic measure of the average standard of living of the residents of an area (in terms of access to goods and services).

The average full/part time employee size of businesses in the district is 3.3, with the processing / manufacturing sector figure being 43.3. The primary production and processing sector accounts for 56% of total industry GDP and employment in the district. . In March last year, the annualised Wairoa unemployment rate stood at an estimated 13.5%, compared to the overall Hawke's Bay-Gisborne figure of 6.8%.

**Table 4** below summarises the current demographic and economic situation in the Wairoa district, in terms of a range of local indicators. For a number of the indicators listed in the table, comparative Hawke's Bay region-level results are also provided.

**Table 4: Wairoa District Key Demographic and Economic Indicator Results 2016/17 Year**

| Indicator   | Result 2016/17 |
|---|----------------|
| <b>Estimated Resident Population</b>                                      | 8,210          |
| <b>Annual Population Growth %</b>   | 0.6            |
| <b>15+ Working-Age Population</b>   | 6,240          |
| <b>65+ Age-Group Population</b>   | 1,440          |
| <b>Median Age (Years)</b>   | 38.7           |
| <b>% Maori Population</b>   | 54.0           |
| <b>Households</b>   | 3,210          |
| <b>Average Household Occupancy (Persons Per Household)</b>                | 2.56           |
| <b>Total Business Numbers</b>   | 940            |
| <b>Leading Industries' Direct Contribution to Total Industry GDP \$M:</b> |                |
| Agriculture & Forestry/Logging  | 107            |
| Processing & Manufacturing  | 42             |
| Health Social & Education/Training Services                               | 31             |
| Business & Professional Services  | 26             |
| Construction & Utility Services   | 21             |
| <b>Total Direct Visitor Spend \$M</b>                                     | 17             |
| <b>Total Real GDP \$M</b>   | 287            |
| <b>Real GDP Per Capita \$</b>   | \$35,172       |
| <b>Total Employment</b>   | 3,355          |
| <b>Leading Industry Contributions to Employment:</b>                      |                |
| Processing/Manufacturing  | 943            |
| Pastoral farming  | 881            |
| Education and Training  | 343            |
| Health & Social Assistance  | 293            |
| Retailing   | 186            |
| <b>Estimated Total Unemployment</b>                                       | 525            |
| <b>Estimated Unemployment Rate %</b>                                      | 13.5           |
| <b>Number of Residents Receiving Job Seeker Support Benefit</b>           | 728            |

## AFFORDABILITY

This section reports on the relative 'affordability'/'ability to pay' situation of the Wairoa district community. These related terms basically refer to the financial capability of individual Wairoa district residents, groups of residents or the community as a whole, to meet their financial obligations on a sustainable basis.

**Table 5** provides comparative results for the Wairoa district/Hawke's Bay region/New Zealand, for a range of demographic, income and economic indicators that are considered to have a significant potential influence on the level of affordability/'ability to pay' in the above areas. The Wairoa district faces a significantly higher 'ability to pay' challenge than for the Hawke's Bay region as a whole and nationally, in respect of many of the listed factors. The average standard of living (or GDP per person) in the district is only slightly behind the overall regional figure but noticeably below the national level. However, average labour productivity in the Wairoa area is noticeably higher than the regional result but less than the national figure.

The Deprivation Index is a measure of socio-economic deprivation within local authority districts of the country. It measures the relative deficit of income, employment, communications, transport, support, qualifications, home ownership and living space in homes, in local areas. The results in **Table 5** show a significant orientation within the Wairoa area towards the more deprived end of the deprivation scale and a significantly greater level of overall deprivation for the district than at the regional and national levels.

**Table 5: Wairoa District Affordability/ Ability to Pay Indicator Results 2013-2018**

| Indicator                                    | Indicator Year | Area            |           |      |
|--|----------------|-----------------|-----------|------|
|  |                | Wairoa District | HB Region | NZ   |
| Demographic                                  |                |                 |           |      |
| % Two-parent families with children          | Projected 2018 | 40.9            | 34.2      | 39.0 |
| % One-parent families with children          | Projected 2018 | 27.3            | 21.1      | 17.8 |
| % Households with families                   | Projected 2018 | 65.6            | 69.5      | 71.5 |
| % Single-person households                   | Projected 2018 | 31.3            | 27.4      | 24.4 |
| % of Residents Aged 65+                      | Projected 2018 | 17.3            | 18.8      | 15.4 |
| % of residents in own housing                | 2013 Census    | 45.6            | 53.4      | 49.8 |
| % of residents in rented housing             | 2013 Census    | 54.4            | 46.6      | 50.2 |
| Economic                                     |                |                 |           |      |
| % No formal education qualification          | 2013 Census    | 37.3            | 26.5      | 20.9 |
| % Level 1-6 certificate/diploma              | 2013 Census    | 53.4            | 55.6      | 52.3 |
| % University based qualification             | 2013 Census    | 7.2             | 13.7      | 20.0 |
| % Workforce in professional occupations      | 2013 Census    | 12.4            | 18.7      | 22.5 |
| % Workforce in labouring occupations         | 2013 Census    | 31.8            | 18.1      | 11.1 |
| % Workforce in lowest 3 Earnings Industries  | 2016           | 35.5            | 26.8      | 21.3 |
| % Workforce in highest 3 Earnings Industries | 2016           | 12.7            | 15.3      | 19.8 |

|  |             |        |        |        |
|--|-------------|--------|--------|--------|
| % Labour force unemployed                      | 2017        | 13.5   | 6.8    | 5.0    |
| % Working-age population employed              | 2017        | 69.9   | 64.0   | 66.7   |
| Real GDP per person (standard of living) \$    | 2016        | 35,172 | 37,175 | 46,605 |
| Real GDP per employee (labour productivity) \$ | 2016        | 85,545 | 75,195 | 89,364 |
| <b>Income</b>                                  |             |        |        |        |
| Median annual earnings \$                      | 2016        | 45,080 | 46,980 | 51,570 |
| Median personal income \$                      | 2013 Census | 21,900 | 26,100 | 28,500 |
| Median family income \$                        | 2013 Census | 49,000 | 62,800 | 72,700 |
| Median household income \$                     | 2013 Census | 42,400 | 53,200 | 63,800 |
| % Income earners receiving benefits            | 2013 Census | 27.2   | 19.5   | 21.8   |
| % Wage and salary earners                      | 2013 Census | 52.5   | 56.7   | 56.7   |
| % Self-employed or in business                 | 2013 Census | 13.5   | 14.6   | 16.7   |
| <b>Deprivation Index</b>                       |             |        |        |        |
| % of population living in:                     | 2013 Census |        |        |        |
| Quintile 1 (least deprived group)              | 2013 Census | 0      | 15     | 20     |
| Quintile 2                                     | 2013 Census | 1      | 14     | 20     |
| Quintile 3                                     | 2013 Census | 12     | 20     | 20     |
| Quintile 4                                     | 2013 Census | 23     | 24     | 20     |
| Quintile 5 (most deprived group)               | 2013 Census | 64     | 27     | 20     |

**Table 6** indicates the comparative annual personal income distribution profiles of the total Wairoa district, Hawke's Bay region and New Zealand areas, at the time of the 2013 Census. The three areas have similar proportions of income-earners earning \$10,000 or less for the year in question. Wairoa district then has a noticeably higher proportion of income-earners in the \$10,001-30,000 income range. The district has a significantly higher proportion of its earners in the \$30,000-50,000 band compared to the other two areas but a considerably lower proportion in the \$50,000+ category.

**Table 6: Wairoa District Comparative Personal Income Distribution Profile 2012/13 Census Year**

| Income Band \$        | % of Income Earners in Each Band 2012/13 |           |      |
|-----------------------|--|-----------|------|
|                       | Wairoa District                          | HB Region | NZ   |
| <b>5,000 or less</b>  | 6.4                                      | 5.6       | 5.4  |
| <b>5,001-10,000</b>   | 4.1                                      | 4.0       | 4.0  |
| <b>10,001-20,000</b>  | 14.7                                     | 11.9      | 10.2 |
| <b>20,001-30,000</b>  | 18.6                                     | 15.7      | 12.9 |
| <b>30,001-50,000</b>  | 33.8                                     | 30.7      | 28.5 |
| <b>50,001 or more</b> | 22.4                                     | 32.1      | 39.0 |

In summary, the Wairoa community in general terms faces significant affordability/'ability to pay' challenges.

## ECONOMIC GROWTH OUTLOOK

Following the adverse regional economic effects of the Global Financial and Economic Crisis (GFC) during 2007/2008, the overall Hawke's Bay economy (of which Wairoa district is a part) has recorded ongoing positive although fluctuating economic growth. The last two years have seen sustained improved economic growth in the region, up to an estimated annual level of 2.7% in June this year.

Overall employment has been increasing since 2013. Strongest industry growth within the primary and secondary sectors has been recorded by forestry and logging, rural sector support services, horticulture and fruit, manufacturing of forest product items, utility services (power/gas/water) and the manufacturing of metal products/machinery/equipment.

The Wairoa district economy has grown at an average annual rate of 0.82%, since year 2000. Thus, there has been underlying growth, albeit it somewhat limited, in the area over the longer-term.

## COMMUNITY PREFERENCES

Through a Community Survey and local hui, community members have been clear about their concerns. The situation reflects that which was expressed by the Law Commission in 2010, that "while researchers continue to probe the relationships between alcohol-related harms and liquor outlet density, those who actually *live* and work in communities battling high levels of crime and social deprivation, seemed in no doubt about the damaging effects of saturating their neighbourhoods with liquor" (Law Commission New Zealand, 2010, p. 40).

Some of the key documents in this section are:

- **Community Alcohol Survey – Wairoa Summary.** This survey, undertaken by the Hawkes Bay District Health Board, aimed to gain an understanding of community views on alcohol access, the impact of alcohol, density of alcohol outlets, and alcohol concerns.
- **Alcohol Harm in Wairoa.** This scoping report, undertaken by Safe Communities Wairoa, with support from the Health Promotion Agency, outlines the extent of alcohol related harm in the Wairoa region. In addition to drawing on data from the HBDHB's Community Alcohol Survey, it also contains feedback from community hui about the need to promote Wairoa as a community safe from alcohol harm.

## COMMUNITY ALCOHOL SURVEY – WAIROA SUMMARY

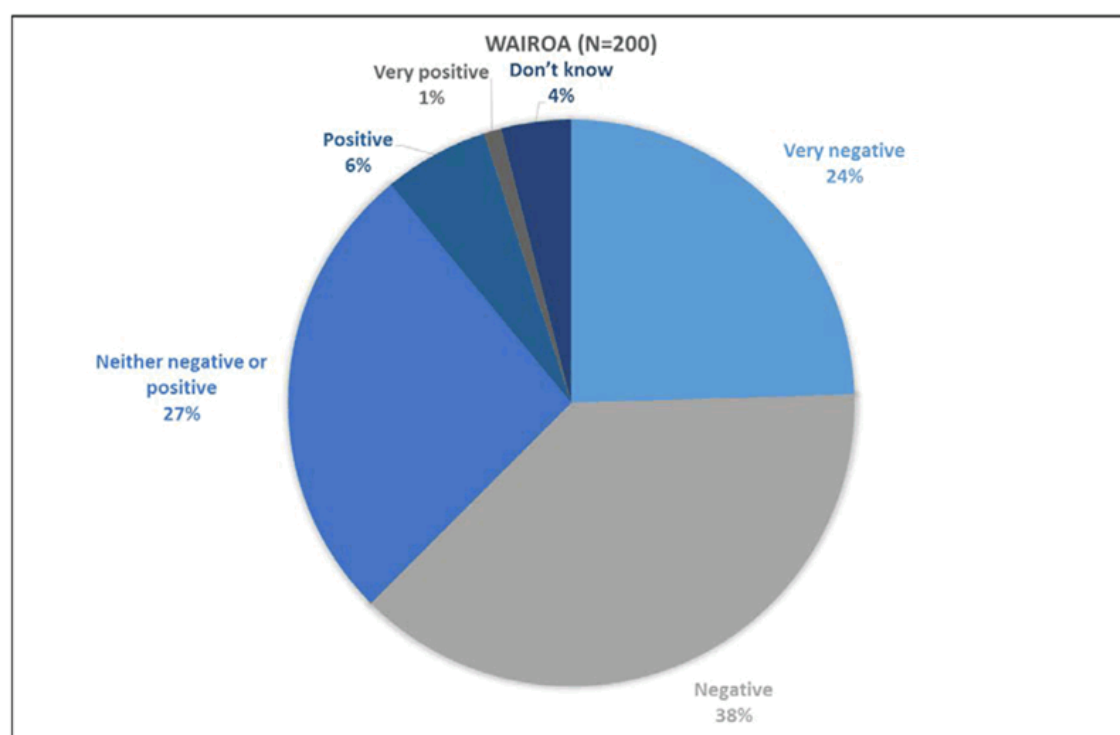
Two hundred residents of Wairoa were surveyed in June/July 2015 as part of HBDHB's Community Alcohol Survey. The views of Wairoa respondents are presented below, alongside the regional average where



relevant<sup>3</sup>. Residents were asked about the overall impact that drinking has in their community<sup>4</sup>. In total, 63% of Wairoa respondents felt the drinking of alcohol has a negative impact in their community ('very negative' or 'negative'), compared to 62% of all 1,000 residents surveyed.

**'Overall, what impact do you think drinking alcohol has in your community?'**

| Response                     | Wairoa<br>(n=200) | Total<br>(n=1,000) |
|------------------------------|-------------------|--------------------|
| Very negative                | 24.5%             | 23.9%              |
| Negative                     | 38.0%             | 37.7%              |
| Neither negative or positive | 26.5%             | 22.2%              |
| Positive                     | 6.0%              | 7.0%               |
| Very positive                | 1.0%              | 2.1%               |
| Don't know                   | 4.0%              | 7.1%               |
| TOTAL                        | 100%              | 100%               |



### SPECIFIC IMPACT OF ALCOHOL IN COMMUNITIES

Respondents were asked how much they agreed or disagreed that alcohol affects things such as community safety, violence, and road accidents in their community. The highest levels of agreement ('strongly agree' or 'agree') were for:

<sup>3</sup> Residents were interviewed while out and about in Wairoa township and during Matariki celebrations. People needed to be 18 years or older and residents within the Wairoa District to participate in the survey. Sixty-one percent of Wairoa participants identified as Māori.

<sup>4</sup> 'Community' was defined as 'the area near where you live, including local shops, schools etc; it is whatever you think of as your local community'.

- road accidents (87%, compared to 88%)
- family violence (84%, compared to 88%)
- community safety (79%, compared to 83%)
- public disorder (75%, compared to 81% overall)
- noise, rubbish and broken glass (75%, compared to 81%).

**‘How much do you agree or disagree that alcohol affects these things in your community?’**

| Wairoa<br>(n=200)  | Strongly<br>disagree | Disagree | Neither<br>agree nor<br>disagree | Agree | Strongly<br>agree | Don't<br>know |
|--|----------------------|----------|----------------------------------|-------|-------------------|---------------|
| Community safety   | 1.0%                 | 9.5%     | 7.5%                             | 44.5% | 34.5%             | 3.0%          |
| Public disorder (eg,<br>fighting in the<br>streets)              | 1.0%                 | 10.5%    | 9.5%                             | 44.5% | 30.0%             | 4.5%          |
| Non-violent crime<br>(eg, trespassing,<br>vandalism,<br>tagging) | 3.5%                 | 22.0%    | 8.0%                             | 40.0% | 22.5%             | 4.0%          |
| Family violence  | 1.5%                 | 6.5%     | 7.5%                             | 35.5% | 48.0%             | 1.0%          |
| Road accidents or<br>dangerous driving                           | 1.0%                 | 2.5%     | 6.0%                             | 43.0% | 44.0%             | 3.5%          |
| Noise, rubbish,<br>broken glass                                  | 1.5%                 | 12.0%    | 8.0%                             | 42.0% | 33.0%             | 3.5%          |

## NUMBER OF ALCOHOL OUTLETS

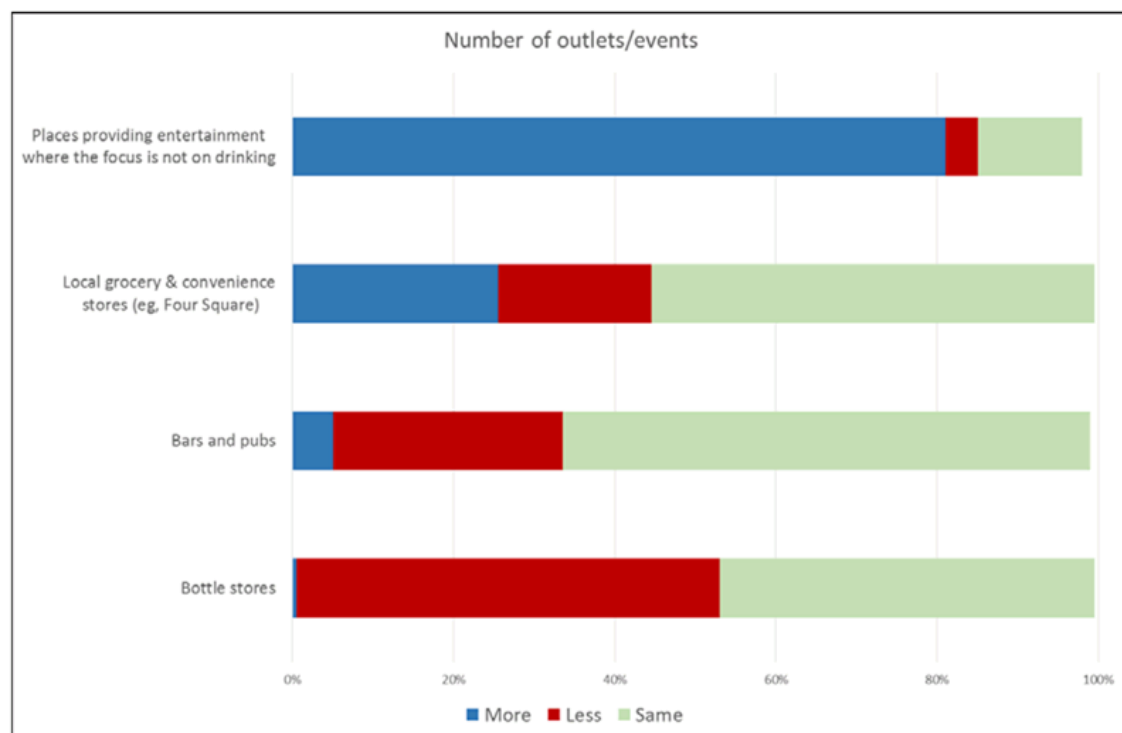
Respondents were asked if they would like to have more, less or the same number of particular types of alcohol outlets in their community. The majority of Wairoa respondents wanted fewer bottle stores (53%, compared to 56% overall). A lower percentage wanted fewer bars and pubs (29%, compared to 35% overall) and fewer convenience/grocery stores that sell alcohol (19%, compared to 24% overall).

Residents were also asked if they'd like to have more places providing entertainment that didn't have a focus on drinking. Over eight in ten people (81%, compared to 78% overall) wanted more alcohol-free entertainment in their community.

**‘Would you like more, less or the same of these in your community?’**

| Wairoa<br>(n=200)  | More  | Less  | Same  | Don't know |
|--|-------|-------|-------|------------|
| Bottle stores  | 0.5%  | 52.5% | 46.5% | 0.5%       |
| Bars and pubs  | 5.0%  | 28.5% | 65.5% | 1.0%       |
| Local grocery & convenience stores<br>(eg, Four Square)              | 25.5% | 19.0% | 55.0% | 0.5%       |
| Places providing entertainment<br>where the focus is not on drinking | 81.0% | 4.0%  | 13.0% | 2.0%       |





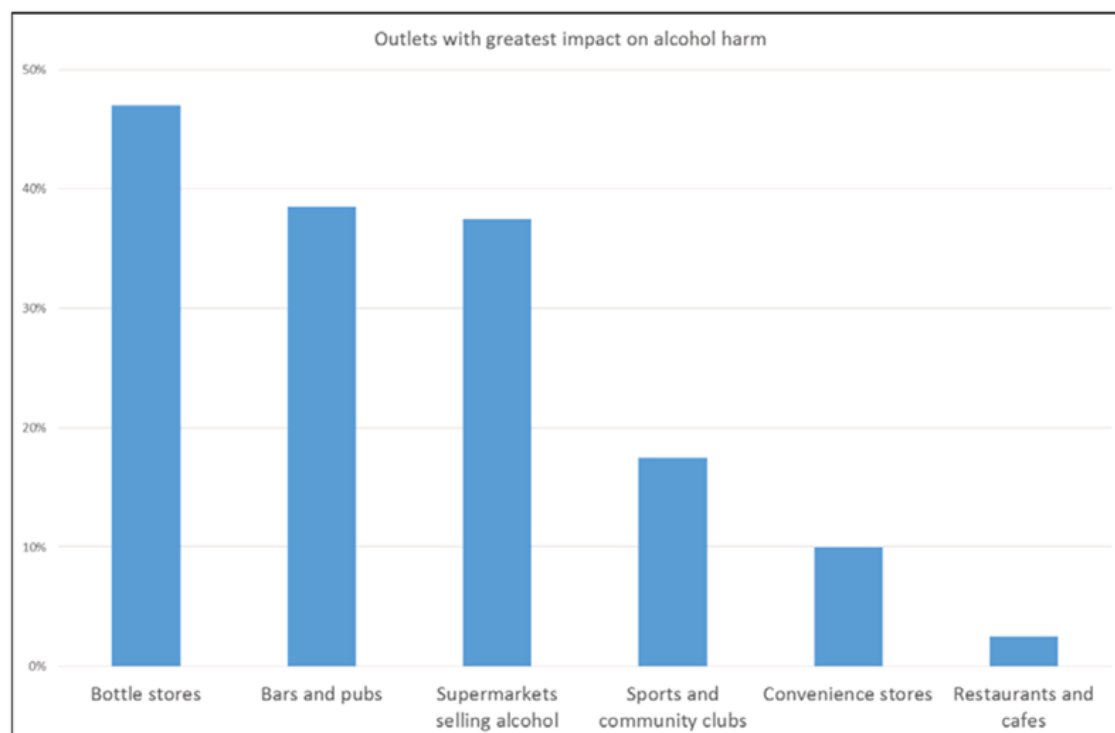
## ALCOHOL HARM AND ALCOHOL OUTLETS

Respondents were asked which types of outlets, in their view, had the most impact on alcohol harm in their community. Multiple responses were allowed. Bottle stores (47%, compared to 60% overall) and bars and pubs (39% in Wairoa and 36% overall) were most commonly identified as having the greatest impact on alcohol harm in communities.

**‘Which of the following outlets do you think have the greatest impact on alcohol harm in your community?’<sup>5</sup>**

| Response                     | Wairoa<br>(n=200) | Total<br>(n=1,000) |
|------------------------------|-------------------|--------------------|
| Bottle stores                | 47.0%             | 60.4%              |
| Bars and pubs                | 38.5%             | 35.7%              |
| Supermarkets selling alcohol | 37.5%             | 46.6%              |
| Sports and community clubs   | 17.5%             | 19.1%              |
| Convenience stores           | 10.0%             | 16.4%              |
| Restaurants and cafes        | 2.5%              | 4.9%               |
| None                         | 10.5%             | 4.6%               |
| Don't know                   | 7.0%              | 4.6%               |

<sup>5</sup> Note: respondents were able to select multiple responses.



### ALCOHOL OUTLET HOURS

Respondents were asked about the hours during which alcohol should be sold on licensed premises. The percentage of Wairoa respondents who said they would like outlets selling alcohol to have shorter hours was highest for bottle stores (41%, compared to 51% overall) and supermarkets (39%, compared to 49% overall).

**‘Do you think the hours that these licensed premises can sell alcohol should be longer, shorter, or unchanged?’**

| Wairoa residents (n=200)                               | Longer | Shorter | Unchanged | Don't know |
|--|--------|---------|-----------|------------|
| Bottle stores  | 5.0%   | 40.5%   | 49.0%     | 5.5%       |
| Supermarkets selling alcohol                           | 4.0%   | 39.0%   | 53.0%     | 4.0%       |
| Bars and pubs  | 5.5%   | 37.5%   | 50.5%     | 6.5%       |
| Local grocery and convenience stores (eg, Four Square) | 5.5%   | 37.0%   | 53.5%     | 4.0%       |

### VIEWS ON LIQUOR BANS

Wairoa residents were asked if they agreed or disagreed that a liquor ban in their community would reduce alcohol-related problems. Just under half (43%, compared to 51% overall) agreed or strongly agreed that a liquor ban would reduce alcohol-related problems.

**‘How much do you agree or disagree with this statement:  
Having a liquor ban in my community would reduce alcohol-related problems?’**

| <b>Response</b>            | <b>Wairoa<br/>(n=200)</b> | <b>Total<br/>(n=1,000)</b> |
|----------------------------|---------------------------|----------------------------|
| Strongly disagree          | 14.5%                     | 6.2%                       |
| Disagree                   | 29.0%                     | 27.0%                      |
| Neither agree nor disagree | 10.0%                     | 13.0%                      |
| Agree                      | 28.0%                     | 32.8%                      |
| Strongly agree             | 15.0%                     | 18.3%                      |
| Don't know                 | 3.5%                      | 2.7%                       |
| <b>TOTAL</b>               | <b>100%</b>               | <b>100%</b>                |

### AREA SUMMARY

The following table presents key findings at a glance for Wairoa versus all survey respondents.

#### Wairoa and total survey findings

|  | <b>Wairoa<br/>(n=200)</b> | <b>Total<br/>(n=1000)</b> |
|--|---------------------------|---------------------------|
| Alcohol has negative impact in community                                 | 63%                       | 62%                       |
| Alcohol affects road accidents   | 87%                       | 88%                       |
| Alcohol affects family violence  | 84%                       | 88%                       |
| Alcohol affects community safety   | 79%                       | 83%                       |
| Alcohol affects public disorder  | 75%                       | 81%                       |
| Alcohol affects noise, rubbish, broken glass                             | 75%                       | 81%                       |
| Would like fewer bottle stores   | 53%                       | 56%                       |
| Would like fewer bars/pubs   | 29%                       | 35%                       |
| Would like more alcohol free entertainment                               | 81%                       | 78%                       |
| Bottle stores impact on alcohol harm                                     | 47%                       | 60%                       |
| Bars and pubs impact on alcohol harm                                     | 39%                       | 36%                       |
| Supermarkets impact on alcohol harm                                      | 38%                       | 47%                       |
| Shorter hours for bottle stores  | 41%                       | 51%                       |
| Shorter hours for supermarkets   | 39%                       | 49%                       |
| Shorter hours for bars and pubs  | 38%                       | 46%                       |
| Shorter hours for local grocery and convenience stores (eg, Four Square) | 37%                       | 51%                       |
| Liquor ban   | 43%                       | 51%                       |

## COMMUNITY HUI FEEDBACK

The scoping report by Safe Communities Wairoa reported on community preferences about alcohol and the need to promote Wairoa as a community safe from alcohol harm. This data was obtained, in part, from feedback gathered during community hui. Both the larger hui and the smaller subsequent meetings held involved a number of rangatahi who are members of a local youth group called 'The Planeteeers'. This provided an opportunity to hear from younger people about alcohol harm (Wairoa Safe Communities, 2016).

The hui identified that alcohol is very easy to access by the younger alcohol consumer in Wairoa, and is easily obtained by persons who are underage. Role modelling by adults fell short in many cases, especially at home, in private dwellings and at functions. The hui group expressed concerns that while money was short, alcohol and some drugs were easy for them to access. They knew that using, accessing and possessing these things was not right, and they knew that in some cases it was against the law.

However, as young people had limited exposure to positive examples and role modelling, they often used these commodities, to sell, and used them as a past time. They then became trapped in a vicious cycle of addiction, and in the distribution of drugs and alcohol to their peers, and to others in the community (Wairoa Safe Communities, 2016).

Solutions to various alcohol-related problems were discussed by participants. Some of the problems were as follows:

- People from a variety of age groups and genders mixed in social settings where alcohol was consumed. If someone was not drinking, they were expected to be using other forms of stimulation like drugs. Social out-casting was common and strengthened by social media. This could be damaging for all individuals who used it to communicate.
- The group identified certain periods where society promoted alcohol use as an activity, during long weekends, public holidays, and at social events that were restricted to the 18+ age group. Surprisingly, participants also identified that whānau celebrations such as Matariki and the Wairoa A & P Show Day were also seen as occasions to drink. They commented that it was at these occasions when drinking became more hazardous. It appeared that many local activities had a big focus on alcohol – for example hunting competitions were common during these long weekends and always ended up with a prize giving at a local pub.
- Alcohol consumption was seen as a normal activity in Wairoa. It was one that spread across all ages, genders and ethnicities. It was a culture that we as a community accepted. It was a pastime that was passed on through generations, especially in rural areas where hard agricultural work and beer were perceived to go hand in hand.
- Attitudes of younger drinkers were described as being the same as those of older drinkers: drink fast, drink a lot and drink for as long as you can. The palates of younger drinkers however were very different and their preference was to consume alcoholic beverages that were over 5 percent alcohol.

The scoping report also presented feedback from local stakeholders in Wairoa who had a focus on alcohol use as part of their work. These stakeholders included Wairoa Police, Manaaki House staff, and Mental

Health workers at the DHB. Staff from these organisations talked about their experiences of working with people impacted by alcohol.

- Police discussed many local alcohol-related issues, ranging from road fatalities to alcoholism. Their main concern was the increase in family and domestic violence that occurred as a result of alcohol consumption. They explained that the number of people reoffending was a real problem. Their lack of ability to intervene and support these people proved difficult. They described the problem with situations in which it was difficult to get persons who constantly reoffended (with alcohol as a contributing factor) to engage in a support programme.
- Manaaki House staff spoke about issues of social responsibility, and how in reality the 'contracts' fell short to meeting such commitments. The Manager used an example in which people were supported to obtain a drivers licence after they'd received an infringement for excessive breath alcohol reading. It was common for people to be assisted 6-8 times to get these special licences to enable them to resume driving to work. These efforts helped people after the fact, yet these efforts were described as "an ambulance under the cliff" scenario<sup>6</sup>.
- The Hawke's Bay DHB's Mental Health Clinician had similar analogies from his alcohol-related experiences. He explained that when he was called to the Police cells to make a diagnosis of an inmate under the influence, he was obliged to give a detoxification timeframe before doing this. As this person entered their sober state they became very compliant and their mind stabilised so there was no need for him to undertake a mental health assessment.

## DISTRICT PLAN

The District Plan sets out the framework for the sustainable management of natural and physical resources in the Wairoa District. There are no explicit rules in the Wairoa District Plan regarding the regulation of liquor licensing premises. However, the district plan does restrict the sale of liquor from a licensed premise within the Residential (Mahia) and Coastal (Mahia) zones (resource consent required). The sale of liquor in all other district planning zones is regarded as a permitted activity if all of the performance standards for the relevant zone are complied with.

## LIQUOR BAN AREAS

It is prohibited to consume alcohol in public areas in any of the Liquor Ban areas. Members of the public are still able to transport or carry containers of alcohol through the area (for example from a bottle store to their car) but not allowed to drink, hold or store liquor in any liquor ban area.

The Liquor Control bylaw is enforced by the police who have authority to search, detain and request details. The liquor ban applies as follows:

**WAIROA** (24 hours per day 365 days of the year) bounded by:

- Marine Parade from Murrae Street to King Street.
- Queen Street from Murrae Street to King Street.

<sup>6</sup> Manaaki house services were closed during late-2015 and are now delivered from the Wairoa Integrated Healthcare Centre at the Wairoa Hospital.



- Riverbank from Murrae Street to King Street and all associated alleyways and car parks.

**MAHIA** (24 hours a day from December 20th to January 20th every year):

- The whole of the Mahia Peninsula and surrounding area encompassed within the coastline from Nuhaka to Paritu.

Police have voiced their support for an alcohol ban outside the Ferry Hotel. This is in response to the problems which have arisen when members of the community sit in their cars outside the premises and consume alcohol. Once patrons and visitors walk outside, they are subjected to abuse by these individuals, and this often results in violent behaviour.

## COMMUNITY OUTCOMES

The Wairoa District Council has adopted nine community outcomes, which were derived from a regional-wide approach to work collectively with the community to identify community outcomes and determine a long-term vision for the future of our region. These relate to the activities that Council has responsibility for and has direct control over, in order to promote the economic, social, cultural and environmental wellbeing of the District in the present and for the future.

A LAP contributes to the following three community outcomes:

- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

Specifically, the LAP has the potential to:

- Promote safe consumption of alcohol
- Minimise alcohol-related harm

## CONSOLIDATED BYLAW 2007

Bylaws help to ensure that the community is safe and healthy. They are a useful way to protect the environment, as well as protecting the public from nuisance and minimising the potential for offensive behaviour.

The purpose of Part 3, Section 4 of the Consolidated Bylaw is to regulate the consumption and bringing into and possession of liquor in specified public places, and for specified days, times and events including the related presence or use of a vehicle.

## TOURISM AND VISITORS

The Wairoa District covers a total area of about 4,118 square kilometres with approximately 130 kilometres of coastline. The majority of the region is hill country, merging with mountains in the west and often deeply dissected with gorges. Within the district there are high quality trout-fishing areas and coastal lagoons that are important for providing waterfowl habitat and game-bird hunting opportunities.

The total number of nights spent by overnight visitors in commercial accommodation in the district generally fell over 2003-2012 but has stabilised since. There were 26,125 visitors in total to the Wairoa i-SITE in 2016/17 which is a large increase from 18,832 visitors in 2015/16. About 62 per cent were local visitors, 21 per cent were domestic tourists and 17 per cent were international visitors.

Over the year ended September 2017, the total number of commercial accommodation visitor arrivals recorded for the Wairoa district was 31,211 and visitor-nights 60,944; an average visitor length of stay of 1.95 nights. The peak figures for these indicators over the past decade were the 44,163 arrivals recorded in the year ended September 2004 and 95,190 visitor-nights for the same period. The Wairoa i-Site has recorded a sharp 60% increase in 'foot-traffic' through its doors over the past 3-4 years.

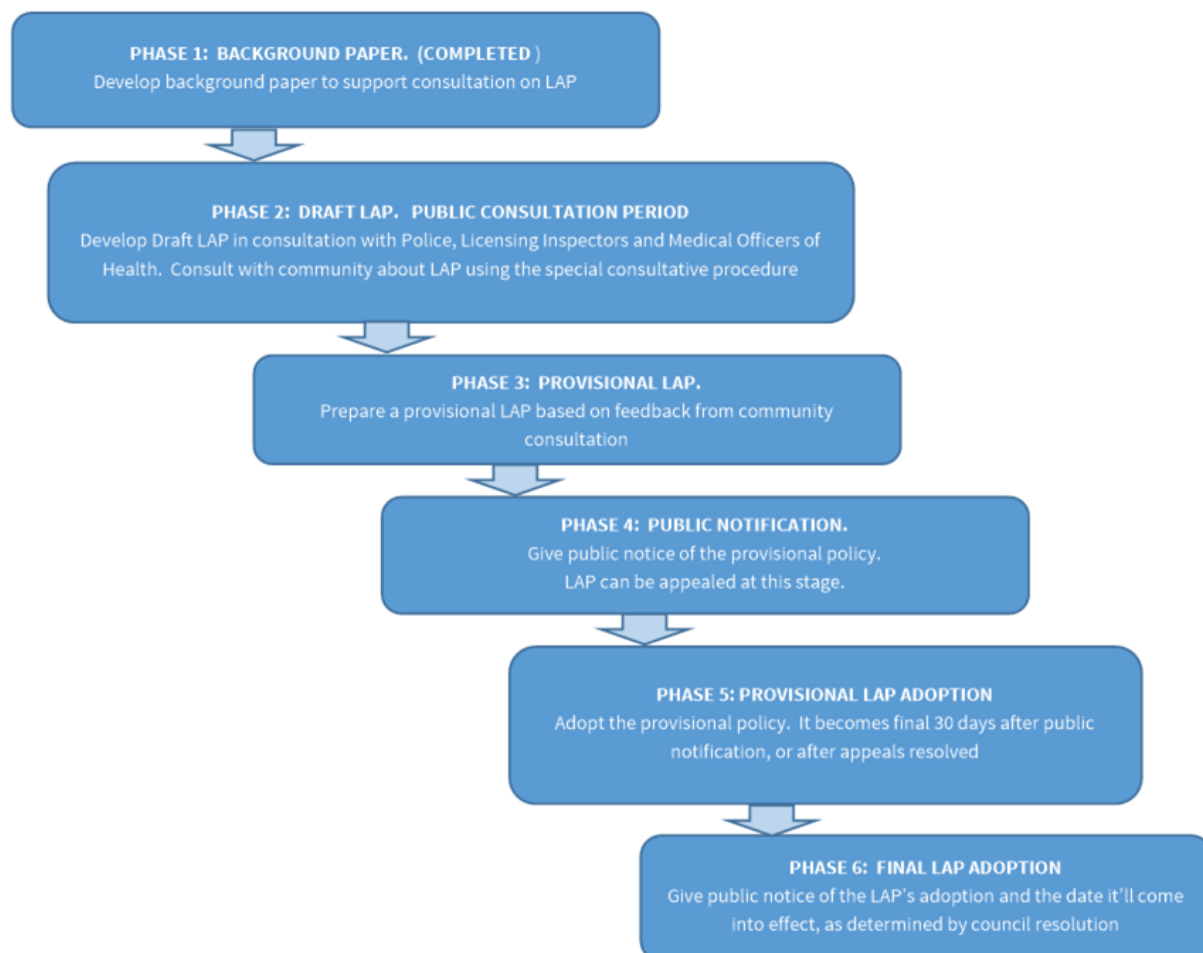
Since year 2010, visitor spending data indicates total annual visitor spending in Wairoa district varying in the range \$15 million to \$18 million. Visitor spending for the year ended September 2017 was recorded at \$17 million, up 13% on the previous year. Estimates of total overnight visitor numbers for the Wairoa district currently stand at an annual 75,000. This covers visitors staying in commercial accommodation, holiday home visitors, other overnight visitors and day visitors.

Total annual visitor spend in the Wairoa district currently stands at \$17 million. This is forecast to increase to approximately \$25 million, by year 2028. The district presently accounts for just 2.8% of total direct Hawke's Bay visitor spend.

## 5.0 DEVELOPING THE LAP

**Figure 19** provides a brief summary of these six phases of development, and presents approximate timeframes for their completion.

**Figure 19: Process of LAP development**





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## LOCAL ALCOHOL POLICY

|                                 |                               |                            |         |
|---------------------------------|-------------------------------|----------------------------|---------|
| <b>CATEGORY:</b>                | Office of the Chief Executive | <b>STATUS:</b>             | Draft   |
| <b>DATE POLICY ADOPTED:</b>     | [Insert meeting date]         | <b>APPROVAL BY:</b>        | Council |
| <b>REVIEW PERIOD:</b>           | 6 years                       | <b>NEXT REVIEW DUE BY:</b> | 2026    |
| <b>DATE PREVIOUSLY ADOPTED:</b> | N/A                           | <b>REVISION NUMBER:</b>    | 0       |

### 1 PURPOSE

- 1.1 The Local Alcohol Policy (LAP) provides guidance on the promotion of safe and responsible sale, supply and consumption of alcohol, encourages licensed premises to foster positive, responsible drinking behaviour and minimise alcohol-related harm; and reflects the views of the Wairoa community as to the appropriate location, number, hours and conditions that should apply to licensed premises within the district.

### 2 POLICY PROVISIONS

- 2.0.1 Under the Sale and Supply of Alcohol Act 2012 Council has developed a LAP, this must be read in conjunction with the Act and relevant regulations.
- 2.0.2 The Wairoa District Licensing Committee (DLC) and the Alcohol Regulatory Licensing Authority (ARLA) must have regard to the LAP when making decisions on licence applications in the district.
- 2.0.3 The LAP will apply to all premises on which alcohol is sold or supplied, all applications for new licences and licence renewals after the date the LAP comes into force.

#### 2.1 LOCATION AND DENSITY OF LICENSED PREMISES

- 2.1.1 No new licence of any type will be granted in locations that are within 50 metres of a sensitive site. This provision excludes restaurants and cafes. An applicant for a new on licence is exempt from this clause where they can demonstrate that the hours, alcohol-related signage, and/or operation of the premises will have no significant impact on the sensitive site/s and or persons using the sensitive site/s.

- 2.1.2 No new off-licenses will be granted for new businesses within the Town Centre Zone in the Wairoa Township, with the exception of supermarkets.
- 2.1.3 There are no restrictions on the number of on-licences or club licences in the district. However, any application must conform to the District Plan and cannot be inconsistent with other Council policies or bylaws.

## 2.2 MAXIMUM LICENSED OPERATING HOURS

| ON LICENCE              |                 |               |
|-------------------------|-----------------|---------------|
| Maximum operating hours | Trading days    | Location      |
| 9am – 1am               | Monday - Sunday | District-wide |

| OFF LICENCE             |                 |               |
|-------------------------|-----------------|---------------|
| Maximum operating hours | Trading days    | Location      |
| 9am – 9pm               | Monday - Sunday | District-wide |

| CLUB LICENCE  |                 |               |
|---|-----------------|---------------|
| Maximum operating hours   | Trading days    | Location      |
| Sunday-Thursday 10am - 11pm<br>Friday-Saturday 10am – 12am (midnight) | Monday - Sunday | District-wide |

## 2.3 SPECIAL LICENCES

- 2.3.1 The hours approved for a special licence will depend on the location, type of premise, activity and participants of the event. Special licences will not extend past 1am.
- 2.3.2 No premises shall be permitted to have more than six events under a special licence in any 12-month period.
- 2.3.3 All Class 1 special licences have to be exercised by a person holding a Manager's Certificate.

## 2.4 CONDITIONS ON ANY LICENCE

2.4.1 The District Licencing Committee may issue any type of licence subject to **discretionary** conditions, appropriate to the circumstances of that licence, including but limited to:

- a) The people to whom alcohol may be sold;
- b) The sale of alcohol to prohibited persons;
- c) Management of the premises;
- d) One-way door restrictions earlier than the maximum time of 1am;
- e) Requirement for a person/s holding a Manager's Certificate to be on duty;
- f) The kind of alcohol that may be sold;
- g) Display of safe and responsible drinking messages/material;
- h) Display of external promotion and advertising – including % of store front covered, type of material used;
- i) Effective interior and exterior lighting;
- j) CCTV in suitable locations for monitoring purposes;
- k) Provision of additional qualified security staff at specified time/s;
- l) Limit on the type and/or size of drinks and the number of drinks per customer after a specified time;
- m) Limit the use of glass drinking receptacles at specified times;
- n) Provide transport for patrons, or information about transport options;
- o) Provide food, non-alcohol and low-alcohol drinks;
- p) Adopt noise control management plans;
- q) Adopt risk management plans;
- r) Adopt a host responsibility policy.

## APPENDIX 1 – ADDITIONAL INFORMATION

### 1 DEVELOPMENT & REVIEW OF THE LAP

- 1.1 A LAP must be developed in consultation with Medical Officers of Health, inspectors (as defined under the Sale and Supply of Alcohol Act 2012), Police and the community. It must be reasonable and consistent with the objectives of the Act.
- 1.2 In preparing a LAP, WDC must have regard to the following:
  - a) The objectives and policies in the District Plan.
  - b) The number of licences of each kind in the district, and location and opening hours of each licensed premise.
  - c) Liquor bans.
  - d) The demographic profile of the district's residents and tourists.
  - e) The health indicators of the district's residents.
  - f) The nature and severity of alcohol-related problems in the district.
- 1.5 WDC can revoke its LAP and adopt another in its place. The LAP can be reviewed before the review timeframe of six years.

### 2 DISTRICT LICENSING COMMITTEE

- 2.1 Decisions on applications for licences are made by the DLC, which is made up of three people, two from the wider community and one elected Councillor.
- 2.2 The DLC must consider each application in accordance with:
  - a) The LAP.
  - b) The objectives of the Act.
  - c) Suitability of the applicant.
  - d) Design and layout of the premises.
  - e) The types of goods or services provided by the applicant.
  - f) Whether the good order of the locality of the premises may be reduced by the issue of a licence.
  - g) Whether the applicant has the systems, staff and training to comply with the law.



## APPENDIX 2 – DEFINITIONS

When interpreting the LAP, the definitions below should be used.

|                                   |  |
|-----------------------------------|--|
| <b>The Act</b>                    | Sale and Supply of Alcohol Act 2012  |
| <b>Alcohol</b>                    | A substance that contains fermented, distilled, or spirituous liquor, which is found to contain 1.15% or more ethanol by weight, in a form that can be consumed by people.   |
| <b>Alcohol-related harm</b>       | The harm caused by the excessive or inappropriate consumption of alcohol. It includes any crime, damage, death, disorderly behaviour, illness, or injury, caused or contributed to by excessive or inappropriate consumption of alcohol. |
| <b>Good order of the locality</b> | The degree to which the locality of a premises is pleasant.  |
| <b>Bar</b>                        | A part of a hotel or tavern used mainly for the sale or consumption of alcohol.  |
| <b>Bottle store</b>               | Retail premises where at least 85% of the annual revenue is earned from the sale of alcohol for consumption elsewhere.   |
| <b>Club</b>                       | A corporate body that has as its object participation or promotion of a sport or recreational activity, other than for gain; or a body that holds permanent club charter.  |
| <b>Club licence</b>               | A licence for the sale of alcohol for consumption at the club premises and only to members, affiliates and guests of the club.   |
| <b>Hotel</b>                      | Business premises used mainly for providing lodging, alcohol, meals, and refreshments for consumption onsite.  |
| <b>Licence</b>                    | A current licence issued under the Act.  |
| <b>Off-licence</b>                | A licence for premises where the licensee sells alcohol for consumption elsewhere.   |
| <b>On-licence</b>                 | A licence for premises where the licensee sells alcohol for consumption onsite.  |
| <b>One-way door restriction</b>   | A requirement that, during the hours stated in the restriction no person is to be admitted (or re-admitted) into the premises and supplied with alcohol, unless he or she is an exempt person.   |
| <b>Prohibited person</b>          | A person to whom alcohol cannot be sold. This includes persons under 18 years of age, an intoxicated person and in the case of a club, a person who is not authorised to enter the premises.   |
| <b>Regulations</b>                | Regulations made under the Act.  |
| <b>Sensitive site</b>             | Areas or facilities that are considered more sensitive to alcohol-related harm. These sites include childcare facilities, educational facilities, medical centres, places of worship, and marae.   |

|                        |   |
|------------------------|---|
|                        | <p><b>Childcare facilities:</b> Includes any crèche, day or after-school care centre, pre-school, kindergarten, kohanga reo or play centre.</p> <p><b>Educational facilities:</b> Any educational premises, including primary, secondary, tertiary, vocational education institutes, and private tertiary establishments.</p> <p><b>Medical centres:</b> Premises used to provide essential medical, physical and mental health services, as well as any addiction treatment facilities. This includes any pharmacy, dental surgery, or health clinic.</p> <p><b>Places of worship:</b> Buildings and land used mainly for worship or religious purposes.</p> |
| <b>Special licence</b> | <p>A licence that allows the licensee to sell alcohol to people attending an event. This licence may be:</p> <ul style="list-style-type: none"> <li>• An on-site or an off-site licence</li> <li>• For a single event or a series of events</li> <li>• To permit the sale of alcohol at an on-licence or a club licence, outside the conditions of the usual licence</li> </ul>   |
| <b>Supermarket</b>     | <p>Under section 32 (1) (e) of the Act - premises that (in the opinion of the licensing authority or licensing committee concerned) are a supermarket with a floor area of at least 1000m<sup>2</sup> (including any separate departments set aside for such foodstuffs as fresh meat, fresh fruit and vegetables, and delicatessen items)</p>  |
| <b>Tavern</b>          | <p>Premises used mainly for providing alcohol and other refreshments to the public.</p>   |



# STATEMENT OF PROPOSAL

## ADOPTION OF WAIROA DISTRICT COUNCIL'S PROVISIONAL LOCAL ALCOHOL POLICY



## REASON FOR THE PROPOSAL

Council is considering whether it should adopt a Local Alcohol Policy (LAP), and if it adopts a Local Alcohol Policy what should be included in it. Council considers that this is a matter for local communities to decide. There is a legislative requirement for the special consultative procedure to be used. Council is therefore seeking feedback from its communities on whether they believe Council should adopt this policy and the provisions that should be in this policy.

Under the Sale and Supply of Alcohol Act 2012 Council can adopt a LAP. This policy is applicable to licences under the Sale and Supply of Alcohol Act 2012 in the district. Under legislation Council has to follow the below process to adopt a Local Alcohol Policy:



### 1 | BACKGROUND PAPER

Develop background paper to support consultation on LAP.



### 4 | PUBLIC NOTIFICATION

Give public notice of the provisional policy. LAP can be appealed at this stage.



### 2 | DRAFT LOCAL ALCOHOL PLAN

Develop Draft LAP in consultation with Police, Licensing Inspectors and Medical Officers of Health. Consult with community about LAP using the special consultative procedure.



### 5 | PROVISIONAL LOCAL ALCOHOL PLAN ADOPTION

Adopt the provisional policy. It becomes final 30 days after public notification, or after appeals are resolved.



### 3 | PROVISIONAL LOCAL ALCOHOL PLAN

Prepare a provisional LAP based on feedback from community consultation.



### 6 | FINAL LOCAL ALCOHOL PLAN ADOPTION

Give public notice of the LAP's adoption and the date it'll come into effect, as determined by council resolution.

## MAKING A SUBMISSION

### Where to get a copy of the Summary of Information and submission form

The consultation document includes the draft Local Alcohol Policy, LAP Background Paper, and the submission form. It may be collected from the Council's Main Office in Wairoa, downloaded from the Council's website or completed online. [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

### Period of Consultation

Written submissions on the Draft Local Alcohol Policy may be made until **4.30pm, 31 August, 2020**.

Those who make a written submission may choose to make an oral submission. Hearings of oral submissions are tentatively scheduled for Tuesday 22 September at 10am – 12.30pm.

Please indicate on your submission form if you wish to speak to your submission.

## MORE INFORMATION

If you have any questions about this policy or the submission process please contact Kimberley Tuapawa, Group Manager Information and Customer Experience on ☎ (06) 838 7309.

## TĀPAETANGA


### SUBMISSION FORM

**It's even easier to complete this submission form online.**  
**Simply go to [www.consultations.nz/wairoa](http://www.consultations.nz/wairoa)**

All the information you provide in your feedback form (including personal details) will become public documents as part of the decision-making process.

#### HERE'S HOW YOU CAN SUBMIT:

  
**Online**  
[www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

  
**Drop it off**  
 Coronation Square,  
 Queen Street, Wairoa

  
**E-mail it**  
[info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)

  
**Post it**  
 Wairoa District Council,  
 P.O. Box 54, Wairoa 4160

**Submissions close 4.30pm, 31<sup>st</sup> August 2020**

#### YOUR DETAILS

|                   |                              |
|-------------------|------------------------------|
| First & Last Name | Organisation (if applicable) |
| Phone             | E-Mail                       |
| Street Name       |                              |
| Postcode          | Suburb/Town                  |

Do you wish to speak to your submission? ☐ Āe/Yes ☐ Kāo/No

If yes, will you require a New Zealand sign language interpreter? ☐ Āe/Yes ☐ Kāo/No

*The hearing for submissions is tentatively scheduled for Tuesday 22<sup>nd</sup> September at 10am - 12.30pm*

Should Council adopt this new policy? ☐ Āe/Yes ☐ Kāo/No

*If Council does not adopt a Local Alcohol Policy the legislative requirements will still apply.*

Do you support that no alcohol licences should be granted for child-focused events? ☐ Āe/Yes ☐ Kāo/No

*The Hawke's Bay District Health Board believe that including this in Council's Local Alcohol Policy will support safe physical and emotional environments for children and young people (under the age of 18 years), especially at school, and to protect them from the increased exposure of children to alcohol in daily lives (e.g. through advertising, increased availability and adult role modelling), in order to reduce the high rates of hazardous drinking by young people in Hawke's Bay.*

*To this end, the District Health Board recommend that the following be added to Section 2.3 of the Local Alcohol Policy: "No school fete, gala or similar event held on school grounds at which participation of children can reasonably be expected shall allow for the consumption of alcohol on the premise."*

What kinds of events that children are in attendance would you support being alcohol-free?

- ☐ School-based events only held on school grounds
- ☐ Any event focused on children under 18 years of age held anywhere
- ☐ Other:

COMMENTS

## 8.4 PROCUREMENT STRATEGY, PROCUREMENT POLICY, TENDERING AND CONTRACT MANAGEMENT MANUAL

**Author:** Kimberley Tuapawa, Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:**

1. Procurement Strategy [↓](#)
2. Procurement Policy [↓](#)
3. Tendering Process and Contract Management Manual [↓](#)
4. NZTA Endorsement Letter [↓](#)

### 1. PURPOSE

- 1.1 This report presents the Council's Procurement Strategy, Procurements Policy, Tendering and Contract Management Manual for adoption.

### RECOMMENDATION

The Pouwhakarae – Pārongo / Wheako Kiritaki Group Manager Information and Customer Experience RECOMMENDS that Council adopts the Procurement Strategy, Procurements Policy, Tendering and Contract Management Manual (*attached as Appendix 1, 2 and 3*).

### 2. BACKGROUND

- 2.1 In October 2018, Crowe Horwath carried out an internal audit on contract management processes at Council. The audit was commissioned by Council's Group Manager Finance and Corporate Support.
- 2.2 The audit report was submitted to Council in December, 2018. It identified a number of issues that were considered a risk to Council. AMSAAM Ltd was engaged by Council to consider the findings of the Crowe Horwath report and the most recent NZTA Investment Audit Report of November 2016 and develop a contract management approach involving appropriate mechanisms to address deficiencies and mitigate risks.
- 2.3 AMSAAM Ltd recommended that Council should include adopting a system approach that provided clear direction from policy through to delivery and was appropriately documented for reference. In essence, an integrated approach would be taken to procurement and contract management that embodied ongoing improvement to processes that had already commenced.
- 2.4 The Council's Community Assets and Services team, alongside AMSAAM developed the attached Procurement Strategy (the Strategy, **Appendix 1**), Procurements Policy (the Policy, **Appendix 2**), Tendering and Contract Management Manual (the Manual, **Appendix 3**).
- 2.5 NZTA are satisfied that the Strategy meets the requirements of the Waka Kotahi Procurement Manual and have formally endorsed it (**Appendix 4**). The Strategy, Policy and Manual have also been endorsed by the Finance, Audit and Risk Committee.

**3. NEXT STEPS**

- 3.1 As soon as practicable after adopting the Strategy, Policy and Manual, all Council procurement must be carried out in line with these. After adoption, Council will provide a copy of the Policy to NZTA.
- 3.2 Council must complete a review of the Strategy, Policy, and Manual within three years after the Policy is adopted and then at intervals of not more than 3 years. However, the Policy does not cease to have effect because it is due for review or is being reviewed.

**4. OPTIONS**

- 4.1 The options identified are:
- Adopt the Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual.
  - Status quo – do not adopt the Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual.
- 4.2 Option A – adopting these documents will mean that staff have a set process to follow when undertaking the procurement process.
- 4.3 Option B – not adopting these documents will mean that there will be no outlined principles for staff to follow when undertaking the procurement process.
- 4.4 The preferred option is Option A, adopt the Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual. This meets the purpose of local government as it will help meet the current and future needs of communities for performance of regulatory functions in a way that is most cost-effective for households and businesses. This contributes to the following community outcomes.

| <b>Economic wellbeing</b>  | <b>Social and Cultural Wellbeing</b>   | <b>Environmental Wellbeing</b>  |
|--|--|---|
| 1. A strong prosperous and thriving economy<br>2. A safe and integrated infrastructure | 3. A community that values and promotes its culture and heritage<br>4. Safe and accessible recreational facilities<br>5. Supportive, caring and valued communities<br>6. Strong district leadership and a sense of belonging | 7. A safe and secure community<br>8. A lifetime of good health, education and well-being<br>9. An environment that is appreciated, protected and sustained for future generations |

**5. CORPORATE CONSIDERATIONS****What is the change?**

- 5.1 Adoption of a new Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual. This will provide a more transparent, systematic approach to procurement. Note that adopting this Policy and process will not affect any current

procurement contracts already underway. Council will also provide exemptions if it is to receive external funding that stipulates social procurement, within reason.

### **Compliance with legislation and Council Policy**

- 5.2 The Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual aligns with Council's current plans and policies, including financial delegations.

### **What are the key benefits?**

- 5.3 Alignment to best practice, a defined process to follow for all key stakeholders, mitigates risks associated to procurement.

### **What is the cost?**

- 5.4 Total cost for external consultants (AMSAAM Ltd) was \$27,586. These and the internal resourcing and administrative costs associated to the development of these documents were budgeted for as part of Council's operational expenditure.

### **What is the saving?**

- 5.5 Nil.

### **Service delivery review**

- 5.6 Adopting the Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual will not trigger an S17a review.

### **Maori Standing Committee**

- 5.7 This matter has not been referred to the Maori Standing Committee because it relates to the procurement activity of the whole of Council.

## **6. SIGNIFICANCE**

- 6.1 The Procurement Strategy, Procurement Policy, Tendering and Contract Management Manual impacts Council's internal operations. The Strategy outlines strategies staff are to adopt in implementing Council's procurement policy. The Policy states the requirements and expectations of procurement carried out by staff. The Manual provides guidance and processes for staff engaging in procurement and managing contracts.
- 6.2 There are no direct implications on Council's budget.
- 6.3 No adjustments to service levels are currently proposed.

## **7. RISK MANAGEMENT**

- 7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

| Human      | Financial | Regulatory         |
|------------|-----------|--------------------|
| Low        | Low       | Low                |
| Operations | Employees | Image & Reputation |
| Low        | Low       | Low                |

**References (to or from other Committees)**

Finance, Audit & Risk Committee. 17 September, 2019. Contract Management Review.

Finance, Audit & Risk Committee. 26 May, 2020. Procurement Strategy Endorsement.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

|  |   |
|--|---|
|  |  |
| Author<br>Kimberley Tuapawa  | Approved by<br>Steven May   |



## Wairoa District Council



# PROCUREMENT STRATEGY 2020

## WAIROA DISTRICT COUNCIL

March 2020



## Wairoa District Council PROCUREMENT STRATEGY 2020

Prepared By

-----  
David Fraser  
AMSAAM Limited

Approved By

-----  
(Wairoa District Council)

Date: March 2020



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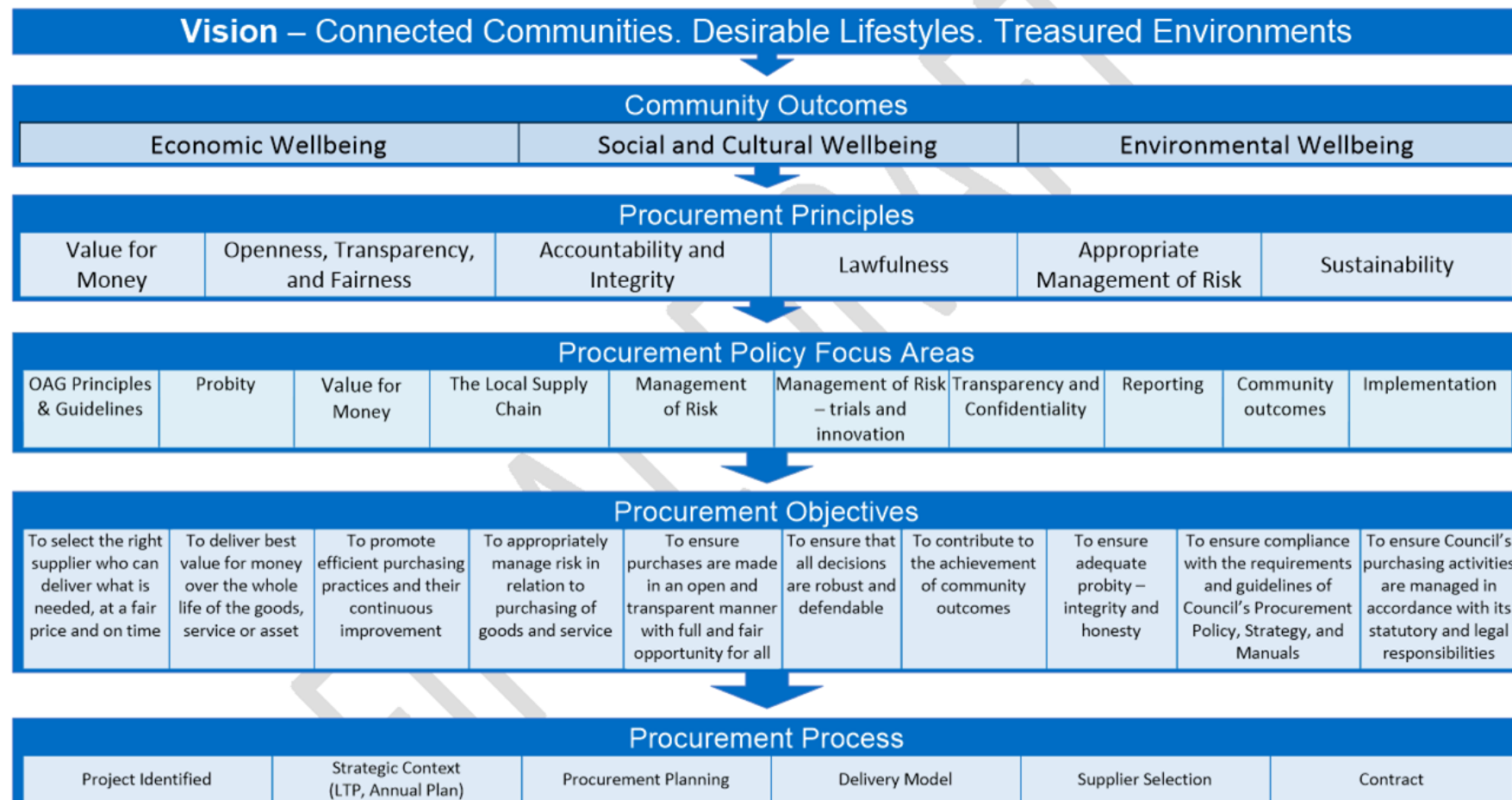
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## PROCUREMENT SUMMARY





## COUNCIL DOCUMENTS RELATING TO THIS PROCUREMENT STRATEGY

The following table summarises the relationship between this strategy and other documents relating to procurement.

| Document   | Purpose   | Status at Sept 2019  |
|--|---|--|
| Procurement Policy 2020                                    | To state the requirements and expectations of procurement carried out by the Council  | Under development  |
| Financial Delegations Policy                               | To support safe, efficient and cost-effective procurement and payment of goods and services.  | In place. To be reviewed as other documents are developed.   |
| <b>Procurement Strategy 2020</b><br><i>(this document)</i> | <b>To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.</b>  | <b>Procurement Strategy (2017) is in place and will be modified.</b>   |
| Tendering Process and Contract Management Manual           | To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts in order to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts. | Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. Under development. |
| Contract Template  | To facilitate consistent and efficient generation of contract documents.  | Has been developed and being used  |
| Risk Management Policy                                     | To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.   | In place   |
| Protected Disclosures Policy                               | To set out the means by which Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000   | In place   |
| Fraud Policy   | To facilitate the development of controls that will aid in the detection and prevention of fraud  | In place   |





## 1. OVERVIEW

### 1.1 PURPOSE

The purpose of this document is to outline the strategies staff are to adopt in implementing Council's Procurement Policy.

### 1.2 INTRODUCTION

Procurement is 'the act of obtaining or buying goods or services or works from an external source'<sup>1</sup>, often via a tendering or competitive bidding process. The term 'procurement' covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset.

In March 2011 Central Government published the document 'Mastering procurement – A structured approach to strategic procurement' noting it is a guide for government agencies.

Central government has identified a procurement lifecycle chain of success<sup>2</sup> and Local Government New Zealand (LGNZ) in collaboration with the New Zealand Transport Agency (NZTA) through the Road Efficiency Group (REG) are progressively introducing the concepts into the transportation sector to enhance procurement within the sector.

#### The procurement lifecycle chain of success

*The procurement process consists of a number of logical stages. If executed well, each stage will deliver the required results and generate positive benefits.*

*The positive benefits from one stage will lead to stronger results in the next. This continuous 'chain of success' results in increasingly beneficial outcomes and stronger overall results.*



The procurement lifecycle

As they become available, the concepts will be taken into account in Wairoa District Council's approach to procurement.

<sup>1</sup> as outlined by the Office of the Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency's Procurement Manual

<sup>2</sup> 'Mastering procurement – A structured approach to strategic procurement' First Published March 2011, Government Procurement Solutions - Ministry of Economic Development



### 1.3 EXTENT OF STRATEGY

Council procures works, goods and services to sustain the community and meet the changes in demand under all activities from the purchase of stationery and IT services through to maintenance and capital works for its core infrastructure activities.

Accordingly, the approach to procurement will vary depending on scale, complexity and risk.

In 2017 a Procurement Strategy applicable to all of the organisation's operations was developed and adopted by Council. Due to the bulk of the procurement occurring in the ongoing management and maintenance of infrastructural assets, the 2017 strategy primarily focussed on the infrastructure activities, which include:

#### Core Activities

1. Transportation (a focus of this Strategy to comply with NZTA requirements)
2. Three Waters Services (water supply, wastewater and stormwater)
3. Waste Management

#### Non-Core Infrastructure Activities

4. Property including
  - Parks and Reserves
  - Airport
  - Cemeteries
  - Buildings

This 2019 Procurement Strategy continues to build on the 2017 Strategy and seeks to be more applicable across the whole council. Nevertheless, due to scale and volume of work, the more complex processes in this strategy will apply mainly to larger procurements involving infrastructural assets.

### 1.4 UPDATES SINCE THE 2017 STRATEGY

Council has now developed a Procurement Policy which includes a core suite of policies stating Council's requirements for procurement. This document reflects that this direction is now available.

The Road Efficiency Group (REG) formed by Local Government New Zealand (LGNZ) and the New Zealand Transport Agency (NZTA) is developing ongoing processes to improve the delivery of road transportation services. A number of these are related to procurement and have been referred to when appropriate.

### 1.5 VALUE FOR MONEY

The key criteria to successful procurement and the successful delivery of services requires a whole-of-life approach implementing good asset management planning including lifecycle management planning and modelling.

The key drivers of value for money are regarded as:

- Robust planning to identify an effective work plan
- Appropriate, efficient and compliant supplier selection procedures
- Maintaining capacity and competitiveness in the local market including sustaining the local supply chain
- Successful delivery of works and services (the right outcome on time and within budget)

This broad, long-term, perspective commits the Council to seeking sustainable options and not necessarily the lowest cost ones.





## 1.6 ENDORSEMENT & REVIEW

Responsibility for the Strategy and its currency primarily lies with the Group Manager: Community Assets and Services, who is also responsible for the continuity of subsidised transport funding.

Reviews and NZTA endorsement of the procurement strategy is a requirement for continued funding.

As such, this Strategy will be reviewed on a triennial basis.

As part of this overall review of procurement processes, Council's Tender Evaluation procedures are also being updated.

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## 2. STRATEGIC GOALS AND COMMUNITY OUTCOMES

WDC acknowledges the significant role of its activities in the achievement of Community Outcomes. To support this, each activity has a Strategic Goal or “*Why we do it*”; this is an important component in the procurement frameworks.

Meeting the activity goals is dependent on appropriate and effective procurement processes.

The table below shows how each activity contributes to the adopted Community Outcomes and shows the strategic goal for each activity.

| ACTIVITY GROUP        | ACTIVITY                   | ACTIVITY GOAL  |
|-----------------------|----------------------------|--|
| Water Services        | Water Supply               | To comply with the New Zealand Drinking Water Standards, 2005 (Revised 2018) and the NZ Health Drinking Water Act. Comply with current Water Safety Plans)                                   |
|                       | Stormwater                 | Effective and efficient management of the collection and disposal of stormwater to ensure that the capacity of available facilities is optimised and that the environment is not compromised |
|                       | Wastewater                 | Reliable and safe collection and disposal of sewage  |
| Waste Management      |                            | Reliable and safe collection and disposal of waste   |
| Transport             | Land Transport             | Provision of a safe and affordable land transport network that contributes to the outcomes of the Land Transport Management Act and the objectives of the Regional Land Transport Strategy   |
|                       | Airport                    | To provide a safe and cost-effective facility to meet current needs  |
| Community Facilities  | Cemeteries                 | Reliable and safe management and operation of public cemeteries  |
|                       | Buildings                  | Reliable and safe management and operation of Council’s public buildings   |
|                       | Library                    | To promote the library to the wider community as a centre for information, ideas and works of the imagination  |
|                       | Parks & Reserves           | Continued access to and sustainable management of parks & reserves   |
| Regulatory & Planning | Resource Planning          | to ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements  |
|                       | Environmental Health       | to ensure that relevant legislation, regulations and bylaws are implemented such that Councils meets its requirements and statutory obligations  |
|                       | Building Control           | to provide an acceptable standard of building development within the district through the positive application of the Building Act 2004 and Act processes                                    |
|                       | Bylaw compliance           | to ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements  |
| Corporate Activities  | Financial Services         | to provide certainty of sustainable funding for Council’s ongoing operations.  |
|                       | Information Technology     | to enhance service delivery and improve efficiency through prudent and productive ICT investment.  |
|                       | Corporate Support Services | to   |



### 3. PROCUREMENT POLICY

Council has developed a Procurement Policy, which states the requirements and expectations of procurement carried out by the Council. The objective of the Policy is to enhance Council's professional integrity, accountability and probity across all of its activities.

#### 3.1 PROCUREMENT POLICY PROVISIONS

##### 1. OAG Principles and Guidelines

Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General.

##### 2. Probity

Procurement is to be conducted with probity.

##### 3. Value for Money

The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising

- whole of life costs,
- transactional costs for suppliers and Council, and
- negative impacts on the local supply chain and well-being of the community.

##### 4. The Local Supply Chain

Where practicable, procurement processes are to consider the sustainable development of the local supply chain.

##### 5. Management of Risk

Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically:

- Implementing procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.
- Developing and implementing risk management plans for high risk procurements.

##### 6. Management of Risk – trials and innovation

Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community.

##### 7. Transparency and Confidentiality

Procurement processes are to be transparent where feasible with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders except where sensitive commercial information is compromised by doing so.

##### 8. Reporting

The status of procurement within the District is to be routinely reported to the Finance, Audit & Risk Committee.

##### 9. Community outcomes

Opportunity to further enhance community outcomes is to be considered as part of procurement processes.

##### 10. Implementation



The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place.

### 3.2 PROCUREMENT OBJECTIVES

The table below outlines Council's procurement objectives and how these can be achieved:

| PROCUREMENT OBJECTIVE  | RELEVANT PROCUREMENT POLICY PROVISIONS  | HOW OBJECTIVE CAN BE MET   |
|--|---|--|
| To select the right supplier who can deliver what is needed, at a fair price and on time.                                | OAG Principles and Guidelines<br>Value for Money<br>Management of Risk<br>Community outcomes      | Understand the need and desired outcomes.<br>Understand the market environment and potential suppliers<br>Develop accurate scope, specification and schedule (including review)<br>Evaluate options for the most appropriate form of delivery<br>Tender documents to be clear and concise with tender evaluation criteria included   |
| To deliver best value for money over the whole life of the goods, service or asset                                       | Value for Money<br>The Local Supply Chain<br>Reporting  | Understand whole-of-life costs of the goods / asset.<br>Promoting longer construction periods for maintenance contracts to encourage establishment and development of the local supply chain.<br>Balancing the bundling of work to suit local procurement environment and geographic area.<br>Identify areas where levels of service are not being met and propose solution.<br>Contract performance reviews             |
| To promote efficient purchasing practices and their continuous improvement   | Reporting<br>Management of Risk<br>Implementation   | Regular audits / reviews including Tri-annual review of Procurement Strategy.<br>Staff training on the full procurement process<br>Staff sharing and learning from successes and failures<br>Follow industry best-practice and keep up with the play with ongoing development (e.g. REG programme)<br>Seek feedback from suppliers<br>Collaborative / joint procurement with other territorial authorities and agencies. |
| To appropriately manage risk in relation to purchasing of goods and services   | OAG Principles and Guidelines<br>Management of Risk<br>Management of Risk – trials and innovation | Identify and understand procurement risks, including the risks associated with delivering the service, and how to manage them.<br>Establish a risk matrix and determine the appropriate mechanism for managing the risk<br>Determine the appropriate criteria and expertise for the type of services to be procured e.g. High risk needs specialised professional design service.  |
| To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers | OAG Principles and Guidelines<br>Probity<br>Transparency and Confidentiality                      | Ensure appropriate tender / procurement procedures are implemented in accordance with Council's Procurement Strategy with all decisions documented.<br>Works above \$200,000 to be open tender.<br>Compliance with the procedures within the NZTA Procurement Manual for all subsidised roading works<br>Establish appropriate thresholds for selection methods  |



## PROCUREMENT STRATEGY 2020

| PROCUREMENT OBJECTIVE   | RELEVANT PROCUREMENT POLICY PROVISIONS                                  | HOW OBJECTIVE CAN BE MET  |
|---|---|---|
| To ensure that all decisions are robust and defensible  | Probity<br>OAG Principles and Guidelines                                | Procurement strategy and tender procedures to be followed<br>Staff training on the full procurement process<br>All decisions documented   |
| To ensure adequate probity – integrity and honesty  | Reporting<br>Management of Risk<br>Implementation                       | NZTA Procurement Manual to be complied with for all NZTA funded works.<br>For NZTA funded projects or contracts deemed to be high value and/or medium to high risk, the Tender Evaluation Team (TET) includes a certified tender evaluator  |
| To contribute to the achievement of community outcomes  | Community outcomes<br>The Local Supply Chain<br>Value for Money         | Consider Community outcomes and related activity goals in the development of any scope of works, goods or services to be procured.<br>Leverage off procurement processes to help achieve broader strategic goals and contribute to community outcomes<br>Bundle work as appropriate to ensure a good mix of suppliers, including developing and sustaining the local supply chain without compromising effectiveness. |
| To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals   | Implementation<br>OAG Principles and Guidelines<br>Probity<br>Reporting | Ongoing staff training<br>Regular review of procurement practices including seeking feedback on procurement procedures from suppliers<br>Use REG Procurement Strategy assessment and NZTA audits to develop and maintain procurement delivery at an appropriate level a   |
| To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities | Implementation<br>OAG Principles and Guidelines<br>Reporting<br>Probity | Continuous review of legal and regulatory requirements<br>Staff Training<br>Compliance with NZTA regulations such as the NZTA Procurement Manual and funding application requirements   |





## 4. LEGISLATION & REGULATORY REQUIREMENTS

### 4.1 GENERAL

Council must be aware of, and comply with, all applicable legislation (and amendments) when it funds or procures works, goods or services. Key legislation includes:

- Local Government Act 2002
- Official Information Act 1982
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Fair Trading Act 1986
- Land Transport Management Act 2003.

Council has public law obligations that could apply to aspects of a procurement process. Council's fundamental public law obligation is always to act fairly and reasonably, and in keeping with the law.

It is also good practice to consider guidance such as OAG procurement guidelines for public entities.

### 4.2 LOCAL GOVERNMENT ACT 2002 (LGA)

The purchase of goods or services must be consistent with the principles of the LGA. Under s14 and ss77-81 of the LGA, local authorities are required to:

- Conduct business in an open, transparent and democratically accountable manner;
- undertake commercial transactions in accordance with sound business practice; and
- in the course of decision-making:
  - seek to identify all reasonable practical options for the achievement of meeting objectives for a decision
  - assess the options in terms of their advantages and disadvantages

### 4.3 NZTA FUNDED TRANSPORT ACTIVITIES

#### 4.3.1 Land Transport Management Act 2003

A Procurement Strategy is required by NZTA for funded land transport activities as part of meeting the requirements of Section 25 of Land Transport Management Act 2003 (LTMA).

*Section 25: Procurement Procedures:*

- (1) ..... the Agency must approve 1 or more procurement procedures that are designed to obtain the best value for money spent by the Agency and approved organisations, having regard to the purpose of this Act.
- (2) In approving a procurement procedure, the Agency must also have regard to the desirability of—
  - a. enabling persons to compete fairly for the right to supply outputs required for approved activities, if 2 or more persons are willing and able to provide those outputs; and
  - b. encouraging competitive and efficient markets for the supply of outputs required for approved activities.
- (3) Every approved procurement procedure must specify how procurement is to be carried out (which may differ for different kinds of procurement)

The purpose of the LTMA, under Section 3 is 'to contribute to an effective, efficient, and safe land transport system in the public interest'

The NZTA requires that Council have a procurement strategy that documents Council's long-term integrated approach to the procurement of transport sector activities funded under Section 20 of the LTMA.



#### 4.3.2 NZTA Procurement Manual

Chapter 4 of the NZTA procurement Manual 'Strategic Approach to Procurement' states the following:

- *a procurement strategy documents an approved organisation's long-term integrated approach to the procurement of transport sector procurement activities funded under s20 of the LTMA*
- *the planning for all procurement activities should involve a process of identifying and understanding the objectives of the activity, the relevant supplier market, the associated risks and the nature and quality of the goods and services to be purchased. This understanding must then be documented in a strategy*
- *A procurement strategy will ..... explain an approved organisation's approach to the purchase of goods and services to suppliers, the NZTA and other stakeholders*

This procurement strategy is designed to link WDC strategic goals and objectives with the procurement context of the LTMA, specifically value for money, fairness, competition and efficiency

#### 4.4 REG DEVELOPMENTS

LGNZ and NZTA have formed a sector wide group, REG, to implement the recommendations of the 2011 Road Maintenance Task Force. One of the key focuses of the REG development programme during the current triennial funding round is to improve procurement practice across the sector. Currently under development is a Procurement Strategy Assessment tool which will enable Council to assess the content of this strategy and identify ongoing areas for improvement. It is anticipated that useful tools and processes to enhance the effectiveness of procurement processes will be developed and made available to the sector prior to the end of the 2021 calendar year.

#### 4.5 GOVERNMENT PROCURMENT RULES - 2019

An update of the New Zealand Government – Procurement published the document 'Government Rules of Sourcing - Rules for Planning your Procurement, Approaching the Market and Contracting'. This document is relevant to Council's operations.

The rules are mandatory for central government agencies who are required to have policies in place that incorporate the five principles of government procurement. The principles are:

1. Plan and manage for great results
2. Be fair to all suppliers
3. Get the right supplier
4. Get the best deal for everyone
5. Play by the rules

While the rules are not mandatory for local government, the principles are still applicable and the document notes: *Wider State Sector and Public Sector agencies are encouraged to have regard to the Rules as good practice guidance.*

The Government Procurement Rules, 4<sup>th</sup> edition will officially come into force on 1 October 2019. A summary of the substantive changes from the third edition is available through this link

<https://www.procurement.govt.nz/assets/procurement-property/documents/summary-of-substantive-changes-to-rules-of-sourcing.pdf>

[The full document can be down loaded here.](#)

<https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>



#### 4.6 OFFICE OF THE AUDITOR GENERAL - PROCUREMENT GUIDANCE FOR PUBLIC ENTITIES: GOOD PRACTICE GUIDE

Published in 2008, the guidelines outline '*good practice that public entities should use to procure goods or services*'.

This includes the development of Procurement Strategies as well as various procurement processes, and has contributed to the development of Wairoa District Council's Procurement Policy.

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## 5. PROCUREMENT ENVIRONMENT

### 5.1 PHYSICAL ENVIRONMENT

Wairoa's remote geographic location impacts on our procurement environment. To attract non-resident contractors, consultants and other suppliers to tender for work where appropriate, smart packages must be developed with regard to optimising quantum and type of work to align with marketplace capabilities and establishment economies.

### 5.2 MARKET ENVIRONMENT

#### 5.2.1 Local Supply Chain

It is difficult for communities the size of Wairoa to provide learning and development opportunities larger centres can offer. The limited availability of local post-secondary school training and education opportunities means that a high proportion of youth that have successfully qualified at secondary school leave the district to develop their careers. It can also mean local businesses struggle to gain, train, and retain a skilled workforce. Council, as steward of the community's infrastructural assets and responsible for local community governance and compliance, is involved in some of the more significant investments that occur within the district. In this regard Councils approach to procurement can directly and indirectly impact on the development and sustainability of the local supply chain, particularly with respect to professional and technical services.

Wairoa District Council will make a commitment to addressing and Broader Outcomes to align with the Government Procurement Rules 4<sup>th</sup> edition. This commitment will see an addition to this procurement strategy within the next 6-12 months.

Link to information surrounding broader outcomes is <http://www.procurement.govt.nz/broader-outcomes/implementing-broader-outcomes/>

#### 5.2.2 Physical Works Providers

Wairoa District Council is served by a range of competent suppliers. Some of the large national organisations have bases in Hawke's Bay and Gisborne, and there are various smaller companies based in the district.

Council's geographic location can be an impediment to outside contractors. Nevertheless Council has managed to maintain a competitive market for most of its general civil works with a range of local contractors capable of supplying most of the range of services needed. Efforts to nurture this marketplace include unbundling work packages, maintaining a regular workflow by softening out peaks where possible i.e. weather dependant work not conflicting with civil works, and communicating workflow annually with adequate notice. Despite these efforts to nurture the market Council has recently failed to secure competitive bids on two key contracts – the Waste Management, and Unsealed Roads Maintenance Contracts. Competition is also less evident in specialised areas such as streetlight maintenance and road-marking. These areas require careful attention if value for money is to be achieved.

It is desirable to proactively support the local supply chain and there are advantages to the Wairoa community if it can be sustained and further developed. This requires flexibility in Council's approach with special consideration given to mechanisms that foster involvement of locally based contractors. These mechanisms might include

- a requirement for a permanent local presence
- a requirement for a percentage of local subcontractor involvement in larger contracts
- establishing a development programme in which the Council works collaboratively with the local contractor providing additional supervision and guidance on specific projects and activities
- using a framework/panel contractual arrangement that readily enables Council to select local suppliers for projects of an appropriate size and scale. Please note that the establishment of a framework/supply panel requires approval from the NZ Transport Agency for the delivery of



subsidised land transport activities. Refer Procurement Manual, section 10.5 Procurement procedure advanced components.

#### 5.2.3 Professional Services Providers:

The WDC Infrastructure Business Unit (IBU), formed in 2010, provides professional engineering and management services to transport based activities. Council's asset manager and area engineers are tasked with managing physical works contracts and collecting information regarding the cost to maintain Council's road assets, to ensure that decision-making is optimised.

The in-house team are complemented when necessary by a range of professional services providers. Design and planning inputs for construction projects are largely outsourced.

While there are likely to be advantages to the Wairoa community if there is some capacity in private professional consulting services available locally, it is difficult to envisage this being a reality soon. By establishing the IBU Council has provided a local presence of professional services and has further opportunity to build the local skill set in this area by providing cadetships for school leavers should the demand arise.

#### 5.2.4 Specialist Suppliers

Council is also reliant on a number of specialists such as information technology providers, being more specialised areas that extend beyond Council's skills and equipment.

It is acknowledged that there are real costs in changing providers of specialist services, including the loss of institutional knowledge and business continuity; and this should be reflected in Council's procurement processes.

#### 5.2.5 Council Controlled Organisations

The Local Government Act 2002 defines CCOs as entities in which the Council has more than 50% shareholding, or the ability to appoint more than 50% of the directors.

Council believes that it is important to maintain expertise in construction, roading and maintenance work in the Wairoa district, and to reduce costs to the ratepayer by providing effective competition.

##### **Quality Roding and Services (Wairoa) Ltd**

Quality Roding and Services (Wairoa) Ltd (QRS) is a Council Controlled Trading Organisation (CCTO), 100% owned by the Wairoa District Council since 1994.

QRS specialises in construction and maintenance of all types of civil construction, infrastructure and roading and provides such services to Council through maintenance and capital works contracts.

QRS, as a CCO, is subject to the same procurement procedures as other organisations working in the district and Council needs to maintain rigorous adherence to NZTA guidelines to ensure these are not compromised.

#### 5.2.6 Other Agencies / Sectors

Other agencies that impact on our markets include the level work being carried out on the NZTA highways, Hastings District Council and Gisborne District Council. These agencies, along with local farming and forestry companies, provide a base load of work which complements the ability of local contractors to service the district's infrastructure needs.

The ability to collaborate with other TLAs is especially relevant for the land transport activity on the borders of our unsealed network (e.g. Whakatane District Council on the S.H.38-S.P.R.38 route) and NZTA within our sealed road environment.

Council currently conducts joint procurement with the 4 other Hawke's Bay Councils for some services like electricity, insurance and website hosting and development.



## 6. PROCUREMENT PRINCIPLES

Council has identified a number of 'procurement principles' which are in general accordance with those included in the 'OAG: Procurement Guidelines for Public Entities' and Council's Procurement Policy.

| Principle                                    |  | Council Will:   |
|--|--|---|
| <b>Value for Money</b>                       | <p>The key components of value for money are regarded as:</p> <ul style="list-style-type: none"> <li>Robust planning to identify an effective work plan</li> <li>Appropriate and efficient supplier selection procedures</li> <li>Maintaining capacity and competitiveness in the local market</li> <li>Successful delivery of works and services (on time and within budget)</li> </ul> | <ul style="list-style-type: none"> <li>Use resources effectively, economically and without waste</li> <li>Have due regard for total costs and benefits of a contract and contribution to the outcomes in the Long Term Plan (LTP) and Annual Plan</li> <li>Select the best possible outcome for the total cost of ownership or whole-of-life cost (not necessarily lowest price).</li> <li>Consider opportunities to add value through cost effectively delivering community outcomes by leveraging off programmed works.</li> <li>Engage with other departments, councils and organisations where possible in order to leverage supply requirements</li> <li>Assess continuous improvement in the provision of services</li> <li>Consider amounts involved, complexity and level of risk when determining the requirements for the procurement process</li> </ul>  |
| <b>Openness, Transparency &amp; Fairness</b> | <p>Gives confidence to suppliers and reduces probity risks.</p>  | <ul style="list-style-type: none"> <li>Be impartial in decision-making –treating all suppliers equally and fairly</li> <li>Ensure suppliers have full and fair opportunity to compete and participate, including local suppliers</li> <li>Observe ethical standards, principles and behaviour throughout the procurement process</li> <li>Provide responses to any mid-procurement process questions to all confirmed participants and in an equal, timely and transparent fashion</li> <li>Consider sub-contracting various pieces of work in big projects</li> <li>Provide clarity around assessment processes and procurement tools, such as tender evaluation matrices</li> </ul>   |
| <b>Accountability and Integrity</b>          | <p>Every person involved with a contract will ensure the most favourable terms possible, with appropriate priority and balance being given to specified qualitative and other non-price and price attributes</p> <p>Projects shall not arbitrarily be separated into discrete parts so as to avoid the necessity for entering into a particular procurement process</p>                  | <ul style="list-style-type: none"> <li>Be accountable for performance and be able to provide a complete and accurate account of the use of public funds;</li> <li>Assess and document effectiveness, efficiency and value for money;</li> <li>Follow suitable governance and management processes, including adherence to good administrative practice, legislation, ethical requirements and other policies</li> <li>Maintain appropriate records relating to procurement activities that allow for subsequent review of the decision-making process</li> <li>Be aware of requirements related to conflicts of interest - Identify, notify and manage any conflicts of interest using sound judgement practice</li> <li>Apply confidentiality obligations throughout the entire procurement process and also after the contract has terminated or expired.</li> <li>Meet regulatory standards</li> </ul> |
| <b>Lawfulness</b>                            |  | <ul style="list-style-type: none"> <li>Council will act within the law and meet its legal obligations</li> </ul>  |





## PROCUREMENT STRATEGY 2020

| Principle                             |  | Council Will:   |
|---------------------------------------|--|---|
| <b>Appropriate Management of Risk</b> | <p>Managing risk appropriately leads to better outcomes for all involved including less likelihood of</p> <ul style="list-style-type: none"> <li>the integrity of the assets, goods or services being compromised</li> <li>financial loss and additional costs</li> <li>public safety being compromised resulting in sickness, pandemic, injury or death</li> </ul>  | <ul style="list-style-type: none"> <li>adopt procedures pertinent to the complexity and scale of work involved</li> <li>Implement procurement approaches that allocate risk to the party most suited to managing it</li> <li>accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community</li> <li>develop and implement risk management plans for high risk procurements</li> </ul>  |
| <b>Sustainability</b>                 | <p>Sustainability is a statutory or strategic requirement for councils. For example, the Local Government Act 2002 requires local authorities to take a sustainable development approach, by taking into account the social, economic, environmental, and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment, and the needs of future generations</p> | <ul style="list-style-type: none"> <li>Minimise environmental footprint by purchasing goods and services with less harmful impacts on the environment whenever practicable;</li> <li>Consider economic, environmental and social impacts over the life cycle of goods or services;</li> <li>Ensure resources are used efficiently and effectively to improve the overall quality of life of people in the local community.</li> <li>Use contract delivery models that have due regard to the sustainability of the marketplace</li> <li>Take into account the effect that sustaining the local supply chain can have on whole of community costs when considering the quantum and nature of work to be tendered</li> <li>Consider setting a portion of work in large contracts to be subcontracted to local contractors.</li> </ul> |



## 7. PROCUREMENT RISK

### 7.1 MANAGING RISK

Council's Risk Management Policy clearly defines Council's approach to risk and how it is to be managed.

As 'procurement' covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset<sup>3</sup>, all stages of the procurement process need to be assessed for risk and processes adopted that mitigate these risk as far as is practicable.

Council aims to get the right balance between risk and expected benefit – to be risk aware, not necessarily risk averse. Through its risk mitigation processes Council seeks to select and apply appropriate control measures, techniques and management principles to reduce either the likelihood of an occurrence or its consequences or both. Risk can never be totally eliminated<sup>4</sup>. The intention is to minimise the likelihood of negative impacts and unwanted outcomes occurring as a result of wrong choices being made in the procurement process.

### 7.2 ASSESSING RISK

Councils' Risk Management Policy provides guidance on assessing risk. The policy's appendices summarise the key elements.

#### APPENDIX 1: PROBABILITY/LIKELIHOOD LEVELS

|                        |   |
|------------------------|---|
| <b>1 Likely</b>        | <ul style="list-style-type: none"> <li>The event will probably occur in most circumstances; or,</li> <li>Not quarterly but within 6 months.</li> <li>70% chance of occurring in the next 12 months.</li> </ul>                  |
| <b>2 Moderate</b>      | <ul style="list-style-type: none"> <li>The event will possibly occur at some time; or,</li> <li>Not within 6 months but at least annually.</li> <li>50% chance of occurring in the next 12 months.</li> </ul>                   |
| <b>3 Rare</b>          | <ul style="list-style-type: none"> <li>The event could occur at some time; or,</li> <li>Not annually but within 3 years.</li> <li>20-30% chance of occurring in the next 12 months.</li> </ul>                                  |
| <b>4 Very rare</b>     | <ul style="list-style-type: none"> <li>The event may occur only in exceptional circumstances; or,</li> <li>Not every 3 years but at least every 10 years.</li> <li>10-20% chance of occurring in the next 12 months.</li> </ul> |
| <b>5 Unanticipated</b> | <ul style="list-style-type: none"> <li>The event is not expected to occur; or,</li> <li>Not within 10 years.</li> <li>2% chance of occurring in the next 12 months.</li> </ul>  |

<sup>3</sup> See para 1.2

<sup>4</sup> Risk Management Policy (2017): page 2 – Risk mitigation definition.



## APPENDIX 2: CONSEQUENCE LEVELS

| LEVEL | DESCRIPTOR    | CATEGORIES   |   |   |  |   |                            |   |
|-------|---------------|--|---|---|--|---|----------------------------|---|
|       |               | Health & Safety  | Environmental Contamination                           | Statutory Obligations                                   | Image & reputation                                 | Loss of Service                         | Project Delay              | Financial Loss                                  |
| 1     | Insignificant | No injury or potential minor injury  | No contamination                                      | Internal query  | Customer complaint                                 | Unable to operate for less than 1 day   | Less than 6 months         | <\$5,000; Council<br><\$50,000 Community        |
| 2     | Minor         | Minor injury   | On-site release immediately contained                 | Special Audit by outside agency or enquiry by Ombudsman | Negative community coverage                        | Unable to operate for 1 day – 3 days    | Between 6 month and a year | <\$10,000; Council<br><\$100,000 Community      |
| 3     | Moderate      | Risk of injury (Some severe injuries or potential injuries (near miss))                | On-site release contained with outside assistance     | Litigation  | Negative community and some regional coverage      | Unable to operate for up to a fortnight | Between 1 – 3 years        | <\$100,000 Council;<br><\$500,000 Community     |
| 4     | Major         | Actual injury or risk of serious injury (Significant illness or some deaths (up to 3)) | Off-site release with significant detrimental effects | District or Environmental Court                         | Negative regional and some national media coverage | Unable to operate for up to 1 month     | Between 3 – 5 years        | <\$500,000 Council;<br><\$1,000,000 Community   |
| 5     | Catastrophic  | Serious injury and death (Wide-spread illness or several deaths (>3))                  | Toxic release off-site with major detrimental effect  | High Court or Criminal Action                           | Sustained negative national media coverage         | Unable to operate for > 1 month         | More than 5 years          | >\$1,000,000 Council;<br>>\$5,000,000 Community |

## APPENDIX 3: COMPARATIVE LEVELS OF RISK

| Comparative Levels of Risk |                   |  |
|----------------------------|-------------------|--|
| E                          | Extreme Risk      | Immediate action required to manage risk - reported to Council         |
| H                          | High Risk         | Senior management attention to manage risk - reported to FARC          |
| M                          | Considerable Risk | Management responsibility must be specified and risk controls reviewed |
| L                          | Low Risk          | Managed by routine procedures  |



APPENDIX 4: of the risk management policy provides the following Risk Matrix

| Probability/<br>Likelihood | Consequences       |            |               |            |                   |
|----------------------------|--------------------|------------|---------------|------------|-------------------|
|                            | Insignificant<br>1 | Minor<br>2 | Moderate<br>3 | Major<br>4 | Catastrophic<br>5 |
| Likely                     | M                  | H          | E             | E          | E                 |
| Moderate                   | M                  | H          | H             | E          | E                 |
| Rare                       | L                  | M          | H             | E          | E                 |
| Very Rare                  | L                  | L          | M             | H          | E                 |
| Unanticipated              | L                  | L          | M             | H          | E                 |

#### 7.2.1 Financial value and financial loss

The financial value of a procurement is not necessarily proportional to the potential financial loss. Furthermore, different levels of risk for financial loss may be present at different stages of the procurement process and this should be considered at different stages of the procurement process.

#### 7.2.2 Supplier Selection and Contract Management

The risks at the Supplier Selection phase of a project are likely to be different from the risks experienced during the contract management phase. Selection of the supplier may have a significant bearing on the level of risk likely to be experienced during delivery of the contract.

#### 7.2.3 Managing the contributing factors to negative outcomes

The key negative outcomes relating to procurement processes that Council seeks to avoid are tabulated below

| Negative outcomes<br>Council seeks<br>to avoid   | Procurement process potential contributors |                       |                                  |                         |                                     |                        |                              |                             |
|--|--|-----------------------|----------------------------------|-------------------------|-------------------------------------|------------------------|------------------------------|-----------------------------|
|  | poor practice                              | inadequate<br>scoping | inappropriate<br>contract format | inappropriate<br>design | inappropriate<br>supplier selection | inadequate<br>delivery | inadequate<br>implementation | poor contract<br>management |
| 1. Personal and/or collective harm (injury/death to individuals and/or several of the community) | ✓  | ✓                     |                                  | ✓                       |                                     | ✓                      | ✓                            | ✓                           |
| 2. Financial loss and/or compromising the value of the works and assets involved                 |  | ✓                     | ✓                                | ✓                       | ✓                                   | ✓                      | ✓                            | ✓                           |
| 3. Compromised performance and/or integrity of the works and assets                              |  | ✓                     | ✓                                | ✓                       | ✓                                   | ✓                      | ✓                            | ✓                           |

The above shows that most of the potential contributors to the three key negative outcomes Council wishes to avoid are common to all three. Some of the contributing factors are intertwined, for example;

- scoping the work correctly and choosing the right supplier will reduce the risk of inappropriate design, and;
- choosing the right supplier and managing the contract correctly will reduce the risk of inappropriate design and inadequate implementation



### 7.2.4 Mitigating procurement process risk

Council seeks to mitigate procurement risks by

1. Scoping the work correctly
2. Choosing the right contract format
3. Selecting the right supplier
4. Managing the contract correctly

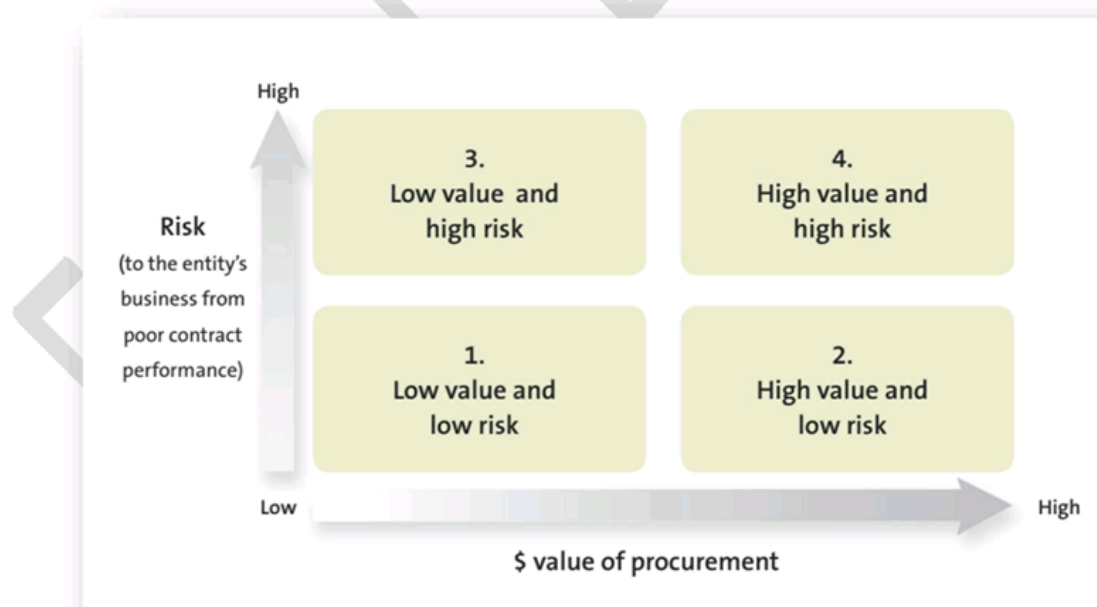
### 7.2.5 Assessing project risk

Council manages contracts of various sizes. Some of the larger contracts such as the road maintenance contracts have multiple repeatable tasks of relatively low value and the subsequent consequences in the event of failure would be modest compared to the value of the contract and total work being delivered. Provided procedures are in place to address any causes of failure, these contracts can be considered to be of high value and low risk. This can be contrasted with smaller contracts of much lower total value requiring specialist installation unfamiliar to Council staff and carrying severe consequences if carried out incorrectly. Examples of this would be sophisticated water treatment equipment and technologies, or commissioning and implementing a new information or accounting system.

Contracts are likely to have different risk profiles in the supplier selection phase from the contract management phase. Using the road maintenance contract as an example; the supplier selection phase can be considered to be high value and high risk but if the right supplier is selected, the contract management risk is more likely to be low value – medium risk. This is because the likely financial value of nonconforming items delivered under the contract and the risks associated with these works are small when compared to the total values and risks being considered under the selection process.

Figure 2 of paragraph 3.12 in the OAG guidelines shows how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category.

Figure 2: Analysing type of procurement to identify procurement method



*This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured, and the guidelines provide additional details on the categories.*





Council's Procurement Policy recognises that when properly applied; standard contract conditions in conjunction with fit for purpose tendering and contract management procedures, are useful mechanisms for mitigating risk associated with much of the goods and services the Council procures. For this reason, the policy limits the requirements for developing and implementing contract specific risk management plans to high risk procurements only.

The OAG Procurement Guide in para 3.13 on page 29 introduces the Queensland Government Department of Public Works' Better Purchasing Guide Developing "*Agency Purchasing Procedures*" (which can be found on its website at [www.qgm.qld.gov.au](http://www.qgm.qld.gov.au)). Figure 3 shows how the four-quadrant analysis can be developed into a basic procurement strategy. It also sets out the issues a public entity should consider when developing procurement procedures for each category.

Figure 3, Options for approaching markets is copied on the following pages

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| Characteristics  | Basic procurement strategy   | Issues to consider when developing procurement procedures  |
|--|--|--|
| <b>Low value and low risk (Quadrant 1)</b>   |  |  |
| <p>Goods or services in this category are usually low value. These goods or services can be routinely procured or procured as required. They are generally goods or services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with procuring them may be of greater cost than the items themselves.</p> <p>Generally, there are competitive local supply markets for goods or services in this category, even at the local level.</p> <p>The skills required for these types of transactions are generally administrative.</p> | <p>Keep procurement in this quadrant relatively simple to minimise procurement and transaction costs.</p> <p>Devolve procurement and associated budgets to the lowest practical geographic level where competitive local markets exist.</p> <p>Establish efficient local procurement arrangements to minimise processing costs.</p> <p>Document the administrative procedures for procuring goods or services in the entity's procurement policies and procedures.</p> | <p>What are the goods or services procured in this category?</p> <p>For the different goods, services, or groups of items in this category, what procurement methods will minimise processing costs and deliver value for money?</p> <p>How will the number of competitive offers needed to deliver value for money, probity, and accountability be determined?</p> <p>Who will be doing procurement activities in this category?</p> <p>What skill levels are required to do the various types of procurements?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What other procedures, documentation and records are needed to manage the procurement function in this category?</p> |
| <b>High value and low risk (Quadrant 2)</b>  |  |  |
| <p>Goods or services in this category are generally widely used by public entities, they have no special quality, safety, reliability, or environmental implications, they are simple to specify, and they have common standards.</p> <p>Procurement of these items is often in high volumes but with sometimes low value individual transactions. There are often whole-of-entity or syndicated arrangements for supply of these goods or services.</p>   | <p>Aim to ensure that total costs, including the costs of processing large numbers of low value transactions, are reduced.</p> <p>Consider using standing offer arrangements with electronic ordering and transaction processes.</p> <p>Aggregate procurement to increase the attractiveness of buying the goods or services, thus increasing the competitiveness of the pricing.</p>  | <p>What are the goods or services purchased in this category?</p> <p>Where are the competitive markets for these goods or services?</p> <p>Does the aggregation of procurement at the local level for particular product types warrant a full service provider with regional delivery capability?</p> <p>Where is it practical to establish standing offer arrangements or other methods of supply?</p> <p>Are processes such as electronic ordering/paying or other processes available to reduce processing costs?</p>   |



| Characteristics  | Basic procurement strategy   | Issues to consider when developing procurement procedures  |
|--|--|--|
| <p>Buying is usually an administrative task (for example, booking travel).</p> <p>However, high level procurement skills are required to establish and manage these arrangements (for example, setting up travel arrangements).</p>  | <p>Document the administrative procedures for buying in the entity's procurement policies and procedures.</p> <p>Consider if there is a need to address environmental issues about disposal, waste management recycling, handling, or storage.</p>   | <p>How will the buying strategies to deliver value for money, probity and accountability be determined?</p> <p>What skills are needed to establish and buy from standing offer arrangements?</p> <p>What skills are needed for the other buying methods used in this category?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/ approvals, are needed for management control and to ensure probity and accountability?</p>  |
| <b>Low value and high risk (Quadrant 3)</b>  |  |  |
| <p>Goods or services in this category are usually highly specialised (for example, high-tech medical equipment).</p> <p>There are often very few potential suppliers. There are relatively few transactions in this category.</p> <p>High-level procurement and technical skills are required to establish and manage these arrangements.</p> <p>Price may not be the principal factor in the procurement.</p> | <p>Reduce exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/ or changing the demand requirements of the public entity.</p> <p>Prepare individual strategies or procurement plans for each procurement project in this category.</p> | <p>An individual procurement strategy/plan will need to be developed for each item in this category. The public entity's procurement policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place to do procurement and contract management in this category?</p> <p>How will the required procurement, technical and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/ approvals, are needed for management control and to ensure probity and accountability?</p> |





| Characteristics   | Basic procurement strategy  | Issues to consider when developing procurement procedures   |
|---|---|---|
| <b>High value and high risk (Quadrant 4)</b>  |   |   |
| <p>Goods or services in this category are often a complex "bundle" or "package" of services and associated goods that are critical to the service delivery of the public entity.</p> <p>Long-term relationships with suppliers are common. Supplier attitudes to the public entity as a customer are often critical to the value the entity will derive from the delivery of the goods and/or services.</p> <p>High-level purchasing and technical skills are required to establish and manage the procurement process.</p> | <p>Focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with the public entity.</p> <p>Manage the relationship with the supplier to obtain value for money.</p> <p>Have a detailed understanding of what is required, how the arrangement should be managed, and the market characteristics.</p> <p>Develop individual procurement strategies or plans for each procurement project in this category.</p> | <p>Buying strategies will have been developed for each item in this category. The public entity's policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place for doing purchasing and contract management in this category?</p> <p>How will the required purchasing, technical, and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will the projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities, are needed for management control and to ensure integrity and accountability?</p> |

### 7.3 RISK PROFILES BY CATEGORY – SUPPLIER SELECTION

A. The work categories council procures can be grouped as follows

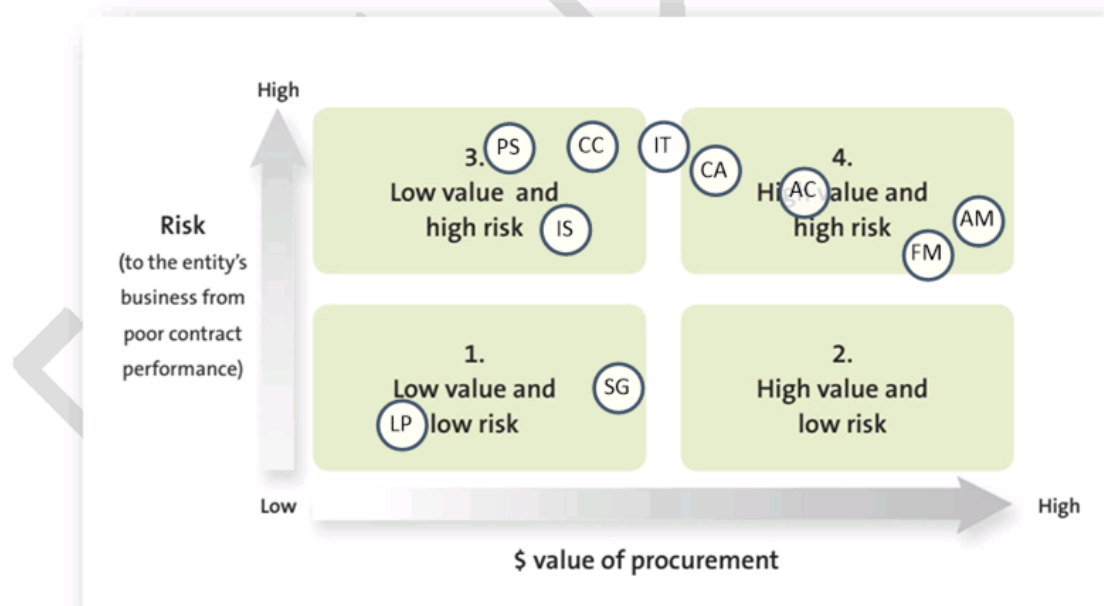
| Category   | Abbreviation | Description  |
|--|--------------|--|
| Infrastructural operations maintenance and renewals                | AM           | The AM category includes the general maintenance, operations and renewal activities for infrastructural assets including roads, dams, three waters reticulation pipes and water reservoirs. This also includes programmed emergency response on non-critical assets. |
| Infrastructural assets creation                                    | AC           | The AC category includes the construction and programmes of works required to bring new infrastructure assets into service   |
| Critical infrastructure asset maintenance, operations and renewals | CA           | The CA category includes the maintenance operations and renewal of critical infrastructural assets such as water supply treatment, wastewater treatment, stormwater pump stations, critical lifeline assets, technology-based assets, and airport maintenance        |
| Critical infrastructure asset creation                             | CC           | The CC category covers the programming and construction required to provide new critical service and assets  |



## PROCUREMENT STRATEGY 2020

| Category                                       | Abbreviation | Description   |
|--|--------------|---|
| Professional Services                          | PS           | The PS category includes all engineering, legal, and compliance related professional services. This includes design, planning research, laboratory testing, resource consenting, management and legal advice  |
| Supply of goods                                | SG           | The SG category includes the supply of all goods, and materials where the installation or use of the goods and materials will be by another party. It includes the supply of mechanical plant, bulk chemicals, and consumables not covered by All of Government and similar contractual arrangements. |
| Land and property acquisition                  | LP           | The LP category includes all land and property acquisitions either through purchase or by easement or other access agreement  |
| Facilities maintenance operations and Renewals | FM           | The FM category includes the maintenance and renewal activities for council's facilities including Council buildings, halls, parks, reserves cemeteries, public toilets and the like.   |
| Emergency Management                           | EM           | The EM category covers emergency response activities required before planned responses can be implemented.  |
| New Information Technology                     | IT           | The IT category includes the acquisition and supply of new information technology services and equipment  |
| Information Systems servicing                  | IS           | The IS category includes the servicing of information technology services and equipment   |

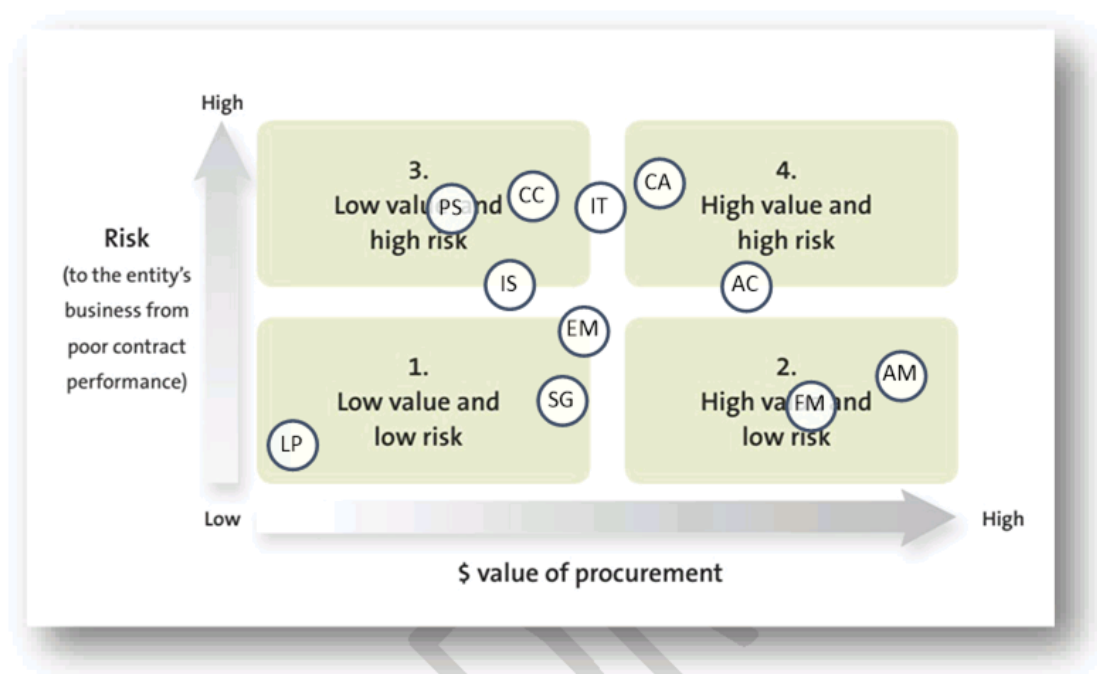
## B. Risk profiles by category – supplier selection





### C. Risk profiles by category – Contract management

This assumes the right supplier has now been selected



## 7.4 SPECIFIC RISKS ASSOCIATED WITH PROCUREMENT

The table below outlines potential risks associated with the procurement process, the likely consequences and identifies action that can be taken to eliminate, isolate or minimise that risk.

**Key to most risks is staff development and training in procurement procedures**

| PROCUREMENT RISK                       | LIKELY CONSEQUENCES   | ACTION  |
|--|---|---|
| <b>Identifying the Need / Planning</b> |   |   |
| Not fully understanding the need       | <ul style="list-style-type: none"> <li>Inappropriate service specified</li> <li>Purchase of unsuitable product or service</li> <li>Money wasted</li> <li>Lack of tenders</li> <li>Council exposed to unnecessary risk:               <ul style="list-style-type: none"> <li>financial failure leading to investment in assets being compromised</li> <li>delivery failure leading to injury or sickness</li> <li>Health and Safety obligations not met</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Analyse need accurately</li> <li>adopt procedures pertinent to the complexity and scale of work involved</li> <li>allocate risk to the party most suited to managing it</li> <li>Develop clear scope of work / outcomes</li> <li>Set appropriate timeframes</li> <li>Consult with users and test against community outcomes</li> <li>develop and implement risk management plans for high risk procurements</li> </ul> |
| Insufficient funding                   | <ul style="list-style-type: none"> <li>Delay in making the purchase</li> <li>Additional costs for re-tender</li> <li>Partial delivery</li> <li>Desired performance levels cannot be delivered</li> <li>Projects abandoned</li> </ul>  | <ul style="list-style-type: none"> <li>Obtain appropriate approvals before undertaking process</li> <li>Improve planning</li> <li>Check for hidden charges in offer of service</li> <li>Ensure appropriate delivery model is used</li> <li>Ensure risks are allocated appropriately</li> </ul>  |



## PROCUREMENT STRATEGY 2020

| PROCUREMENT RISK   | LIKELY CONSEQUENCES  | ACTION   |
|--|--|--|
| <b>Selecting the Form of Delivery / Method of Selection</b>  |  |  |
| Failure to identify potential sources / suppliers  | <ul style="list-style-type: none"> <li>Lack of offers from suitable tenderers</li> <li>insufficient funds resulting from lack of competition</li> </ul>  | <ul style="list-style-type: none"> <li>Improve procurement planning processes</li> <li>Improve market knowledge</li> <li>Ensure market is informed</li> <li>Consider early Contractor involvement</li> <li>Seek industry participation</li> </ul>  |
| Inappropriate form of delivery or selection method used  | <ul style="list-style-type: none"> <li>Need to seek offers again</li> <li>May not achieve outcomes</li> <li>Possible cost variations</li> <li>Failure to obtain value for money</li> <li>Loss of opportunity to leverage off the project for wider community outcomes</li> <li>Loss of opportunity to build and sustain local supply chain</li> </ul>                | <ul style="list-style-type: none"> <li>Engage with industry prior to selecting delivery model</li> <li>Improve implementation of procurement policies, guidelines and practices</li> <li>Forward planning</li> <li>Choose the appropriate contract delivery model</li> <li>Seek review of selection method</li> </ul>  |
| <b>Contract Documentation</b>  |  |  |
| Wrong choice of contract delivery model<br><br>Inadequate scope / specification / schedule<br><br>Providing inadequate information | <ul style="list-style-type: none"> <li>Inadequate responses from tenderers</li> <li>Outcomes not met</li> <li>Variety of offers (difficult to evaluate)</li> <li>Loading of costs in offers</li> <li>Having to provide clarifying information, causing delays in tender closing</li> <li>Risks inappropriately allocated</li> <li>Additional tender costs</li> </ul> | <ul style="list-style-type: none"> <li>Ensure full understanding of delivery model options</li> <li>Consider early contractor involvement</li> <li>Ensure appropriate contract delivery model chosen</li> <li>Ensure specification is consistent with needs</li> <li>Use functional and performance specifications</li> <li>Staff training in contract documentation preparation</li> <li>Review tender documents before issuing</li> <li>include evaluation criteria</li> </ul> |
| Terms and conditions unacceptable to tenderers   | <ul style="list-style-type: none"> <li>Loading of costs in offers</li> <li>Having to modify tender terms and conditions</li> <li>Low response</li> </ul>   | <ul style="list-style-type: none"> <li>Early contractor involvement</li> <li>Use standard conditions of contract (eg NZS3910 for construction contracts)</li> <li>Select appropriate documentation / specifications for goods and services</li> </ul>  |
| Expectations of buyer and tenderer not matching  | <ul style="list-style-type: none"> <li>Contract disputes</li> <li>Delivery delays</li> <li>Cost variations</li> <li>Reduction in value for money</li> <li>Purchase of less suitable product</li> <li>Inefficient use of resources</li> </ul>   | <ul style="list-style-type: none"> <li>Improve communication</li> <li>Early contractor involvement</li> <li>Document review prior to release</li> <li>Conditions of Contract / Terms of Agreement to form part of RFT</li> <li>Record each party's obligations</li> <li>Clarify all ambiguities before signing contract</li> </ul>   |
| <b>Tender Procedures</b>   |  |  |
| Insufficient number of responses   | <ul style="list-style-type: none"> <li>Re-tender</li> <li>Increased costs</li> <li>Delayed delivery to the client</li> <li>Poor value for money due to limited competition</li> </ul>  | <ul style="list-style-type: none"> <li>Ensure appropriate contract delivery model chosen</li> <li>Assess advertising methods</li> <li>Improve market knowledge</li> <li>Provide potential tenderers with advance notice of tender requests</li> <li>Improve tender documentation and specifications</li> <li>Allow sufficient time for tenderers to respond</li> <li>Seek feedback from known suppliers on their non-response</li> </ul>   |





## PROCUREMENT STRATEGY 2020

| PROCUREMENT RISK  | LIKELY CONSEQUENCES   | ACTION   |
|---|---|--|
| Failure to fully follow evaluation procedures                                   | <ul style="list-style-type: none"> <li>Inconsistent evaluations</li> <li>Possible complaints from tenderers</li> <li>Subjective not objective evaluation of offers</li> <li>Probity Issues</li> </ul>                       | <ul style="list-style-type: none"> <li>Improve tender assessment and evaluation processes through staff training</li> <li>Maintain, audit and review evaluation procedures</li> <li>Ensure that TET Understand confidentiality obligations</li> </ul>  |
| Selecting an inappropriate supplier   | <ul style="list-style-type: none"> <li>Failure to fulfil the contract</li> <li>Money wasted</li> <li>Council exposed to unnecessary risk resulting in investment being compromised and/or injury and/or sickness</li> </ul> | <ul style="list-style-type: none"> <li>Evaluation review prior to award</li> <li>Minimum 3 people on TET</li> <li>NZTA certified tender evaluator to be part of TET for contracts with an estimate &gt; \$200,000</li> <li>include appropriate and measurable evaluation criteria</li> <li>Have appropriate risk response strategy</li> <li>Ensure clear and applicable termination clauses are available within contract documents</li> <li>Reject unacceptable offers</li> </ul> |
| Local supplier not successful   | <ul style="list-style-type: none"> <li>Public perception and reality of loss to local economy</li> </ul>  | <ul style="list-style-type: none"> <li>Management of local economy issues within the contract document</li> <li>Ensure wider community costs have been considered and logical, justifiable reasons for non-selection of local supplier are available</li> </ul>  |
| <b>Contract Management</b>  |   |  |
| Variations  | <ul style="list-style-type: none"> <li>Unanticipated cost increases</li> <li>Delays in delivery</li> <li>Contract disputes</li> </ul>   | <ul style="list-style-type: none"> <li>Review contract document prior to release</li> <li>Ensure work is properly scoped</li> <li>Identify potential variations in advance</li> <li>Accurate records</li> <li>Include process for assessing variations</li> </ul>  |
| Failure of either party to reflect the terms offered and agreed in the contract | <ul style="list-style-type: none"> <li>Contract disputes</li> <li>Delays in delivery</li> <li>Legal action</li> <li>Poor supplier/customer relationship</li> </ul>  | <ul style="list-style-type: none"> <li>Ensure good contract administration</li> <li>Ensure clear and applicable termination clauses are available within contract documents</li> <li>Performance management</li> <li>Staff training</li> <li>Hold regular inspections / meetings and ensure progress reports</li> <li>Good record keeping and documentation</li> </ul>   |
| Inadequately administering the contract   | <ul style="list-style-type: none"> <li>Cost increases</li> <li>Outcomes not achieved</li> <li>Delivery of unsatisfactory product / service</li> <li>Contract/supply disputes</li> </ul>                                     | <ul style="list-style-type: none"> <li>Maintain good practice</li> <li>Staff know responsibilities and accountabilities and are suitably trained &amp; experienced in contract management</li> <li>Engage external support where insufficient in-house capacity / capability</li> </ul>  |
| Commencement of work by the supplier before contract in place                   | <ul style="list-style-type: none"> <li>Potential liability to pay for unauthorised work</li> <li>Possibility of legal action for perceived breach of contract</li> </ul>  | <ul style="list-style-type: none"> <li>Accept all contracts in writing</li> <li>Ensure approvals are received before allowing work to start</li> </ul>   |
| Key personnel not available   | <ul style="list-style-type: none"> <li>Outcomes not met</li> <li>Progress disrupted</li> <li>Less expertise</li> </ul>  | <ul style="list-style-type: none"> <li>Include requirement in specification and ensure compliance</li> </ul>   |





## 8. PROCUREMENT PROGRAMME

### 8.1 OVERVIEW

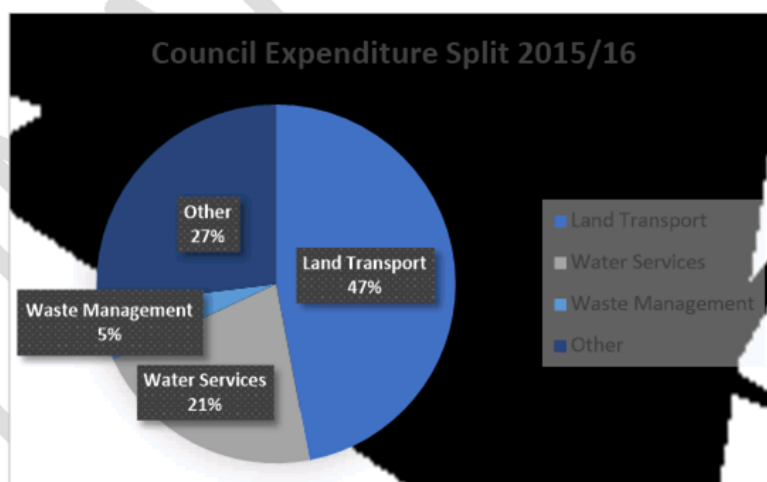
The 10-year procurement programme for Council Activities is outlined in the Wairoa District Council Long Term Plan (LTP) with the Infrastructure Strategy providing a 30-year assessment of significant issues and planning for Council's core activities of roading, 3 waters and waste management.

Issues that affect the accuracy and validity of the programme include:

- Years two and three of the LTP may be modified by Council through the annual plan process; years four to ten are only indicative, as modification is likely through the subsequent updated Annual Plans and LTP.
- Roothing Activity - The approval and finalisation of the subsidised Transportation programme through the Regional Transport Plan (RTP) and the National Land Transport Programme (NLTP)

Council expenditure is dominated by the core infrastructure activities which account for around 73% of Council expenditure as shown in the table and chart below:

| Activity       | Expenditure 2015-2016 |                  |
|----------------|-----------------------|------------------|
|                | Expenditure           | % of Total Split |
| Water Services | \$4,606,000           | 21%              |
| Solid Waste    | \$1,111,000           | 5%               |
| Transport      | \$10,451,000          | 47%              |
| Other          | \$6,286,000           | 27%              |



### 8.2 LAND TRANSPORT ACTIVITY

#### 8.2.1 NZTA Specific Requirements – Land Transport

Where NZTA has a role as a funding partner, regional alignment and prioritisation of subsidised transport activities is undertaken through the RTP which is then submitted for funding to the NLTP managed by NZTA.



Activities that are approved for funding are then implemented by Council utilising the appropriate delivery model and supplier selection method to suit the task

For all financially assisted roading contracts, the procedures shall be in accordance with the provisions of the NZTA Procurement Manual and the NZTA Planning and Investment Knowledge Base (<http://www.nzta.govt.nz/resources/planning-and-investment-knowledge-base/>). Any deviations should be outlined in a procurement plan, documenting the reasoning for any departure from the policy.

For large projects where tendering costs are likely to be high, a two-part selection process may be used. Where a two-part tendering process is used the short-listing procedure will be in accordance with the provisions in the NZTA Procurement Manual or as stated in the request for tender.

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## 9. PROCUREMENT OF COUNCIL ACTIVITIES

### 9.1 GENERAL

The diagram below outlines the procurement process from the identification of works through the specific Activity Plans through to implementation of the projects.



PLANNING AND IMPLEMENTATION FRAMEWORK

### 9.2 ROADING WORKS (PRINCIPLES GENERALLY APPLY TO OTHER ASSETS AS WELL)

The table below outlines the current process for the procurement of specific roading services. (The approach taken here in terms of work categories is generally applied to other asset groups.) Please note any contracts with more than 5 years term, need to be approved by NZTA.

| WORKS  | FORM OF DELIVERY & SUPPLIER SELECTION | DISCUSSION   |
|--|---------------------------------------|--|
| <b>General Maintenance &amp; Operations with some renewals</b> | Traditional<br>-<br>Price Quality     | <p>This is the most significant component of our procurement of subsidised roading services. These needs are currently serviced through two separate activity-based contracts:</p> <ul style="list-style-type: none"> <li>• Sealed pavement maintenance (programme developed by Council)</li> <li>• Unsealed pavement maintenance and renewals (outcomes-based contracts)</li> </ul> <p>This format of the contracts was implemented in 2013 with enhancements in the 2018 contracts which include renewals such as resurfacing, rehabilitations and Heavy Metal Build Up's to ensure a sustainable contract. –</p> <p>Current contracts:</p> <p>Unsealed Pavement Maintenance: Expires 01/07/21 with two 12 month renewal options</p> |



## PROCUREMENT STRATEGY 2020

| WORKS                             | FORM OF DELIVERY & SUPPLIER SELECTION   | DISCUSSION  |
|-----------------------------------|---|---|
|                                   |   | Sealed Pavement Maintenance: Expires 01/07/21 with two 12 month renewal options   |
| <b>Annual Programmes of Works</b> | Traditional<br><i>Lowest Price Conforming Negotiation</i>   | Annual Programmes of Work may include: <ul style="list-style-type: none"> <li>Structures maintenance and Renewals – works are identified through a matrix used by consultant to prioritise works to an annual budget</li> <li>Minor safety / improvement works</li> </ul> Where appropriate and within financial limits, components of the annual programme may be negotiated through existing maintenance contracts.   |
| <b>Street Lighting</b>            | Traditional<br><i>Lowest Price Conforming</i>   | Maintenance requirements are reducing with the introduction of LED lighting. A direct appointment may be made for streetlight maintenance and renewals in the future, should approval be gained for this approach due to reduced requirements and lack of resources.  |
| <b>Professional Services</b>      | Traditional<br>Direct appointment<br><i>Lowest Price Conforming Price Quality</i>   | Professional services are generally outsourced to preferred providers supplying technical expertise with works within specified financial thresholds. Larger commissions are often sought through competitive tendering procedures, typically using a price quality method of selection.<br><br>Target price methods of procurement may be utilised such as where scope cannot be fully defined at time of tender or where innovation is to be encouraged.<br><br>Professional Services contract expires 30/06/20 |
| <b>Flood Damage Repairs</b>       | In a typical year, Wairoa experiences flood damage in the order of \$2 - \$4 Million. The approach for this work is one that is designed very much around value for money principles. Area Engineers, Contractor representatives and Council staff assess the damage and collate the individual sites.<br>The procurement method selected will depend on risk and criteria such as: <ul style="list-style-type: none"> <li>Risk to the public</li> <li>Scale of works</li> <li>Complexity of works</li> </ul> A portion of the expected annual flood damage clean up and repairs required has been included in the maintenance contracts. |   |
|                                   | <i>Low Risk<br/>Non-complex works</i>   | Either no design required or specific design and low value.<br>Generally undertaken through negotiation with maintenance contractor/s or as invited tenders (for works < \$200,000) using lowest price conforming method of selection – benefits of bundling works / sites into a single contract considered on a case by case basis<br>WDC is guided by NZTA rules, guidelines and advice when assessing benefits of negotiation versus tendering  |
|                                   | <i>Medium to High Risk<br/>Complex works such as coastal / river works</i>  | Full engineering design required and resource consent and / or building consent may be required.<br>Projects may be bundled based on construction type, location and timing in order to deliver most effective solution.<br>Generally procured through open tender or may use invited tenders for works <\$200,000.   |

### 9.3 THE 3-WATERS – WATER SUPPLY, WASTEWATER AND STORMWATER

#### 9.3.1 Routine Maintenance and Operations

To date, maintenance contracts for the water activities have been undertaken in the following format:

- Water supply reticulation maintenance – within the urban limits of Wairoa Frasertown and Tuai.



- Wastewater – Wairoa, Tuai, Mahia and Opoutama
- Stormwater maintenance – within the urban limits of Wairoa

Council has recently re-tendered these contracts as a combined 3-waters maintenance contract which is common practice across New Zealand. The selection method used was a price-quality basis of evaluation, seeking innovation in delivery of the combined service.

This new contract started 1<sup>st</sup> July 2017 with a two-year term and provision for two 2-year roll-overs at the discretion of the Principal.

The new contract anticipates the following key changes to improve overall maintenance of the systems and delivery of the service:

- More ownership of the assets by Council staff through greater monitoring, inspections and programme development;
- Combining of the contracts will have cost savings in the management of the contracts;
- Efficiencies across the contract by combining water supply, wastewater and stormwater maintenance with provision for renewals;
- Asset management planning is enhanced

The operation and maintenance of the Frasertown Water Treatment Plant is excluded from the contract as the treatment plant is managed and operated by Council staff with specialist services engaged as required.

The Mahia and Opoutama Wastewater have been commissioned and the maintenance and operations of these schemes are to be incorporated as a variation into the existing 3 waters contract.

### 9.3.2 Capital Works / Renewals

Capital and renewals works for the water, wastewater and stormwater assets has traditionally been tendered as separate packages of work.

The new 3-waters operations and maintenance contract has provision for negotiation with the maintenance contractor to undertake renewals works (only as directed by the Engineer and within appropriate procurement financial limits)

## 9.4 WASTE MANAGEMENT

The current waste management contract has been in place since 2019.

The contract is both an operational and maintenance contract:

- Waste and recycling collection and disposal in Wairoa, Frasertown and Mahia
- Operation and maintenance of the Wairoa landfill

The option of a regional landfill operation has been investigated and proposed in the past with the aim of increasing the sustainability of the landfill as general practice reduces the amount of waste (per household) being disposed is reducing in line with the Waste Management and Minimisation Act 2008.

## 9.5 OTHER INFRASTRUCTURE ASSETS

Other infrastructure assets include:

- Parks and reserves
- Cemeteries
- Airport
- Property

Various maintenance contracts are in place for each of these activities, typically for a three-year term with the provision for 2 x 1 year roll-overs.





Contracts are generally procured through open tender on a lowest-price conforming basis, being non-complex and relatively low value.

Local contractors are encouraged to tender for these works.

## 9.6 NON-ASSET ACTIVITIES

### 9.6.1 All of Government Contracts / Standing Agreements

‘All of Government’ contracts are procurement arrangements where Council buys directly from suppliers for an agreed period of time. These arrangements are appropriate for goods of low value, have no special requirements, are easy to specify and have common standards.

Implemented by New Zealand Government – Procurement, the ‘All of Government Contracts’ use the collective power of Government by establishing supply agreements for selected common goods and services.

Council currently follows the All of Government Contracts for the following activities:

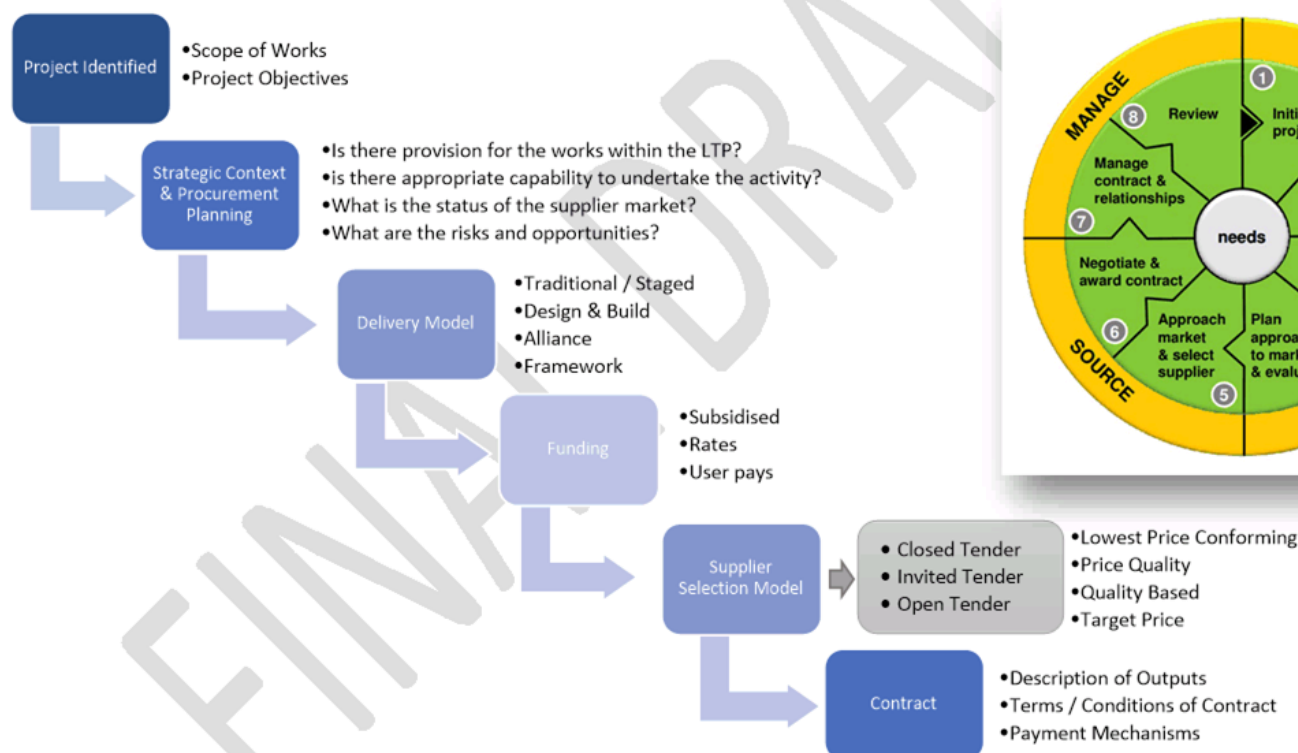
- Advertising media
- Air travel services
- Banking services
- IT Hardware
- Motor vehicles
- Print technology and associated services
- Mobile, voice and data services
- Office supplies



## 10. GENERAL PROCUREMENT APPROACH

### 10.1 OVERVIEW

The diagram below outlines the stages of procurement, of particular relevance to infrastructure works for Wairoa, but applicable to all activities. As further development emanates from the REG team Council will review its processes in light of the Procurement lifecycle (inset)







## 10.2 PROCUREMENT PLANNING – GENERAL

Prior to the engagement of any supplier of goods or services, procurement planning is required to ensure the best value for money.

The procurement planning process is to be relevant to the scale and complexity of the procurement and should be tailored appropriately.

As a minimum the process should include:

1. Reporting to the Infrastructure Committee as follows:
  - a. Prior to the start of early in a new financial year a summary of the anticipated tenders to be carried out during the year, estimated value, expected delivery model, and proposed selection procedure.
  - b. Exception reports as required when there are significant deviations from the indicated programme or issues arise that may put Council's reputation at risk.
  - c. A quarterly update that summarises progress and status of projects.
2. When renewal of an existing contract is being considered, a review of the current contract:
  - a. Is it delivering on its objectives?
  - b. Are the appropriate levels of service being met?
  - c. Are the agreed community outcomes being met?
3. Consideration of the Strategic Context:
  - a. Market circumstances;
  - b. Previous performance of likely bidders;
  - c. Risks and comity (mutual recognition of legislative, executive, and judicial acts) of the proposal;
  - d. Opportunities for innovation;
  - e. Potential to integrate across other activities;
  - f. Potential to enhance community outcomes by leveraging off the proposal;
  - g. Potential to sustain and/or grow the local supply chain
  - h. Consideration of business case principles including capacity and capability of Council officers to manage and deliver the procurement programme;
  - i. Review of issues in similar contracts (if any) that have previously been delivered.
  - j. Use s20 process of the LTMA for funded projects in terms of strategic procurement objectives.
4. How can delivery be improved?
  - a. Scope and cost of delivery;
  - b. Potential 'bundling' of works;
  - c. Length of contract;
  - d. Potential for local supply-chain involvement
  - e. Alternative delivery models
5. Determination of the preferred Format of Contract Delivery – *what type of contract will the works / services be delivered under?* (refer 10.4 below)



6. Determination of appropriate Selection Procedure – *how will the preferred supplier be decided?* (refer 10.5 below)

### 10.3 PROCUREMENT PLANNING – ROAD MAINTENANCE

#### 10.3.1 Background

In 2011, the Road Maintenance Task Force, engaged by the Government, identified that Road Controlling Authorities need to be 'Smart Buyers'.

These principles can be used across all Council Activities.

Smart Buyers have:

- *Improved understanding of costs that better inform their decisions*
- *Understanding of the impact delivery models and supplier selection criteria can have on the value of contracts*
- *Robust forward work programmes that are communicated to the industry and supported by budgets that allows the work to be completed*
- *Knowledge of the network to determine treatments required based on physical evidence and supported by knowledge of the costs involved*
- *In house expertise that aids the decision-making process and allows acceptance of innovative solutions possibly with or without the involvement of consultants*
- *A clear understanding of risk and how it is allocated and managed*
- *An understanding that lowest price will not always deliver desirable outcomes*

*An understanding that being prepared to pay more may result in enhanced whole of life value for money* Not so Smart Buyers:

- *Award contracts predominately based on price – with little appreciation of any risk to best value for money*
- *Outsource work to the detriment of asset knowledge*
- *Choose contract forms that are fashionable, not well understood and poorly managed*
- *Lack technical and contractual management skills*
- *Lack asset management skills – prevents the development of robust forward work programmes*
- *Do not support forward work programmes with appropriate budgets*

#### 10.3.2 Road Maintenance Procurement: Delivery Model Guidelines 2016

Following on from the Road Maintenance Task Force, the REG, developed by NZTA, have produced a report '*Road Maintenance Procurement: Delivery Model Guidelines*' to assist in making and improving road maintenance delivery model decisions which should be considered as part of the process.

The guidelines present a selection matrix of key client drivers to help determine and plan for a preferred road maintenance delivery model.

It is important for Council to understand the importance of key 'client drivers' and the characteristics of the various delivery models in order to use the matrix proposed in the report to deliver the best road maintenance delivery model.

The Guidelines also introduces alternative delivery models which should be considered for future road maintenance contracts:

- Traditional / Staged
- Performance
- Alliance / Collaborative



- Framework (relatively new concept in NZ and is untested)

### 10.3.3 Key Drivers

The following key drivers affect WDC's method of procurement and delivery for all activities:

- WDC staff Smart Buying capability and capacity
- WDC availability of resources including asset data
- Desired level of control and involvement in the work programme
- Supplier market for the works / services including capability and number of potential suppliers
- Risk appetite
- Appetite for improved value for money and continuous improvement

Other drivers for WDC include:

- Ability to decide all requirements prior to tendering
- Whether cost can be determined prior to committing to tender
- Robustness and sustainability of the local supply chain
- Enhancement of community outcomes
- Scale and Complexity of Works

## 10.4 FORMS OF DELIVERY MODEL

The generally accepted Forms of Delivery comprise the models outlined in the table below which identifies typical characteristics for the key Forms of Delivery for infrastructure projects.

| Potential for Innovation Increases | Staged / Traditional   |
|------------------------------------|--|
|                                    | <p>Where the client wants to retain control over the programme of works, where delivery likely to be on a measure and value basis and where the client wants to encourage a healthy market environment with limited suppliers</p> <ul style="list-style-type: none"> <li>• The Client has scope, schedule and programme certainty</li> <li>• Contract is simple / non-complex / low risk</li> <li>• Small to medium sized contracts</li> <li>• Short, medium or long-term contract duration with potential rollover</li> <li>• Direct negotiation / lowest price conforming / price-quality methods of procurement</li> <li>• Method of payment typically measure and value</li> </ul>   |
|                                    | Framework (sometimes referred to as a 'Panel')   |
|                                    | <p>Where the client wants to have a number of suppliers on hand to work as directed</p> <ul style="list-style-type: none"> <li>• Fosters long-term client/supplier relationships</li> <li>• Provides a choice of suppliers for selection is short notice</li> <li>• Provides opportunities for a panel of suppliers to work together to provide increased value for money</li> <li>• Enables risk sharing</li> <li>• Flexible</li> <li>• Agile – provides ability with minimum preparation required to respond to sudden increases in demand (e.g. emergencies) or new works associated with development etc.</li> <li>• Provides ability to manage workload across the supply chain</li> <li>• Provides opportunity to progressively develop collaboration</li> </ul> <p>This model is still evolving in New Zealand and is not suitable if the Council cannot provide the resources to manage multiple suppliers. There are considerable costs with establishing and</p> |



|  |  |
|--|--|
|  | maintaining a Framework and for this format to be worthwhile these costs need to be less than the sum of procuring and managing separate contracts   |
|  | <b>Performance [Design and Build]</b>  |
|  | Where the client wants to set performance measures and hold the contractor accountable for delivering them   |
|  | <ul style="list-style-type: none"> <li>• To encourage innovation</li> <li>• Contract more complex</li> <li>• Medium to large sized contracts</li> <li>• Typically, price-quality methods of procurement</li> <li>• Client has sufficient asset information for contractor to price contract</li> <li>• Self-certification with client-controlled checks</li> <li>• Well-balanced risk profile</li> <li>• Certainty in expenditure and rates</li> </ul>   |
|  | <b>Alliance / Collaborative model</b>  |
|  | This form of delivery provides flexibility and risk sharing in a formalised 'team approach' with the contractor focused on network outcomes  |
|  | <ul style="list-style-type: none"> <li>• Flexibility and risk sharing</li> <li>• Client wants to and has the capability to be directly involved in the contract</li> <li>• Client is uncertain of contract scope, required performance and programme and/or needs to make significant cost savings</li> <li>• Large / complex contracts</li> <li>• Longer term contract duration with potential rollover</li> <li>• Price-quality methods of procurement</li> <li>• Sharing knowledge and experience</li> <li>• The Asset has a high rate of change</li> </ul> |

Guidance on selecting the right delivery model for the contract being considered is available in the REG booklet 'Road maintenance procurement: Delivery model selection guidelines' available at:  
<https://www.nzta.govt.nz/assets/Road-Efficiency-Group-2/docs/reg-procurement-delivery-models-guidelines-march-2018.pdf>





## 10.5 SUPPLIER SELECTION METHODS

### 10.5.1 General

There is no “one size fits all” approach to procurement and Council favours a range of methods including:

- Comprehensive long-term contracts for maintenance works which require high levels of capacity, capability and certainty
- Smaller packages to enable smaller local suppliers to supply services to Council and their community
- Larger packages for capital projects involving complex design, project management and construction
- The acknowledgement of the roles of specialists

When choosing the appropriate procurement method, it is noted that some methods are governed by legislation. For example, the Land Transport Management Act 2003 requires certain procedures to be used for approved activities relating to transport.

### 10.5.2 Expression / Registration of Interest

The tender process may, depending on the scale and complexity of the goods or services being purchased, include an initial Registration of Interest (ROI) or Expression of Interest (EOI) phase as a means of establishing more information about the goods or services, the market and the capability of suppliers to satisfy the procurement need.

It may also be used as a means of selecting a short-list of organisations for the RFT/RFP phase.

This stage would be followed by a Request for Proposal (RFP) or Request for Tender (RFT).

### 10.5.3 Early contractor involvement

Early contractor involvement (ECI) can complement either a traditional, or a design and build delivery model. Typically, ECI is used to get early advice and involvement from a contractor into the buildability and optimisation of design. For maintenance contracts ECI can help refine the scoping and scheduling of the works. It facilitates an early understanding of requirements, therefore enabling innovation and value for money.

Normally a preselection process limiting the number of potential bidders is carried out prior to embarking on an ECI process. Bidders are generally sensitive to sharing innovative practice in front of their competitors and the more bidders remaining, the more challenging it can be for clients to manage suppliers' confidentiality and intellectual property.

### 10.5.4 Register of Preferred Suppliers

This essentially comprises two categories:

- standing arrangements for supply of recurring purchases each of a relatively low value;
- panel arrangements where a contractual arrangement is made with a group of suppliers to provide services as and when required based on agreed prices / rates.

With a relatively small marketplace, the establishment of such a register, typically using a pre-qualification process, may facilitate the assignment of minor works to local contractors, in particular for the non-core activities such as trades (plumbing and electrical works).

A Register of Preferred Suppliers reduces the need for repeated processes in selecting suppliers with associated time and cost savings to all parties. Setting up and maintaining such a register comes at a cost and Council will seek to leverage capability of its peer network.

Such an arrangement is effectively in place for many suppliers through the 'All of Government Contracts' process used by Council.

Larger contractors, including local, regional and national contractors, would be encouraged for larger scale core activity works such as road and water maintenance contracts.



Hence, the extent of such a panel/s and the type of works to be included would need to be assessed and agreed. A pre-qualification process would need to be undertaken to enable organisations to be included in the register/s for specific works.

**NZTA Funded Works**

A separate NZTA approval will be required if this option is pursued.

FINAL DRAFT





### 10.5.5 Financial Thresholds & Descriptions

WDC standard procurement processes are based primarily on monetary thresholds. The table below summarises the typical procurement options and thresholds:

| CONTRACT VALUE                                 | \$0 - \$100,000 | \$100,000 - \$200,000 | OVER \$200,000 | GENERAL DESCRIPTION   |  |
|--|-----------------|-----------------------|----------------|---|--|
| METHOD OF SELECTION                            |                 |                       |                |   |  |
| <b>DIRECT APPOINTMENT / PREFERRED SUPPLIER</b> | ✓               | x                     | x              | <p>In some circumstances, goods, works and services may be secured through direct negotiation typically based on tendered rates where available. Such options may be provided for through other contracts such as renewals works being procured through maintenance contracts.</p> <p>Direct negotiations and appointments may also be made where there is a monopoly supplier or where the costs and benefits of competition may not provide value for money.</p>  |  |
| <b>CLOSED CONTEST / INVITED TENDER</b>         | ✓               | ✓                     | x              | <p>An invited or closed tender is the same as a public tender with the exception that the invitation to tender is limited to a selected panel of potential tenderers / proposers.</p> <p>All contracts for the supply of works and services likely to involve expenditure up to \$200,000 shall be submitted to a minimum of two but preferably three selected / suitable contractors / suppliers.</p> <p>Where a register of preferred suppliers is in place, invitations to participate in a closed tender must be sent to all current suppliers on the register.</p> <p><i>If only one supplier is identified, the Council may negotiate the terms, including price, of a contract with that supplier using the direct appointment supplier selection method</i></p> <p><i>Methods of Evaluation</i></p> <ul style="list-style-type: none"> <li>• <i>Lowest Price Conforming</i></li> <li>• <i>Price Quality</i></li> <li>• <i>Quality Based</i></li> <li>• <i>Target Price</i></li> </ul> |  |



## PROCUREMENT STRATEGY 2019

| CONTRACT VALUE                   | \$0 - \$100,000 | \$100,000 - \$200,000 | OVER \$200,000 | GENERAL DESCRIPTION  |  |
|----------------------------------|-----------------|-----------------------|----------------|--|--|
| METHOD OF SELECTION              |                 |                       |                |  |  |
| <b>PUBLIC (OPEN) TENDER</b>      | ✓               | ✓                     | ✓              | <p>All contracts for the supply of works and services that are likely to involve the Council in expenditure of \$200,000 or more shall be put to open tender.</p> <p>Tenders will comprise a Request for Proposal (RFP) or Request for Tender (RFT). An RFP is typically used where the outcome desired can be specified but Council is willing to accept alternative methods of achieving the outcome and is seeking innovation on the part of the suppliers. An RFT is used where the specification or requirements are clearly defined and there is little room for flexibility or innovation.</p> <p><i>For reinstatement works after an emergency (such as flooding events), Council may call for quotations or order the work directly in lieu of inviting tenders under this strategy. Under the NZTA Procurement Manual, for roading activities, this is permitted providing that permanent reinstatement / solutions are subject to the normal procurement processes.</i></p> | <p><i>Methods of Evaluation</i></p> <ul style="list-style-type: none"> <li>• Lowest Price</li> <li>• Conforming</li> <li>• Price Quality</li> <li>• Quality Based</li> <li>• Target Price</li> </ul> |
| <b>Approved Procurement Plan</b> | ✓               | ✓                     | ✓              | <p>Where an officer assesses that the procurement processes in this Strategy are not appropriate for a project; for example there are insufficient qualified suppliers available to undertake a tender pursuant to this Strategy (or in accordance with the NZTA Procurement Manual for funded roading projects), or the matter involves proprietary products that are not amenable to tender, then a procurement plan will be prepared outlining the approach proposed to obtain the best overall result for WDC. This plan must be approved in accordance with WDC delegations and by NZTA for funded projects.</p>  |  |



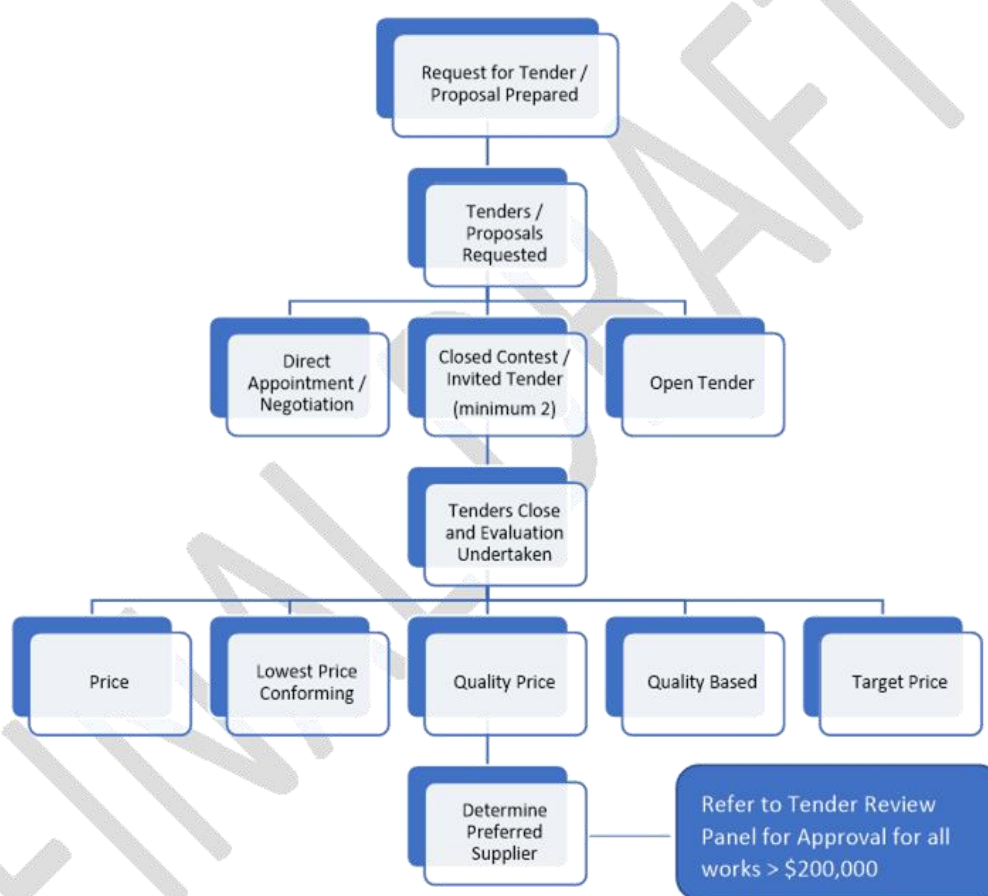
## 10.6 TENDER PROCEDURES

### 10.6.1 General

Council's tender documents / requests for proposals should include, but not be limited to:

- Scope / Specification of works, services or goods
- Payment schedule and payment mechanisms
- Duration of contract
- Conditions of contract / Terms of Agreement
- Evaluation criteria
- Time of closing of tender / proposal.

### 10.6.2 Flow Chart of the Tender Process





### 10.6.3 Methods of Evaluation

Refer to WDC **Tender Evaluation Manual** (in the process of development at the time of writing) which outlines the process to be followed in the evaluation of tenders / proposals.

For all subsidised roading contracts, the NZTA Procurement Manual should be complied with.

A number of evaluation methods are used as generally outlined below:

|                                |  |
|--------------------------------|--|
| <b>Negotiation</b>             | Works < \$100,000<br>Low risk / small scale / non-complex works  |
| <b>Lowest Price Conforming</b> | Low risk / non-complex works<br>Lowest price conforming should be used where it is determined that best value for money will be obtained by having suppliers compete on price alone.<br>The preferred supplier is the supplier that offers the lowest price and meets all the minimum requirements specified   |
| <b>Quality Price</b>           | The quality attributes of suppliers are scored and balanced against price through a specified formula to determine the preferred supplier.<br>Council is effectively willing to pay a premium for a higher quality service.  |
| <b>Quality Based</b>           | The preferred supplier is selected solely on quality through non-price attributes.<br>A price is then negotiated with the preferred supplier, based on their price proposal, submitted with the tender.<br>The quality-based method should be used where it has been determined that the best value for money will be obtained by selecting the supplier on the basis of supplier quality alone. There is no competition on price. |
| <b>Target Price</b>            | Where Council is unable to specify the outputs required but has a budget and can specify the desired outcomes<br>Best value for money is then obtained by selecting the supplier that provides the best proposal for the price set out in the RFP  |



## 11. MANAGEMENT & IMPLEMENTATION

### 11.1 TENDER REVIEW PANEL

All tenders with an estimated expenditure in excess of \$200,000 shall be subject to the approval of the Tender Review Panel.

The Tender Review Panel will comprise elected members of:

- The Infrastructure Committee and/or the
- Financial, Audit and Risk Committee.

### 11.2 CONDITIONS OF CONTRACT

Infrastructure contracts are generally based on the NZS 3910 framework. For ten years NZS 3910:2003 was the form of construction contract most commonly used in New Zealand. Following industry feedback, in 2013/14 NZS 3910:2003 was superseded by three new building and civil engineering contracts:

- NZS 3910:2013 – Construction (Construction contract)
- NZS 3916:2013 – Design and Construct (D&C Construct contract)
- NZS 3917:2013 – Fixed Term (Fixed Term contract)

The splitting of the former NZS 3910:2003 into three separate standards provided a more tailored general conditions for the different types of contracts and procurement arrangements that feature in the New Zealand construction sector.

### 11.3 HEALTH AND SAFETY

The health and safety implications of any proposed procurement should be assessed before, during and after the procurement with particular emphasis on the following:

- Ensure the importance of workplace safety is reflected in all procurement and selection criteria and/or decisions where appropriate;
  - this includes defining responsibilities, with specific provisions for subcontractors
- During procurement, identify hazards and risks associated with the works, goods or services.

***Health and safety standards shall be set for each contract with minimum standards relative to the risk of the project.***

Costs will only take precedence over health and safety, when the cost of eliminating a health and safety risk is “grossly disproportionate” to the risk itself.

Council uses the SiteWise NZ - Contractor Health & Safety System.

### 11.4 CONTRACT MANAGEMENT APPROACH

WDC is a small sized local authority with capable but limited resources. Council is continually working towards upskilling and retaining staff.

Council uses a mix of its own staff and external resources (where appropriate) to deliver levels of service and achieve associated planning and programmes.

Physical works contracts and asset management are generally managed through Council staff. Suppliers with quality systems and self-auditing processes enable Council to be assured quality is not compromised with less supervision.

### 11.5 RECORD KEEPING

Appropriate records of procurement activity in general and specific information relating to individual contracts are to be kept. In the case of individual contracts, relevant information of meetings and engagements is to be





recorded. This is to be at a scale that reflects the importance and merit of the engagement and may be a simple diary note, a site diary record, or a detailed minute of a discussion held, etc.

## 11.6 PERFORMANCE MONITORING AND EVALUATION

Performance management and monitoring are an essential part of the procurement process. Contract documents are to specify clear outcomes and state how the supplier's performance will be monitored and evaluated. Consideration is to be given to

- How the supplier interacts with
  - the public
  - other suppliers
  - WDC representatives
- The quality of the work provided
- The timeliness of delivery
- The contribution to enhanced delivery and improved value for money

Information gathered in this evaluation process will be taken into consideration in the evaluation of future tenders.

## 11.7 CONTRACT VARIATIONS

Contract variations are to be in keeping with the Financial Delegations Register and/or criteria specified within the contract documents.

## 11.8 CONTRACT TERMINATION

Requests for tender are to clearly state that the lowest or any tender may not be accepted, and contract documentation is to clearly outline reasons and processes that will be applied in the event of a decision to terminate the contract.

## 11.9 COMMUNICATION

### 11.9.1 Elected Members

Formal reports are provided when decisions are required relating to funding or policy matters. The key reference documents from a procurement perspective are the Long Term Plan and Activity Management Plan that sets the scene for the ensuing 10 years. Monthly updates are provided through the CEO's update report.

The Infrastructure Committee of Council will be responsible for overseeing the procurement of works and services.

Specific pre and post-procurement Council involvement is to be determined through the Infrastructure Committee on a regular basis, or at Council's discretion.

### 11.9.2 WDC Management

Management and other staff have access to all the same reports as elected members including detailed Asset Management Plans.

The size of our organisation is such that most communication between staff and departments is informal, with regular team meetings, and email the most common form of written communication.

### 11.9.3 Other Approved Organisations & Suppliers

Council maintains extensive engagement with NZTA, Hastings, Central Hawke's Bay, Napier and Gisborne councils through regional land transport and utility operator liaison groups.

Council staff communicate with other approved organisations and suppliers through a range of forums such as RCA Forum, LGNZ, SOLGM, IPWEA, IPENZ and numerous courses, presentations etc throughout the year.





Council staff (and consultants/contractors) are encouraged to gain knowledge and share experiences from outside the region, such as involvement on reference groups, working parties etc.

Formal communication to the market of proposed programmes is through the LTP.

The Procurement Strategy will be uploaded to the Wairoa District Council website.

#### 11.10 DELEGATIONS

No person shall enter into a contract or funding arrangement (including purchasing of goods and services) on behalf of Council unless:

- they have specific delegation to do so;
- The works, goods and / or services are within budget as set out in the LTP / Annual Plan or by formal resolution of Council.

#### 11.11 INTERACTION WITH OTHER DOCUMENTATION

This Procurement Strategy is linked to Council and the NZTA's wider planning framework as well as implementation rules and guides including:

- Financial delegations
- NZTA Programming Planning and Funding Manual
- NZTA Procurement Manual
- Council Tender Evaluation Procedures Manual.

#### 11.12 REVIEW AND IMPROVEMENT

Council acknowledges there are opportunities to improve this strategy and Councils procurement processes.

The following procurement items have been identified as future actions:

- Continued staff development, in particular in the areas of procurement, asset knowledge, risk assessment and management, and contract management;
- Continued staff involvement in using and improving the recently developed Tendering Process and Contract Management Manual ;
- This Procurement Strategy will be reviewed on a tri-annual basis or earlier if significant change is warranted;
- Recommendations from s17A service delivery reviews will be incorporated as they are undertaken and as appropriate.

## **Wairoa District Council**



# **PROCUREMENT POLICY 2020**

**March 2020**



## **Wairoa District Council PROCUREMENT POLICY 2020**

Prepared By \_\_\_\_\_

Approved By \_\_\_\_\_

Date: March 2020

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## SUMMARY

**PURPOSE** –to state the requirements and expectations of procurement carried out by the Council

### SCOPE

| Application  | Intention  | Support   |
|--|--|---|
| <ul style="list-style-type: none"> <li>Applies to all Wairoa District Council employees</li> <li>Does not apply to Council Controlled Organisations</li> </ul> | <ul style="list-style-type: none"> <li>is intended for all procurement associated with the Council's teams and individuals completing their everyday work in the normal way</li> </ul> | <ul style="list-style-type: none"> <li>is to be supported by appropriate management procedures for its effective enactment</li> </ul> |

### Procurement Policies

| OAG Principles and Guidelines   | Probity                                      | Value for Money   | The Local Supply Chain   | Management of Risk  | Management of Risk – trials and innovation   | Transparency and Confidentiality   | Reporting  | Community outcomes   | Implementation  |
|---|--|---|--|---|--|--|--|--|---|
| Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General. | Procurement is to be conducted with probity. | The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising: <ul style="list-style-type: none"> <li>whole of life costs,</li> <li>transactional costs for suppliers and Council, and</li> <li>negative impacts on the local supply chain and well-being of the community</li> </ul> | Where practicable, procurement processes are to consider the sustainable development of the local supply chain | Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically: <ul style="list-style-type: none"> <li>Implementing Procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.</li> <li>Developing and implementing risk management plans for high risk procurements</li> </ul> | Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community | Procurement processes are to be transparent where feasible with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders except where sensitive commercial information is compromised by doing so | The status of procurement within the District is to be routinely reported to the Finance, Audit & Risk Committee | Opportunity to further enhance community outcomes is to be considered as part of procurement processes | The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place |





## PROCUREMENT RELATIONSHIP TO COUNCIL'S VISION AND COMMUNITY OUTCOMES

**Vision – Connected Communities. Desirable Lifestyles. Treasured Environments**

### Community Outcomes

| Economic Wellbeing  | Social and Cultural Wellbeing  | Environmental Wellbeing  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• A strong, prosperous and thriving economy</li> <li>• A safe and integrated infrastructure</li> </ul> | <ul style="list-style-type: none"> <li>• A community that values and promotes its culture and heritage</li> <li>• Safe and accessible recreational facilities</li> <li>• Supportive, caring and valued communities</li> <li>• Strong district leadership and a sense of belonging</li> </ul> | <ul style="list-style-type: none"> <li>• A safe and secure community</li> <li>• A lifetime of good health, education and wellbeing</li> <li>• An environment that is appreciated, protected and sustained for future generations.</li> </ul> |

### Procurement Principles\*

|                 |                                      |                              |            |                                |                |
|-----------------|--------------------------------------|------------------------------|------------|--------------------------------|----------------|
| Value for Money | Openness, Transparency, and Fairness | Accountability and Integrity | Lawfulness | Appropriate Management of Risk | Sustainability |
|-----------------|--------------------------------------|------------------------------|------------|--------------------------------|----------------|

### Procurement Objectives\*

|  |  |  |   |  |  |  |  |   |   |
|--|--|--|---|--|--|--|--|---|---|
| To select the right supplier who can deliver what is needed, at a fair price and on time | To deliver best value for money over the whole life of the goods, service or asset | To promote efficient purchasing practices and their continuous improvement | To appropriately manage risk in relation to purchasing of goods and service | To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers | To ensure that all decisions are robust and defensible | To ensure adequate probity – integrity and honesty | To contribute to the achievement of community outcomes | To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals | To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities |
|--|--|--|---|--|--|--|--|---|---|

\*As stated in Procurement Strategy





## 1 Overview

Procurement is the planning, decision-making, and implementation process used to obtain goods and services. It covers the whole cycle from identification of needs through to the commitment to purchase goods or services, including entering into and managing the provision of goods and/or services by contracts until the contract obligations have been fulfilled. The NZ Government definition is:

*All aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset.*

This Procurement Policy provides strategic direction for the procurement of goods and services. It does not delve into the detailed operational processes required for its successful implementation and delivery. This policy is to be supported by appropriate management strategies and procedures for its effective enactment. The Chief Executive and the Senior Leadership Team (SLT) are to ensure successful implementation and delivery of the policies as stated.

Part of Council's strategic and governance role is to ensure that its statutory responsibilities, duties and powers are carried out at the most effective and efficient levels. This policy sets out the procurement expectations.

### 1.1 Purpose

The purpose of this policy is to state the requirements and expectations of procurement carried out by the Council.

### 1.2 Scope

This policy does not apply to Council Controlled Organisations.

Applies to the procurement cycle for Council's activities across all of Council's departments.

### 1.3 Extent of Responsibility

Council retains ultimate responsibility for its governance, statutory and financial responsibilities, duties and powers at all times. No delegation relieves Council of the liability or responsibility for the performance of the delegated responsibility, duty or power.

Those with responsibility for a delegated task or function have the authority to carry it out effectively.

Irrespective of whether the policy or documented management procedures support an action, employees must have regard to the potential reputational consequences for Council, and in these cases should consider seeking guidance from their manager.

Unless otherwise expressly stated all financial values stated are GST exclusive

This policy is to be read in conjunction with the Wairoa District Council Delegations Manual.



## 1.4 Policy Limitations

This policy relates to procurement only.

### The meaning of procurement

Procurement covers any commitment or expenditure that binds the Council to make payment to or otherwise confer a benefit on an external party. It includes all contracts and contract variations, memorandum of understandings, rents and leases for equipment, as well as purchase orders, works orders, and other purchases of goods and services.

### Procurement Activities Specifically Excluded

- exercise of the authority to approve payroll.
- exercise of the authority over those matters covered by the Council's Treasury Policy.
- exercise of the authority to remit rates or other amounts due to the Council, or to write off bad debts. The remission of rates is the subject of the Council's Rates Remission and Postponement Policy. The authority to write off bad debts is dealt with by separate delegation.
- gifts and koha, which are dealt with by the Council's Koha Policy and Donations and Sponsorship Policy.

### Policy Breach

A breach of the Procurement Policy may be considered as potential misconduct or serious misconduct and will be handled in accordance with existing disciplinary procedures.

Any user who becomes aware of a breach of this policy is to follow the process in the "Protected Disclosures Policy".

## 1.5 Auditor General's Guidance

In June 2008, the Office of the Auditor General published a good practice guide, "Procurement guidance for public entities", under Section 21 of the Public Audit Act 2001. Paragraphs 2.3 and 2.4 of this guide note the following basic principles that govern all public spending

*2.3 There are some basic principles that govern the use of all public funds. They should be considered when considering any funding arrangement with an external party. This includes procuring goods or services. The international literature on this area includes many different versions of the principles that need to be considered. They cover similar ground. We summarise the basic principles as:*

- **Accountability** – Public entities should be accountable for their performance and be able to give complete and accurate accounts of the use they have put public funds to, including funds passed on to others for particular purposes. They should also have suitable governance and management arrangements in place to oversee funding arrangements.



- **Openness** – Public entities should be transparent in their administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between entities and any external parties entering into funding arrangements.
- **Value for money** – Public entities should use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).
- **Lawfulness** – Public entities must act within the law and meet their legal obligations.
- **Fairness** – Public entities have a general public law obligation to act fairly and reasonably. Public entities must be, and must be seen to be, impartial in their decision-making. Public entities may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way they conduct the relationship.
- **Integrity** – Anyone who is managing public resources must do so with the utmost integrity. The standards applying to public servants and other public employees are clear, and public entities need to make clear when funding other organisations that they expect similar standards from them.

2.4 By applying these principles sensibly, public entities can demonstrate that they are spending public money wisely, and properly managing the process for spending it

Paragraph 2.5 of the guide lists a number of practical considerations public entities should consider when giving effect to the basic principles listed above. Of particular relevance to Wairoa District Council are the following:

- **The goal** – It is important for the public entity to focus on what it is trying to achieve. The process should not dominate at the expense of the outcome.
- **Simplicity and proportionality** – The requirements put in place for the funding arrangement should be as simple and practical as possible, considering the amounts involved, the complexity, and the level of risk. It is appropriate to consider compliance costs for both parties and seek to reduce them where possible.
- **The risk** – Public entities need to identify risks in or around the funding arrangement and to consider how to manage those risks. This should not be seen as encouragement to be overly risk averse. The key is to get the right balance between risk and expected benefit, and to do so consciously

The guide also includes the following observations pertinent to Wairoa District Council in paragraphs 2.19 to 2.21

2.19 A public entity should develop its own procurement policies and procedures that are tailored to its working environment and that take into account the basic principles in paragraph 2.3, the practical considerations in paragraph 2.5, . . . .





2.20 Publishing an unambiguous procurement policy and following that policy reduces the risk of challenges to the decision-making process and may reduce the cost of procuring. It also helps retain credibility with suppliers. Clear processes can help ensure that the procurement policy is consistently followed.

2.21 A public entity should be aware of the risk of developing an overly rigid or prescriptive procurement policy that effectively fetters its discretion. When developing procurement policies and specific tender or proposal documentation, entities need to be aware of the risks of limiting their ability to exercise discretion. The risks may be greater when the public entity is performing a statutory function in procuring goods or services.

## 1.6 Other Council documents relating to this policy

The following table summarises the relationship between this policy and other documents relating to procurement.

| Document  | Purpose   | Current Status   |
|---|---|--|
| Financial Delegations Policy                                  | To support safe, efficient and cost-effective procurement and payment of goods and services.  | In place. To be reviewed as other documents are developed.   |
| Procurement Strategy 2020                                     | To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.   | Procurement Strategy (2017) is in place and will be modified.  |
| Tendering Process and Contract Management Manual              | To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts in order to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts. | Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. Under development. |
| Contract Template for infrastructure maintenance and projects | To facilitate consistent and efficient generation of contract documents.  | Has been developed by staff and is being used  |
| Risk Management Policy  | To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.   | In place   |
| Protected Disclosures Policy                                  | To set out the means by which Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000   | In place   |
| Fraud Policy  | To facilitate the development of controls that will aid in the detection and prevention of fraud  | In place   |



## 1.7 Roles and responsibilities

| Role                 | Responsibility   |
|----------------------|--|
| <b>Council</b>       | Set the strategic direction and procurement policies   |
| <b>Council staff</b> | Implement strategic direction, provide professional guidance on policies, monitor implementation |

## 1.8 Change history

| Amendment(s)       | Date | Updated by and authority |
|--------------------|------|--------------------------|
| Updated            |      |                          |
| Signed off SLT     |      |                          |
| Adopted by Council |      |                          |



## 2 Policy Provisions

### 2.1 OAG Principles and Guidelines

#### 2.1.1 Policy statement

**Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General.**

#### 2.1.2 Considerations and reasons

The Controller and Auditor-General (the Auditor-General) is responsible for auditing all of New Zealand's public organisations. The current focus is to improve the performance of, and public trust in, the public sector.

The Office of the Auditor General (OAG) produce case studies and helpful reports on a range of issues relating to public entities. Their 2008 good practice guide remains the key procurement guidance document for public entities in New Zealand.

Their guidelines promote focusing on the goal being sought, keeping processes as simple and practical as possible, and consciously seeking to achieve the right balance between risk and expected benefit. This policy statement encourages recognition of the flexibility and spirit and intent promoted by the OAG guidance.

### 2.2 Probity

#### 2.2.1 Policy statement

**Procurement is to be conducted with probity.**

#### 2.2.2 Considerations and reasons

Probity is *Conducting business with a strict adherence to a code of ethics based on undeviating integrity, uprightness and honesty.*

Probity contributes to sound procurement processes that accord equal opportunities for all participants. A good outcome is achieved when probity is applied with common sense. Probity should be integrated into all procurement planning and is not be a separate consideration. It enables purchasers and suppliers to deal with each other on the basis of mutual trust and respect. Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity. Ethical behaviour also enables procurement to be conducted in a manner that allows all participating suppliers to compete as equally as possible. Procurement processes must be clear, open, well understood and applied equally to all parties.

When probity is put into practice, all suppliers and providers have a fair opportunity, with the process being transparent, accountable, impartial and equitable.

There are five interrelated principles of probity in procurement:

1. acting fairly, impartially and with integrity





2. being accountable and transparent
3. being trustworthy and acting lawfully
4. managing conflicts of interest
5. securing commercially sensitive and confidential information.

As a public entity, it is important that Council has an ethical, transparent approach with ethical behaviour underpinning procurement processes.

## 2.3 Value for Money

### 2.3.1 Policy statement

**The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising**

- **whole of life costs,**
- **transactional costs for suppliers and Council, and**
- **negative impacts on the local supply chain and well-being of the community.**

### 2.3.2 Considerations and reasons

The lowest price does not always result in the most cost-effective services, particularly for high-cost long-life infrastructure investments. Two common examples of not achieving cost-effective services through acceptance of the lowest price are poor workmanship and choice of the wrong capital solution. For example;

- Poor workmanship that reduces the life of the product by 20% increases the average whole of life expenditure by 25% per annum.
- Different capital solutions generally come with different whole of life operating and maintenance costs. When these are taken into account the most cost-effective whole of life option may not be the option with the lowest initial capital cost.

Transactional costs are not insignificant for both the Council and suppliers. This can be particularly true for smaller scale contracts. The costs for Council to prepare documents, advertise, evaluate tenders, and award contracts can be nearly as much for a small contract as for one of substantial value. At the same time, costs for suppliers to prepare bids and submit tenders can also be substantial. If there are several tenderers bidding for a contract of say, less than \$30,000 in value, it is not inconceivable for the total costs of Council and the bidders will be more than the contract value. Transactional costs should be considered when choosing the procurement process methodology.

Council is one of the largest entities within the community and has influence on the health and well-being of its citizens. This includes influence and impact on the local supply chain. Protecting the local supply chain may increase the direct cost to Council and subsequently its ratepayers but the overall benefits to the local community of doing so may mean that the additional cost is still value for money. For this reason, the value for money consideration should take into account the marginal costs of sustaining the local supply chain and any resulting long-term consequences for the community, both directly and indirectly. This also applies to the next policy statement.



Options for achieving value for money include:

- collaboration with other councils and/or purchasers
- selecting an alternative delivery model
- scoping the works differently
- bundling the contract items differently

## 2.4 The Local Supply Chain

### 2.4.1 Policy statement

**Where practicable, procurement processes are to consider the sustainable development of the local supply chain.**

### 2.4.2 Considerations and reasons

It is difficult for communities the size of Wairoa to provide learning and development opportunities larger centres can offer. This often means youth do not have the opportunity to upskill locally and consequently move to larger centres for training. It can also mean local businesses struggle to gain, train, and retain a skilled workforce. This in turn makes it challenging for local businesses secure specialised Council work.

Council can adopt methodologies, or processes or include contract conditions that will help develop the local supply workforce. Examples are;

- specifying a requirement to employ and train local residents in large contracts,
- identifying and nominating a local supplier as a subcontractor for a component of work
- investing in additional supervision and direction for works of a modest scale

The second to last paragraph in 2.3.2 above also applies to this policy statement.

## 2.5 Management of Risk

### 2.5.1 Policy statement

**Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically:**

- **Implementing procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.**
- **Developing and implementing risk management plans for high risk procurements.**

### 2.5.2 Considerations and reasons

Transfer of risk to suppliers can result in significant, and often unnecessary, cost increases. The OAG guidelines note

*Public entities need to identify risks in or around the funding arrangement and to consider how to manage those risks. This should not be seen as encouragement to be overly risk*



averse. The key is to get the right balance between risk and expected benefit, and to do so consciously.

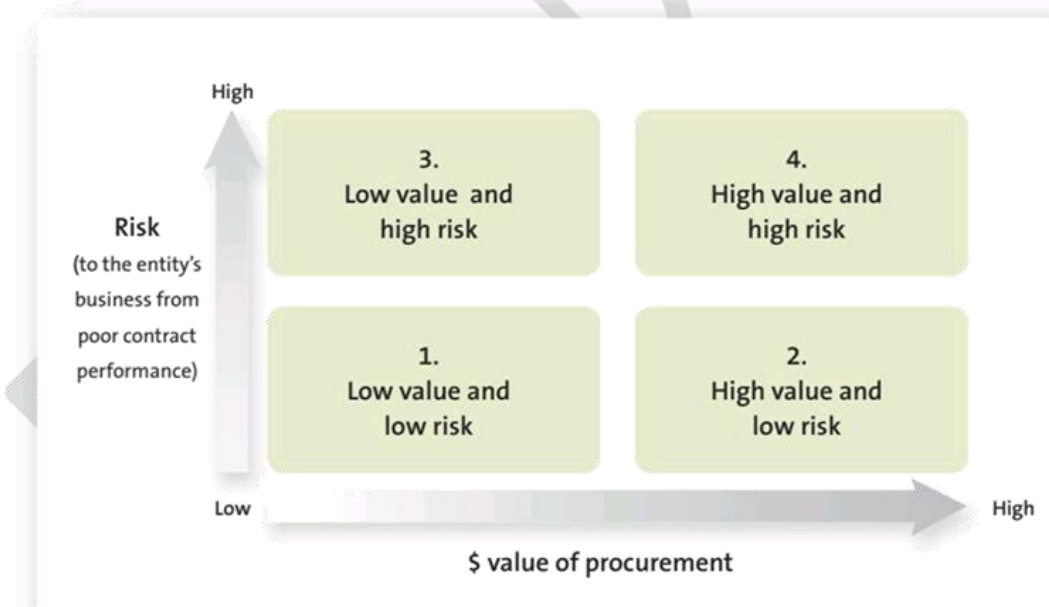
The OAG guidelines further note

*A public entity should be aware of the risk of developing an overly rigid or prescriptive procurement policy that effectively fetters its discretion. When developing procurement policies and specific tender or proposal documentation, entities need to be aware of the risks of limiting their ability to exercise discretion. The risks may be greater when the public entity is performing a statutory function in procuring goods or services.*

Council manages contracts of various sizes. Some of the larger contracts, such as the road maintenance contracts, have multiple repeatable tasks of relatively low value and modest consequences in the event of failure. Provided this is the case and procedures are in place to address any causes of failure, these contracts can be considered to be of high value and low risk. This can be contrasted with smaller contracts of much lower total value requiring specialist installation unfamiliar to Council staff with severe consequences if carried out incorrectly. Examples of this would be sophisticated water treatment equipment and technologies, or commissioning and implementing a new information or accounting system.

Figure 2 of paragraph 3.12 in the OAG guidelines shows *how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category.*

Figure 2: Analysing type of procurement to identify procurement method



*This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured, and the guidelines provide additional details on the categories.*





This policy recognises that standard contract conditions along with fit for purpose tendering and contract management procedures, when properly applied, are useful mechanisms for mitigating risk associated with much of the goods and services the Council is procuring. For this reason, the policy limits the requirements for developing and implementing contract specific risk management plans to high risk procurements only.

## 2.6 Management of Risk – trials and innovation

### 2.6.1 Policy statement

**Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community.**

### 2.6.2 Considerations and reasons

Council recognises that from time to time trialling of new products, technologies, concepts and techniques may ultimately lead to benefits for the community either immediately or long-term. Council supports the trial of new technologies as a potential procurement outcome, and accepts there is a higher degree of risk to Council in these situations.

## 2.7 Transparency and Confidentiality

### 2.7.1 Policy statement

**Procurement processes are to be transparent where feasible with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders except where sensitive commercial information is compromised by doing so.**

### 2.7.2 Considerations and reasons

The OAG identify openness as a basic principle for procurement and note

*Public entities should be transparent in their administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between entities and any external parties entering into funding arrangements.*

Care needs to be taken when limited bids and/or only a few scheduled items are involved. In these situations, it may be possible for bidders to back calculate their competitors' rates and evaluation scores if a weighted attributes procurement process is involved.

## 2.8 Reporting

### 2.8.1 Policy statement

**The status of procurement within the District is to be routinely reported to the Finance, Audit & Risk Committee.**



## 2.8.2 Considerations and reasons

Elected members are ultimately accountable for the delivery of the Council's Long Term Plan and should be regularly informed of its implementation. Further to this, regular reporting that provides a snapshot summary is a useful mechanism for staff to identify, intercept and address problems.

## 2.9 Community outcomes

### 2.9.1 Policy statement

**Opportunity to further enhance community outcomes is to be considered as part of procurement processes.**

### 2.9.2 Considerations and reasons

Although Council's programmed works have considered Council's Community Outcomes as part of the long term and annual planning processes, procurement cannot be done in isolation. In many situations the presence of a supplier engaged to deliver a project or service provides a rare opportunity at minimal additional cost to enhance community outcomes beyond the enhancements that would be delivered by the project or service alone. Where possible Council will leverage off procurement processes to help achieve broader strategic goals and have a strategic and linked up approach to how services are delivered and support the community's social, cultural, environmental, and economic wellbeing.

## 2.10 Implementation

### 2.10.1 Policy statement

**The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place.**

### 2.10.2 Considerations and reasons

As the sole employee directly appointed by Council, the Chief Executive is responsible for ensuring Council policies are implemented.



### 3 Procurement Objectives

The table below outlines Council's procurement objectives and the relevant policy provisions. The Procurement Strategy develops the approaches to be taken for delivering the objectives

| PROCUREMENT OBJECTIVE  | RELEVANT POLICY PROVISIONS  |
|--|---|
| To select the right supplier who can deliver what is needed, at a fair price and on time.                                | <ul style="list-style-type: none"> <li>• OAG Principles and Guidelines</li> <li>• Value for Money</li> <li>• Management of Risk</li> <li>• Community outcomes</li> </ul>          |
| To deliver best value for money over the whole life of the goods, service or asset                                       | <ul style="list-style-type: none"> <li>• Value for Money</li> <li>• The Local Supply Chain</li> <li>• Reporting</li> </ul>  |
| To promote efficient purchasing practices and their continuous improvement   | <ul style="list-style-type: none"> <li>• Reporting</li> <li>• Management of Risk</li> <li>• Implementation</li> </ul>   |
| To appropriately manage risk in relation to purchasing of goods and services   | <ul style="list-style-type: none"> <li>• OAG Principles and Guidelines</li> <li>• Management of Risk</li> <li>• Management of Risk – trials and innovation</li> </ul>             |
| To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers | <ul style="list-style-type: none"> <li>• OAG Principles and Guidelines</li> <li>• Probity</li> <li>• Transparency and Confidentiality</li> </ul>                                  |
| To ensure that all decisions are robust and defensible   | <ul style="list-style-type: none"> <li>• Probity</li> <li>• OAG Principles and Guidelines</li> <li>• Reporting</li> <li>• Management of Risk</li> <li>• Implementation</li> </ul> |
| To ensure adequate probity – integrity and honesty   | <ul style="list-style-type: none"> <li>• OAG Principles and Guidelines</li> <li>• Probity</li> </ul>  |
| To contribute to the achievement of community outcomes   | <ul style="list-style-type: none"> <li>• Community outcomes</li> <li>• The Local Supply Chain</li> <li>• Value for Money</li> </ul>   |
| To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy, and Manuals         | <ul style="list-style-type: none"> <li>• Implementation</li> <li>• OAG Principles and Guidelines</li> <li>• Probity</li> <li>• Reporting</li> </ul>                               |





| PROCUREMENT OBJECTIVE   | RELEVANT POLICY PROVISIONS   |
|---|--|
| To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities | <ul style="list-style-type: none"><li>• Implementation</li><li>• OAG Principles and Guidelines</li><li>• Reporting</li><li>• Probity</li></ul> |

FINAL DRAFT

# Tendering Process and Contract Management Manual

March 2020



**TE WAIROA**  
**WAIROA DISTRICT**

FINAL DRAFT

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# WAIROA

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## Preamble

The content of Wairoa District Council's Tendering Process and Contract Management Manual is based on current best business practice. This manual will continue to evolve and is subject to revision. Where amendments are wanted, these should be raised as continuous improvement items using the Asset Management Quality System.

While all care has been taken in formulating this manual, AMSAAM Limited accepts no responsibility for failure in any way related to the application of this manual. There is a need for users to apply judgement in each particular set of circumstances.

This document should be read in conjunction with NZS3910:2013, the Wairoa District Council's Procurement Policy and Procurement Strategy.

## Acknowledgements

This Document has been developed by building upon the draft Tendering Process Manual previously developed by Linda Cook. Hastings District Council is acknowledged for making their NZS 3910 Contract Management Manual available to David Fraser of AMSAAM Limited to provide base material towards the Contract management portion of this Manual.

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## WAIROA

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### Revision Schedule

This document is subject to review and amendment. Amendments will be recorded in this Revision Schedule. Note that minor amendments are not always identified.

| Issue | Description                           | Author                       | Reviewer(s) | Date          |
|-------|---------------------------------------|------------------------------|-------------|---------------|
| 1     | Draft for review                      | David Fraser, AMSAAM Limited | WDC Staff   | November 2019 |
| 2     | Final Draft for review and formatting | David Fraser, AMSAAM Limited | WDC Staff   | December 2019 |
| 3     |                                       |                              |             |               |
| 4     |                                       |                              |             |               |

# WAIROA

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## 1 INTRODUCTION

### 1.1 PURPOSE AND SCOPE OF THIS MANUAL

This manual aims to guide users in a practical way through the various stages of planning and implementing contracts. In New Zealand a variety of standard contract formats are used. These can vary from purchase all works orders, simple letters of agreement, short form agreements (generally used for short-term professional service engagements) to standard conditions of contract which are generally used for larger valued and/or long-term contracts.

The content of this manual is based on NZS3910:2013 being used as the General Conditions of Contract.

The purpose of this manual is to:

- Ensure that construction contracts let by the Wairoa District Council meet all corporate, legal and other obligations.
- Increase staff effectiveness and efficiency in the management of contracts.
- Encourage a uniformity of approach and standards for Council officers involved with contract management.

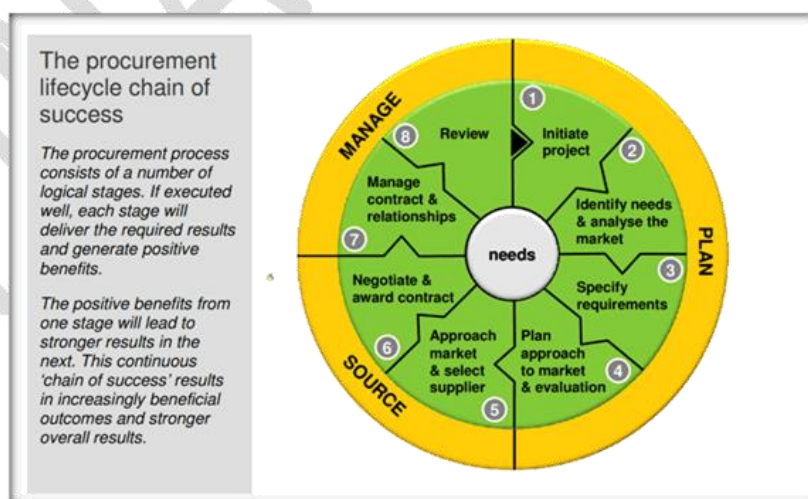
While for practical reasons this manual has been written specifically to comply with the requirements of contracts which use NZS 3910:2013 as the General Conditions of Contract, the fundamentals for contract management outlined in this manual can also be applied to other conditions of contract.

### 1.2 Procurement Overview

Procurement is 'the act of obtaining or buying goods or services or works from an external source'<sup>1</sup>, often via a tendering or competitive bidding process. The term 'procurement' covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset.

In March 2011 Central Government published the document 'Mastering procurement – A structured approach to strategic procurement' noting it is a guide for government agencies.

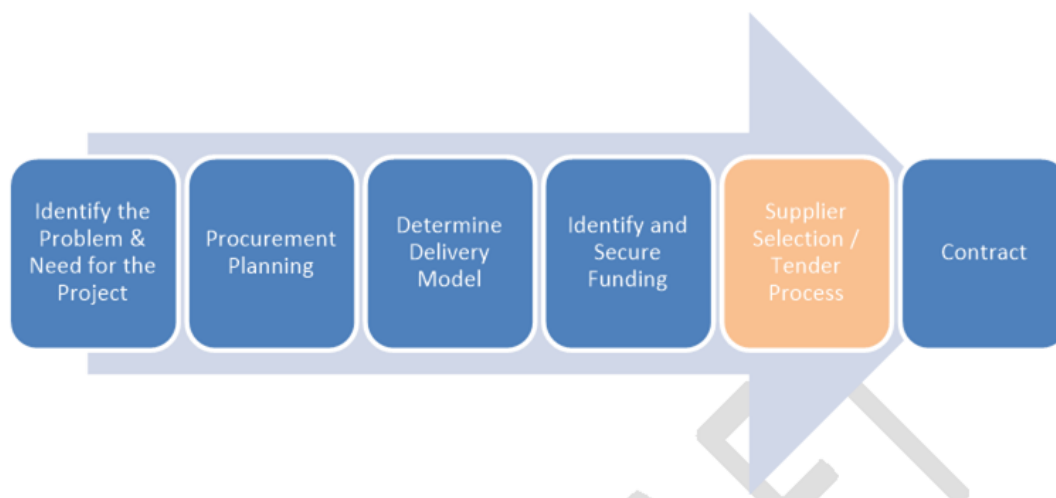
Central government has identified a procurement lifecycle chain of success<sup>2</sup> and Local Government New Zealand (LGNZ) in collaboration with the New Zealand Transport Agency (NZTA) through the Road Efficiency Group (REG) are progressively introducing the concepts to enhance procurement within the transportation sector. WDC will consider these as they become available.



<sup>1</sup> as outlined by the Office of the Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency's Procurement Manual

<sup>2</sup> 'Mastering procurement – A structured approach to strategic procurement' First Published March 2011, Government Procurement Solutions - Ministry of Economic Development

The diagram below outlines the stages of procurement applicable to all activities and of particular relevance to infrastructure works for WDC.



### 1.3 Standard contract documents typically used in New Zealand

#### 1.3.1 New Zealand Construction Contract standards

For ten years NZS 3910:2003 was the form of construction contract most commonly used in New Zealand. However, following industry feedback, in 2013/14 NZS 3910:2003 was superseded by three new building and civil engineering contracts:

- NZS 3910:2013 – Construction (Construction contract)
- NZS 3916:2013 – Design and Construct (D&C Construct contract)
- NZS 3917:2013 – Fixed Term (Fixed Term contract)

The splitting of the former NZS 3910:2003 into three separate standards provided a more tailored general conditions for the different types of contracts and procurement arrangements that feature in the New Zealand construction sector. Their publication followed feedback from the industry and lessons learned from NZS 3910:2003.

They are easier to follow, contain guidelines (that do not have contractual status), include a more comprehensive tick-box type table for the Special Conditions, and additional standard form documents (to save parties developing their own).

#### 1.3.2 United Kingdom Construction Contract standards

Despite New Zealand standards being available, some organisations choose to use the United Kingdom NEC Engineering and Construction Contract format.

#### 1.3.3 CCCS - Conditions of Contract for Consultancy Services

CCCS was originally developed in 2000 by Auckland Regional Contracts Group, ACENZ, Engineering New Zealand (formerly IPENZ), ALGENZ (then INGENIUM and now known as IPWEA NZ) and Transit NZ (now NZTA).

This contract is recommended for general use for the purpose of procuring and providing professional consultancy services. The general contract conditions are intended to be amplified or adapted as required to suit particular needs by using the "special conditions" section. Users are invited to copy this document in order to bind it into a contract, on the condition that any variations should be clearly identified to all parties. To assist in this matter, the document has been formatted to only allow editing of certain areas.

Due to the standardised nature of the document and its general acceptance for use by many organisations throughout New Zealand, the editable fields are limited. Any change to font, format or extra inclusions can invalidate the contract for general and widespread use. We will not circulate an unrestricted copy and please be wary of anyone who does use an unrestricted copy of the CCCS document.



A Word edition of this contract can be downloaded for free [here](#).

#### 1.3.4 SFA - Short form Agreement

The shortform agreement is a two-page document acceptable for use with small to medium projects as risk and responsibility are reasonably shared between the parties. While this form can still be used for larger projects, it is recommended that CCCS be used. As with the CCCS, only certain parts of the SFA are editable.

A Word edition of this contract can be downloaded for free [here](#).

### 1.4 Council Documents relating to this Contract Management Manual

The following table summarises the relationship between this strategy and other documents relating to procurement.

| Document   | Purpose   | Status at March 2020  |
|--|---|---|
| Procurement Policy 2020                          | To state the requirements and expectations of procurement carried out by the Council  | Under development<br>Final Draft ready  |
| Financial Delegations Policy                     | To support safe, efficient and cost-effective procurement and payment of goods and services.  | In place.   |
| Procurement Strategy 2020                        | To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.   | Under development.<br>Final Draft ready   |
| Tendering Process and Contract Management Manual | To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts in order to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts. | Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. |
| Contract Template                                | To facilitate consistent and efficient generation of contract documents.  | Has been developed and being used   |
| Risk Management Policy                           | To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.   | In place  |
| Protected Disclosures Policy                     | To set out the means by which Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000   | In place  |
| Fraud Policy                                     | To facilitate the development of controls that will aid in the detection and prevention of fraud  | In place  |

### 1.5 Other Guidance Material

#### 1.5.1 Government Rules of Procurement

The Government Rules of Procurement are mandatory for Government Agencies (not local authorities) and provide useful guidance for consideration [Government Procurement Rules \[PDF, 4.1 MB\]](#)

#### 1.5.2 Office of the Auditor General good practice guide, *Procurement guidance for public entities*,

The Office of the Auditor General (OAG) produce case studies and helpful reports on a range of issues. Their 2008 good practice guide, *Procurement guidance for public entities*, remains a key procurement guidance document for public entities in New Zealand. [PDF \(413KB, 104 pages\)](#)

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## 2 PRE-TENDERING CONSIDERATIONS

### 2.1 Contract Management and Procurement

Contract management success is influenced by what has happened during the planning and procurement phases of the project. Procurement and contract management are part of a continuum and contract management should be planned for from the start of the procurement process.

### 2.2 Administrative Requirements

#### 2.2.1 Funds are to be available

Prior to inviting tenders, appropriate fund allocations for the works being requested must be available in Council's budgets.

#### 2.2.2 Contract Number

Every contract that is to be managed under one of the NZ Standards, CCCS, UK NEC, or requires approval of the Tender Review Panel must have a unique identifier. Contract numbers are issued and logged by the finance department.

#### 2.2.3 Contract Register

A contract register is to be maintained by the finance department for all numbered contracts. This is intended to provide a single view of all contracts that require specific monitoring and carry and element of risk to Council's reputation. The benefit of an up to date contract register is that it makes opportunity to monitor and review contracts on a regular basis without the need to go through each individual contract.

The register should inform decisions regarding the status of contracts and provide a mechanism for identifying key contract 'trigger points', such as notice periods and expiry dates. Contract Managers are responsible for keeping the finance department informed of these key points to log in the register.

#### 2.2.4 Record Keeping

Keeping good records is an integral part of the procurement (including contract management) process. All records that are created, and received, in the process, must be captured in keeping with Council's general recordkeeping policies and procedures.

Records relating to contracts must reference the contract number and name in the document metadata and be saved to the relevant file.

#### 2.2.5 Risks

What are the key risks that might affect delivery of the project, how important they are, and how would the ideal contractor manage them?

#### 2.2.6 Compliance

Before contracts are drafted it is important that Council officers involved with Contract Management are aware of their obligations in terms of Council's Risk Management Policy, Procurement Policy and Procurement Strategy as well as legislative obligations that may impact contracting procedures. In addition, Council officers involved with construction contracts need to also be aware of legislation related to:

- Construction
- Health and Safety
- Environmental issues
- Land Entry and Acquisition

## 2.2.7 Legislation Regulating Construction

### 2.2.7.1 Construction Contracts Act

The [Constructions Contracts Act 2002](#) and the [Construction Contracts Amendment Act 2015](#) applies to all construction work carried out in New Zealand, no one can contract out, and it treats any verbal or written agreement to carry out construction work as a construction contract. Key aspects of the Act include:

- Enabling timely payments, including outlawing pay-when-paid clauses
- Providing fast disputes resolution
- Providing remedies under the principle of pay first, argue later, including the right to suspend work and to enforce payments.

Council officers need to be aware that under the Construction Contracts Act if they fail to provide a valid payment schedule to the contractor by the due date, then the amount of payment claimed by the contractor automatically becomes a debt due, regardless of whether the payment claim was valid or not.

### 2.2.7.2 Building Act

The [Building Act 2004](#) is primarily concerned with regulating how buildings can be constructed. All building work ([except where there is an exemption in the Act](#)):

- Needs a building consent
- Must be constructed in accordance with the building consent
- Needs to have a Code Compliance Certificate to be issued when works are complete.

Work which might need a building consent must be identified by the Project Manager before going to tender, and the obligation to obtain the building consent should usually be conferred on the contractor through the Contract Documents.

Contract documents need to be clear that the role Council takes as Principal to the Contract are separate from the responsibilities that the Wairoa District Council has in performing regulatory functions as a building control authority under the Building Act.

### 2.2.7.3 Health and Safety Legislation

Council officers involved in contract management have duties under the [Health and Safety at Work Act 2015](#) to manage risks and ensure that work is done safely. To meet the requirements of this Act, and associated regulations, Council officers responsible for Contract Management need to ensure that:

- Specific hazards and risks identified during the design phase are communicated to the contractor, not only through the tender documentation, but at the start-up meeting and, during the progression of work on site.
- Past health and safety performance is used as one of the criteria to select contractors.
- Site specific health and safety plans are requested for each contract; these must be reviewed and approved by the Engineer to the Contract before work can start on site.
- Ensure that Worksafe are notified of particularly hazardous work
- Regularly monitor the performance of the Contractor on site, including from a health and safety perspective. Results of this monitoring must be recorded and communicated to the contractor.

If officers are unsure about any health and safety aspect of the contract, they should contact the WDC H&S Officer for further advice.

### 2.2.7.4 Particularly Hazardous Work

When a contract involves undertaking particularly hazardous work ([as defined under the Regulation 26 of the Health and Safety in Employment Regulations \(1995\)](#)). The Council officer responsible for the project, along with the Contractor, both need to inform [WorkSafe](#) at least 24 hours before work starts. Particularly hazardous works that this requirement relates to includes:

- Logging or tree felling undertaken for commercial purposes.
- Construction work with a risk of falling 5 metres or more.
- Erecting or dismantling scaffolding with a risk of falling 5 metres or more.
- Use of a lifting appliance where the appliance has to lift a mass of 500 kilograms or more a vertical distance of 5 metres or more.

- Work in any pit, shaft, trench, or other excavation in which any person is required to work in a space more than 1.5 metres deep and having a depth greater than the horizontal width at the top.
- Work in any drive, excavation, or heading in which any person is required to work with a ground cover overhead.
- Work involving the use of explosives, or storage of explosives for use.
- Work that in which a person breathes compressed air, or respiratory medium other than air (not diving)
- Work that in which a person breathes compressed air, or respiratory medium other than air (diving)

## 2.2.8 Environmental Legislation

### 2.2.8.1 Resource Management Act, Regional and District Plans

The purpose of the [Resource Management Act 1991 \(RMA\)](#) is to promote the sustainable management of natural and physical resources. It is important that any necessary approvals and consents are obtained for the project, along with monitoring and certifying compliance as required through the project implementation.

Environmental issues and consent requirements need to be identified and addressed at an early stage, as these have the potential to cause significant costs and delays to the project before any physical works can start. The Project Manager (with the assistance of specialists if required) is expected to:


- Consult with the RMA, Regional Resource Management Plan (RRMP) (which includes the Regional Policy Statement), Regional Coastal Environment Plan (if the project is in the coastal marine area), and Operative Wairoa District Plan and where appropriate consult staff in the planning groups at WDC and/or at HBRC.
- Apply for any necessary consents.
- Ensure that resource consents are obtained before going to tender.
- Ensure that the contract documents highlight the expectations of the contractor in complying with any consent conditions, including a copy of any consent documents, if applicable.
- Ensure that all consent conditions are complied with, including co-operating with any monitoring of consent conditions issued by the consenting authority.

Not all Consents required to complete the project will be the responsibility for the Project Manager to obtain. Depending on the construction methodology or approach of the Contractor they may also need to obtain their own separate consent themselves to undertake the work i.e. to cover dump sites.

## 2.2.9 Legislation relating to Land Acquisition and Entry

Council's construction contracts often require the need to either purchase or enter somebody else's land. This requirement should be identified early in a project, and land acquisition or entry agreements must be obtained prior to going to tender.

The [Public Works Act 1981](#) sets out the procedures for acquiring land for government and local works. It ensures that both Council and land owners are treated fairly during the process of land acquisition. [Land Information New Zealand](#) provides guidance for acquisition of land under the Public Works Act including:

- Compulsory acquisition
- Assessment of compensation, and  Legalisation of acquisition

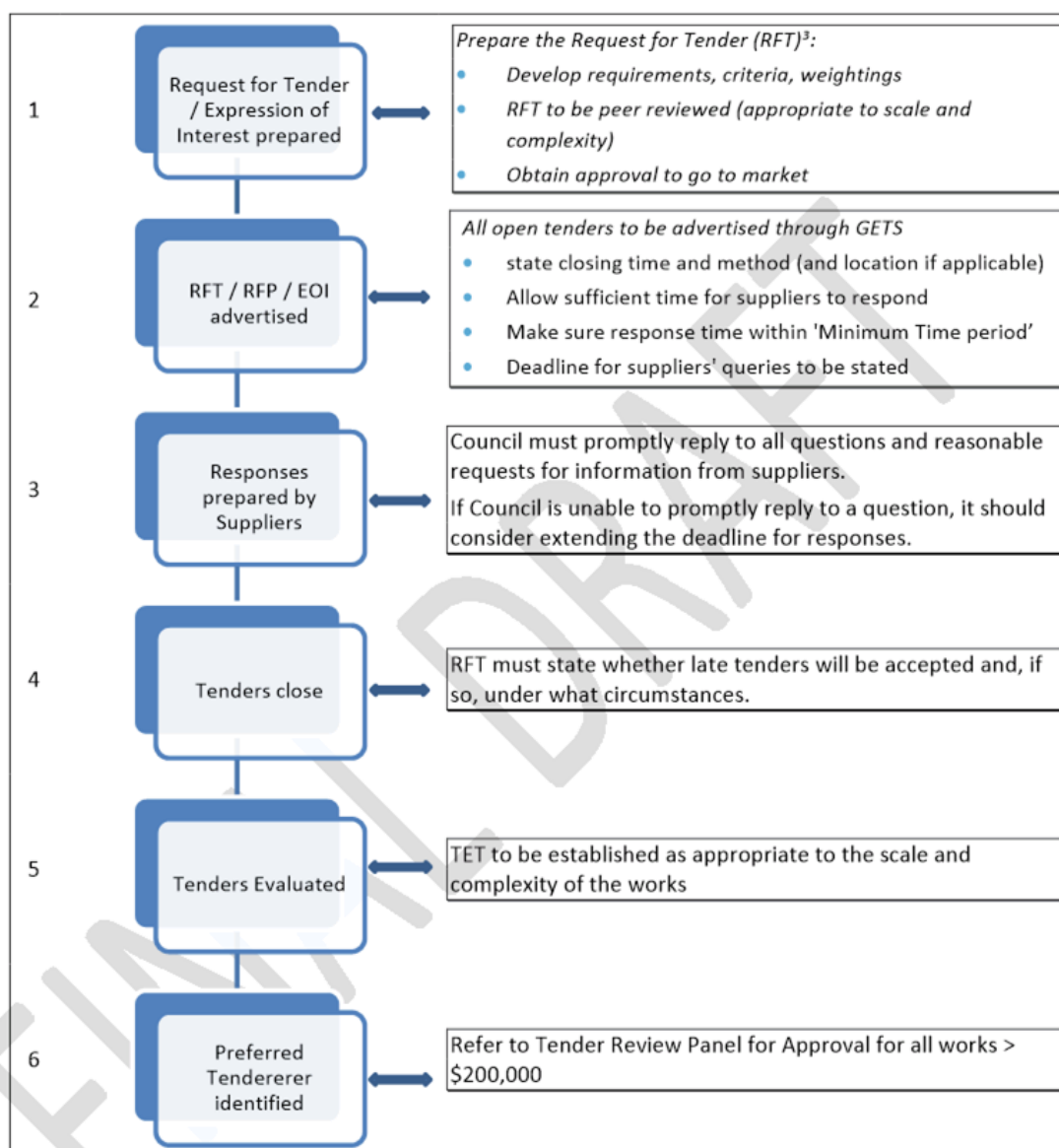
Specialist advice should be obtained to assist the Project Manager to undertake negotiations with affected landowners.

## 2.2.10 Corridor access request

A Corridor Access Request must be made for any work that is to be carried out within the roading corridor, even when Council is undertaking this work. An obligation to make a Corridor Access Request should usually be conferred on the contractor through the contract documents.

### 3 THE TENDERING PROCESS

#### 3.1 Tender Process



#### 3.2 Supplier Selection methods

Up to date guidance on selecting the appropriate contract delivery model can be found here – <https://www.nzta.govt.nz/assets/Road-Efficiency-Group-2/docs/reg-procurement-delivery-models-guidelines-march-2018.pdf>.

**Use an evaluation method that is fair and appropriate for the project.**

<sup>3</sup> For the purpose of this document, Request for Tender (RFT) and Request for Proposal (RFP) are considered to be the same. RFP tends to be used where price is not part of the evaluation ie Quality-Based and Target Price methods of evaluation.



### 3.2.1 Choosing an Evaluation Model

The first step towards effective procurement processes is to understand the project and the supplier market, along with the risks and the opportunities to deliver added value. That analysis is scalable: it should be done, even on the smallest and simplest projects, to guide the right choice of evaluation method and the right tools to find the best value supplier.

The selection method should be aligned to the delivery model that is being used and take into account the costs to the Council as well as the suppliers in terms of developing the RFT and preparing a response.

More attention and expertise invested into planning the procurement processes and choosing the right supplier selection method, will achieve better results, and save time and money in the evaluation process.

**In accordance with the WDC Procurement Strategy:**

**All works in excess of \$200,000 are to be procured by open tender.**

**Closed tenders may be used for work up to \$200,000 or above this when a formal Registration of Interest through a Staged Process has been undertaken.**

**Direct / Invited tenders may be used for works < \$100,000**

**Open tenders** are to be advertised via GETS

**Closed tenders** involve two or three selected tenderers, who Council know have the capability to complete the works – the methods of selection are the same as an open tender. This is often used where Council has a Supplier Panel in place for certain works.

**Direct / Invited tenders** are where a single entity is invited to provide a proposal.

The evaluation models that WDC uses are:

- Direct Appointment;
- Lowest Price Conforming;
- Price Quality;
- Quality Based; and
- Target Price

### 3.2.2 Direct Appointment / Negotiation

**Works < \$100,000**

**Low risk / small scale / non-complex works**

In some circumstances, goods, works and services may be secured through direct negotiation.

Typically, this is where:

- An existing contract is in place, such as a term maintenance contract, and tendered rates can be used – these negates the time and cost of tendering;
- there is a monopoly supplier; and
- where the costs and benefits of competition may not provide value for money

This method is appropriate for:

- low value or specialist projects where there is low risk;
- for where you have prequalified suppliers who you know can do the job;
- where emergency works need doing; or
- where it's valuable to have a long-term relationship with a single supplier.

### 3.2.3 Lowest Price Conforming (LPC)

Lowest Price Conforming is the method used for simple or small projects which are relatively straightforward to deliver and where the **focus is on price**.

This method is not typically used for professional services where it is often difficult to specify exactly what the required outcomes are.

**Low risk / non-complex works**

Lowest price conforming should be used where it is determined that best value for money will be obtained by having suppliers compete on price alone.

The preferred supplier is the supplier that offers the lowest price and meets all the minimum requirements specified

This method should include:

- A clear, 'pass/ fail', an objective definition of what constitutes a 'fail' or non-conformance, included in the RFT. This should not be merely a score (e.g. under 35) without a tightly-defined description of what that score is attributable to.
- Ranking tenders based on price from lowest to highest.
- Due diligence on the lowest price bidder to check there are no tags that would have a financial effect, and no pricing errors.
- Only the attributes of the lowest price bidder are checked for conformance to the pass/ fail standards defined in the RFT. If those attributes conform, the process is complete and the attributes of the other bidders do not need to be checked.
- The contract is awarded to the lowest price bidder provided it conforms. The attributes of the other bidders are discarded or returned.

The key advantage of this method is that it does not allow value decisions on which bidder's attributes are better than the others. The decision is clear with no opportunity for bias.

For this reason, Lowest Price Conforming should only be used for contracts where:

- The value is low;
- scope is tightly defined;
- where risks are insignificant and could not have a material effect on the success of the project; and
- where there are no opportunities for whole-of-life cost benefits, innovations, or added value alternatives.

#### 3.2.4 The Price Quality Method

Price Quality is used for projects which are more complex and typically larger, where more information is required to decide which tenderer has the best capabilities in relation to the project – **the focus is on a combination of quality and price.**

The quality attributes of suppliers are scored and balanced against price through a specified formula to determine the preferred supplier.

Council is effectively willing to pay a premium for a higher quality service (Supplier Quality Premium).

This method provides for transparent 'trade-offs' to assess the effects of attribute weightings before the RFT is finalised and provides the evaluators with the tools for a robust sensitivity analysis before RFTs go out, so they can tailor the process to deliver appropriate financial recognition for better quality solutions on a project. The process also encourages the contractor to ensure performance in delivering the specified works this to a high standard to maintain reputation and not compromise future evaluations.

For these reasons, Price/Quality is emerging as the most useful and effective method in many procurement situations. It is most suitable where there is a degree of risk and complexity or innovation potential, and the potential effect of that warrants care in setting the weights for the attributes to deliver best value for money.

1. Weights are set for the non-price attributes and the price.
2. Before the RFT is released, it is possible to review the Supplier Quality Premium (SQP) based on the relative weightings. This is a dollar value that corresponds to the amount that the client is prepared to pay for each attribute point that one bidder scores higher than another, based on how well the submission demonstrates a preferred solution.
3. Tenders are submitted in two separate envelopes – non-price attributes and price information.
4. The non-price attribute envelopes are opened and scored



5. Scores are entered into a spreadsheet which calculates the SQP for each of the bidders. The lowest quality bidder receives a SQP of zero, as their attributes are the baseline and the client would not want to pay any extra for the quality of their solution
6. The Price envelopes are then opened and the SQPs of each of the bidders are then deducted from the price
7. The lowest adjusted price represents the winning bidder (the optimal weighted combination of highest quality attributes and lowest price).

This method relies heavily on selection of correct weightings for the attributes and the price. As a general rule, the greater the level of risk, complexity, uncertainty or potential for innovation, the higher the non-price attribute weightings should be.

*It is noted that at 70% Price and 30% attributes, the suppliers' attribute information contributes very little to the decision-making process and the benefits of the LPC should be considered.*

If LPC is not considered to be the most appropriate method, given the level of risk and complexity of the project, then a more even 50/50 or 60/40 combination should be considered.

### 3.2.5 Quality-Based

Previously referred to as 'Brook's Law'.

Quality-based is often used for professional services with the preferred supplier identified purely on the quality of their non-price submission – the **focus is on quality**.

**The preferred supplier is selected solely on quality through non-price attributes.**  
**A price is then negotiated with the preferred supplier, based on their price proposal, submitted with the tender.**  
**The quality-based method should be used where it has been determined that the best value for money will be obtained by selecting the supplier on the basis of supplier quality alone.**  
**There is no competition on price.**

This method is mainly used for professional services and / or where the quality of the supplier is of key importance in delivering the desired outcomes.

It is also useful when the relationship between the client and the supplier will need to be extremely cooperative to deliver the project successfully such as for Alliance type projects.

Price is not involved in the evaluation of the tenders which involves the evaluation of non-price attributes that define the qualities that the client is looking for in a successful supplier.

Price is negotiated with the preferred supplier as identified through the evaluation of attributes.

### 3.2.6 Target Price (Purchaser Nominated Price)

**Where Council is unable to specify the outputs required but has a budget and can specify the desired outcomes**  
**Best value for money is then obtained by selecting the supplier that provides the best proposal for the price set out in the RFP**

This is a highly useful method when budgets are fixed, and the quality of the solution is the primary determinant in assessing the value received for the investment made. It's especially useful where a Request for Proposal is sought (in other words, the client knows the outcome they want, but they're relying on their suppliers to describe the best way to get there).

The method is as follows:

1. The budget is set by the client and made clear in the RFP. The outcomes sought are also described in appropriate detail.
2. Suppliers are then asked to describe their proposed solution in relation to a list of weighted evaluation criteria.
3. The bids are then scored, and the winner is assessed using the weighted attributes method (but with no need for a price score).

This is a simple and will powerful method to achieve best value for a fixed budget.

### 3.2.7 Supplier Panels / Prequalification

Supplier Panels or prequalification are often used when procuring works through 'closed' tender.

| Supplier Panel   | Prequalification  |
|--|---|
| <ul style="list-style-type: none"> <li>a supplier must compete in a similar way to submitting a tender (no price) – the panel will include a set number of suppliers and will not vary</li> <li>More than one panel can be in place, typically for different categories / types of work</li> </ul> | <ul style="list-style-type: none"> <li>a supplier only has to meet the specified criteria.</li> <li>Selected on the basis of passing certain criteria only</li> <li>There is no fixed number of suppliers on a prequalification list</li> <li>More than one register can be in place, typically for different categories / types of work</li> </ul> |

WDC currently has no formal supplier panels in place although, with the often small nature of the works undertaken for the infrastructure activities, lists of capable suppliers within Wairoa are held. For some more technical works, such as structural works, works are often procured by closed tender using suppliers that have successfully undertaken similar works in the district.

The process for forming a Supplier Panel is similar to a tender but no price is involved.

Attributes requested will typically include:

- Relevant experience
- Track Record
- Relevant skills

Other attributes including methodology and resources are then requested as part of the closed tender process.

These methods may be used as part of a two-stage tender process.

### 3.2.8 Staged Process

In some cases, a two-step process is of benefit, producing value for money through reduced administration costs – primarily in the evaluation of tenders for Council but also to suppliers in preparing their responses.

A typical staged process includes a shortlisting stage followed by a full tender stage for those organisations that have been successful in the first stage.

The shortlisting will usually involve the open invite to submit an Expression of Interest.

### 3.2.9 Expressions of Interest

Requests for Expressions of Interest (EOI) can either:

- Be a process to gather names of interested parties;
- Be part of a staged process
- Be used to gauge interest; or
- Be used as a shortlisting process

### 3.2.10 Shortlisting

Shortlisting should be considered where it is likely to reduce the total cost of the supplier selection process. This decision should take into account:

- cost to potential suppliers for preparing responses
- cost to Council – do the potential reduced administration costs (primarily in tender evaluation) of shortlisting outweigh the benefits of receiving more tenders
- time savings in the procurement process
- the features of the output to be purchased and the supply market (ie consider differences in quality and in the price of the outputs between suppliers).

This process may reduce competition and hence using a short-listing process should be justified through a procurement plan (for NZTA funded projects).

Where short-listing is used, the number of potential suppliers to be shortlisted must be sufficient to maintain a level of competition; typically a minimum of three.

**Price is not to be a consideration in short-listing.**

Information for some of the non-price attributes will be sought; typically, relevant experience and relevant skills. Methodology information will not normally be sought. These non-price attributes will be graded, and a weighted sum of the non-price attribute grades determined from this partial evaluation process. The shortlist will be made up of those suppliers with the highest 'partial' weighted sum of the non-price attribute grades.

The shortlisted suppliers will then be asked to prepare a response to the RFP. Non-price information submitted would not normally duplicate what has already been supplied and on which the shortlisting was based. However, the approved organisation may decide to allow suppliers to elaborate on their initial submission. Procurement Manual

### 3.2.11 Customised Process

A customised procurement procedure is one that is beyond the provisions of the Procurement Strategy and (for NZTA funded projects) the NZTA Procurement Manual.

It is typically a one-off procurement that has been determined by Council to be appropriate for a particular project / contract.

The following should be considered in developing the applicable customised procurement procedure (which would need to be approved by NZTA for NZTA-funded projects):

- Description of the proposed procedure;
- What procedure is the customised process to be based on and where is it inconsistent with that process;
- how the proposed procedure will be used to obtain best value for money spent;
- an assessment of the market for suppliers;
- Outline of the rules;
- How fair competition will be enabled through the proposed procedure; and
- How competition will be encouraged.

A specific Procurement Plan should be prepared as part of a customised process

## 4 PREPARATION OF REQUEST FOR TENDER AND CONTRACT DOCUMENTS

This section of the document provides guidance on preparing a Request for Tender (RFT) and should be read in conjunction with Council's proforma RFT template.

**Requests for Tenders, Proposals or Expressions of Interest must contain all the information required to enable suppliers to prepare and submit meaningful responses**

### 4.1 Overview

The objective of achieving an efficient tender process is significantly dependent on the quality of the Request for Tender (RFT).

An efficient process, supported by a clear RFT, will:

- Enable tender submissions to be easily and fairly differentiated;
- Provide both tender evaluators and tenderers a clear and common understanding of how the tender will be evaluated;
- Get the right balance between tightly defined questions and opportunities for bidders to expand on the benefits they bring to the contract;
- Minimise paperwork for tenderers and evaluators; and
- Make it easy for evaluators to compare tenders.

### 4.2 Council's Procurement Policy and Objectives

Council's procurement policy provisions seek to add value to broader community outcomes and further develop the local supply chain. These need to be thoughtfully considered as part of developing the tendering process and contract documents.

The presence of a supplier engaged to deliver a project or service provides a rare opportunity at minimal additional cost to enhance community outcomes beyond the enhancements that would be delivered by the project or service alone. Where possible Council will leverage off procurement processes to help achieve broader strategic and support the community's social, cultural, environmental, and economic wellbeing.

Further to the above, as Council is one of the largest entities within the community it has influence and impact on the local supply chain. Protecting the local supply chain may increase the direct cost to Council and subsequently its ratepayers but the overall benefits to the local community of doing so may mean that the additional cost is still value for money. For this reason, the value for money consideration should take into account the marginal costs of sustaining the local supply chain and any resulting long-term consequences for the community, both directly and indirectly.

As one of the largest entities in town Council can also provide learning and development opportunities for youth so they don't have to move to larger centres for training. This can be achieved by adopting methodologies, or processes or contract conditions that will help develop the local supply workforce.

Examples are;

- specifying a requirement to employ and train local residents in large contracts,
- identifying and nominating a local supplier as a subcontractor for a component of work
- investing in additional supervision and direction for works of a modest scale to facilitate the development of local suppliers

### 4.3 RFT and Draft Contract Document Templates

The Council's proforma RFT template should be used to develop each Request for Tender. The main purpose of this document is to describe the work clearly so that the Contractor knows:

- The Outcomes Council is seeking
- Where the work is to be done
- The key risks that might affect delivery of the project,
- What standards must be met
- The key critical success factors that will determine how well the project is done.



- The conditions of tendering including how to submit a tender and how tenders will be evaluated.
- The tenderers' obligations under the Health and Safety at Work Act
- The tenderers' requirements for compliance with any consent conditions

It is important that the RFT documents are simple to read while being clear about Councils expectations. When the RFT is hard to read then tenderers may be tempted to add extra margins to their price to allow for issues they cannot understand or think that they may have missed.

**Clear and concise requirements make sure suppliers understand what is needed – making it easier for them to respond, and more likely Council will get the right result**

#### 4.4 Tender Invitation

The tender invitation provides:

- a brief overview of the scope of the contract,
- what qualifications are expected from tenderers and
- a contact person should tenderers have any enquiries or wish to make an appointment to view the site.

The tender invitation should be succinct, to allow potential tenderers to make a quick decision about whether they have the necessary skills for the project.

#### 4.5 Scope of Works

A specific scope for the physical works required for the contract needs to be to be clearly defined and documented within the instructions for tendering. This scope is the foundation on what the RFT document is based. Issues to address when developing the scope include defining:

- The project description and objectives
- Timeframes
- Budgets
- Technical specifications/standards
- Roles and responsibilities
- Risk Management
- Authorities to Proceed
- Project Description and Objectives

The specific physical works that the contractor is being engaged to complete needs to be clearly defined describing the specific nature, extent and location of the project. Any associated outcomes and deliverables expected from the contractor should be stated. It can also be beneficial to outline any problems that the project is intended to address to give tenderers better information for developing possible alternative tenders.

#### 4.6 Contract Timeframes

##### 4.6.1 Tender Period Timeframe

The time given to contractors to complete their tenders, the tender period, should align with the [government rules of sourcing](#). Council officers need to consider the amount of detail tenderers are being asked to provide, and the extent of possible subcontracting to complete the work, when deciding how long tenderers should be given to prepare their bids. Unreasonably short tender periods for large contracts may result in poor quality tenders and should be avoided.

##### 4.6.2 Contract Duration Timeframe

In addition to the amount of time required to complete the physical works the expected contract duration timeframe needs to allow for potential time constraints, for example:

Lead-in times – particularly for material supply

- Seasonal limitations – there are risks associated with major earthworks during winter

- Special events – works which may impact on Special events being held in the District should be avoided
- Christmas closedown limitations – ideally all contractors engaged in physical works in the main street should cease work in the week before Christmas and for all sites to have holes or trenches in the road reserve backfilled and left in an acceptable condition to be fully usable by the public over the holiday period.
- Time for other approvals and consents – allow at least 20 working days to obtain a building consent.

Where possible allow for generous construction windows with the provision that contractors are to remain on site to finish the job once work starts and to finish within a specified time frame. For example, a contract period could be 4 months but the contractor can be required to finish within 3 weeks of commencement on site.

#### 4.6.3 Tender closing Date

The RFT must specify the tender closing date and time and also the process for submission (electronic, hard copy, email)

| References   |  |
|--|--|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules</a><br><a href="#">[PDF, 4.1 MB]</a> | <b>Rule 29: Sufficient Time</b><br>An agency must allow suppliers sufficient time to respond to a Notice of Procurement.   |
|  | <b>Rule 34: Minimum Time Periods by process</b><br>Minimum time periods that must be applied to different types of procurement processes.<br>For a 1-step RFP or RFT, the minimum time period is 25 working days, but this may be reduced (to a <b>minimum of 15 working days</b> ) where: <ul style="list-style-type: none"> <li>• Tenders are advertised via GETS</li> <li>• Submissions can be received electronically</li> </ul> |

The key factors to take into account when calculating sufficient time include:

- the nature and complexity of the procurement
- the type of information and level of detail suppliers need to provide in their responses
- the nature of the goods, services or works
- how simple or difficult it is to describe the deliverables
- the level of risk
- the extent of any anticipated subcontracting or the likelihood of any joint bids
- how critical the procurement is to the agency's success
- the time it takes for domestic and foreign suppliers to submit tenders, particularly if you have asked suppliers to deliver hard copies
- the impact of public holidays on suppliers.

For Central Government Agencies, Mandatory minimum time periods are explained in Rules 30 to 34. Sufficient time is often longer than the minimum time periods and will vary depending on the nature and complexity of the procurement.

For a Council a 1-step RFP or RFT, the minimum time period is 25 working days, which may be reduced (to a **minimum of 15 working days**) where:

- the works are listed publicly in an annual procurement plan
- Tenders are advertised via GETS
- Submissions can be received electronically



#### 4.6.4 Programme

The Request for Tender document should include a draft project programme, prepared by the document writer, showing the interdependence and significance of the various key project work packages. The programme should also identify:

- Time for tender acceptance – allow at least 11 to 16 working days from tender closing date to tender award date, dependant on the timing of Tender Sub-committee meeting dates.
- Time to review documents, including the quality and health and safety plans received from the contractor.
- Time for the contractor to obtain bonds and insurance certificates.
- Time to complete the work.
- An allowance for inclement weather.
- Defects notification period.

The tenderers are also expected to prepare a programme in their submission which can then be used to update Council's project programme should be as the project progresses and used as part of the procurement reporting requirements.

#### 4.7 Roles and Responsibilities

There are a number of people typically involved in a construction project who have clear and distinct responsibilities as identified in the table below.

| Role                     | Responsibility   |
|--------------------------|--|
| Council                  | The Council is the collective term for the elected representatives of the Wairoa District. All contracts are entered into on behalf of the Wairoa District Council.  |
| Principal                | The Principal to the Contract is a term used in NZS3910. In the case of WDC it represents both the Council and its administrators (e.g. the Client Representative)   |
| Client Representative    | This role can only be held by an WDC Employee. This person is the Council Officer who is representing Councils interest in the Contract.<br>Where the Project/Contract Manager is an WDC staff member then they also fulfil the role of client representative in terms of the contract.<br>Where the Project/Contract Manager is an external consultant the role of Client Representative would fall to the Project Sponsor. |
| Project Sponsor          | This role can only be held by an WDC Employee.<br>This person is a Council Officer whom the Project/Contract Manager is working on behalf of.<br>Typically, this would be Capital Programme Manager, or an Asset Manager depending on the project.   |
| Project/Contract Manager | This role can be held by either an WDC Employee, or an external Consultant. Where the role is held by an WDC employee then they are also considered to fulfil the role of Client Representative.   |
|                          | The Project/Contract Manager is responsible for ensuring that the project is delivered on time and to budget. They typically oversee the entire course of the project from project scoping and planning to ensuring the design will fulfil the Project Sponsor requirements, to construction and final sign-off that the work has been delivered.  |

| Role                                | Responsibility  |
|-------------------------------------|---|
| Engineer to Contract                | Typically, this role is held by an Engineer external to Council, but maybe a WDC employee. Their role is further defined in Section 4.7.1 of this manual. |
| Engineer's Representative           | Typically, this role is held by someone external to Council but maybe a WDC employee. Their role is further defined in Section 4.7.2 of this manual.      |
| Engineer's Representative Assistant | The Engineer has the ability to also appoint somebody to assist the Engineer's Representative in fulfilling their duties                                  |

Only suitably qualified and experienced staff with a record of effective performance should be appointed to fulfil the roles of:

- Engineer to the Contract
- Engineer's Representative

#### 4.7.1 Engineer to the Contract (NZS 3910:2013, Section 6.2)

The Engineer to the Contract has a dual role:

- To act as an agent of the Council in issuing directions and receiving payment claims and providing payment schedules; and
- As an independent certifier, valuer and assessor in respect of the assessment and valuation of claims and in issuing certificates.

In respect of the certifying functions, the Engineer is under a common-law duty to act independently, fairly and impartially. However, because the Engineer is engaged and paid by the Council, either as an independent party, or as an employee, they are in a position of conflict when undertaking the certifying functions of this role. Failure to put aside these conflicts when undertaking the role of Engineer to the contract will render the Engineer in breach of the contract administrator's duty to act fairly and impartially. This may also render Council in breach of Contract. To minimise the extent of this conflict of interest the Engineer to the Contract should ideally be an independent party, or in instances where the Engineer to the Contract is an employee of Council, they should not also be responsible for the budget area related to the contract, and they should have the appropriate qualifications and experience to fulfil this role.

#### 4.7.2 Engineers Representative (NZS 3910:2013, Section 6.3)

Under the special conditions of contract in Councils NZS 3910 template, the majority of the responsibilities of the Engineer are delegated onto the person undertaking the role of Engineers Representative with the exception of reviewing matters in dispute. Where this has been done on a contract, "Engineers Representative" can be substituted for Engineer when reading this manual, except for when reviewing matters in dispute. The Engineers Representative role can also include:

- Witnessing tests
- Monitoring progress against the programme
- Assessing whether the works comply with legal requirements such as health and safety legislation
- Assessing whether the works are being carried out in accordance with the contract documents (which may include taking measurements and samples).
- Monitoring site conditions to ensure that work is undertaken in accordance with manufacturers recommendations
- Providing regular reports (often weekly)
- Attending construction progress meetings

In this context, the Engineers' Representative does not supervise the works, and does not take responsibility for the works. The responsibility for the works remains with the contractor. The Engineers' Representative inspects the works to give an independent view to the Engineer and to the Project/Contract Manager. They should attend construction progress meetings and produce regular written reports. The Engineers Representative is required to keep records of:

- Progress
- Delays
- Weather conditions
- Drawings and instructions received
- Deliveries
- Health or safety issues
- Other significant events

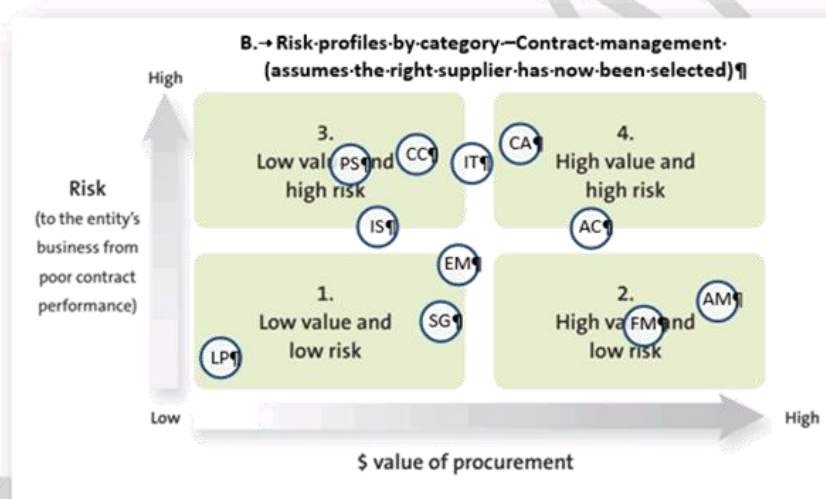
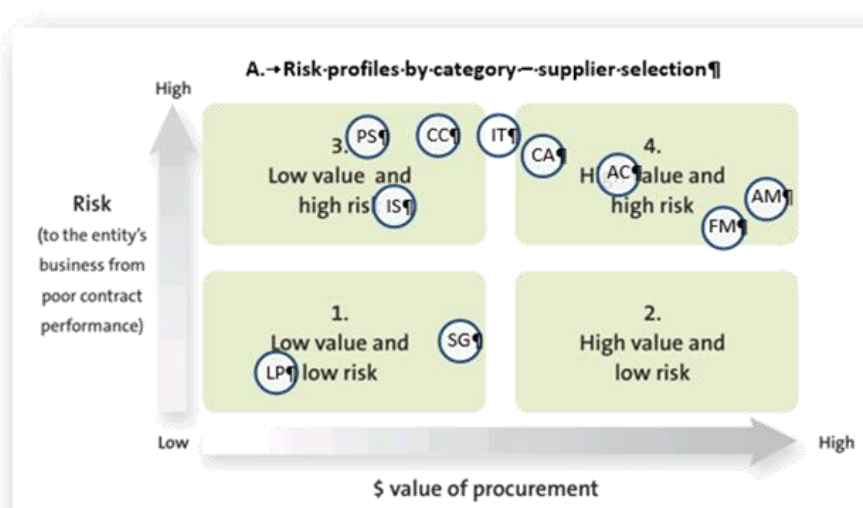
#### 4.8 Risk Management

**NB this will need to be updated if the relevant section in the Procurement Strategy changes**

Risk management is an integral part of developing the RFT documentation. It is essential that the consideration of risk, and the application of risk management, begins prior to developing the RFT documentation and continues throughout the life of the project. Council's approach to risks is outlined in its **Risk Management Policy** and **Procurement Strategy**.

The WDC Procurement Strategy identifies that the risk profile for projects is likely to be different at the supplier selection phase from the contract management phase. It anticipates that selection of the appropriate supplier will reduce the risk, but this may not always be the case. The indicative risk profiles by work category can be found in Section 7 of the 2020 Procurement Strategy and a summary is repeated below

| Abbreviation | Category   |
|--------------|--|
| AM           | Infrastructural operations maintenance and renewals                |
| AC           | Infrastructural assets creation                                    |
| CA           | Critical infrastructure asset maintenance, operations and renewals |
| CC           | Critical infrastructure asset creation                             |
| PS           | Professional Services  |
| SG           | Supply of goods  |
| LP           | Land and property acquisition                                      |
| FM           | Facilities maintenance operations and Renewals                     |
| EM           | Emergency Management   |
| IT           | New Information Technology   |
| IS           | Information Systems servicing                                      |



#### 4.8.1 Options for approaching markets

The table below shows how four-quadrant analysis can be developed into a basic procurement strategy. It also sets out the issues a public entity should consider when developing procurement procedures for each category. It is derived from the Queensland Government Department of Public Works' Better Purchasing Guide *Developing "Agency Purchasing Procedures"* (which can be found on its website at [www.qgm.qld.gov.au](http://www.qgm.qld.gov.au)).

| Characteristics   | Basic procurement strategy   | issues to consider when developing procurement procedures   |
|---|--|---|
| <b>Low value and low risk (Quadrant 1)</b>  |  |   |
| Goods or services in this category are usually low value. These goods or services can be routinely procured or procured as required. They are generally | Keep procurement in this quadrant relatively simple to minimise procurement and transaction costs. | What are the goods or services procured in this category?<br>For the different goods, services, or groups of items in this category, what procurement |



| Characteristics  | Basic procurement strategy   | issues to consider when developing procurement procedures  |
|--|--|--|
| <p>goods or services for which demand cannot be aggregated to establish standing offers.</p> <p>The transaction costs associated with procuring them may be of greater cost than the items themselves.</p> <p>Generally, there are competitive local supply markets for goods or services in this category, even at the local level.</p> <p>The skills required for these types of transactions are generally administrative.</p>  | <p>Devolve procurement and associated budgets to the lowest practical geographic level where competitive local markets exist.</p> <p>Establish efficient local procurement arrangements to minimise processing costs.</p> <p>Document the administrative procedures for procuring goods or services in the entity's procurement policies and procedures</p>  | <p>methods will minimise processing costs and deliver value for money?</p> <p>How will the number of competitive offers needed to deliver value for money, probity, and accountability be determined?</p> <p>Who will be doing procurement activities in this category?</p> <p>What skill levels are required to do the various types of procurements?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What other procedures, documentation and records are needed to manage the procurement function in this category?</p>   |
| <b>High value and low risk (Quadrant 2)</b>  |  |  |
| <p>Goods or services in this category are generally widely used by public entities, they have no special quality, safety, reliability, or environmental implications, they are simple to specify, and they have common standards.</p> <p>Procurement of these items is often in high volumes but with sometimes low value individual transactions.</p> <p>There are often whole of-entity or syndicated arrangements for supply of these goods or services.</p> <p>Buying is usually an administrative task (for example, booking travel). However, high level procurement skills are required to establish and manage these arrangements (for example, setting up travel arrangements).</p> | <p>Aim to ensure that total costs, including the costs of processing large numbers of low value transactions, are reduced.</p> <p>Consider using standing offer arrangements with electronic ordering and transaction processes.</p> <p>Aggregate procurement to increase the attractiveness of buying the goods or services, thus increasing the competitiveness of the pricing.</p> <p>Document the administrative procedures for buying in the entity's procurement policies and procedures.</p> <p>Consider if there is a need to address environmental issues about disposal, waste management recycling, handling, or storage.</p> | <p>What are the goods or services purchased in this category?</p> <p>Where are the competitive markets for these goods or services?</p> <p>Does the aggregation of procurement at the local level for particular product types warrant a full service provider with regional delivery capability?</p> <p>Where is it practical to establish standing offer arrangements or other methods of supply?</p> <p>Are processes such as electronic ordering/paying or other processes available to reduce processing costs?</p> <p>How will the buying strategies to deliver value for money, probity and accountability be determined?</p> <p>What skills are needed to establish and buy from standing offer arrangements?</p> <p>What skills are needed for the other buying methods used in this category?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/ approvals, are needed for management control and to ensure probity and accountability?</p> |
| <b>Low value and high risk (Quadrant 3)</b>  |  |  |
| <p>Goods or services in this category are usually highly specialised (for example, high-tech medical equipment).</p> <p>There are often very few potential suppliers.</p>  | <p>Reduce exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/ or changing</p>  | <p>An individual procurement strategy/plan will need to be developed for each item in this category. The public entity's procurement policies and procedures need to provide an efficient mechanism to do these procurement projects.</p>  |



| Characteristics   | Basic procurement strategy  | issues to consider when developing procurement procedures  |
|---|---|--|
| There are relatively few transactions in this category.<br>High-level procurement and technical skills are required to establish and manage these arrangements.<br>Price may not be the principal factor in the procurement   | the demand requirements of the public entity.<br>Prepare individual strategies or procurement plans for each procurement project in this category   | What organisational systems and procedures need to be in place to do procurement and contract management in this category?<br>How will the required procurement, technical and other expertise be identified for each project?<br>How will project managers be identified and what responsibilities and authority will they have?<br>How will projects be integrated into the public entity's other business activities?<br>What systems and supporting procedures, including expenditure and procurement authorities/ approvals, are needed for management control and to ensure probity and accountability?  |
| <b>High value and high risk (Quadrant 4)</b>  |   |  |
| Goods or services in this category are often a complex "bundle" or "package" of services and associated goods that are critical to the service delivery of the public entity.<br>Long-term relationships with suppliers are common.<br>Supplier attitudes to the public entity as a customer are often critical to the value the entity will derive from the delivery of the goods and/or services.<br>High-level purchasing and technical skills are required to establish and manage the procurement process. | Focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with the public entity.<br>Manage the relationship with the supplier to obtain value for money.<br>Have a detailed understanding of what is required, how the arrangement should be managed, and the market characteristics.<br>Develop individual procurement strategies or plans for each procurement project in this category | Buying strategies will have been developed for each item in this category. The public entity's policies and procedures need to provide an efficient mechanism to do these procurement projects.<br>What organisational systems and procedures need to be in place for doing purchasing and contract management in this category?<br>How will the required purchasing, technical, and other expertise be identified for each project?<br>How will project managers be identified and what responsibilities and authority will they have?<br>How will the projects be integrated into the public entity's other business activities?<br>What systems and supporting procedures, including expenditure and procurement authorities, are needed for management control and to ensure integrity and accountability? |

#### 4.8.2 Project Risk Register

A project risk register should be kept and updated as required. At a minimum, the risk register should record:

- Risk identification date
- The person managing the risk/issue
- A description of the risk/issue
- Potential impact on the project (risk)
- Actual impact on the project (issue)
- Responses to the risk/issue
- The date by which you need to resolve the risk/issue

#### 4.8.3 Risks to be considered at RFT documentation preparation

At the RFT documentation preparation stage the project manager needs to ensure that:

- They understand, and comply with, Councils risk management requirements
- Appropriate requirements are included within the contract documents to manage risk related to each project.
- Risk information is supplied to tenderers
- The project programme takes due account of project delivery risks
- Risks are reviewed, reported and escalated as appropriate

Foreseeable risks at the RFT stage of a project can include issues such as:

- Uncertainty in physical quality or environmental conditions
- Implications of time delays and cost over-runs
- Uncertainty surrounding legal, safety or social issues; and
- The availability of specialist resources or materials

Each individual risk should be assigned a risk owner, if it is decided that the contractor will be best placed to own a risk this must be identified and explicitly stated within the RFT document.

#### 4.8.4 Project Risk Contingencies in Costs Estimates

Cost estimates are required throughout the project lifecycle, including at the development of the RFT. Project risks identified at this stage of the project should be taken into consideration when deciding what contingency requirements might be required for the Contract.

Because there are always uncertainties associated with estimating and executing construction projects, a contingency sum should be reserved within each project's budget as a risk mitigation method. Its purpose is to ensure that Council has adequate funds to pay for any:

- omissions within the RFT document, or
- unforeseen events that arise during the course of the project.

The value of the Contingency Sum is dependent on the risks involved with the contract.

#### 4.8.5 Authorities to Proceed

The specific instances where the Council representative, or the Engineer, must be notified and approval to proceed requested before the project can continue to the next stage needs to be documented within the Quality Assurance specification. Examples of holdpoint notification requirements include:

- Quality Plans
- Health and Safety Plans
- Traffic Management Plan
- Environmental Plan
- Pre-construction walkovers
- Setting out of works
- Covering up of works
- Prior to public correspondence
- Completion inspections

#### 4.8.6 Qualifications of Tenderers

The risk, and type of work being tendered, will impact how Council approaches the market and what qualifications are required of the Tenderer.

### 4.9 Conditions of Tendering, Submission and Evaluation

The conditions of tendering, including how tenders are to be submitted and evaluated, must follow the guidance given in the Procurement Strategy and should be documented in a Procurement Plan.

The RFT must state the process for communication through the tender period. This should include any limitations such as approaching elected members or Council staff outside the requirements of the RFT. Typically, the process should direct suppliers to a member of the TET with all requests sought in writing.

#### 4.10 Evaluation Criteria

Evaluation criteria is the set of standards or tests that you'll judge proposals against, including preconditions, value for money, capability and capacity

##### 4.10.1 Non-Price Attributes

Using Price Quality and Quality Based methods allow you to set weights on the relative importance of the Price against the Non-Price Attributes.

**Information requested must be specific to the works being tendered.**

| Attribute                  | Considerations  |
|----------------------------|---|
| <b>Relevant Experience</b> | Experience relevant to the project must be demonstrated.<br>Should be relevant to the organisation and the personnel  |
| <b>Relevant Skills</b>     | The competence of the nominated personnel, with particular regard to their skills and experience in areas relevant to the works.<br>This may be split into technical skills and management skills, depending on the nature of the works being procured; for example management skills will be highly valuable for the team leader of a term maintenance contract (both physical works and professional services) but a capital works project may be more dependent on the technical skills. |
| <b>Methodology</b>         | The procedures the supplier proposes to use to deliver the works  |
| <b>Track Record</b>        | The reputation of the supplier in delivering works or services to the quality standards required, on time and within budget.<br>Does not necessarily have to align with the relevant experience   |
| <b>Resources</b>           | The equipment, including facilities and intellectual property, that the supplier proposes to use to deliver the outputs   |
| <b>Financial Viability</b> | The supplier's ability to access the financial resources required to deliver the outputs to be purchased.<br>This may be especially important for newly established companies   |

For NZTA-funded projects, the following attributes must be assessed:

- relevant experience;
- relevant skills; and
- methodology.

##### 4.10.2 Response Templates

It is recommended that the use of a template for responses be provided in the RFT. This will:

- Clearly identify the information you are seeking and what you want to know
- Allow easier comparison between submissions for the TET
- Ensure that evaluation is fairer and more transparent
- potentially save time in preparing and evaluating tenders with a more focused response

**information requested must be specific to the works being procured and the RFT should explain what Council values in each attribute.**

The use of response templates will both guide the tenderer in preparing their response & will make comparing tenders easier and more consistent for the TET

#### 4.10.3 Weightings

Setting appropriate weights for the non-price and attributes and price (where applicable to the selection method being used) is key as they impact on the outcome of the proposal evaluation process by establishing the relative importance of the non-price attributes (and price) that are to be graded.

Attribute weightings must add up to 100; where price is not included, the non-price attribute weightings must add up to 10.

Weightings must be stated in the RFT.

The weighting given to price (where applicable) will be key in the evaluation and in the identification of the preferred tenderer.

In accordance with the NZTA Procurement Manual, the price weight must be between 10% and 70%. Although specifically related to transport projects, this approach is appropriate for all procurement exercises where price is part of the evaluation.

Weightings will help guide suppliers in preparing their response

#### 4.11 Scoring of Non-Price Attributes

##### 4.11.1 Pre-conditions

| References  |   |
|---|---|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <u>Rule 28: Pre-Conditions</u><br>Explains how an agency can set pre-conditions for suppliers |

1. An agency may include essential conditions for participation in a procurement process in its Notice of Procurement (Rule 37). These are called pre-conditions.
2. Suppliers must meet all of the pre-conditions to be considered for the contract opportunity.
3. An agency must limit pre-conditions to the following critical areas:
  - a. legal capacity
  - b. financial capacity
  - c. commercial or operational capacity or capability to deliver
  - d. appropriate technical skills or expertise or relevant experience.
4. An agency must not make it a pre-condition that a supplier has been previously awarded a contract by a named buyer or a New Zealand government agency.
5. To assess whether a supplier meets the pre-conditions, an agency must:
  - a. evaluate responses against the pre-conditions that it published in its Notice of Procurement (Rules 37 and 38), and
  - b. take into account the supplier's business activities in New Zealand and overseas.

##### 4.11.2 Pass / Fail

For the Lowest Price Confirming method of selection, a pass-fail system is always used.

For Price Quality and Quality Based, a mix of Pass/Fail and attribute scoring / grading may be used.

Where a Pass / Fail system is used, **the RFT must be explicit on what constitutes a 'fail'.**

##### 4.11.3 Grading of Attributes

A scale of 0 to 100 is used when grading non-price attributes.

It is advisable to set up a template for scoring which will inform suppliers of where Council places most value and what is expected in the submission.

Based on the NZTA recommendation, the following can be used as guidance



| Score       | Assessment   |
|-------------|--|
| 90, 95, 100 | Exceeds requirements<br>Exceptional compliance or ability to convey exceptional provision of the requirement   |
| 75, 80, 85  | Requirements are met in all respects   |
| 60, 65, 70  | Requirements are adequately covered  |
| 50, 55      | Adequate with some deficiencies that are not likely to have any adverse effect   |
| 40,45       | Barely adequate and would need considerable improvement in this attribute, if selected   |
| 35 or below | Does not meet requirements / Total non-compliance<br>The scoring / grading details (or template) must be clear on what constitutes a score of 35 or below. |

## 4.12 Conditions of Contract

### 4.12.1 Contract Agreement

There are two possible approaches in terms of the Contract Agreement:

1. Contracts which are to be signed under Council seal; or
2. Contracts which can be signed by Council officers with the appropriate level of financial delegation.

The version to include in the RFT is dependent on the cost and risk level of the contract. The Delegations Register records Council's current position with respect to levels of financial delegation.

### 4.12.2 Alternative tenders

The conditions should state

- whether alternative proposals are permitted and, if not, why
- whether a conforming proposal is required when an alternative proposal is submitted
- whether a producer statement is required to be submitted with an alternative tender
- whether or not WDC's estimated additional costs for assessing an alternative tender will be added to the tender price for assessment purposes

### 4.12.3 Non acceptance of Tenders and Contract Termination

#### 4.12.3.1 Acceptance of tenders

Requests for tender are to clearly state that the lowest or any tender may not be accepted

#### 4.12.3.2 Late Tenders

RFT must state whether late tenders will be accepted and, if so, under what circumstances.

#### 4.12.3.3 Termination of the contract

Contract documentation is to clearly outline reasons and processes that will be applied in the event of a decision to terminate the contract.

## 4.13 Schedules

### 4.13.1 Bond

A bond protects Council via a guarantee of payment, made by a surety agent, if the contractor defaults from their contract obligations. This may include completing the work to the specified standard and breach of contract.

Refer to the NZS3910:2013 for physical works contracts.



#### 4.13.2 Insurances

Refer to the NZS3910:2013 for insurance requirements for physical works contracts. Schedule of Prices

The Schedule of Prices should be prepared to help assist the contractor in the efficient financial management of the project, for instance by arranging it as to follow the likely construction sequence or grouping together items that are likely to be sub-contracted out.

The purpose of the Schedule of Prices is to:

- Provide a price for the convenient comparison and evaluation of tenders
- Form a basis for accurate project planning
- Be used for the calculations of progress payments
- Be used for the valuation of variations.

The Schedule of Prices generally uses the same numbering format as the Basis of Payment and Specification. Each item in the Schedule of Prices must have a corresponding method of payment in the basis of payment, including the provision of as-built records which must be included as a separate item.

In addition to the Schedule of Prices included within the RFT document it is usual practice for Council to also issue an Excel spreadsheet version of the Schedule of Prices to assist contractors putting together their response.

It is the responsibility of the Project manager to ensure that the excel version and RFT version of the Schedule of Prices exactly reflect one another before issuing the RFT.

#### 4.13.3 Provisional Sums (NZS 3910:2013, Section 12.9)

An item can be included in the Schedule of Prices with a “Provisional Sum” if it is expected that the work is to be executed by the contractor. Note that an item that is covered by a provisional sum in the contract does not guarantee the contractor has the right to undertake the work. Nor does it mean that Council, in its role as Principal to the Contract, has the right to carry out the work or to have it carried out by others.

The execution of items covered by Provisional Sums can then only be carried out on the written instruction of the Engineer and are valued as variations to the Contract.

#### 4.13.4 Contingency Sums (NZS 3910:2013, Section 12.12)

As a rule, Council expects that the contingency sum for the contract will **not** be included in the Schedule of Prices.

Refer to Section 4.8.3 for guidance on how to determine the value, and use of, the Contingency Sums.

#### 4.13.5 Provisional Items (NZS 3910:2013, Section 12.10)

Where it has been identified that work may need to be provisionally carried out by the Contractor, but at the stage of developing the RFT the actual quantum of work has yet to be determined, it is possible to include this work as a “Provisional Item” in the contract with rates for nominal quantities in the Schedule of Prices.

The execution of Provisional Item work can then only be carried out on the written instruction of the Engineer and are to be valued by applying the said rates to the actual measured quantities.

### 4.14 Basis of Payment

The Basis of Payment outlines how the specific items are to be paid. A basis of payment and method of measurement which refers to the specific Schedule of Prices should be included in the RFT. One of the following pricing options is usually used:

- Lump sum – this option transfers potential risks to the Contractor
- Measure and value (schedule of quantities)

The numbering in the basis of payment in the RFT refers to the numbering used in both the Schedule of Prices and in the technical specifications. Care must be taken to ensure that the basis of payment covers all items specified in the RFT and listed in the schedule of prices.

## 4.15 Technical Specifications

The specifications are an integral part of the design; it is not possible for the contractor to price, build, test or measure the work correctly without the specification. The technical specification for the physical quality and the standards of workmanship required for the project should be identified within the RFT. It is important to supply as much data and information as possible to ensure tenderers have a realistic appreciation of the resource implications of the project and to minimise their assumptions.

### 4.15.1 Government Rules of Procurement

The Government Rules of Procurement are mandatory for Government Agencies (not local authorities) and provide the following useful guidance for consideration

| References  |  |
|---|--|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <b>Rule 27: Technical Specifications</b><br>How to outline technical specifications in a way that doesn't create unnecessary obstacles for suppliers |

1. An agency must not apply technical specifications or prescribe conformance requirements in a way that creates unnecessary obstacles for suppliers.
2. Where appropriate, technical specifications must be based on:
  - a. performance and functional requirements, not on design or a prescribed licensing model or a description of their characteristics
  - b. international standards where they exist, otherwise the appropriate New Zealand technical regulations, standards, or building codes.
3. When an agency describes technical specifications, it must not (except under Rule 27.4):
  - a. require or refer to a particular trademark or trade name, patent, design or type
  - b. refer to the specific origin of the goods, services or works or the name of the producer or supplier.
4. The exception to Rule 27.3 is when it is the only way to make the requirements understood. In this case, an agency must include words like 'or equivalent' in the specification and make it clear that it will consider equivalent goods, services or works that can be demonstrated to fulfil the requirement.

### 4.15.2 Technical Specification Format

Technical specifications should ideally be industry standards. If they are internally drafted, they must be clear, unambiguous and peer reviewed before they are released. Ideally methodologies should only be specified if "the means" are considered essential for the success of "the ends", or where the output will be difficult to measure with certainty. Even so, tenderers should be allowed the opportunity to provide alternative methodologies and comment on any additions or modifications to the proposed methodology to address shortcomings, or to add value.

## 4.16 Health & Safety

Physical works contracts have the potential to create a significant risk to Council in terms of the Health and Safety (H&S) of its employees, members of the public and the contractors themselves, as well as to the Council's reputation.

Health and Safety Hazards **must** be identified early in a project and communicated to tenderers. The [WorkSafe website](#) provides guidance about how overlapping duties with respect to Health and Safety between organisations like Council at the head of the contracting chain and contractors should be addressed. The RFT is a key document that Council, at the head of the contract chain, uses to communicate expected hazards to tenderers to ensure that the contractor selected can undertake the work in a safe manner.

Generally, the following H&S issues factors should be addressed in the RFT:

- Information must be provided to tenderers on health and safety, including the specific hazards relating to the contract.
- The requirement for Contractors to be accredited in [Sitewise](#).
- Safety in Design reports, as required under the [Health and Safety at Work Act 2015](#), must be issued by the designer and should be included with the RFT documentation. NZTA guidance "[Safety in Design Minimum Standard for Road Projects](#)" should be referred to where applicable.
- The tenderers approach to addressing Health and Safety issues should be one of the issues addressed in the evaluation of tenders. This can include:
  - Using pre-qualified contractors to ensure they are competent to carry out the work
  - Considering H&S history from previous projects
  - Reviewing contractors' H&S policies
  - Reviewing Accident and Incident statistics
  - Insurance levels
  - Ensuring staff are appropriately qualified.
  - Requiring health and safety plans to be developed for the project
  - Health and Safety plans should be incorporated into the contract. These should include:
    - Lines of communication, responsibilities and accountabilities;
    - Safe systems of work, including Temporary Traffic Management where applicable;
    - Method statements, for instance Site Specific safety plans, TRA/JSA;
    - Health and Safety system information
    - Identification of notifiable works.

At times, it may be necessary for Early Contractor Involvement (ECI) to adequately assess all of the Health and Safety risks associated with the construction.

#### 4.17 Consultation and Consents

Potential environmental issues and consent requirements should be addressed at an early stage for each project; they have the potential to result in significant cost and delays.

Where applicable, the RFT documentation should address:

- Resource consents requirements including erosion and sediment control expectations
- Any Consultation requirements with affected parties
- Building consent requirements
- Utility consents requirements, including temporary water supply, KiwiRail consent, power, gas and telecommunications requirements
- Historic Places Act requirements
- Land acquisition and entry issues
- Road opening notice procedures
- Asbestos locations, or status where known

##### 4.17.1 Liaison with other parties

The Request for Tender must state the nature and extent to which the contractor is expected to liaise with third parties, such as the public, community representative, landowners, consent and utility authorities etc. If the contractor is to obtain or be subject to any resource or other consents, consider how these may affect the cost and time aspects of the contract and overall project.

#### 4.18 Appendices to the RFT

Any relevant documents, investigations, reports or designs completed by consultants should be made available to the contractor as appendices to the RFT documents. Generally, appendices would include information such as:

- Drawings, both construction and standard
- Inspection and test plan
- Principals H&S register
- Construction report forms



- Construction test forms
- RAMM data sheets
- Geotechnical data

Note that while any geotechnical data available should be included in the documents to enable the contractor to assess ground conditions. Only factual information should be provided, for example borelogs, and not interpretative comments or analysis, so that tenderers are able to draw their own conclusions. When such data is provided a rider, which states that the information is provided by WDC without responsibility for factual correctness, must be included.

#### 4.19 Engineers Cost Estimate

An Engineers estimate of the likely cost of the Contract, and a total project cost estimate, is required before any RFT can be issued. The Engineers Estimate is used to:

- confirm that sufficient funds have been budgeted to allow for the contract to be advertised.
- confirm that sufficient funds have been budgeted to allow for the total costs related to the project
- report on what level of contingency funds should be held by the Council in order mitigate the risk associated with omissions and unforeseen events.

The Engineers estimate should be based on the proposed Schedule of Prices for the contract. Where historical data is used to help develop this estimate, the following issues should be given consideration:

- The inclusion of on-site overheads in historical data-sets
- The inclusion of off-site overheads and profits in historical data-sets
- Market conditions
- Age of the cost data
- Changes in technology/methodology
- Unique features of the proposed contract

All cost estimates should be internally peer reviewed to provide assurance that:

- good practice has been followed
- the arithmetic of the estimate has been checked
- the proposed contingency allowances are appropriate

The [NZTA Cost Estimation Manual](#) provides estimating guidelines that may be useful in helping to prepare the Engineers Estimate.

##### 4.19.1 Risk and Contingency Calculation

There is always uncertainty associated with estimating and executing construction projects. To address these uncertainties the Engineers Estimate should include a recommended contingency value for the project, based on the risks identified.

Careful consideration should be given to the contingency calculation:

- If the contingency is **too low** the Project Sponsor will end up micro-managing the project to get repeated approvals for additional funds released to complete the contract
- If the contingency is **too high** the
- When the contingency level is **just right** the contract will be protected from a level of uncertainty, keeping the Project Sponsor involved without needing to get addition funding approved

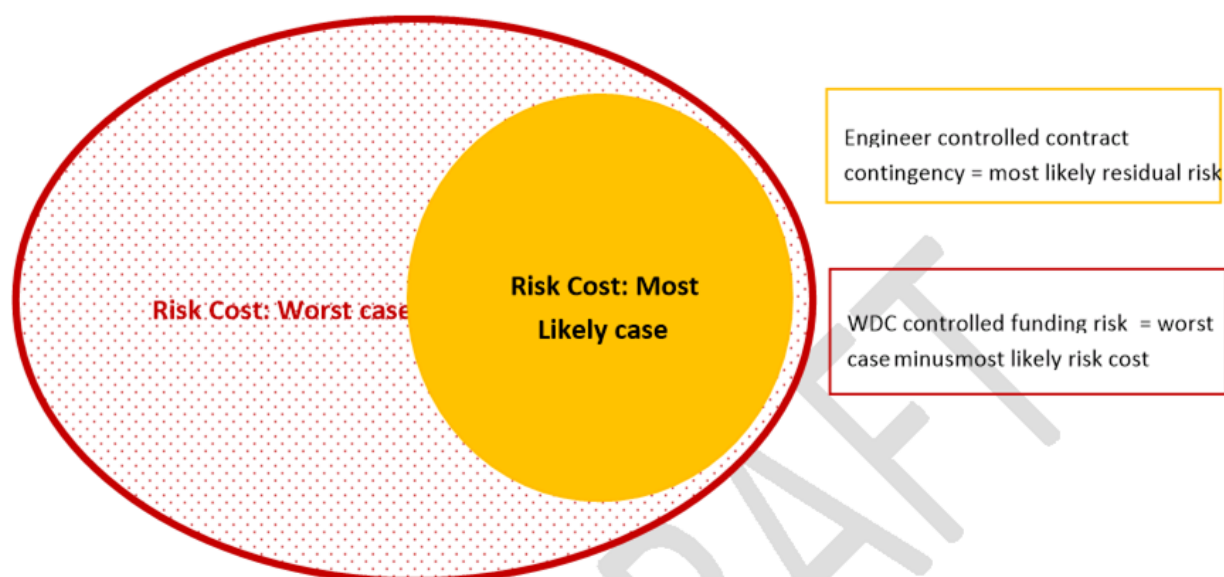
When identifying the level of contingency required the Engineer shall consider:

- The project risk assessment and its robustness
- The reliability of historical cost data
- The age of historical cost data
- Buildability issues
- [Optimism bias](#)

The contingency calculation should consist of three separate components:

- 1 Derive the “**most likely**” value of the cost of residual risk. This becomes the **Contract Contingency** sum, which will be controlled by the Engineer during the course of the project.

- 2 Derive the “**worst case**” residual risk
- 3 Determine the difference between the most likely and the worst-case residual risk values. This becomes the WDC Controlled Funding Risk



The contingency calculation, and the risk assessment on which it is based, must be included in the Engineers Cost Estimate.

#### 4.19.2 Engineers Cost Estimate and PQM

It is not Councils usual practice to supply the cost estimate to the contractor. However, to appear transparent, the estimate for undertaking the contract can be included in the RFT where the Price Quality Method (PQM) is used to select a supplier. Because the base estimate is used in the calculation of the Supplier Quality Premium (SQP) for PQM, the most up-to-date estimate should be included in the RFT. This also allows contractors to comment on the validity of the estimate during the tender period.

#### 4.19.3 Engineers Cost Estimate and Purchaser Nominated Supplier Selection Methods

For contracts with a Purchaser Nominated Price supplier selection method the Engineers estimate is developed further to become the Purchase Nominated Price. The Engineers estimate of Purchase Nominated Price needs to be robust and should be reviewed before the RFT is issued by an independent estimator. The reviewer should challenge the reasoning behind the rates for schedule items, therefore documented justification of the Engineers estimate is required.

#### 4.19.4 Total Project Cost Estimate

The Engineers Estimate must be reviewed by the Project/Contract Manager prior to approaching the market to ensure that the project budget is sufficient to cover the cumulative costs of:

- the contract
- risk contingencies
- other Council managed costs.

Examples of other costs that Council may be expecting to still be incurred on a project, once the contract is ready to let, can include:

- Contract Management and reporting costs
- Consultation costs
- Safety Audit costs
- Consent monitoring costs
- Public relations costs



**Note that if the Engineers estimate exceeds the budgeted allocation for the contract, then the expected budget shortfall must be addressed before approaching the market.**

#### 4.20 Determining Liquidated Damages

Liquidated damages are daily amounts deducted from contract payments in the event that the Contractor does not complete the work on time. The money is payable to compensate the Council for the loss that would result from the delay on completion.

An [liquidated damages pre-assessment](#) must be completed for each contract before going to tender. In assessing the value of liquidated damages all project specific issues should be considered, for instance:

- Actual Council direct costs, including the Project manager's time
- Additional fees payable to consultants as a result of contract management beyond the Due Date for completion (including construction monitoring, Engineer to the Contract, Engineer's representatives, administration, vehicle running costs). The positions of people involved should be identified, along with their estimated hours of involvement
- Contract price escalation
- Loss of use of monies
- Interest on the cost of equipment (if any has been purchased outside of the contract) to be installed
- Storage charges on supplied items
- Loss of direct revenue, for example from rents
- Rental of temporary or additional accommodation
- Servicing existing temporary facilities
- Additional cost of rented materials e.g. scaffolding, fencing, barriers, temporary traffic signals

It is important to ensure that the amount of liquidated damages which are determined to be applied are not at a level that is likely to inflate tender prices, without a reciprocal benefit to Council.

The following matters cannot be considered when determining the value of liquidated damages:

- Additional road user costs due to late completion
- Intangible costs, such as vehicle operating costs
- Lost benefit to the road user (as used in calculating the BCR of the project) □ Cost of financing the asset which is unable to be used; and
- GST

#### 4.21 Electronic Tender Documentation

Tender documentation should be made available in an electronic format, for example an excel spreadsheet for the Schedule of Prices, or a word document for the sections the tenderer is required to complete, or pdf format for tender documents. Electronic documents are provided in good faith, to assist tenderers.

It is the Project Manager's responsibility to have reviewed and checked all information sent and/or received for tendering purposes. This includes ensuring that the excel copy of the Schedule of Prices matches exactly the pdf version within the RFT document.

All documents related to the RFT are to be recorded in a suitable format for issuing to prospective tenderers.

#### 4.22 Review of RFT Documents

The RFT documents must be thoroughly checked before they are released to make sure that all requirements are covered, and to check that the estimate is appropriate. Only appropriately qualified and experienced individuals should undertake this review/s. Refer to the skills matrix in the Asset Management Quality Manual to identify suitable internal staff who can undertake what type of review.

The [RFT Review Checklist](#) should be used as a basis for the review of the RFT.

#### 4.23 Summary of preliminary and general information

The extent of information in each RFT will vary according to scale and complexity but, as a minimum, the RFT should include the following:

| SECTION                           | SUB-SECTION                             | KEY Elements  |
|-----------------------------------|---|---|
| <b>Instructions for Tenderers</b> | General details                         | <ul style="list-style-type: none"> <li>Name and address of Client</li> <li>the process (including nominated person) for seeking clarification during the tender / proposal period</li> </ul>  |
|                                   | Place, Date and time for Tender Closing | <ul style="list-style-type: none"> <li>Outline use of electronic submission – email GETS</li> <li>Include process around late tenders</li> </ul>  |
|                                   | Method of Tender Evaluation             | <ul style="list-style-type: none"> <li>a description of the delivery model / procurement process to be used</li> <li>any shortlisting provisions</li> <li>the supplier selection method to be used</li> <li>the attributes / evaluation criteria against which proposals will be assessed, including (where applicable) the weights for price and non-price attributes</li> <li>a description of how price will be used in the proposal evaluation process (where applicable), including a description of how any proposal price may be modified</li> <li>any conditions for participating in the procurement process such as pre-conditions, certification, standards that <u>must</u> be met</li> </ul> |
|                                   | Alternative tenders                     | <ul style="list-style-type: none"> <li>whether alternative proposals are permitted and, if not, why</li> <li>whether a conforming proposal is required when an alternative proposal is submitted</li> </ul>   |
|                                   | Omissions and Errors                    | <ul style="list-style-type: none"> <li>a statement about the process to be followed in the event of errors or omissions in proposal documents</li> </ul>  |
|                                   |   |   |
| <b>Conditions of Contract</b>     | Conditions of contract to be used       | Standard forms of contract include: <ul style="list-style-type: none"> <li>NZS3910 for capital works</li> <li>NZS3917 for term contracts</li> <li>NEC3 – construction and professional services contracts based more on collaborative models rather than traditional</li> <li>Conditions of Contract for Consultancy Services (CCCS) or Engineering NZ / ACENZ Short Form Agreement for professional services</li> </ul>  |
|                                   | Special conditions of contract          | To include but not limited to: <ul style="list-style-type: none"> <li>the timeframe for delivering the goods, services or works, or the estimated length of a term contract</li> <li>insurance / liability requirements</li> </ul>  |

| SECTION  | SUB-SECTION  | KEY Elements   |
|--|--|--|
|  |  | <ul style="list-style-type: none"> <li>• bonds and retentions</li> <li>• Engineer to Contract details</li> </ul> |
| <b>Schedule of Prices and Basis of Payment</b> | the quantity (if known) or estimated quantity of the goods, services or works  |  |
| <b>Scope</b>                                   | <ul style="list-style-type: none"> <li>• A description of the goods, services or works and any technical specifications, plans, drawings or instructions, or a description of the outcomes the supplier is expected to deliver</li> <li>• any service levels, response times or other performance measures suppliers will need to meet</li> <li>• Any quality assurance requirements</li> <li>• Specific health and safety requirements</li> </ul> |  |

## 5 SEEKING, RECEIVING AND EVALUATING TENDERS

### 5.1 Approval to Approach the Market

Before any tender can be advertised, sufficient budget must be held to cover all project related costs including:

- the base estimate,
- contingencies,
- escalation,
- consent fees,
- consultant fees and
- Council managed costs, which might include:
  - Principal supplied material
  - Works undertaken by others outside of the contract (i.e. roadmarking, signage)
- Confirm Council's intent to complete the proposed works
- RFT to be peer reviewed (appropriate to scale and complexity)
- Obtain approval to go to market

All contracts being tendered need to have an approval to approach the market from the appropriate managers once the RFT has been prepared. The [APPROVAL TO APPROACH MARKET](#) template is to be used for this purpose.

### 5.2 Inviting Tenders

All tender invitations must

- State closing time and method (and location if applicable)
- Allow sufficient time for suppliers to respond
- Make sure the response time is within 'Minimum Time period'
- State the deadline for suppliers' queries
- State whether late tenders will be accepted and, if so, under what circumstances.

All open tenders are to be advertised through [\(Government Electronic Tenders Service\)](#) GETS

### 5.3 Responding to Queries

| References  |   |
|---|---|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <a href="#">Rule 40: Responding to Queries</a><br>How to reply to suppliers' questions about a procurement. |

1. Suppliers may ask questions about any Notice of Procurement.
2. An agency **must** promptly reply to all questions and reasonable requests for information from suppliers. If an agency is unable to reply to a question promptly, it **should** consider extending the deadline for responses.
3. When an agency responds to a supplier's question, it **must not** give information that might give that supplier an unfair advantage over the other suppliers. If an agency wishes to disclose advantageous information, it **must** make it available to all suppliers at the same time.
4. When an agency responds to a supplier's question, it **must not** discuss or disclose another supplier's confidential or commercially sensitive information.

Responses must be made available to all prospective tenders in the form of a 'Notice to Tenderer' either by uploading to GETS or to each supplier that has requested a copy of the RFT / RFP (where not advertised via [GETS](#))

When Council responds to a supplier's question, it must not disclose who the request has come from.

## 5.3.1 Additional Information / Notices to Tenderers

| References  |  |
|---|--|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <u>Rule 41: Additional Information</u><br>How an agency can make additional information available to suppliers participating in a procurement process. |

1. An agency may make additional information available to all participating suppliers after a Notice of Procurement is published on (Government Electronic Tendering Service) GETS and before the deadline for responses closes.
2. An agency may publish additional information on GETS or, following a shortlisting, send copies to all participating suppliers
3. An agency must make additional information available to all participating suppliers at the same time.

## 5.4 Receiving and Opening of Tenders

The reception of tenders must be in accordance with the RFT.

Council officers with a conflict of interest are not to be involved in the tender opening process.

Open and Invited Tenders are to be opened in the presence of two or more Council officers, and the following is to be recorded

- the number of tenders received
- the names of the tenderers
- the tender prices recorded or, when a two-envelope system is involved, confirmation that the price envelope has been received and has yet to be opened
- any tags associated with the tender
- any other correspondence additional to the tender

## 5.5 Evaluation Process

## 5.5.1 Key Principles

| References  |  |
|---|--|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <u>Rule 43: Treatment of Responses</u><br>Explains how an agency should treat supplier responses to a procurement. |

1. An agency **must** have in place procedures that guarantee that all suppliers' responses are treated fairly. This includes receiving, opening and evaluating responses.
2. To be considered for an award of contract, a supplier **must**:
  - a. submit a response in writing (this can be through electronic means such as email or an e-procurement system)
  - b. comply with all *pre-conditions* (Rule 28) if any, or other conditions for participating in the contract opportunity.
3. An agency **must** not penalise a supplier who submits a late response, if the delay is solely the agency's fault.
4. If, after opening the responses but before completing the evaluation, an agency offers a supplier the opportunity to correct unintentional errors, it **must** offer the same opportunity to all participating suppliers.



### 5.5.2 Credentials of Evaluators

For projects that are utilising NZTA funding, the tender evaluation team must include at least one appropriately qualified and experienced person. The expected qualification is the New Zealand Certificate in Infrastructure Procurement Procedures.

### 5.5.3 Tender Evaluation Team (TET)

For projects that are utilising NZTA funding, the tender evaluation team must include at least one 'Certified Tender Evaluator' in the evaluation team. The expected qualification is the New Zealand Certificate in Infrastructure Procurement Procedures.

It is advisable for all members of the TET (and those involved in the procurement process) to complete and sign a Conflict of Interest Statement.

### 5.5.4 Probity Auditor

A probity auditor for the preparation of the RFT and / or the Evaluation Process should be considered based on the scale and complexity of the works involved and the likelihood or possibility of decisions being questioned.

### 5.5.5 Tender Evaluation Timeframe

Sufficient time must be allowed between Tenders closing and award to allow for the tender approval process to proceed.

### 5.5.6 Tender Evaluation Team (TET) Report

Tenders are to be evaluated in accordance with what was included in the RFT documents. The TET must document the findings of their evaluation process in a Tender Evaluation Team (TET) Report. The TET report is then used as the basis for the Tender Recommendation report.

### 5.5.7 Alternative Tenders / Proposals

Alternative tenders are to be evaluated in accordance with the process for stated in the RFT. Standard practice is that any alternative tender must, as a minimum:

- be submitted with a conforming tender
- be within scope of the RFT;
- identify where the proposal differs from the requirements of the RFT;
- state what the alternative means to Council in terms of added value for money; and
- not change the terms of the contract.

(Depending on what is involved, an alternative tender may require additional evaluation and analysis and the RFT should state clearly how the costs relating to these additional client costs will be taken into account.)

### 5.5.8 Evaluation of Tenders

*Refer to Section 5 below for details on each method of selection.*

The key principles to apply during the evaluation scoring process:

- Only consider relevant aspects of each submission
- The panel should consider all relevant considerations related to each supplier's submission. This includes the responses to the criteria-related questions in the Request for Tender (or Proposal) and all other information requested.
- Ensure that your scoring is evidence-based (probity)
- Evaluation ratings must be made on the basis of the material requested and included in the response, together with information obtained through meetings, presentations, and clarifications.
- Maintain full records of your scores and rationale for them
- The evaluation panel must fully record their evaluation against the selection requirements and criteria.

- Maintain confidentiality.

## 5.6 Documenting the Process

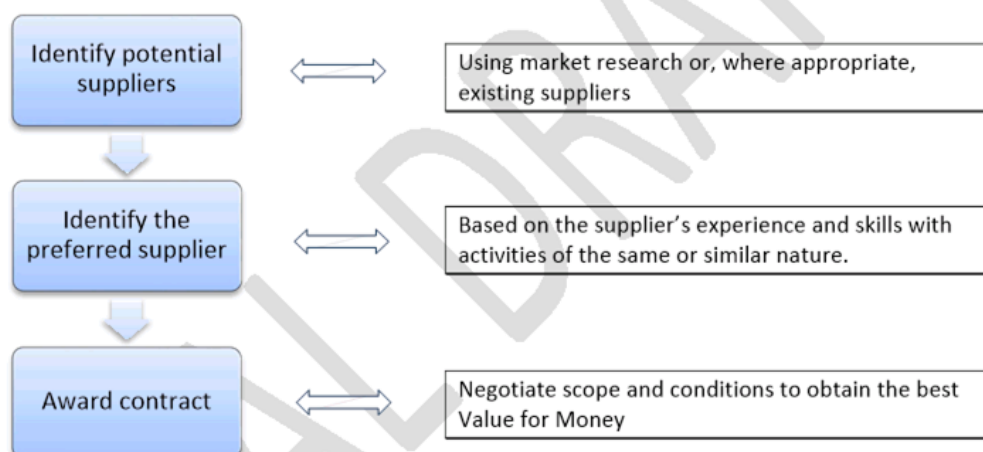
Preparing robust documentation as part of the procurement process will provide integrity to the process and enable Council to demonstrate that it:

- has acted fairly and reasonably
- has used transparent evaluation criteria and processes
- is fair and consistent
- only takes into account all relevant factors
- clearly communicates with those who submit proposals about the conclusions of the evaluation process.

These obligations are relevant to the entire evaluation process and to the non-price attribute evaluation process in particular, including judging whether the requirements (or minimum standards) set out in the RFP have been met.

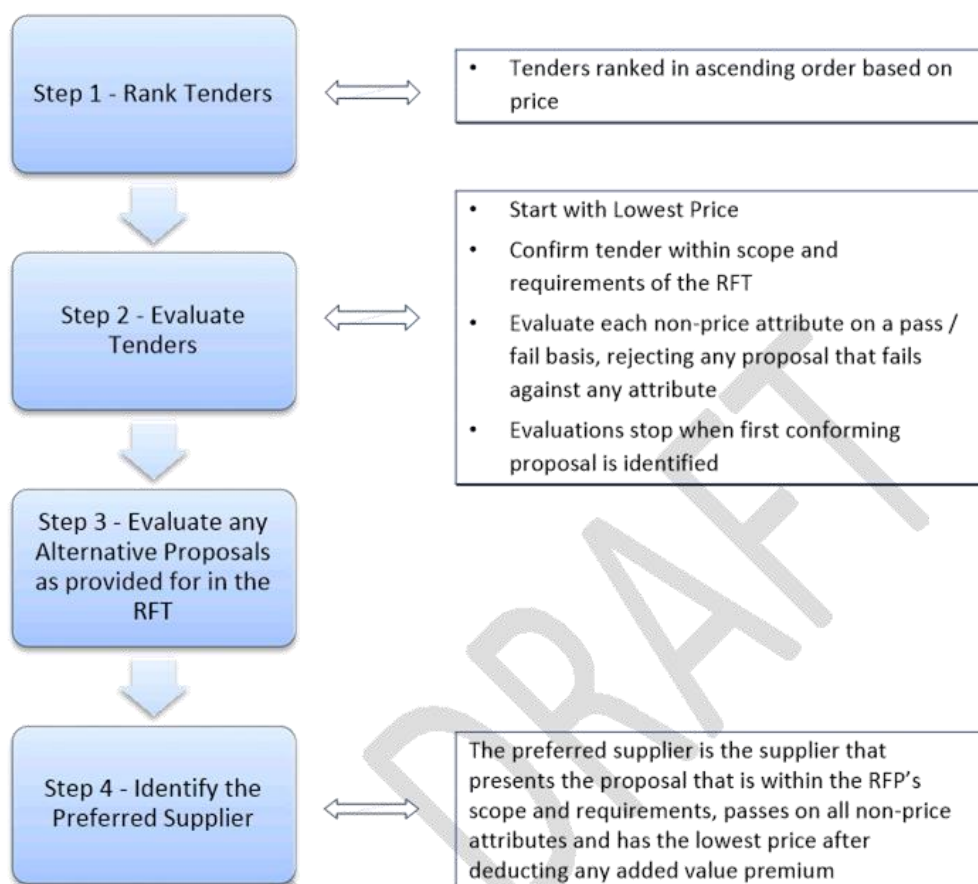
## 5.7 Evaluation of Tenders

### 5.7.1 Direct Appointment



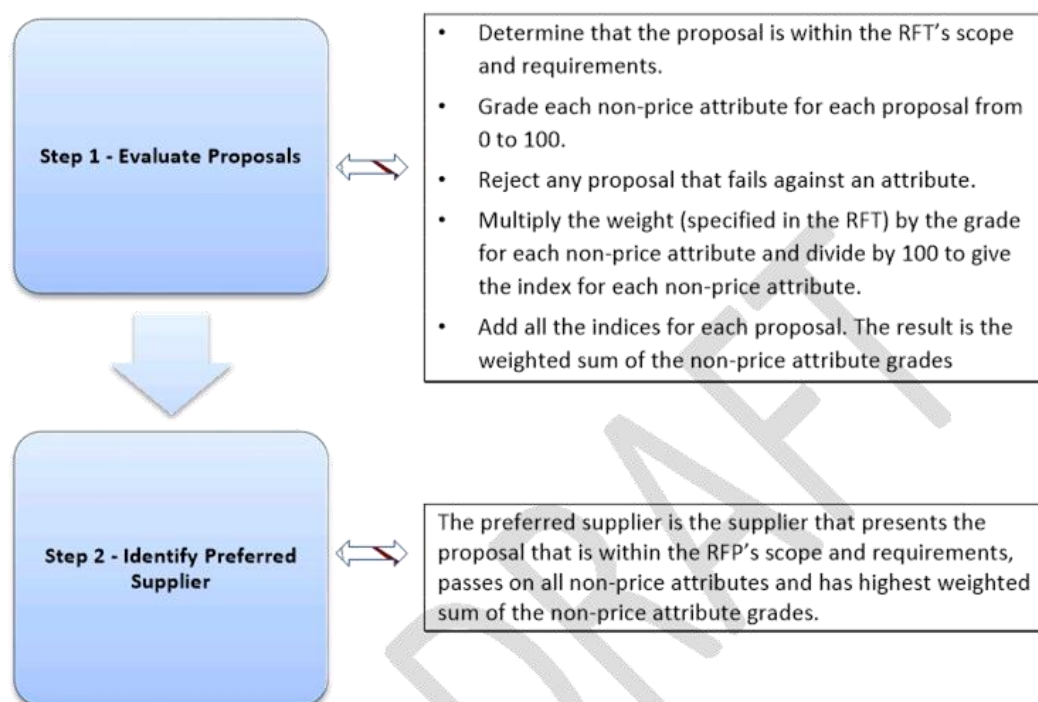
- Notes**
- Only to be used for contracts estimated to be < \$100,000
  - The RFT must be explicit on the criteria that may lead to a non-price attribute being evaluated as a fail.
  - A two-envelope option can be used with the non-price attributes assessed first if it is considered that the extra time and effort required will be beneficial.
  - Lowest price conforming can allow for alternative proposals.
  - Council can negotiate with the preferred supplier, in accordance with the relevant provisions of the RFT.

## 5.7.2 Lowest Price Conforming



- Notes*
- Only to be used for contracts estimated to be < \$100,000
  - The RFT must be explicit on the criteria that may lead to a non-price attribute being evaluated as a fail.
  - A two-envelope option can be used with the non-price attributes assessed first if it is considered that the extra time and effort required will be beneficial.
  - Lowest price conforming can allow for alternative proposals.
  - Council can negotiate with the preferred supplier, in accordance with the relevant provisions of the RFT.

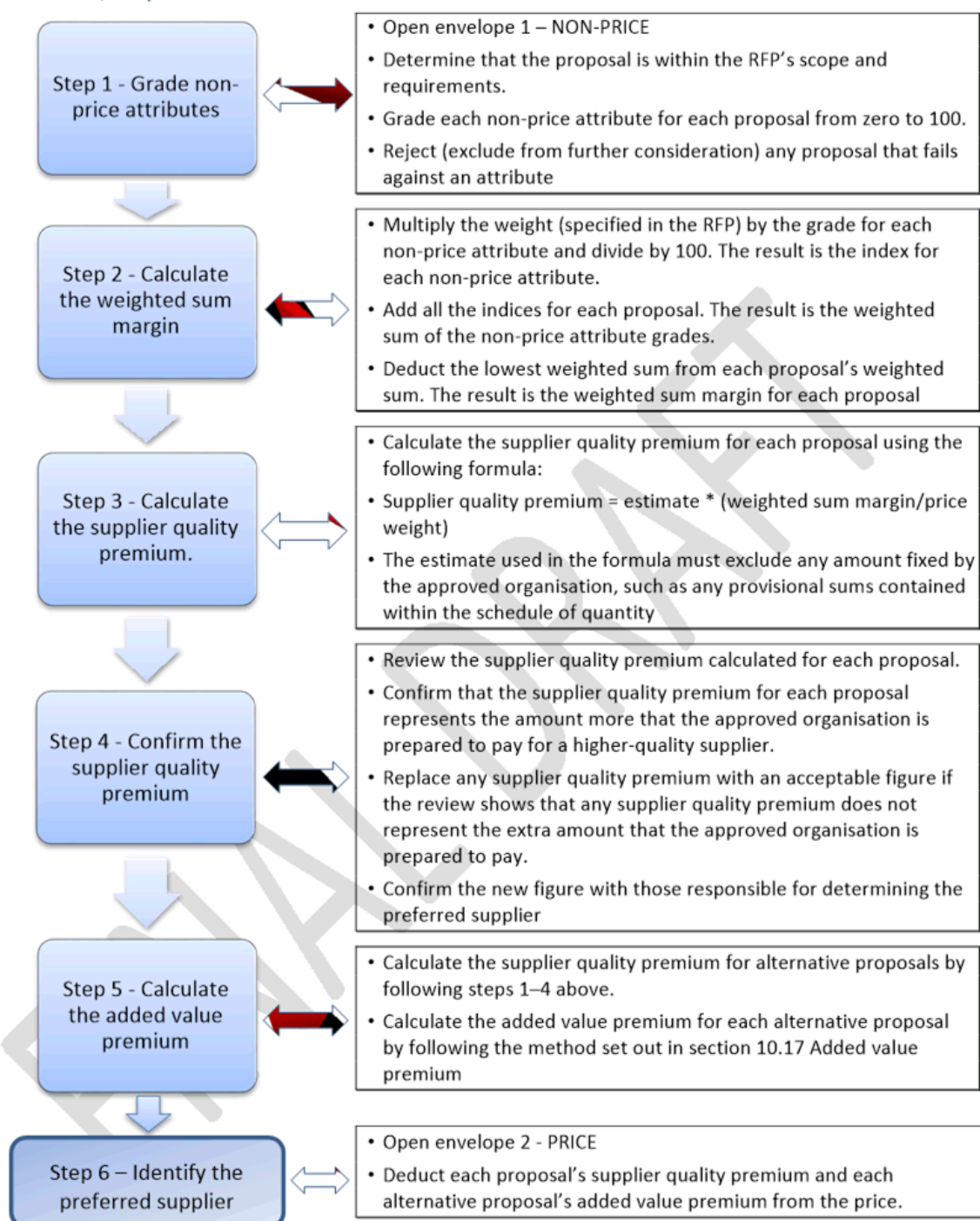
## 5.7.3 Target Price



- Notes**
- The RFT must be explicit on the criteria that may lead to a non-price attribute being evaluated as a fail or graded below 35.
  - A two-envelope option can be used with the non-price attributes assessed first if it is considered that the extra time and effort required will be beneficial.
  - Target price can allow for alternative proposals.
  - Council can negotiate with the preferred supplier, in accordance with the relevant provisions of the RFT.
  - Traditionally, this method has not been recommended for physical works or routine professional services. It has been considered best suited to strategy studies, feasibility studies, transportation studies and investigations where the desired outcome is known but the required outputs are not as well understood
  - More recently Target Price has been considered as having potential to provide better value for money and deliver better alignment with community outcomes.



## 5.7.4 Price Quality Method



- Notes:
- Tender Evaluation Team (TET) to include at least three people where works estimated to be > \$200,000
  - Good practice for each member of the TET to assess the non-price attributes separately and then agree a consensus score
  - Referee checks to be undertaken by one member of the TET – ensure the same questions are asked of each referee

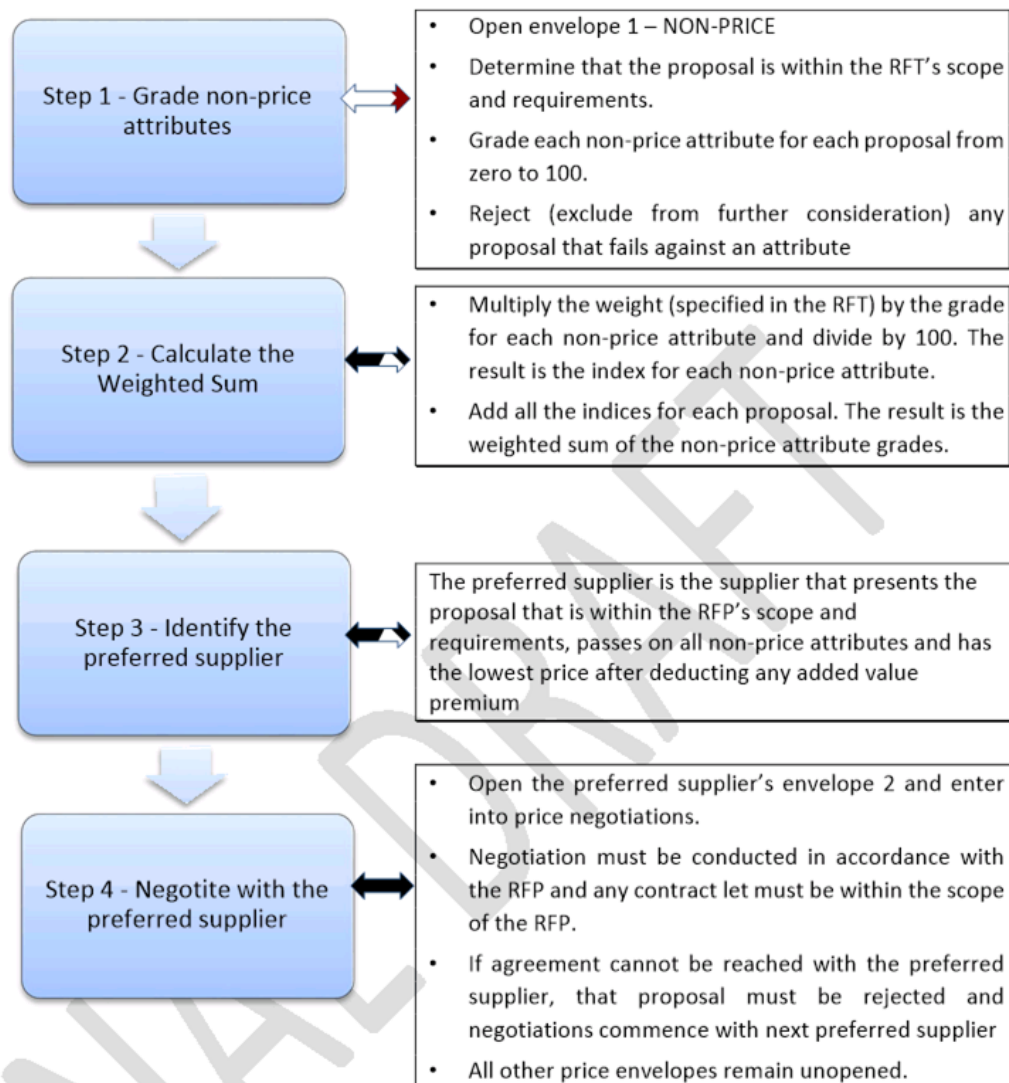


- *Depending on the scale and complexity of the works, a tender presentation (for all / shortlisted tenderers) should be considered prior to finalising non-price scores, its purpose being to:*
  - *Tenderers able to present on key aspects of their submission*
  - *Meet key personnel (can stipulate who should attend eg team leader)*
  - *Seek any clarification on submissions*
  - *Tender is able to raise any concerns / perceived risks*

*The presentation of any additional information or discussion around price should not be permitted*

FINAL DRAFT

## 5.7.5 Quality Based

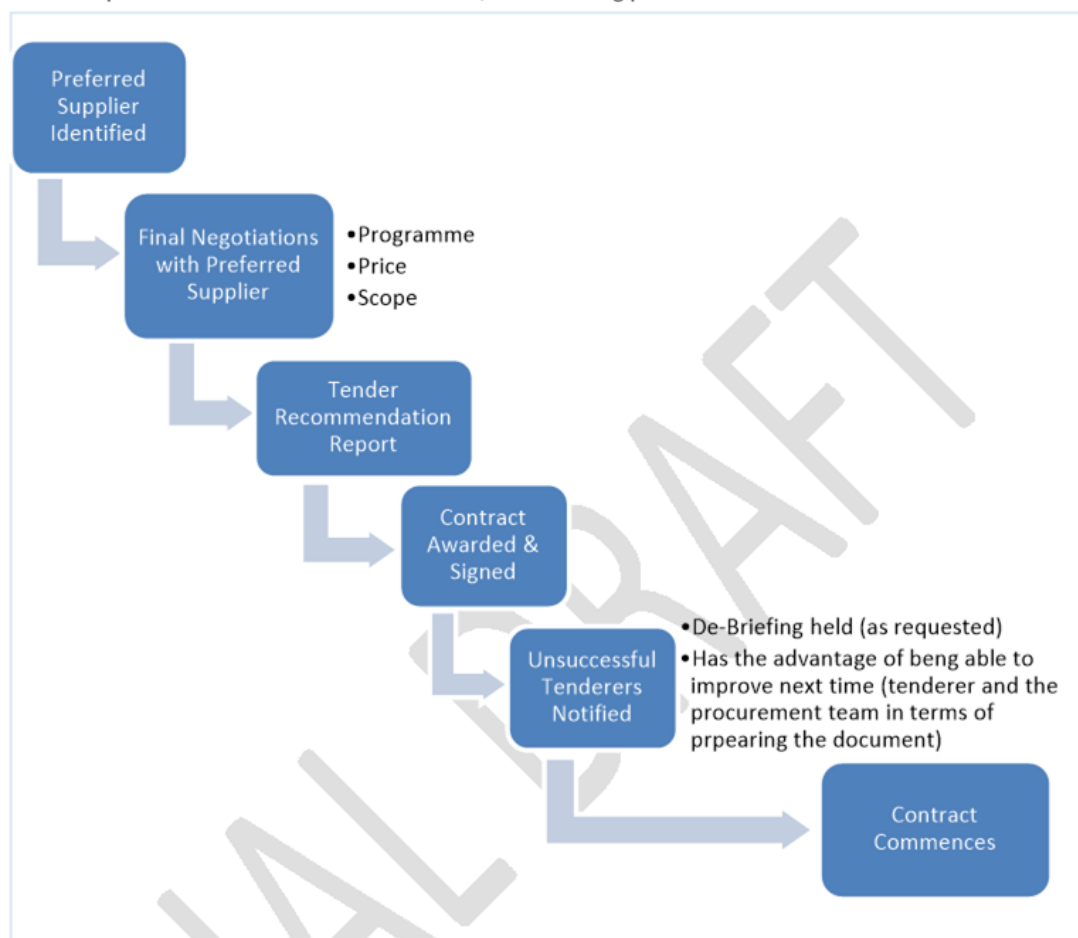


- Notes**
- The RFT must be explicit on the criteria that may lead to a non-price attribute being evaluated as a fail.
  - The negotiation process should not result in a large change in the quality or scope of the outputs, or in the proposed price.
  - This method can be used to select a preferred supplier and negotiate a contract that includes a mechanism to establish the price, or an open book accounting method, rather than the price itself.
  - Alternatives cannot be accepted.

## 5.8 Finalising the Tender Process

### 5.8.1 Overview

Once the preferred tenderer has been selected, the following process should be followed:



### 5.8.2 Tender Recommendation Procedures

#### 5.8.2.1 Tender Recommendation Report

The tender recommendation report needs to be addressed to the appropriate delegated authority. It should include comments on the following key points:

- Background, objectives and source(s) of funding for the contract
- Invitation method and evaluation process used
- Reasons for the choice of invitation method
- Number of responses, including any responses that were anticipated through a closed competitive process and not received, and late/rejected responses.
- Who was involved in the evaluation and their roles
- Conflicts of interests encountered and how they were resolved
- Offers received and the results of the evaluation
- Reasons for the disqualification of any response including any responses that failed on non-price attributes
- Any plans for negotiation and the expected outcomes of those negotiations
- Risks associated with the award e.g. implementation challenges and interrelated activity
- The recommendation to award and request for approval of the recommendation.

Once completed, the report is to be sent to the finance department for key metrics to be recorded in the Contract tracking register. From there a copy placed on the contract file and the report will be sent to the appropriate delegated authority for signing prior to the award of contract.

#### 5.8.2.2 Recommendations to the Tender Review Panel

Where tenders are required to be approved by the Tenders Review Panel, any report containing sensitive commercial information is to be made "Public Excluded" under Section 48 of the Local Government Official Information and Meetings Act 1987. The reason being to protect the commercially sensitive information provided from each of the tenders as making this information available would be likely to unreasonably prejudice the commercial position of the tenderers, under Section 7(2)(b)(ii) of the Act.

The reports must be circulated by the appropriate officer prior to the meeting to meet the time frames required by Council's standing orders.

### 5.8.3 Contract Award and Document Compilation Procedures

#### 5.8.3.1 Approval to Award Contract

Approval to the award the contract can only be given by those with the appropriate delegated financial authority. Once appropriate sign off or the tender review panel decision has been obtained, the contract can be awarded using the steps noted below.

| Step   | Procedure  |
|--------|--|
| Step 1 | Notify the contractor of the acceptance of their tender and request original copies of Bonds and Insurance forms as per the Conditions of the Contract   |
| Step 2 | Notify unsuccessful contractors of the result  |
| Step 3 | Collate contract documents, including insurances   |
| Step 4 | Arrange for the Contractor to check and sign the Contract Agreement.   |
| Step 5 | Check documents executed by the Contractor   |
| Step 6 | Send the contract documents to the Executive Assistant for the CE and Mayor to sign.   |
| Step 7 | Deliver executed copies of Contract Documents as follows: <ul style="list-style-type: none"> <li>• 1 copy to finance department to store in Council Contract File Safe (Original)</li> <li>• 1 copy to Contractor (Counterpart)</li> <li>• 1 copy to Engineer to the Contract</li> </ul> |

#### 5.8.3.2 Notification of Decision

| References  |   |
|---|---|
| Government Rules of Procurement<br><a href="#">Government Procurement Rules [PDF, 4.1 MB]</a> | <u>Rule 47: Informing Suppliers of the Decision</u><br>Explains how an agency should inform suppliers of a decision to award a contract   |
|   | <u>Rule 48: Contract Award Notice</u><br>The requirement for an agency to publish a Contract Award Notice and the information that should be included   |
|   | <u>Rule 49: Debriefing Suppliers</u><br>Outlines the information that should be disclosed to suppliers as well as confidential information relating to other suppliers that shouldn't be disclosed. |

In general, Council will advise all tenderers of the decision along with the the following:

- a. Name of the successful Tenderer;

- b. Price of the successful Tender, except in situations where disclosure of price would enable the calculation of commercially sensitive information;
- c. Number of Conforming Proposals received;
- d. For each Tenderer, and where applicable, their individual Non-Price Attribute grades, and the range of Non-Price Attribute grades of all Tenderers; except in situations where disclosure of attribute grades would enable back calculation of competitors' attribute scores; and
- e. When applicable, the margin between the proposal submitter's supplier quality premium and the supplier quality premium for the preferred supplier.

If less than three Tenderers submit tenders, only the information described in items a), b) and c) above will be provided. In addition, each Tenderer will be provided with their individual non-price attribute grades and SQP.

All Tenderers are able to request a de-briefing once the decision has been notified

#### 5.8.3.3 *Notification of Acceptance of Tender*

Notification of acceptance of tender to the contractor must be done in writing, using the [ACCEPTANCE NOTICE](#) template. This letter should confirm:

- The contract price
- The due date for completion
- The contract documents intended to form part of the contract
- That no tags or qualifications made with the contracted tender remain valid (other than those agreed between the Contractor and Council in writing); and
- The timetable and procedure for the execution of the contract agreement
- The timetable for the provision of other documents, such as the bond and confirmation of insurances, quality, environmental, traffic management and health & safety plans.

A legally binding contract is effected as soon as the contractor is notified of the acceptance of tender.

#### 5.8.3.4 *Notification of Decline of Tender*

After the tender process is complete and the contract is awarded, it is important the unsuccessful suppliers are informed and given the opportunity to discuss their responses with the evaluation team, using the [NOTICE OF UNSUCCESSFUL TENDER](#) template.

The following information may be released to unsuccessful suppliers:

- The rating of their tender in relation to others received (e.g. 3<sup>rd</sup> out of 4)
- A summary against each evaluation criteria where the proposal was strong or deficient. The purpose of this is to encourage and assist suppliers in responding for future WDC contracts.

#### 5.8.3.5 *Compilation and Signing of Contract Documents*

All relevant documents must be included in the contract documents to be signed. Any post-tender conditions or commitments will only be contractually binding if they are included within the signed contract document sets.

The proposed contract format is detailed in the RFT document. Contract documents should include the following, as applicable to each contract:

- Contract agreement form
- Special conditions of contract
- Amendments to the general conditions of contract
- General conditions of Contract
- Specifications
- Drawings
- Any appendices
- The Schedule of Prices
- Other schedules to the conditions of contract, including bonds and insurances
- Notices to tenderers and post tender correspondence
- Schedule to conditions of tendering
- Conditions of tendering



- The notification of acceptance of tender
- The contractors tender

At least three complete sets of documents for signing by each party should be assembled, one each for the Council's file safe, the Contractor, and the Engineer to the Contract. Authorised signatories sign in full the Contract Agreement form of each set. If the documents are bound securely, and signed at Council's offices, there is no requirement to initial each page. Copies of the signed sets are made and distributed as appropriate. Under General Condition 2.7.1 of NZS 3910:2013 the contract shall be provided to the contractor in the electronic form stated in the special conditions, together with:

- A signed set
- Two hard copies; and
- Two hard copies of any additional consent documents

These requirements are summarised as follows

| Document                      | Location  |        |            |                          |
|-------------------------------|-----------|--------|------------|--------------------------|
|                               | File Safe | e-Data | Contractor | Engineer to the Contract |
| Original Copy of Signed Set   | ✓         |        |            |                          |
| Hard Copy of Signed Set       |           |        | ✓ x 2      | ✓                        |
| Electronic Copy of Signed Set |           | ✓      | ✓          | ✓                        |
| Additional Consent Documents  |           | ✓      | ✓ x 2      | ✓                        |

It is important to note that, effective from the time of acceptance of tender, a legally binding contract is already in place, before the documents are even signed.

**The Council has only 10 working days to compile the Contract documents ready for signing by the Contractor, or it will be in default of the Contract.**

#### 5.8.3.6 Insurance and Bond Forms

Schedules for insurance and bonds must be provided by the contractor for inclusion in the contract documents (note that some contractors may have already provided Annual Insurance Certificates via the [Sitewise](#) system). Insurance forms must be supplied prior to the signing of the contract and before the contractor can start on site. Any tags relating to insurances should be directed to the Council's corporate insurance advisor for advice.

**Insurance certificates must be signed by the insurance companies themselves, not brokers, because if money has not changed hands then insurances may not legally be in place. The certificates must be original documents, not photocopies, and must be on the original NZS 3910 schedules.**

Note that where pre-qualified contractors have already provided annual insurance certificates these should already be on file.

#### 5.8.3.7 Executing Contracts under the Seal of Council

The Contractor has 10 working days to sign the documents and to return them to Council for execution.

Where contracts are at level that they are required to be made under seal of Council, the Request for Council Seal form is completed by ### and the form and the complied contract documents are sent to the Legal Officer to affix the seal.

Contracts must be executed within 10 working days of receipt of the signed documents from the Contractor, or Council will be in default of the Contract.

Work cannot start on site until both parties have signed the Contract.

#### 5.8.3.8 Confirmation of Approved Contract Budget

The approved contract budget that each physical works contract must be managed within is confirmed to the Engineer as part of the tender approval process. It comprises:

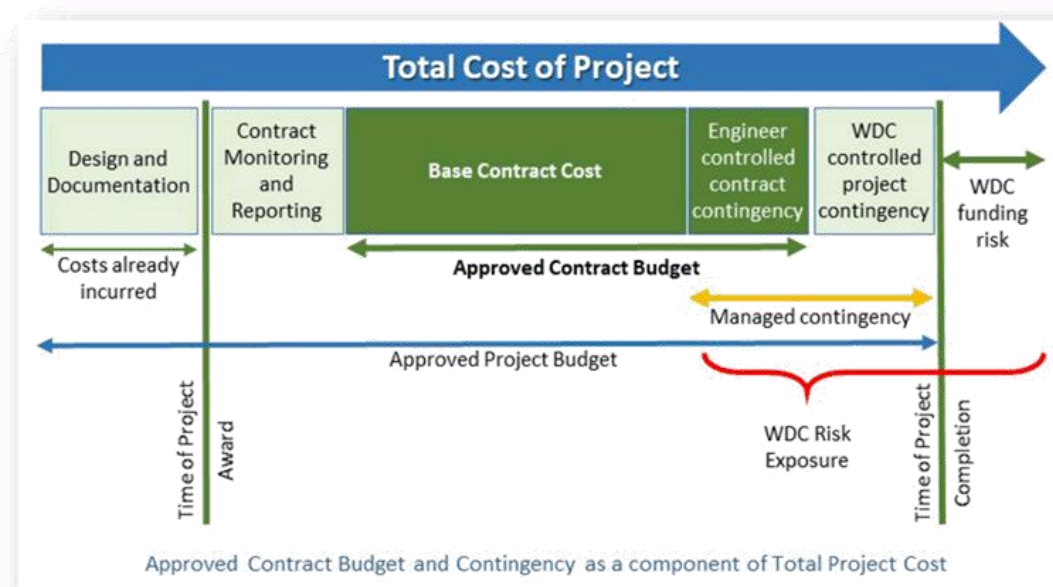
- the accepted physical works contract value, and

- the approved contract contingency sum.

The Provisional sums in the schedule should remain part of the contract value, but any provisional item or dayworks schedule that was included in the contract schedule of rates to obtain tendered prices or rates should be managed as part of the contingency.

The contract contingency should not form the whole of the project's contingency. Allowance will be needed for an WDC controlled contingency to cover items outside of the contract such as additional contract monitoring costs to cover an increase to the projects programme.

The diagram below portrays the relationship between the approved contract budget and the total project cost including council's risk exposure.



## 6 CONTRACT DELIVERY MANAGEMENT

### 6.1 Establishing the Contract

#### 6.1.1 Start-up Meeting

A start-up meeting should be organised after the contractor has been appointed, but before work commences on site. This meeting is an opportunity for the project team to meet and to plan the construction stage. The start-up meeting should be chaired by the Engineer to the Contract, or their Representative, and is an opportunity to:

- Make introductions and issue contact details in the form of a project directory
- Clarify roles, responsibilities and lines of communication.
- Agree meeting schedules, meeting structures and attendees
- Handover outstanding documents (such as insurance certificates) and issue outstanding information (which may including any variations made since the contract was awarded).
- Handover "Construction Issue" drawings
- Discuss the contractor's programme, including incorporation of any works which need to occur outside of the main contract, inspections, commissioning, testing and collection of as-built records
- Agree procedures for monitoring, issuing, receiving and reviewing information
- Agree site access procedures and issues.
- Agree site induction procedures and other health and safety issues. For instance, if there has been no Site-Specific Safety Plan before now (or variant of) then they should be provided for the works at this meeting.
- Agree procedures for dealing with queries.
- Agree procedures for issuing instructions.

A template for a typical [Contract Start Up Meeting Agenda and Minutes](#) is included in the appendix. The meeting should be minuted so that there is a clear record of the procedures agreed and decisions made.

**Note that any proposed changes of key personnel or subcontractors by the contractor, as compared to their tender submission, must be approved by the Engineer to the Contract prior to being accepted, otherwise the contractor will be in breach of contract.**

##### 6.1.1.1 Project Directory

A project directory should be issued by the Contract Manager either at the start-up meeting or when the minutes are distributed. This should provide contact details of the project team members and any key stakeholders. The project directory should include:

- Names of key contacts
- Their role with the project
- The company they represent
- Address
- Phone numbers
- Email addresses

#### 6.1.2 Handing Over of Site

The existing condition of the site should be agreed with the contractor prior to handing over and commencement of the works. Where appropriate the Council officers should take a photographic record of all sites prior to the contract commencing. Attention should be given to existing faults e.g. cracks in paving or masonry in buildings.

#### 6.1.3 Public Consultation

Where a particular contract will have an obvious impact on local residents or businesses, for instance; disrupting access to their property, then the Contract Manager is responsible for informing the affected parties about the project in accordance with the project's approved Communication Plan.

Communication Plans must be developed for each project in co-ordination with Council's Communications team.

#### 6.1.4 Post Award Documentation

Documentation that is required from the contractor should be submitted as specified in the conditions of contract. In addition to the bond and insurance schedules common documents required are:

- Quality Plan
- Site Safety Management Plan
- Traffic Management Plan

Environmental Management Plan

- Programme

These documents **must** be reviewed, and approved by, the Engineer to the Contract, or their representative. **Note** that if assistance with reviewing the site safety management plan is required, contact the WDC H&S Advisor. Work cannot start on site until the approval for these plans has been received and approved. [Plan Review](#) checklists to help with this process can be found in the appendix of this document.

In the case of the Traffic Management Plan (TMP), this must also be approved by Wairoa District Council in its role of Road Controlling Authority (RCA). However, before the TMP is submitted to the RCA it must first have been reviewed by the Engineer.

### 6.2 Managing the Relationship

During the course of the contract, the relationship between the Council and the Contractor needs to be managed to ensure:

- Roles, responsibilities and delegated authorities are understood
- Effective communication occurs and disputes are minimised and resolved
- Councils expectations are met

#### 6.2.1 Meetings, Communication & Reporting

Effective communication is achieved by ensuring that everyone involved is aware of:

- Communication protocols
- Current activities and updated plans
- Problems or issues that have been encountered, or are anticipated, and the implications of these
- The response to these problems and issues

Any non-compliance issues or misconceptions that occur during the contract should always be corrected as soon as they arise.

All communication that may have contractual significance must be documented. Informal communication is faster, but if it involves any contractual obligations it must be clarified that all agreements or actions proposed should be subject to formal confirmation. Formal communication during the contract can take the form of:

- Minutes meetings
- Notice to Contractor
- Notice to Engineer (from the Contractor)
- Construction Monitoring Reports
- Variation Price Request
- Variation Order.

#### 6.2.2 Meetings and Reports

Meetings and reports which are required as part of the contract should be defined for their purpose, frequency, and expected participants. Minutes should be kept for all formal meetings and can be recorded on the [Meeting Agenda](#) template.



Typical agenda items include:

- Progress report (covering time, quality, and cost)
- Quality Assurance records
- Planned activities
- Variations, including the status of approved variations and the tabling of proposed variations
- Details of any claims to be submitted
- Health and Safety
- Details of any problems or opportunities anticipated

### 6.2.3 Notice to Contractor (NZS3910:2013, Section 15)

Any Notice to the Contract, or other communication under the Contract, should be made in writing using the [Notice to Contractor](#) template, and emailed to all relevant parties, including the Contractors Representative, the Engineer to the Contract, the Engineers Representative and the Project Manager and Council Representative where applicable.

All Notice's to Contractor must be saved to the project file and reference made to the contract number, name and notice number in the title.

Contractors may submit claims for variations when they believe work done under a Notice to Contractor was outside the scope of the contract requirements. These claims may be avoided by:

Clearly indicating the difference between Notices to Contractors and Variation Orders

- Being clear about the contractual basis of a Notice to Contractor; and
- Stating the contractual basis verbally and in writing

If a Notice to Contractor varies the Contract works, then this must be issued as a [VARIATION ORDER](#).

## 6.3 Managing Quality

During the construction phase of the project the main objective of the Engineer is to ensure that the construction deliverables are in accordance with the design documentation, both in scope and quality, and that the construction meets safety, time and cost objectives. To help achieve this the following should occur:

- The contractor's quality plan should be reviewed and approved before work begins on site (the [Quality Plan Review Checklist](#) template can be used to help with the review process). It is expected that the quality plan includes inspection and test schedules.
- The Engineer should plan for, and carry out, audits to ensure that standards set out in the contract are met.

Where non-conformance to quality plan is identified, a written instruction in the form of a [Notice to Contractor](#) should be issued to the contractor detailing:

- What the problem is
- That the contractor is expected to resolve solve the problem
- Re-iterate that rectifying the problem is part of the contractor's contractual obligation and that the cost of doing so is the responsibility of the contractor.

### 6.3.1 Construction Monitoring

The main responsibility for completing the physical works in accordance with the contracts documents belongs to the contractor. However, on-site construction monitoring is necessary for every project during the construction phase to ensure that:

- The design is being correctly interpreted;
- The construction techniques are appropriate
- Construction phase documentation (e.g. shop drawings) are reviewed
- The work is completed in accordance with the plans and specifications
- The worksite is safe
- Timelines are being met
- Prompt action is taken if the contractor's performance falls below the agreed criteria.



The level of construction monitoring required should have been determined as part of the project plan and will depend on:

- The size and complexity of the work
- The experience of the contractor
- The consequence of getting it wrong

Where the level of service monitoring the contract has not been specifically been defined, the default level for Council construction contracts should be CM3 in accordance with [the ACENZ / IPENZ Guideline on the Briefing and Engagement for Consulting Engineering Services](#).

The complexity and importance of the construction work should also have a bearing on the experience of the Engineer who is selected to carry out the construction monitoring. Ideally the design engineer should be involved in the construction phase stage to respond to contractor queries and to address any design issues that arise during construction.

### 6.3.2 Hold point notifications, Inspection Schedule and Test Plan

The specific instances where the Engineer or Council's representative must be notified and requested to provide approval before the contract may proceed to the next stage should be detailed in the contract documents. For example:

- Quality plans, including the Contractors Inspection and Test plans
- Health and Safety Plans
- Environmental Management Plans
- Pre-construction walkovers
- Revealing certain site conditions which might impact the design, e.g. where soil conditions differ to that which the design has been based.
- Setting out of certain works
- Covering up certain works e.g. prior to concrete pours or backfilling
- Various public correspondences such as signage boards, consultation letters, press releases etc.

Completion inspections

For projects which require a building consent, the proposed inspection schedule must be submitted to the Building Consent

Authority as part of the Consent application.

#### 6.3.2.1 Construction Monitoring Reports

Site visits and inspections are to be documented in the form of Construction monitoring reports, which must be prepared regularly during the Construction period using the Construction Monitoring Report template. They will generally be a summary of the discussions held at construction progress meetings, with key issues highlighted.

Where applicable Construction monitoring reports should include:

- A summary of the progress made in each key area of the project.
- Analysis of progress against the programme □ An explanation of the causes of any delays.
- Progress photos.
- Analysis of key performance indicators.
- An assessment of any quality issues.
- Weather reports.
- An assessment of any health and safety issues.
- Reports of any issues with neighbours (such as noise, dust, vibrations, rights of light, access, safety etc).
- Details of any safety audits undertaken
- An assessment of any environmental issues.
- Reports about off-site fabrication and off-site payments.
- An assessment of any design issues.
- An assessment of any other issues that need to be addressed and proposals for addressing them.
- Any instructions required from the Council.

- A look ahead to what is coming up (including specific requirements for progress photos during the next period, which may include off-site fabrication photos).

Construction monitoring reports should be prepared by the Engineer, or their representative, and issued to the Contractor, Contract Manager and Project Sponsor during the course of the works.

Note that all visitors to site, including the Engineer and Council officers, are expected to sign into the site and follow the safety briefing provided to them by the Contractor when undertaking construction monitoring.

### 6.3.3 Building Consent Requirements for Construction Monitoring

For projects which require construction monitoring as a condition of building consent, only licensed building practitioners (LBP) in the design class or a New Zealand Registered Architect or a Chartered Professional Engineer can do, or supervise, this work.

Copies of all construction monitoring records and a [PS4 – Construction Review Producer Statement](#) must be submitted to the Building Control Authority in order to obtain a Code Compliance Certificate. Refer to [IPENZ Practice Note 1 for Guidelines on Producer Statements](#).

### 6.3.4 Assessing performance of the Supplier

When a Pre-Qualification System is in place, those projects which were undertaken using Pre-Qualified Contractors must complete a monthly appraisal of the Contractors' performance in accordance with the requirements of the Prequalification System to verify the competence of the contractor's systems and processes.

A final performance review of **all** contracts is required, regardless of whether the contract was undertaken within the Pre-Qualification system or not. Where the contract is outside the Pre-Qualification system the Pre-Qualification method can be used.

## 6.4 Managing the Environment

During the construction phase of the project it is important that negative impacts on the surrounding environment are minimised. To help achieve this the following should occur:

- The contractor's environmental management approach (recorded either in their Quality Plan or within a separate
- Environmental Management Plan) should be reviewed and approved before work begins on site (the [Quality Plan Review Checklist](#) template can be used to help with the review process).
- Scheduled environmental monitoring of performance, and compliance with resource consents and designations, throughout the construction phase of the Project
- Typical environmental concerns that may need to be addressed during the course of the project include:
  - Ensuring that **construction noise** and **vibration** are being minimised
  - Confirming that **Construction waste**, which cannot be reused, is being disposed of in an appropriate manner. For instance, this might include confirming that cleanfill is being disposed of at a site which holds the appropriate consents.
  - Checking that **concrete cutting** runoff is being retained and does not enter the stormwater system.
  - Ensuring that **erosion and sediment control** has been appropriately designed and installed and does not risk putting Council in breach of its global stormwater discharge consent, which only allows for rainwater to enter the urban stormwater system. Any contaminants from runoff e.g. sediment needs to be removed before discharge. [Refer to the HBRC guidelines for erosion and sediment control.](#)
  - Checking that the site has assessed the risk of **spills** and **contamination** and that the appropriate spill response kit is available on site.
  - Making sure that air quality, in the form of **dust, odour** and **hazardous air discharges** is addressed and minimised
  - Confirming that **contaminated soils** have been identified and appropriately remediated.
  - Ensuring that any risks to **Groundwater** are addressed and that **dewatering** consents (both for taking and discharging of water) have been obtained and complied with.

- That conditions of any specific consents related to the project are being adhered to.
- That any Regional and District Plan rules are being adhered to.

Where an environmental issue is identified, a written instruction in the form of a [Notice to Contractor](#) should be issued to the contractor detailing:

- What the problem is
- That the contractor is expected to resolve solve the problem
- Re-iterate that rectifying the problem is part of the contractor's contractual obligation and that the cost of doing so is the responsibility of the contractor (where this is the case).

## 6.5 Managing Progress

### 6.5.1 Critical Path

Project delays have financial and political implications for both the Council and Contractor. The critical path of the programme defines the series of activities that determine the duration of the project. The completion date of the project will be extended should any of the critical activities be delayed. It is important to establish and agree with all parties which activities are on the critical path throughout the project:

- If Council, or Council officers, are responsible for delaying critical activities then the Contractor may be entitled to an extension of time and compensation.
- If the Contractor is late completing the project owing to poor workmanship or ineffective management, then the Council may be entitled to impose financial damages
- If no party is responsible for delays to critical activities, for example due to wet weather, then this must be verified, agreed upon, and dealt with in accordance with the contract.

### 6.5.2 Programme Tracking, Extensions of Time (NZS 3910:2013, Section 5.10)

The contractor is required to submit a programme of works within 10 days of acceptance of Tender. The contractors programme should be used to identify the critical path and track and report actual progress against planned dates.

Note that there are two differing levels of programme available under NZS3910 and where the special conditions of the contract have stated that a comprehensive programme is required, the contractor is allowed a longer timeframe of 20 working days to supply the programme.

### 6.5.3 Construction Monitoring

To manage progress on the project, contract diaries or construction monitoring reports, including photographs, should be used to record observations and assessments of:

- Work in progress, particularly critical path activities and milestones
- Personnel, plant and materials on site
- Informal communications
- Assessment of delays to contract completion due to effects of Contractor slippage, variations and unforeseen conditions or adverse weather; and
- Problems or difficulties that may result in claims by the Contractor.

## 6.6 Managing Costs

The Contract Manager must strive to achieve the best value for money and must manage costs as they accrue on the project. To do this, they must work together with the Engineer and the Engineers Representative.

### 6.6.1 Processing Claims from the Contractor

A payment claim is a formal demand for payment made under the [Construction Contracts Act](#), including progress claims and final claims. A payment claim from a contractor is valid if it:

- Is in writing

- Identifies the construction contract
- States the claimed amount
- Shows the correct due date for payment
- Shows how the claimed amount has been calculated
- States that it is made under the Construction Contracts Act
- Is accompanied by "[Form 1 – Notice to Payer](#)"

Payment claims from the Contractor are to be processed in accordance with Figure 4 below.

#### 6.6.1.1 *Payment Schedule*

The issuing of a payment claim from the contractor sets in motion the provisions of the Construction Contracts Act which provides a statutory right for the contractor to enforce payment of the whole claimed amount if the Council does not respond within the mandatory timeframes.

If you receive a payment claim, and you do not agree with the way in which the claim has been calculated you **must** respond by providing a Payment Schedule. The Payment Schedule must:

- Be in writing
- Identify the payment claim to which it relates
- State a scheduled amount

If the scheduled amount to pay differs from the Payment Claim, then the Payment Schedule must also include:

- How the Engineer has calculated the scheduled amount
- The reasons for any differences between the claimed amount and the scheduled amount □  
The reason for withholding payment where this is the case.

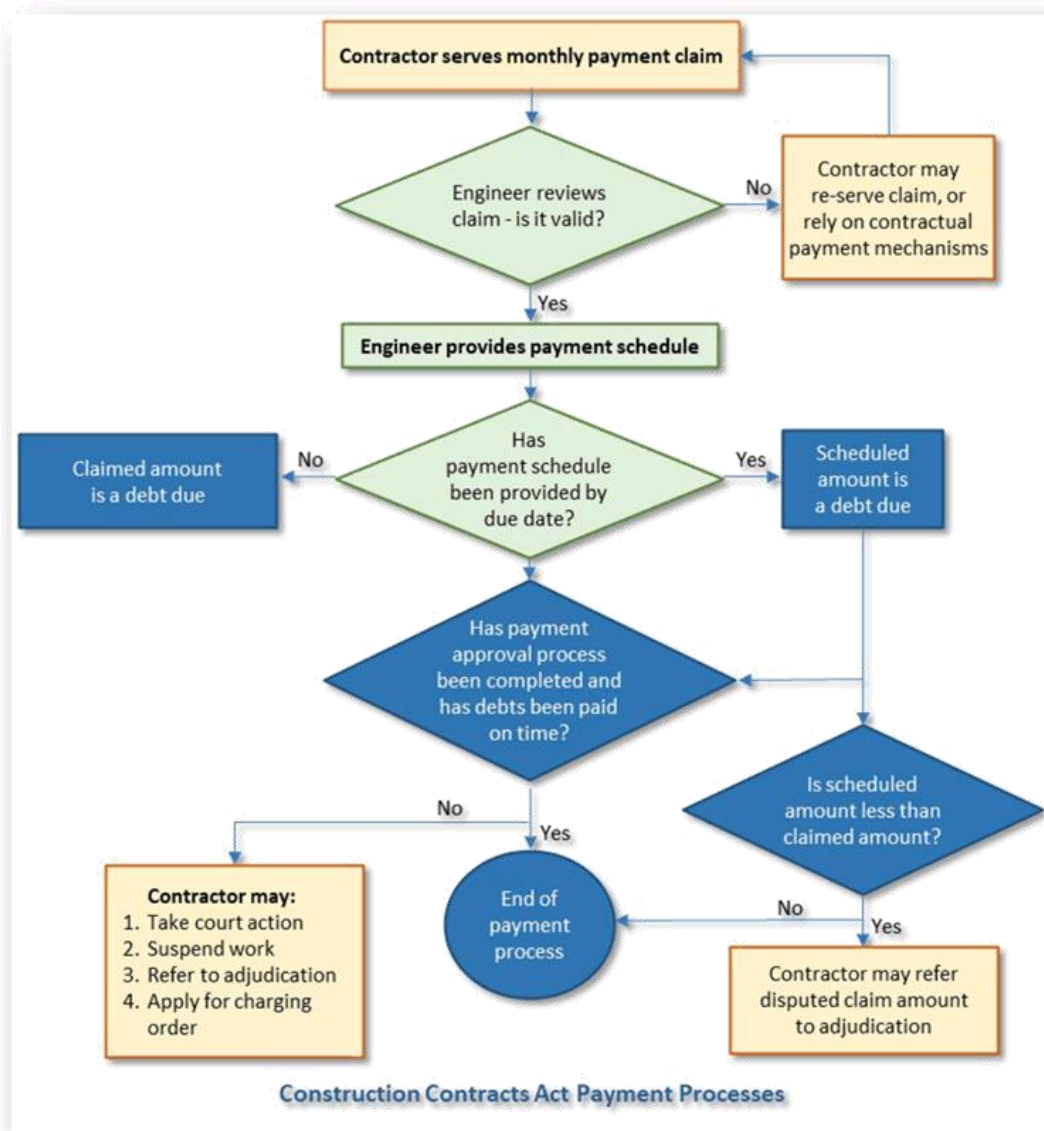
The [Payment Schedule](#) template should be used to respond to payment claims.

#### 6.6.1.2 *Finance System Requirements*

The payment claim, and schedule should be emailed to [accountspayable@wairoadc.govt.nz](mailto:accountspayable@wairoadc.govt.nz) for inclusion in the finance system. Electronic authorisation for payment will then be requested from the Contract Manager and Budget Holder (typically the Group Manager) in accordance with the requirements of the Procurement Manual and the Financials Training Manual. Where the Contract Manager is not a Council officer, Council's Project Sponsor should be included as a signatory.

The following flow diagram portrays the processes involved under the Construction Contracts Act.





#### 6.6.2 Variation Price Requests, Variation Orders (NZS 3910:2013, Section 9)

Where changes that affect time, cost or physical quality become necessary during the period of a contract a formal contract variation must be put in place. Variations should be valued before the work involved is commenced, the flow chart and worked examples in NZS 3910:2013 provide guidance for the process of valuing variations.

While NZS 3910:2013 allows for the contingency sum to be utilised to cover the cost any work undertaken by the contractor as a variation to the Contract, it is Council's expectation that this would only be utilised on work that is within the scope of the contract.

Records should always be kept to substantiate, and evaluate, variations. Where there is no applicable item on the schedule of prices, a [Variation Price Request](#) can be issued to the contractor to provide a quotation for the price of the work involved in a proposed variation. This must only be done in writing using the [Variation Price Request](#) template and is not a variation unless subsequently instructed in writing as a Variation Order by the Engineer.



The objective when managing variations is to ensure that the contractor is fairly compensated for additional costs that could not be anticipated or quantified earlier and to ensure that contract implementation is not unduly delayed. However, it is important to note that **the Engineer is not authorised to issue variations to the Contract which would result in the Contingency Sum being exceeded without first getting the applicable authority to proceed.**

Where cost of the variation will result in the contract exceeding its allocated budget, **the variation cannot be issued without first addressing the budget shortfall.** The [REQUEST FOR EXTENSION OF CONTRACT BUDGET](#) form should be completed by the Project Manager for approval by the both the budget holder, and whoever originally had the delegated financial authority to enter into the contract in the first place e.g. depending on contract value this could be the Tenders Review Panel, the Chief Executive or the Group Manager: Asset Management.

Contractors may submit claims for variations when they believe work done under a Notice to Contractor was outside the scope of the contract requirements. These claims may be avoided by being clear about the contractual basis of a Notice to Contractor versus a Variation Order and stating the contractual basis verbally and in writing.

#### 6.6.3 Projected Costs, Contingencies & Budget Tracking

The Contract Manager is responsible for ensuring that the projected final cost, including available contingencies is kept up to date in the finance system. If the projected final cost is expected to exceed the project budget this must be reported promptly to the applicable budget holders.

#### 6.6.4 Financial authority

Council officers who manage contracts are limited in their authority to commit expenditure. The Delegations Register lists the financial authority delegated to individuals and this needs to be taken into account when contract variations are being considered especially if non-scheduled items are being considered. Where there is any doubt the contract manager should seek advice from the Project Sponsor.

#### 6.6.5 Application of liquidated damages (NZS 3910:2013, Section 10.5)

Liquidated damages values are calculated by the Engineer, and then approved by the Principal (e.g. the Project Sponsor), prior to going to tender. Under the General Condition of Contract, the Council's representative applies liquidated damages at the contract rate when a contract proceeds beyond its completion date. The Engineer must have the approval of the Principal to include the deduction of liquidated damages on any payment certificate. The Engineer must ensure that this approval is sought with sufficient time to include the deduction of liquidated damages on the first payment certificate after the Due Date of Completion of the Contract works. Once approval has been given, the Engineer shall include the full amount of liquidated damages due to the Council on all subsequent payment certificates.

### 6.7 Managing Health and Safety

The construction phase of a project is critical to ensure the health and safety of everyone involved in the project, including the general public. Under the [Health and Safety at Work Act 2015](#) the Council is a Person Conducting a Business or Undertaking (PCBU) and has a primary duty of care for health and safety for the site, and a requirement to consult with other PCBUs such as the contractor where there is a shared duty. As a Council representative you must:

- Ensure the construction area has been clearly identified and kept secure from the public
- Make sure contractors understand and follow WorkSafe's occupational safety and health requirements.
- Arrange regular meetings with the Contractors representative to report on and discuss safety issues.

#### 6.7.1 Site specific health and safety plan

Once the contract is awarded the Engineer must review, and approve, the Contractor's Health and Safety plan. This plan must be relevant to the particular hazards and risk involved with the work under the

specific contract. An outcome of the start-up meeting is to reach an agreement on H&S accountabilities and finalise and agree on the management of H&S risk.

During the course of the contract, the contractors H&S performance should be monitored by the Project Manager. This may take the form of formal audits conducted by Councils H&S Advisor, the Project Manager, the Engineer, or third-party providers. Other forms of monitoring will include informal site visits, observations and discussions, tool box talks (construction site) and self-reporting.

Frequency of reporting and auditing will depend on the nature, complexity and duration of the contract and associated works/services. H&S audits must be recorded using Councils Risk Management system.

#### 6.7.2 Notifiable works

The Health and Safety regulations require that the “employer” (includes a person who controls a workplace) provides at least 24-hours notice to WorkSafe New Zealand of particularly hazardous work. Council requires the Contractor to notify WorkSafe and immediately notify the Contract Manager the notification has occurred. When notifiable work is being carried out by Council employees the Contract Manager is responsible for directly notifying WorkSafe, otherwise this responsibility falls to the Project Sponsor.

#### 6.7.3 Site Job Hazard and Risk Register

The site hazards identified to the Contractor in the RFT document should be kept up-to-date and recorded in a Project Risk Register.

#### 6.7.4 Training and Competencies

Anybody undertaking a site visit must be appropriately trained and competent in terms of Health and Safety, and anybody involved in monitoring the construction process must have a good knowledge of acceptable Health and Safety practices, as applicable to the work being constructed. Evidence of H&S training is recorded within Councils Risk Management system.

#### 6.7.5 Personal Protective Equipment

Any Council Officers visiting a work site are required to abide by the safety direction set by the Contractor. This includes ensuring that they are wearing the correct Personal Protective Equipment.

#### 6.7.6 Site incident reporting

All Council officers are required to report, and record any incidents (or near misses) which occur on Council contracts, whether they involve Council staff, Contractors or the public. The following incidents should be recorded and reported on the “one-up” principle and to Councils Health and Safety officer using within Councils Risk Management system:

- [Notifiable events](#) reportable under the Health and Safety at Work Act 2015;
- All incidents resulting in injury;
- Near hits, hazards, and incidents of any nature;
- All work-related Road Traffic Incidents should be reported
- Security breaches;
- Damage to property or equipment;
- Environmental incidents or near hits.

Where any fatality, major injury, reportable event, serious near hit or incident with the potential to cause significant adverse Public Relations occurs then the reporting **must be escalated** to also include the Group Manager and the Chief Executive.

Refer to the [WorkSafe Notifiable Events tool](#) to determine if the incident needs to be reported to WorkSafe, and to determine what steps then need to be made. Where an incident does need to be reported to WorkSafe this notification is made by the Council’s H&S Advisor who must be informed of the event **immediately**.

### 6.7.7 Safety auditing

It is the responsibility of the Contract Manager to ensure that the site is audited from a Health and Safety perspective. Depending on the risks involved with the project a safety audit can either be booked with Councils H&S advisors or undertaken by the Engineers Representative. The purpose of the safety audit is to make sure that the Contractor is adhering to the approved Health and Safety plan for the site. The [WorkSafe Essential Health and Safety guide](#) provides a guide which can be used to check for problems when auditing a construction site. Additional Site Safety Auditing training is available.

The "Safety Behaviour Observation" form in Risk Manager should be used to record safety behaviour observations. The example [Site Safety Audit Checklist](#) can be used for guidance for site safety issues that might need to be addressed and subsequently documented in Risk Manager.

## 6.8 Managing Risk

The project manager is responsible for ensuring that good risk management practice is followed throughout the construction phase. Risk must be managed in accordance to the Councils Corporate Risk Management Framework.

The Contract Manager is to maintain a Risk Register. At a minimum, this should record:

- Risk identification date
- The person managing the risk/issue
- A description of the risk/issue
- Potential impact on the project (risk)
- Actual impact on the project (issue)
- Responses to the risk/issue
- The date by which you need to resolve the risk/issue

Risks and issues should always be discussed at the regular site meetings where they should be reviewed, reported and escalated as appropriate.

## 6.9 Internal Programme Reporting

The status of all asset management projects must be reported monthly as part of the Asset Management groups programme management processes. Progress reporting requirements include:

- % project complete
- Expected completion dates
- Overall project status
- Whether input from the Asset Management group is required
- The construction cost estimate
- Whether there are any quality, time, cost, H&S or complaint issues around the project
- Comments on any other issues

For major projects a more detailed summary is required, covering:

- The projects scope
- A financial summary
- Cashflow analysis
- Progress Update
- Key Milestone reporting
- Project risks

## 6.10 Default and Disputes

### 6.10.1 Default & termination (NZS 3910:2013, Clause 14)

The General Conditions of Contract outline the situations whereby either the Contractor or the Council will be considered in default of the contract, and which in turn may result in termination of the Contract. Only the Engineer to the Contract has the authority to decide whether the Contract should be terminated.



Council must ensure that adequate warning is given to a Contractor of the intention to terminate the Contract and the Contractor must be given the opportunity to remedy the default.

To avoid the Council being the party in default of the Contract it is important to ensure that:

- The Contract Agreement is executed by Council within 10 working days from the date of acceptance
- The Contractor is paid the amount due under any Payment Schedule
- The Council does not obstruct the issue of any Payment Schedule or Certificate

#### 5.10.2 Disputes & Dispute Resolution (NZS 3910:2013, Clause 13)

It is crucial that disputes are communicated and dealt with in a timely manner, and at the appropriate level, before they escalate. Disputes should be escalated at least once internally before external involvement is pursued, as sometimes individuals with a personal involvement in the dispute may not be best placed to negotiate, to avoid the need for costly and relationship damaging formal dispute resolution.

Dispute resolution options procedures include:

1. Direct discussions and negotiation
2. Referral of dispute to the Engineer and/or request for formal decision
3. Request for an expert determination (optional)
4. Mediation (optional)
5. Adjudication (under the Construction Contracts Act)
6. Arbitration

The procedures in the Conditions of Contract specify who should be involved, and the process of escalation in the event of continuing dispute, where either the Council or the Contractor is dissatisfied with the Engineers decision. The table below summarises dispute resolution options.

| Dispute Resolution Options         | Guidance  |
|------------------------------------|---|
| Direct discussions and negotiation | Direct discussions between the parties should be the first step in resolving a dispute.   |
| Engineers Review                   | If discussions and negotiation between the parties fails to resolve a dispute it should be referred to the Engineer for a formal decision.  |
| Expert determination               | Where a technical issue underlines the dispute, it can help to ask for an Expert Determination from an independent expert, this can shorten the dispute process and prevent damage to relationships between the Council and Contractor.   |
| Mediation (optional)               | If the Engineers Review and/or expert determination fails to resolve the dispute, the next step is to escalate it to mediation. Mediation is a consensual process where an independent mediator works together with the parties to help reach a mutually acceptable resolution.<br>All discussions within the mediation process are on a <u>"without prejudice"</u> basis to prevent what is said being admissible in evidence should mediation be unsuccessful and the dispute winds up being litigated. |
| Adjudication                       | If mediation fails to resolve the dispute, the next step is to undertake adjudication. Adjudication is a statutory process under the Construction Contracts Act intended to resolve construction contract disputes. This includes disputes about: <ul style="list-style-type: none"> <li>• Payments</li> <li>• Rights and obligations</li> </ul> Advice needs to be received from Councils lawyers before initiating an adjudication process.   |

| Dispute Resolution Options        | Guidance  |
|-----------------------------------|---|
|                                   | <p>If it is decided to refer a dispute for adjudication, <a href="#">a written notice must be served on the other party</a>. This must include information which details:</p> <ul style="list-style-type: none"> <li>• The respondent's rights and obligations</li> <li>• And explanation of the adjudication process</li> </ul> <p>An adjudicator's decision is binding and enforceable in court. The adjudicator's decision must be complied with, even if Council intends to contest that decision in court.</p> |
| Arbitration and Court Proceedings | <p>If everything else has failed the ultimate dispute resolution option is arbitration. This is likely to be both time-consuming and costly.</p> <p>Advice needs to be received from Council's lawyers before initiating an arbitration.</p> <p>Arbitration is a private alternative to court proceedings and involves the appointment of an arbitrator and to determine the dispute by giving a binding decision. It is a formal, adversarial process.</p>   |

## 6.11 Record Keeping

### 6.11.1 Importance of record keeping

No matter how small or large a project is it is important that comprehensive project records are created and saved in Council's filing system. The project documents kept should be comprehensive, reliable and concise. The benefits of keeping records related to a contract includes:

- Reducing the risk of future claims
- Providing an accurate and comprehensive record of all communications between the Council, Contractor, and the Engineer.
- Recording and measuring contract variations – no work should be carried out on a Council contract as a result of a verbal instruction.

### 6.11.2 Format of records issued

Records issued to the contractor should generally be in PDF format, unless there is a specific reason for doing otherwise.

### 6.11.3 As-built Records and Technology Transfer

As-built records and associated asset information must be checked by the Engineer for completeness and accuracy; the Practical Completion certificate cannot be issued until the Engineer is satisfied that the As-built records provided by the Contractor are correct. Following this, the As-built records and asset information must be then transferred to the GIS team for inclusion in the GIS and applicable Asset Registers. In addition to new assets created through the Contract these records should also identify any assets which were removed, or made redundant because of the contract, so that the Asset Register can be modified accordingly.

It is the responsibility of the Contract Manager to ensure that the records provided to the GIS team have been entered into the system and that the GIS then matches what was built. Where applicable, any technology or instructions relating to training and/or the operation and maintenance of any new facilities should also be transferred to the Council at Practical Completion.

## 6.12 Practical Completion (NZS 3910:2013, Section 10.4, Schedule 15)

Practical completion means that works are finished and ready to use, except for minor defects or omissions. Issues to be addressed at the time of practical completion include:



- As-built records
- Practical Completion Inspections, Certificate and Remedial Lists
- Release of 50% of retentions
- Code Compliance Certificate
- Liquidated Damages

#### 6.12.1 Practical Completion Inspections, Certificate and Remedial List

At the stage of Practical Completion, the Council Officer responsible for the project has to make sure that the following occurs **before** the Practical Completion Certificate is issued:

- The Asset Manager/s and Operations staff are invited to a practical completion inspection. This may be held before the practical completion inspection with the contractor
- All minor outstanding works or issues are identified for completion during the defects notification period. If more minor outstanding works are identified, then the Contractor should complete these and a re-inspection carried out.
- As-built records are received **and checked**.
- If the contract involved work on privately owned land, the Contractor should also obtain signed releases from property owners stating that they are satisfied with the standard of reinstatement.

The Practical Completion Certificate and remedial list should then be issued in accordance with the Conditions of Contract following the practical completion inspection. The date of actual practical completion should be specified and the finance department notified so that the contract management database can be updated and the Contractor's performance bond be released.

#### 6.12.2 Release of Retentions (50%)

The specific conditions of Contract identify the defect liability retention. For Council contracts this is usually set at half the total retention. That means that 50% of the retentions held, less any reductions the Council might be entitled to make, should be released to the contractor as part of the first payment after the issue of the Practical Completion Certificate.

#### 6.12.3 Release of Contractors Bond/s (NZS 3910:2013, Section 3)

Following the issuing of the Practical Completion Certificate any Contractors bonds should be released within 5 working days. The Contract Manager, on behalf of the Council must inform the Contractor, and the Contractors Surety, in writing stating that the Contractor and the surety are released from the Contractors Bond and must return the original Contractor's Bond.

#### 6.12.4 Completion Time and Liquidated Damages

The completion time and the liquidated damages should be assessed in accordance with the Conditions of Contract, the date of practical completion, and approved extensions of time. If there were no grounds for extensions of time during the course of the contract, and the delay on completion has resulted in Council incurring a financial loss, then liquidated damages may be deducted in accordance with the contract documents.

The Council must be able to show that the amounts of liquidated damages inserted in the Contract are realistic. If the amounts are unrealistically high, then liquidated damages may be judged as a "penalty" and will be unenforceable.

It is Councils prerogative to decide whether or not liquidated damages are taken from the contractor. Liquidated damages should not be applied without prior "one up" approval. Note that if there was default by the Council during the course of the contract then the contract time may be deemed "at large", and the completion time would then cease to apply and consequently the liquidated damages clause also ceases to apply.

#### 6.12.5 Code Compliance Certificate

All projects which needed a building consent will also need a Code Compliance Certificate when the project is finished.

Apply to the building team at Council, in their role as the Building Consent Authority, for:

- A final inspection
- The final certificate once the building team is satisfied that the work complies with the building consent

The Code Compliance Certificate must be obtained before anyone can use the building. The only exception to this is where the Project Manager has already arranged for a Certificate for Public Use to permit a finished part of a building to be used while construction was underway.

As a building owner the Council could be fined \$200,000 a day for each day people use a building without a Code Compliance Certificate.

### 6.13 Defects Liability (NZS 3910:2013, Section 11)

For a specified period after practical completion the Contractor is liable for rectifying defective workmanship or materials. The standard period for the defects notification period is 3 months, unless another period is stated in the Special Conditions of Contract.

#### 6.13.1 Condition Monitoring & Defects Remediation

During the defects notification period the Council officer responsible for the project should:

- Monitor the state of the works; and
- Instruct the Contractor to remedy any defects

#### 6.13.2 Defects Liability & Compliance Inspections

Towards the end of the defects notification period the Engineer, or their Representative, responsible for the project should:

- Invite the applicable Asset Manager(s) and Operations staff to a final inspection at the end of the Defects Notification Period. This should occur before the final inspection with the Contractor.
- Confirm that all outstanding works and issues identified at practical completion, or during the Defects Notification Period, are completed.

#### 6.13.3 Final Completion Certificate (NZS 3910:2013, Section 11.3, Schedule 16)

When the Defect Notification Period has expired, and the Contractor has fixed the defects and omissions, contract closure then occurs with the issue, by the Engineer to the Contractor, of a final Completion Certificate for the Contract works to the contractor. It is the responsibility of the Engineer responsible for the Contract to ensure:

- All relevant contract information and records have been received
- That full and final payment to the Contractor is made, including the release of the final defect liability retention.

### 6.14 Project Close-Out

Close the project by ensuring that all strategic, financial, or asset information that was gained during the project is captured and fed back into the appropriate strategies, plans, databases and asset registers.

#### 6.14.1 Final Payment Claims (NZS 3910:2013, Section 12.4) & Payment Schedule

Within 1 calendar month of the issue of the Final Completion Certificate the Contractor should submit a final payment claim. The Engineer must assess this claim and provide a Final Payment Schedule which becomes the amount due. This will include any retentions held during the Defects Notification Period.

Note that if the Contractor fails to make a final payment claim then the Engineer may issue a Final Payment Schedule for the amount due.

#### 6.14.2 Contract Completion Report / Appraisal of Contractor Performance

A project completion review must be undertaken at the completion of a project, focusing on:

- how the project was managed and whether it efficiently achieved its goals and objectives
- whether the proposed outcomes of the project were realised.
- whether the contractor is suitable for further work.

All contracts require a final performance review. Those projects which were undertaken using Pre-Qualified Contractors also need to have a final appraisal using an “End of Project” report in accordance with the Prequalification System to verify the competence of the contractor’s systems and processes.

#### 6.14.3 Project Handover

Operations and maintenance staff at Council must be informed when the Defects Notification Period begins and again when it is completed.

#### 6.14.4 Limitation of Liability

There are two statutes in New Zealand limiting the time within which a legal action must be brought.

The basic position under the [Limitation Act 2010](#) is that actions for breach of contract cannot be brought more than six years after the breach of contract. In relation to “latent” defects (defects which are hidden), damage may not become apparent until many years after completion of construction. In order to prevent potential liability ongoing for an indeterminate amount of time, the Building Act 2004 states that:

“No relief may be granted in respect of civil proceeding relating to building work if those proceedings brought against a person after 10 years or more from the date of the act or omission on which the proceedings are based.”

Therefore, the combined effect of the [Limitation Act 2010](#) is And the [Building Act 2004](#) creates a ten-year limitation period for liability arising out of construction work. As a result, the Contractor should be recorded against assets built in the asset register so that any liability for defects noted in that timeframe can be pursued.

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## WAIROA

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### 7 FORMS AND CHECKLISTS

FINAL DRAFT



## RFT REVIEW CHECKLIST

CONTRACT NO. YY/NN  
CONTRACT NAME:

| RFT I T E E                                 | K E I T E E T E O C E   | Y/N | C O E T E |
|---|---|-----|-----------|
| Key Contract Data                           | <ul style="list-style-type: none"> <li>Key contract data doesn't contradict information contained within the document</li> </ul>  |     |           |
| Instructions for Tendering                  | <ul style="list-style-type: none"> <li>Scope adequately describes work</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Tender period sufficient</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Correct Pre-qualification details included</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Contract risks identified</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Contract period, start and completion dates are reasonable for work in question</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Closing date/time/place information correct</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Tender evaluation method matches the approved Procurement Plan</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Requested tenderers attributes are targeted and project specific to make it easy to differentiate tenderers.</li> </ul>                                  |     |           |
|   | <ul style="list-style-type: none"> <li>Schedule of Prices includes all items</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Schedule of Prices quantities have been checked and reviewed</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Schedule of Prices within Contract document have been checked and the Engineers Estimate <b>exactly</b> matches electronic Schedule of Prices</li> </ul> |     |           |
|   | <ul style="list-style-type: none"> <li>Attribute weightings place the correct significance for the project</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>NZTA trained evaluator in TET for roading projects</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Base estimate reviewed (PQM tenders only)</li> </ul>   |     |           |
| Conditions of Contract                      | <ul style="list-style-type: none"> <li>Correct contract agreement (Council seal version or signature only) based on value of Engineers estimate/risk is included</li> </ul>                     |     |           |
| Schedule 1 – Special Conditions of Contract | <ul style="list-style-type: none"> <li>Bond value meets Councils Bond Policy</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Required plans from contractor have been identified</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Engineer and Engineers Representative are appropriately qualified for the role and have had a chance to review the documentation</li> </ul>              |     |           |
|   | <ul style="list-style-type: none"> <li>Site possession date achievable</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Building consent requirements noted where applicable</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Appropriate insurance types and levels have been selected.</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Principal arranged insurance is in place where applicable</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Due date for completion achievable</li> </ul>  |     |           |
| Schedules                                   | <ul style="list-style-type: none"> <li>Liquidated damages have been reviewed</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Correct bond form included</li> </ul>  |     |           |
| Basis of Payment                            | <ul style="list-style-type: none"> <li>Correct Insurance forms included</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Basis of Payment covers whole scope of contract included, especially if unusual items are to be procured</li> </ul>                                      |     |           |
| Specifications                              | <ul style="list-style-type: none"> <li>Project specific preliminary and general schedules and specifications included</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Drawings which form part of the contract document have been identified</li> </ul>  |     |           |
|   | <ul style="list-style-type: none"> <li>Project specific site safety and traffic management schedules and specifications included</li> </ul>   |     |           |
|   | <ul style="list-style-type: none"> <li>Traffic details specific to this contract have been identified</li> </ul>  |     |           |



| RFT I T E E             | K E I T E E   | T E O C E | Y/N | C O E T E |
|-------------------------|---|-----------|-----|-----------|
|                         | <ul style="list-style-type: none"> <li>Project specific quality assurance and as-built schedules and specifications included</li> </ul>   |           |     |           |
|                         | <ul style="list-style-type: none"> <li>RAMM data sheets the Contractor is expected to complete have been identified</li> </ul>  |           |     |           |
|                         | <ul style="list-style-type: none"> <li>Project specific environmental management schedules, consents and specifications included</li> </ul>   |           |     |           |
|                         | <ul style="list-style-type: none"> <li>Technical Specifications for all items are included and appropriate</li> </ul>   |           |     |           |
| Appendices              | <ul style="list-style-type: none"> <li>Drawings are checked and reviewed to ensure that:               <ul style="list-style-type: none"> <li>adequately describe project</li> <li>align to the RFT documentation (scope and schedules)</li> </ul> </li> <li>Tender Evaluation marking forms align with approved procurement plan and Conditions of Tendering</li> <li>Risk and hazard register is contract specific</li> <li>Schedule of Materials supplied by Council is correct</li> <li>RAMM data sheets and contract specific</li> <li>Construction and Test Form are contract specific</li> </ul>   |           |     |           |
| General                 | <ul style="list-style-type: none"> <li>Follows the WDC Brand Guidelines</li> <li>Page Numbering is correct</li> <li>Engineers estimate within Budget allocation</li> <li>Non-standard Design Elements Approved</li> <li>Design and Calculations checked and reviewed</li> <li>Internal Consultation complete (Stakeholders / WDC staff / Councillors / Operational Staff / Maintenance Staff)</li> <li>External Consultation complete (Residents / Business Operators / Services)</li> <li>Risk Management Assessment Completed (Project &amp; H&amp;S)</li> <li>Safety Audit Requirements Completed</li> <li>NZTA Funding and / or Funding Approved</li> <li>Contract Track updated (with Business Support)</li> <li>Non-Standard Design Elements Approved by Asset Manager</li> <li>Producer Statements Submitted to Asset Manager (PS1)</li> </ul> |           |     |           |
| Signed Contract Manager |   | Date      |     |           |
| Name                    |   |           |     |           |
| Signed Reviewer 1       |   | Date      |     |           |
| Name                    |   |           |     |           |
| Signed Reviewer 2       |   | Date      |     |           |
| Name                    |   |           |     |           |



## LIQUIDATED DAMAGES PRE-ASSESSMENT

**CONTRACT NO. YY/NN**  
**CONTRACT NAME:**

| CONSTRUCTION PHASE ESTIMATE |                          |  |  |
|-----------------------------|--------------------------|--|--|
| \$                          | Physical Works           |  |  |
| \$                          | Non-contract commitments |  |  |
| \$                          | Professional Services    |  |  |
| \$                          | Other (Specify)          |  |  |
| \$                          | TOTAL                    |  |  |

| ASSESSMENT OF LIQUIDATED DAMAGES   |                    | \$/day (excl. GST) | Max/Min \$ (if applicable) |
|--|--------------------|--------------------|----------------------------|
| Description  |                    |                    |                            |
| Additional professional fees paid for late completion  |                    |                    |                            |
| Based on 5 Site Visits per Week  |                    |                    |                            |
| Engineer to Contract   | 1 hour @ \$200/hr  |                    |                            |
| Project Manager  | 2 hours @ \$180/hr |                    |                            |
| Engineer's Representative  | 5 hours @ \$140/hr |                    |                            |
| Assistant  | 3 hours @ \$110/hr |                    |                            |
| Vehicle costs  | 30 km @ \$0.79     |                    |                            |
| Total per week:  | \$                 |                    |                            |
| Rounded  | \$                 |                    |                            |
| Additional cost of providing or maintain existing, or temporary, facilities  |                    |                    |                            |
| Any expenditure incurred directly by the Council as a result of late completion  |                    |                    |                            |
| Storage costs or other charges on Council supplied items   |                    |                    |                            |
| Additional facility user costs due to late completion  |                    |                    |                            |
| Loss in revenue by Council   |                    |                    |                            |
| Loss of use of monies calculated at Insert value%  |                    |                    |                            |
| Any other loss, cost or expenses not included above but likely incurred such as any special damages (e.g. loss of funding subsidy due to late completion (specify) |                    |                    |                            |
| TOTAL PER WORKING DAY (excl. GST)  |                    |                    |                            |
| ADOPTED DAILY LIQUIDATED DAMAGES (excl. GST)   |                    |                    |                            |

### APPROVAL

The following confirm that this Liquidated Damages Pre-Assessment will adequately cover the risk to Council in the event of late completion of the works.

| Role        | Name | Signature | Date |
|-------------|------|-----------|------|
| Prepared by |      |           |      |
| Checked by  |      |           |      |



## APPROVAL TO APPROACH MARKET

CONTRACT NO. YY/NN

### CONTRACT NAME:

Before the supply market can be approached, either via advertising, invitation or direct engagement, the following information must be provided and the RFX<sup>4</sup> approved for issue.

The purpose of this approval stage is to:

- Ensure that all required documentation has been completed and approved before approached the market
- Ensure that all information to proceed with advertising, or inviting suppliers too has been completed
- Ensure that Council officers with the appropriate delegation approve the decision to move the project to the advertising stage, or the issuing of documents to potential suppliers.

For those RFX to be advertised electronically via the Government Electronic Tendering Service (GETS) refer to GETS website for guidance. This form must be submitted to relevant Group Manager once completed, procurement documents cannot be released or advertised prior to this.

#### APPROVAL TO APPROACH THE MARKET - SUPPORTING DOCUMENTATION REFERENCES

|                                  |                                     |
|----------------------------------|-------------------------------------|
| RFX and draft contract documents | "[Insert file reference]"           |
| Procurement Plan                 | "[Insert file reference]"           |
| Project Plan (if required)       | "[Insert file reference]"           |
| Price Estimate                   | "[Click or tap here to enter text]" |
| RFT Checklist                    | "[Insert file reference]"           |

#### ADVERTISING INFORMATION REQUIREMENTS

|                                |   |
|--------------------------------|---|
| RFX Name                       |   |
| RFX Reference                  |   |
| RFX Type                       |   |
| Department                     |   |
| Advertising Medium             |   |
| RFX Categories <sup>5</sup>    | "[Insert the RFX Categories]"   |
| Price Band                     |   |
| Tender Coverage                |   |
| Open Date                      |   |
| Closing Date                   | Wednesday [DATE] 3pm via GETs)  |
| Regions for Service Delivery:  | Provide information on where the tender region responses are sought from i.e. International, National, Regional (specify) or Hawke's Bay. |
| RFX Response Size <sup>6</sup> | Specify the file size for electronic submissions (max: 50MB)  |
| Submission delivery method     | State submission delivery method (choose one method only):  |

<sup>4</sup> RFX is a generic acronym used to cover an assortment of tender types, it includes but is not limited to, Request for Tender (RFT), Request for Quote (RFQ), Request for Proposal (RFP) and Expression of Interest (EOI).

<sup>5</sup> Used by suppliers to alert them of potential opportunities via GETS. (refer to GETS website for a list of categories)

<sup>6</sup> Only required when suppliers are to make electronic submissions

| ADVERTISING INFORMATION REQUIREMENTS           |   |
|--|---|
| Alternate Physical Tender Box Delivery Address | <input type="checkbox"/> Only physical submissions will be accepted at the Wairoa District Council Offices and must be placed in the tender box located at:<br><b>Tender Box</b><br>Wairoa District Council<br>Coronation Square,<br>97-103 Queen Street,<br>Wairoa 4108<br><input type="checkbox"/> Only electronic submissions, made via GETS will be accepted  |
| Procurement Type                               | "[Click or tap here to enter text]"   |
| Invited  | <p>Where invited tenders are being used to procure this work, for each invitee indicate:</p> <ul style="list-style-type: none"> <li>• Company name</li> <li>• Contact Person</li> <li>• Contact e-mail address</li> </ul> <p>It is recommended that suppliers are contacted and requested to register on GETS before an invited tender is issued.</p>   |
| Prequalification                               | <p>Where the prequalification scheme is being used to procure this work, indicate:</p> <ul style="list-style-type: none"> <li>• Pre-qualification class: "[Click to type]"</li> <li>• Prequalification categories: "[Click to type]"</li> </ul>   |
| Advertising Overview                           | <p>Provide a summary – it needs to be concise yet comprehensive enough to encourage the right suppliers to seek out the full tender documents. Typically, the following information is required:</p> <ul style="list-style-type: none"> <li>• The contract reference number and name</li> <li>• A succinct description of the product/service/work required</li> <li>• Where to go for information, or who suppliers can contact to ask a question; these must be directed via GETS.</li> <li>• When (date and time) does it need to be submitted?</li> <li>• How and where should it be submitted? – e.g. electronic or physical submissions and process for doing this</li> <li>• If Electronic, the TOTAL submitted file size must not exceed 50MB, WDC's preference is to receive submissions in one file unless specified.</li> <li>• Price and non-price files should be uploaded as separate files and clearly labelled as Pricing and Non-price.</li> <li>• If Pre-qual, state categories that apply and that only tender submissions from the pre-qualified class will be considered.</li> </ul> <p>See example below:</p> |

**ADVERTISING INFORMATION REQUIREMENTS**

|               |   |
|---------------|---|
|               | <p>Example:</p> <p><b>REQUEST FOR TENDER</b></p> <p><b>CON2020#### – Wairoa Reservoir Construction</b></p> <p>Tenders are requested for the above contract which involves the construction of a 75,000m<sup>3</sup> concrete water supply reservoir for the Wairoa District Council.</p> <p>Tender documents are available from the Government Electronic Tenders Service (GETS) <a href="http://www.gets.govt.nz">www.gets.govt.nz</a>. Any enquiries about this contract must be made via <a href="http://www.gets.govt.nz">www.gets.govt.nz</a>.</p> <p>Tenders close at 3pm Wednesday 6 November 2020 and must be submitted electronically via GETS.</p> <p>Please allow sufficient time to upload your submission to GETS. For more information and help about submitting electronic responses please refer to the policies and information section on the GETS website <a href="https://www.gets.govt.nz/ExternalIndex.htm">https://www.gets.govt.nz/ExternalIndex.htm</a></p> <p>NB. Only tender submissions from pre-qualified tenderers in class 1 will be considered.</p> |
| Contact Name  | "[Insert the authorised RFx contact person]"  |
| Contact Email | "[Insert the authorised contact persons email address]"   |
| Contact Phone | "[Insert the authorised contact persons phone number]"  |

**APPROVAL TO APPROACH THE MARKET**

The following confirm that this RFx may be advertised or issued to potential suppliers.

| Role            | Name | Signature |
|-----------------|------|-----------|
| Project Manager |      |           |
| Budget Manager  |      |           |



**TENDER EVALUATION FORM**

FILE Reference:

**CONTRACT NO. YY/NN****CONTRACT NAME:**

Does Wairoa DC already have templates for this set up – presumably in excel if so a link or reference to the template file location should be sufficient We use a standard one out of NZS3910:2013

FINAL DRAFT



## REPORT TO TENDER REVIEW PANEL

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

Does Wairoa DC already have a templates or standard layout set up – if so would someone please send it to me for referencing and inclusion [david@amsaam.co.nz](mailto:david@amsaam.co.nz)

Not to my knowledge. Luke and I are going through Procurement training at the moment, we could include some of this stuff at a later date.

FINAL DRAFT



# WAIROA DISTRICT COUNCIL

☎ +64 6 838 7309

☎ +64 6 838 8874

✉ administrator@wairoadc.govt.nz

🌐 www.wairoadc.govt.nz

📮 PO Box 54, Wairoa 4160, Hawke's Bay

🏠 Coronation Square, Queen Street, Wairoa

File Reference:

Date

Name

Company

Postal address 1

Postal address 2

Postal address 3

WDC has standard letters in place for Acceptance of Tender, Declining of Tender and Notice to Contractor. If the existing letters are more relevant than the versions in this document, they should replace them or combined to deliver the best outcome

Dear Sir/Madam

## NOTICE OF UNSUCCESSFUL TENDER

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

On behalf of the Wairoa District Council, I thank you for your tender to undertake the contract work described above. We regret to advise you that unfortunately on this occasion your tender is unsuccessful.

The successful tenderer is "[Click to enter name of successful tenderer]" at a tendered sum of \$"[Click to enter successful price]" excluding GST [and with a Supplier Quality Premium of \$"[Click here to enter SQP]" **NOTE: Only applies if Price Quality Method**

The Wairoa District Council received "[Insert No.]" conforming non-alternative tenders and "[Insert No.]" alternative tenders. Listed below are the names of the other conforming tenders in alphabetical order:

- 
- 
- 

The range of prices of unsuccessful, conforming, non-alternative tenders are from to \$"[Click to enter highest price]" excluding GST. **NOTE: Only include range of prices when three or more conforming tenders are evaluated**

**NOTE: The following paragraph and table are only required for PQM evaluations.**

The range of non-price attribute grades, supplier quality premiums, alternative tender premiums, along with your own grade, supplier quality premium and alternative tender premium, for each non-price attribute are as follows:

**NOTE: Only include range information for non-price attributes and alternative tender premiums where 3 or more conforming tenders are evaluated. The range of supplier quality premiums should still be given when only 2 tenders are evaluated**

| Attributes               | Range of grades or premiums | Own grade or premium |
|--------------------------|-----------------------------|----------------------|
| Relevant experience      |                             |                      |
| Track record             |                             |                      |
| Relevant skills          |                             |                      |
| Resources                |                             |                      |
| Methodology              |                             |                      |
| Supplier quality premium |                             |                      |

Following are the prices of unsuccessful conforming non-alternative tenders in ascending order: **NOTE: only include list of prices when three or more conforming tenders are evaluated**

- 
- 
- 

If you would like to receive feedback on your submission, we would be more than happy to provide you with this. Please send your request in writing to "[Insert Contact Name]" at "[Insert Contact Email]"

Yours sincerely

Author.First Names Author.Last Name  
Author.Job Title  
Author.E-mail Address



# WAIROA DISTRICT COUNCIL

☎ +64 6 838 7309

☎ +64 6 838 8874

✉ administrator@wairoadc.govt.nz

🌐 www.wairoadc.govt.nz

📮 PO Box 54, Wairoa 4160, Hawke's Bay

🏠 Coronation Square, Queen Street, Wairoa

FILE Reference:

Date

Name

Company

Postal address 1

Postal address 2

Postal address 3

Dear Sir/Madam

WDC has standard letters in place for Acceptance of Tender, Declining of Tender and Notice to Contractor. If the existing letters are more relevant than the versions in this document, they should replace them or be combined to deliver the best outcome

## ACCEPTANCE NOTICE FOR PHYSICAL WORKS CONTRACT

**CONTRACT NO. YY/NN**  
**CONTRACT NAME:**

On behalf of the Wairoa District Council, I advise that your tender to undertake the contract work described above and referred to in your tender for the sum of \$XXXX ("[Insert amount in words]") excluding GST is hereby accepted.

Your attention is directed to the need for early compliance with the requirements of Sections 2.6, 3.1 and 8 of the General Conditions of Contract (NZS 3910: 2013) regarding execution of the

- Contract Agreement,
- provision of a Contractor's Bond; and
- obligations relating to insurances.

Your attention is also drawn to the General Conditions of Contract Clause 8.2.5 requiring you to deposit the certificates of insurance, in the form set out in the Schedules 7 to 11, with the Engineer prior to commencement of the contract works. Please note that forms signed by insurance brokers on behalf of insurance companies are not acceptable to Council.

[NB. The last two sentences can be removed if the Contractor has already provided annual insurance certificates].

In accordance with clause 10.1 of the General Conditions of Contract and the Instructions for Tendering the agreed contract period for the construction of the contract works is from <enter date> or <enter number of working days, from possession of site> to <enter date>. In accordance with clause 5.4 of the General Conditions of Contract, subject to compliance with the requirements of paragraph two above the Contractor shall be entitled to possession of the site on <enter date>.

The Wairoa District Council received "[Insert No.]" conforming tenders. The range of prices of unsuccessful tenders are from \$XXXXX to \$XXXXX excluding GST. [NB. Only include range of prices when three or more conforming tenders are evaluated].

The range of non-price attribute grades, supplier quality premiums, alternative tender premiums, and your own grade, supplier quality premium and alternative tender premium, as applicable, are as follows:

[NB 1: This paragraph and table are only required for PQM evaluations.]



NB 2: Only include range information for non-price attributes and alternative tender premiums where 3 or more conforming tenders are evaluated. The range of supplier quality premiums should still be given when only 2 tenders are evaluated.]

| Attributes               | Range of grades or premiums | Own grade or premium |
|--------------------------|-----------------------------|----------------------|
| Relevant experience      |                             |                      |
| Track record             |                             |                      |
| Relevant skills          |                             |                      |
| Methodology              |                             |                      |
| Supplier quality premium |                             |                      |

Three sets of contract documents will need to be formally signed by you at Council's Asset Management office. We will contact you to arrange a convenient time.

Yours sincerely

Author.First Names Author.Last Name

Author.Job Title

Author.Email Address

cc Engineer to the Contract  
Engineers Representative



## SITE SAFETY MANAGEMENT PLAN REVIEW CHECKLIST

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

| Site Safety Plan                         |   | Y/N | Comments |
|--|---|-----|----------|
| Structure of Safety System               | <ul style="list-style-type: none"> <li>Company health and safety policy</li> <li>Employees with specific health and safety responsibilities are documented, including the identification of the Site Safety supervisor</li> </ul>   |     |          |
| Contract Induction and Safety training   | <ul style="list-style-type: none"> <li>Contract induction procedures for employees, subcontractors and visitors included</li> <li>Details of relevant employee safety training, certificates and licenses required for the contract</li> <li>Details of regular H&amp;S or toolbox meetings covered</li> </ul>  |     |          |
| Safe Work Practices                      | <ul style="list-style-type: none"> <li>Relevant company safe work procedures included</li> <li>Details of any contract operations which will be subject to work permits e.g. confined spaces</li> </ul>   |     |          |
| Specific hazards addressed               | <ul style="list-style-type: none"> <li>Hazardous operations/significant tasks to be undertaken have been identified and a system is in place to manage the risks</li> <li>Details of any contract operations which require WorkSafe notification of particularly hazardous work have been included</li> <li>Contractor has a clear system in place for carrying out risk assessments (Job Safety Assessments, Safe Working Method Statements)</li> <li>Evidence of employee training</li> </ul> |     |          |
| Emergency procedures                     | <ul style="list-style-type: none"> <li>Overall emergency plan and structure for the contract</li> <li>Register of emergency equipment / first aid kit and locations</li> <li>Register of current qualified first-aiders</li> </ul>  |     |          |
| Incident Recording & Investigation       | <ul style="list-style-type: none"> <li>Details of incident reporting and investigation system and procedures</li> <li>Details of how incidents are to be notified to the Council</li> </ul>   |     |          |
| Health and Safety Performance Monitoring | <ul style="list-style-type: none"> <li>Contractor has system for carrying out regular workplace inspections</li> <li>Hazard reporting procedures documented</li> <li>Details of how health and safety statistics associated with the contract are collected and reported</li> </ul>   |     |          |



## TRAFFIC MANAGEMENT PLAN REVIEW CHECKLIST

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

While Council, in its role as Road Controlling Authority, approves the Contractors TMP, the TMP should first be reviewed by the Engineer BEFORE it is submitted to Council to ensure that the TMP aligns with the requirements of the Contract.

| Traffic Management Plan                   |   | Y/N | Comments |
|---|---|-----|----------|
| Qualified Personnel                       | <ul style="list-style-type: none"> <li>Evidence of certification provided for STMS and TC</li> </ul>  |     |          |
| Traffic Management Performance Monitoring | <ul style="list-style-type: none"> <li>Contractor has system for carrying out daily site inspection</li> <li>Performance monitoring reporting procedures documented e.g. daily email to Engineer</li> </ul>   |     |          |
| Programme                                 | <ul style="list-style-type: none"> <li>Work is programmed so that on-site activities affecting traffic flow, are carried out between the hours of 6.00 am to 6.00 pm Monday to Saturday inclusive.</li> <li>Work programmed on major urban routes is restricted in accordance with the special conditions</li> <li>Work programmed on Sundays and Public Holidays has had prior approval by the Engineer</li> </ul>   |     |          |
| Affected Parties                          | <ul style="list-style-type: none"> <li>Plan identifies the affected parties who must be advised of each road closure and reopening</li> </ul>   |     |          |
| Traffic Delays                            | <ul style="list-style-type: none"> <li>Steps to deal with excessive traffic delays that exceed five (5) minutes in urban areas and ten (10) minutes in rural areas have been outlined in the plan.</li> </ul>   |     |          |
| Temporary Speed Restrictions              | <ul style="list-style-type: none"> <li>Authorisation of temporary speed limit has been requested</li> </ul>   |     |          |
| Signage and Safe Passage                  | <ul style="list-style-type: none"> <li>Method for managing and working of plant and machinery documented</li> <li>Methods for managing and marking safe passage through the site for motor vehicles and cyclists documented</li> <li>Methods for managing and marking safe passage through the site for pedestrians with special considerations for the disabled, motorised wheel chairs, adults with children and prams has been documented</li> <li>Methods for managing and marking safe passage around materials stock piled on the site has been documented</li> <li>Methods for managing the protection of the Contract Works for the variety of work situations to be encountered has been documented</li> </ul> |     |          |



## QUALITY PLAN REVIEW CHECKLIST

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

| Quality Plan            |  | Y/N | Comments |
|-------------------------|--|-----|----------|
| Programme               | <ul style="list-style-type: none"> <li>Procedures for tracking and reporting actual progress against the programme have been documented</li> </ul>   |     |          |
| Non-compliance          | <ul style="list-style-type: none"> <li>Procedures for recording and resolving noncompliance with the Quality Plan have been documented</li> </ul>  |     |          |
| Inspections and testing | <ul style="list-style-type: none"> <li>Defined testing methods, standards and frequency of inspections and testing have been included</li> </ul>   |     |          |
| Reporting               | <ul style="list-style-type: none"> <li>Procedures for reporting test results to the Engineer have been documented</li> </ul>   |     |          |
| Consents                | <ul style="list-style-type: none"> <li>Details of the steps the Contractor shall take to conform to the requirements of any Resource Consent held by the Principal and included as part of this Contract have been documented</li> </ul>   |     |          |
| Environmental Impact    | <ul style="list-style-type: none"> <li>Details of the steps the Contractor shall take if the effect of operations is likely to create an adverse effect on the environment have been documented</li> <li>Procedures for recording and resolving noncompliance with the Environmental Management Plan have been documented</li> </ul> |     |          |
| As-building             | <ul style="list-style-type: none"> <li>Procedures for gathering and recording as-built details and passing information to the Engineer have been documented</li> </ul>   |     |          |
| Guarantees / Warranties | <ul style="list-style-type: none"> <li>Procedures for transferring guarantees/warranties to</li> <li>the Principal for materials and/or specialist applications supplied in this contract have been documented</li> </ul>  |     |          |
| Acceptance Criteria     | <ul style="list-style-type: none"> <li>Where acceptance criteria in this specification refers to other standards and specifications, the Contractor's Quality Plans states the acceptance criteria that is referenced.</li> </ul>  |     |          |



## CONTRACT START UP MEETING AGENDA AND MINUTES

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

|                          |   |                       |  |
|--------------------------|---|-----------------------|--|
| <b>Meeting Date</b>      |   | <b>Start Time</b>     |  |
| <b>Location</b>          |   |                       |  |
| <b>Attendees</b>         |   |                       |  |
| <b>Apologies</b>         |   |                       |  |
| <b>Agenda Items</b>      |   | <b>Notes / Action</b> |  |
| Key Personnel            | <ul style="list-style-type: none"> <li>Project directory (including identification of site safety supervisor and emergency after-hours contacts)</li> </ul>   |                       |  |
| Programme                | <ul style="list-style-type: none"> <li>Date for commencement on site</li> </ul>   |                       |  |
| Post Award Documentation | <ul style="list-style-type: none"> <li>Quality Plan</li> <li>Site Safety Plan</li> <li>Traffic Management Plan</li> <li>Environmental Plan</li> </ul>   |                       |  |
| Scope of Work            | <ul style="list-style-type: none"> <li>Issue of "Construction Issue" drawing set</li> <li>Specifications</li> </ul>   |                       |  |
| Methodology              | <ul style="list-style-type: none"> <li>Sequence of work</li> <li>Services co-ordination</li> <li>Hold Points requiring approval to proceed</li> <li>Consent requirements / conditions</li> <li>Setting out / control</li> <li>Public consultation</li> </ul>  |                       |  |
| Worksite                 | <ul style="list-style-type: none"> <li>Site Safety Plan</li> <li>Permits to Work</li> <li>Worksafe Notifications</li> <li>Traffic Management Plan</li> <li>Corridor Access Requests</li> <li>Signage</li> <li>Site offices</li> <li>Stockpile areas</li> <li>Testing</li> <li>Water Supply</li> </ul> |                       |  |
| Risks                    | <ul style="list-style-type: none"> <li>Site specific risks:</li> </ul>  |                       |  |
| Contract Administration  | <ul style="list-style-type: none"> <li>Contract instructions, variation claims and procedures</li> <li>Progress claims and procedures</li> <li>Progress meetings and reporting</li> </ul>   |                       |  |
| Any other business       | <ul style="list-style-type: none"> <li></li> </ul>  |                       |  |
| Next Meeting:            |   |                       |  |
| Meeting closed at:       |   |                       |  |





## CONTRACT PROGRESS & CONSTRUCTION MONITORING MEETING AGENDA & MINUTES

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

| MEETING DETAILS |  |            |  |
|-----------------|--|------------|--|
| Meeting Name    |  | Location   |  |
| Meeting Date    |  | Start Time |  |
| Chair           |  | Recorder   |  |
| Purpose         |  |            |  |
| Attendees       | <ul style="list-style-type: none"> <li></li> <li></li> </ul> |            |  |
| Apologies       | <ul style="list-style-type: none"> <li></li> <li></li> </ul> |            |  |
| Distribution    | (As above +)   |            |  |

[illegible]

| MEETING AGENDA & RECORD |                      |                |   |
|-------------------------|----------------------|----------------|---|
| Ref.                    | Agenda Item          | Responsibility | Meeting Record  |
| 5                       | Quality              |                | <p>Analysis of key Performance Indicators:</p> <p>An assessment of any quality issues:</p> <p>Reports of any issues with neighbours (such as noise, dust, vibrations, rights of light, access, safety etc.)</p> <p>An assessment of any design issues (include photos if necessary):</p> <p>Reports about any off-site fabrication:</p> |
| 6                       | Programme / Progress |                | <p>Provide a Summary of Progress made in each key area of the project:</p> <p>Provide an analysis of progress against programme and the critical path:</p> <p>Explain any causes of delay:</p> <p>Weather Report</p> <p>Include copies of any communications with stakeholders</p> <p>Include photos of progress</p>                    |
| 7                       | Contractors Report   |                |   |

| MEETING AGENDA & RECORD |                           |                |  |
|-------------------------|---------------------------|----------------|--|
| Ref.                    | Agenda Item               | Responsibility | Meeting Record   |
| 8                       | Site Matters              |                | Traffic Management<br><br>Site Safety<br><br>Environmental Management<br><br>Signage<br><br>Complaints<br><br>Consultation |
| 9                       | Notifications and Testing |                | Notices actioned this week   |
| 10                      | Risks                     |                | Risk Register  |
| 11                      | Progress Claims           |                |  |
| 12                      | As Builts                 |                |  |
| 13                      | General Business          |                |  |
| 14                      | Next Meeting              |                |  |
| 15                      | Meeting Closed at:        |                |  |

Where the Engineer is required to monitor construction as a condition of a building consent, this report should also be passed to the Building Consent Authority as proof to accompany the PS4 – Construction Monitoring Producer Statement.

| OPEN ACTION ITEMS |             |        |     |       |        |
|-------------------|-------------|--------|-----|-------|--------|
| Ref.              | Date Raised | Action | Due | Owner | Status |
|                   |             |        |     |       |        |
|                   |             |        |     |       |        |
|                   |             |        |     |       |        |
|                   |             |        |     |       |        |
|                   |             |        |     |       |        |
|                   |             |        |     |       |        |

| CLOSED ACTION ITEMS |             |        |        |       |                |
|---------------------|-------------|--------|--------|-------|----------------|
| Ref.                | Date Raised | Action | Closed | Owner | Status History |
|                     |             |        |        |       |                |
|                     |             |        |        |       |                |
|                     |             |        |        |       |                |
|                     |             |        |        |       |                |
|                     |             |        |        |       |                |
|                     |             |        |        |       |                |

| DECISIONS |           |          |         |          |
|-----------|-----------|----------|---------|----------|
| Ref.      | Date Made | Decision | Made by | Comments |
|           |           |          |         |          |
|           |           |          |         |          |
|           |           |          |         |          |
|           |           |          |         |          |
|           |           |          |         |          |
|           |           |          |         |          |
|           |           |          |         |          |



## SITE DIARY

FILE Reference:

**CONTRACT NO. YY/NN****CONTRACT NAME:**

| SITE INFORMATION                   |  |                                    |  |
|------------------------------------|--|------------------------------------|--|
| Name                               |  | Date                               |  |
| Weather                            |  | Time arrived                       |  |
| Weather                            |  | Wet Day (Y/N/NA)                   |  |
| Site Condition                     |  |                                    |  |
| People on Site                     |  |                                    |  |
| <u>Work being carried out:</u>     |  |                                    |  |
|                                    |  |                                    |  |
| <u>Plant/Equipment being used:</u> |  |                                    |  |
|                                    |  |                                    |  |
| Health and Safety                  |  |                                    |  |
| Traffic Management                 |  |                                    |  |
| Signage                            |  |                                    |  |
| Environmental Mgt                  |  |                                    |  |
| <u>Discussions:</u>                |  |                                    |  |
|                                    |  |                                    |  |
| <u>Actions Agreed:</u>             |  |                                    |  |
|                                    |  |                                    |  |
| Signed                             |  | Signed Contractor<br>(if required) |  |





## NOTICE TO CONTRACTOR

FILE Reference:

**CONTRACT NO. YY/NN**  
**CONTRACT NAME:**

WDC has standard letters in place for Acceptance of Tender, Declining of Tender and Notice to Contractor. If the existing letters are more relevant than the versions in this document, they should replace them or be combined to deliver the best outcome

|                  |                            |
|------------------|----------------------------|
| <b>Notice #</b>  | (use sequential numbering) |
| <b>Attention</b> |                            |
| <b>From</b>      |                            |
| <b>Date</b>      |                            |

| Details   | Status Code |
|---|-------------|
| <<insert details about Notice to Contractor>>.  |             |
|   |             |
| <b>THIS INSTRUCTION IS NOT A VARIATION TO THE CONTRACT UNLESS SUBSEQUENTLY INSTRUCTED IN WRITING AS A VARIATION</b> |             |
| Legend for status codes:<br><b>INT</b> = contract interpretation only<br><b>QUAL</b> = quality of work instruction  |             |

| Acceptance                               |  |
|--|--|
| Signed for and on behalf of the Engineer | Signed for and on behalf of the Contractor |
| Signature                                | Signature                                  |
| <b>Name:</b>                             | <b>Name:</b>                               |
| <b>Position:</b>                         | <b>Position:</b>                           |
| <b>Date:</b>                             | <b>Date:</b>                               |

| Distribution   |   |                                   |
|--|---|-----------------------------------|
| <input type="checkbox"/> Contractor (to sign and return) | <input type="checkbox"/> Contract Manager | <input type="checkbox"/> Engineer |



## VARIATION PRICE REQUEST

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

|                                  |                            |
|----------------------------------|----------------------------|
| <b>Variation Price Request #</b> | (use sequential numbering) |
| <b>Attention</b>                 |                            |
| <b>From</b>                      |                            |
| <b>Date</b>                      |                            |

### Details

A fixed lump sum price is requested to undertake a proposed variation to the contract to <<insert details about proposed variation>>.

The price is to be fully broken down indicating all quantities, rate, costs and fees used, including references to applicable or analogous items in the Schedule of Prices. Copies of any sub-contractor quotations are to be provided.

This price shall be submitted to the Engineer by [Click or tap to enter a date..](#)

Any impact on the Due Date for Completion should be identified in the response.

THIS INSTRUCTION IS NOT A VARIATION TO THE CONTRACT UNLESS SUBSEQUENTLY INSTRUCTED IN WRITING AS A VARIATION

| Acceptance                               |  |
|--|--|
| Signed for and on behalf of the Engineer | Signed for and on behalf of the Contractor |
| Signature                                | Signature                                  |
| <b>Name:</b>                             | <b>Name:</b>                               |
| <b>Position:</b>                         | <b>Position:</b>                           |
| <b>Date:</b>                             | <b>Date:</b>                               |

| Distribution   |   |                                   |
|--|---|-----------------------------------|
| <input type="checkbox"/> Contractor (to sign and return) | <input type="checkbox"/> Contract Manager | <input type="checkbox"/> Engineer |



## VARIATION ORDER

FILE Reference:

**CONTRACT NO. YY/NN****CONTRACT NAME:**

|                          |                            |
|--------------------------|----------------------------|
| <b>Variation Order #</b> | (use sequential numbering) |
| <b>Attention</b>         |                            |
| <b>From</b>              |                            |
| <b>Date</b>              |                            |

### Details

&lt;&lt;insert details about proposed variation. Include:

- exact scope, referencing drawings and specifications where appropriate
- total cost, including all quantities, rates and fees which make up the cost
- any extension of time to the programme
- information about how the variation has been valued, including reference to clause/s 9.3 or 9.4 or 9.5 as applicable must be included>>.

### Acceptance

Signed for and on behalf of the Engineer

Signed for and on behalf of the Contractor

Signature

Signature

**Name:****Name:****Position:****Position:****Date:****Date:**

### Distribution

☐ Contractor (to sign and return)☐ Contract Manager☐ Engineer



## REQUEST FOR EXTENSION OF CONTRACT BUDGET

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

|                       |  |
|-----------------------|--|
| <b>Request Number</b> |  |
| <b>Prepared by:</b>   |  |
| <b>Checked by:</b>    |  |

|   |                      |
|---|----------------------|
| <b>Reason for Request</b>   |                      |
|   |                      |
| <b>Recommendation</b>   |                      |
| That the approved contract budget for Contract No. be extended by a further \$Insert value to a total of \$ Insert value. |                      |
| <b>Approval</b>   |                      |
| Total Contract Budget   | \$ Insert value      |
| Budget Holder   | <b>Name</b>          |
|   | <b>Signature</b>     |
|   | <b>Date</b>          |
| Original Contract Approver <sup>7</sup>   | <b>Name</b>          |
|   | <b>Signature</b>     |
|   | <b>Approval Date</b> |

<sup>7</sup> The approval process depends on who signed the contract in the first instance. Depending on the situation and scale a report may have to go back to the Tenders Sub-Committee if they approved the award of the Contract.



## PAYMENT SCHEDULE TEMPLATE

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

**PAYMENT SCHEDULE TEMPLATE SPREADSHEET**

Not developed yet - would only be developed if there is a need for assistance to generate a schedule that conforms to NZS3910:2013 conditions and the requirements of the Construction Contracts Act

FINAL DRAFT





## PAYMENT SCHEDULE INPUTS

FILE Reference:

(This input can be used to populate the Payment Schedule when electronic invoicing is available)

| Information Required   | Input Data in this column   |
|--|---|
| CONTRACT NO.   | CONTRACT NO. YY/NN  |
| CONTRACT NAME:   |   |
| Principal  | Wairoa District Council   |
| Principal Address  | PO Box 54, Wairoa 4160  |
| Principal Phone  | +64 6 838 7309  |
| Accounts email   | accounts.payable@wairoadc.govt.nz   |
| Principal's Representative                                   |   |
| Principal's Rep Email  |   |
| Engineer to the Contract                                     |   |
| Engineers Email  |   |
| Engineer's Representative                                    |   |
| Engineers Rep Email  |   |
| Who is completing this spreadsheet (your name)               |   |
| Your contractual position                                    |   |
| Principal GST No.  |   |
| Contractor Name  |   |
| Contractor Address   |   |
| Contractor Accounts Receivable Email                         |   |
| Contractors Rep  |   |
| Contractors Rep Email  |   |
| Contractors Phone No.  |   |
| Payment Claim No.  |   |
| Date of Receipt of Claim                                     |   |
| Claim Month & Year (text)                                    |   |
| Amount Claimed by Contractor (excl. GST)                     | \$ (K)  |
| Amount Approved by Engineer (excl. GST)                      | \$ (M)  |
| Progress or Final Payment?                                   |   |
| Payment Schedule No.   |   |
| Payment Schedule Date  |   |
| Provisional Status Expiry of Payment Schedule (working days) | 12  |
| Provisional Status Expiry Date Payment Due (working days)    | 17  |
| Payment Due Date   |   |
| Buyer Created Invoice?                                       |   |
| Contractor GST No.   |   |
| Retention Schedule   | 10.00% on the first \$200,000<br>5.00% on the first \$200,000<br>1.75% on the first . |
| Do the Special Conditions provide for Cost Fluctuations?     |   |



## CONTRACT CLAIM ASSESSMENT

**CONTRACT NAME:**

|                                |                       |
|--------------------------------|-----------------------|
| CONTRACT No. YY/nn             | Payment Claim No. #   |
| Contractor                     | Claim Month MMMM YYYY |
| Sum of Original Contract Value | \$                    |
| Sum of Agreed Variations       | \$                    |
| TOTAL EXPECTED CONTRACT SUM    | \$                    |

|                        |    |
|------------------------|----|
| Sum of Claimed Amount  | \$ |
| Sum of Assessed Amount | \$ |

[illegible]



## PAYMENT SCHEDULE

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

**THIS IS A PROGRESS PAYMENT SCHEDULE IN RESPONSE TO A PAYMENT CLAIM MADE UNDER THE CONSTRUCTION CONTRACTS ACT 2002**

|                       |                             |                       |                                   |
|-----------------------|-----------------------------|-----------------------|-----------------------------------|
| CONTRACT NUMBER:      |                             |                       |                                   |
| CONTRACT NAME:        |                             |                       |                                   |
| CONTRACTOR            | Contractor X                | Principal             | Wairoa District Council           |
| Accounts Receivable   | contractor accounts email   | Accounts Payable      | accounts.payable@wairoadc.govt.nz |
| Address               | PO Box X, Ill Town Postcode | Address               | PO Box 54, Wairoa 4160            |
| Contact Person        | Contractors Reps Name       | Contact Person        | Principals Rep Name               |
| Contact Email         | Contractors Rep Email       | Contact Email         | +++++@wairoa.govt.nz              |
| Phone                 | 00 000 0000                 | Phone                 | +64 6 838 7309                    |
| Payment Claim No.     | 1                           | Payment Schedule No.  | 1                                 |
| Claim Period          | MMMM YYYY                   | Payment Schedule Date | DD MMMM YYYY                      |
| Receipt of Claim Date | DD MMMM YYYY                | Payment Due Date      | DD MMMM YYYY                      |

On DD MMMM YYYY, a Payment Claim for \$0 excl. GST was received for the above contract. The entitlement for payment under the contract has now been assessed. This Payment Schedule confirms that Contractor X is due a PROGRESS payment for work carried out on the above contract as follows:

| PAYMENT SCHEDULE CALCULATION SUMMARY         |    |     |
|--|----|-----|
| Gross amount claimed to date                 | \$ | (K) |
| Total amount <b>NOT</b> approved for payment | \$ | (L) |
| Certified value of work carried out (K-L)    | \$ | (M) |
| Less retention money                         | \$ | (N) |
| Less deductions/withheld payments            | \$ | (P) |
| Less amount previously paid                  | \$ | (R) |
| Payment Scheduled Amount (M-N-P-R)           | \$ |     |
| GST @ 15%                                    | \$ |     |
| PAYMENT REQUIRED OF (INCL. GST)              | \$ |     |

The contract requires that payment be made within 17 working days after receiving the payment claim. Please make payment direct to the contractor at the above address. The sum certified is the Provisional Scheduled amount. This Progress Payment Schedule is provisional only until DD MMMM YYYY, being the expiry of 12 Working Days after the date the claim was served on the Engineer, after which time the sum certified by the Engineer shall become the scheduled amount unless within that time a replacement Progress Payment Schedule is provided under clause 12.2.5 of the conditions of contract.

Where the payment required differs from the amount claimed, the attached sheet documents these reasons in accordance with the Construction Contracts Act 2002.

Certified by:

"[Insert your name here]" Engineer's Representative **for Wairoa District Council**

Distribution: "[Insert Principals Rep Name]" Principal's Representative  
 "[Insert Contractors Reps Name]" Contractor's Representative



## ATTACHMENT TO PAYMENT SCHEDULE

FILE Reference:

**CONTRACT NO. YY/NN**  
**CONTRACT NAME:**

| CONTRACT NUMBER:   |                                       |   |                               |                |                     |
|--|---------------------------------------|---|-------------------------------|----------------|---------------------|
| CONTRACT NAME:   |                                       |   |                               |                |                     |
| CONTRACTOR   | Contractor X                          | Principal   | Wairoa District Council       |                |                     |
| <b>Reconciliation of Payment against Contractor's Claim</b>                |                                       |   |                               |                |                     |
| This payment differs from the amount claimed for the following reasons:    |                                       |   |                               |                |                     |
| Item   | Description                           | Amount Claimed                                    | Amount Payable (as certified) |                | Amount NOT Approved |
|  |                                       |   | Reason/Basis of Payment       | Amount Payable |                     |
|  |                                       |   |                               |                | \$                  |
|  |                                       |   |                               |                | \$                  |
|  |                                       |   |                               |                | \$                  |
| <b>Difference between Contractor's Claim and Payment</b>                   |                                       |   |                               |                | \$ (L)              |
| <b>Retention Money Calculation</b>   |                                       |   |                               |                |                     |
| The following retention money is being held for this contract:             |                                       |   |                               |                |                     |
|  | 10% on the first \$200,000            |   |                               |                | \$                  |
|  | 5% on the next \$800,000              |   |                               |                | \$                  |
|  | 1.75% on the remainder                |   |                               |                | \$                  |
| <b>Total Value of Retentions</b>   |                                       |   |                               |                | \$ (N)              |
| <b>Deductions / Liquidated Damages</b>                                     |                                       |   |                               |                |                     |
| The following deductions have been made to this contract:                  |                                       |   |                               |                |                     |
| Deduction Type   | Reason for Deduction                  | Rate  | Unit                          | Quantity       | Amount              |
|  |                                       |   |                               |                | \$                  |
|  |                                       |   |                               |                | \$                  |
|  |                                       |   |                               |                | \$                  |
|  |                                       |   |                               |                | \$                  |
| <b>Total Value of Deductions</b>   |                                       |   |                               |                | \$ (P)              |
| <b>Record of Amounts Previously Paid</b>                                   |                                       |   |                               |                |                     |
| Payments <b>previously</b> certified under this contract are listed below: |                                       |   |                               |                |                     |
| Payment Schedule No. Date  | Progress Payment Certified (excl GST) | Cumulative value of Previous Payments (excl. GST) |                               |                |                     |
|  |                                       | \$  |                               |                |                     |
|  |                                       | \$  |                               |                |                     |
| <b>Total Value of Amount Previously Paid (excl. GST)</b>                   |                                       | \$  |                               |                | (R)                 |
| <b>Record of Amounts Previously Retained</b>                               |                                       |   |                               |                |                     |
| Payments <b>previously</b> retained under this contract are listed below:  |                                       |   |                               |                |                     |
| Payment Schedule No. Date  | Progress Payment Certified (excl GST) | Cumulative value of Previous Payments (excl. GST) |                               |                |                     |
|  |                                       | \$  |                               |                |                     |
|  |                                       | \$  |                               |                |                     |
| <b>Total Value of Amount Previously Retained (excl. GST)</b>               |                                       | \$  |                               |                | (R)                 |



## COST FLUCTUATION CALCULATION

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

**(To be Attached to a Payment Schedule)**

| Cost Fluctuation adjustment by Indexation calculation related to:   |              |   |                         |
|---|--------------|---|-------------------------|
| CONTRACT NUMBER:  |              |   |                         |
| CONTRACT NAME:  |              |   |                         |
| CONTRACTOR  | Contractor X | Principal   | Wairoa District Council |
| Payment Claim No.   | 1            | Claim Month   | MMMM YYYY               |
| $C = V \left[ \frac{0.4(L-L')}{L'} + \frac{0.6(M-M')}{M'} \right]$  |              |   |                         |
| <p><b>Where:</b></p> <p><b>C</b> = Cost Fluctuation adjustment for the quarter under consideration</p> <p><b>V</b> = Valuation of work shown as payable in any Payment Schedule in respect of work having been completed during the quarter under consideration subject to NZS3910 A3, but without deduction of retentions and excluding the Cost Fluctuation adjustment</p> <p><b>L</b> = Labour Cost Index; Private Sector: Industry Group - Construction: All Salary and Wage Rates: published by Statistics New Zealand; for the quarter under consideration</p> <p><b>L'</b> = Index as defined under L but applying for the quarter during which tenders close</p> <p><b>M</b> = Producers Price Index; Inputs: Industry Group - Construction, published by Statistics New Zealand applying for the quarter under consideration</p> <p><b>M'</b> = Index as defined under M but applying for the quarter during which tenders close</p> |              |   |                         |
|   |              | \$  | (V)                     |
|   |              | 1   | (L)                     |
|   |              |   | (L')                    |
|   |              | 1   | (M)                     |
|   |              |   | (M')                    |
| <b>Cost Fluctuation adjustment</b>  |              | <b>C</b>  | <b>(C)</b>              |
|   |              | \$  |                         |
| Processed by:   | Approved:    | Financial approval:   |                         |
|   |              |   |                         |
|   |              |   |                         |
| <p>"[Insert your name here]"<br/>Engineer's Representative</p>  |              | <p>"[Insert Engineers Name]"<br/>Engineer</p>                           |                         |
|   |              | <p>"[Insert Project sponsors Name]"<br/>Contractor's Representative</p> |                         |





## PROGRESS OR FINAL PAYMENT

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

**PROGRESS OR FINAL PAYMENT**

PROGRESS

FINAL

Buyer Generated Invoice

Yes

No

Your Contractual Position

Engineer

Engineer's Representative

Cost Fluctuations?

Yes

No



## SITE SAFETY AUDIT CHECKLIST

**Council uses iAuditor to carryout its Safety Audit – the manual checklist below can be used to assist setting up the iAuditor form for the contract involved**

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

*Note: This checklist must be modified to suit the specific project and site in questions, the items listed are below are examples only. The results of the site safety audit must be saved to the Risk Manager system.*

|                  |              |
|------------------|--------------|
| Safety Check No. |              |
| Date on site     |              |
| Location         |              |
| Attendees        |              |
| Distribution     | (As above +) |
| FILE Ref         |              |

| Safety Checklist       |   | Y/N | Comments |
|------------------------|---|-----|----------|
| Health and Safety Plan | <ul style="list-style-type: none"> <li>Are the safety practices in the approved H&amp;S Plan being followed</li> </ul>  |     |          |
| Safety Supervisor      | <ul style="list-style-type: none"> <li>Is the safety supervisor on site</li> </ul>  |     |          |
| Public Protection      | <ul style="list-style-type: none"> <li>Alternative routes for cyclists and pedestrians</li> <li>Warning signs in place</li> <li>Excavations and exposed services are fenced off</li> </ul>  |     |          |
| Traffic                | <ul style="list-style-type: none"> <li>Are the practices outlined in the approved Traffic Management Plan being followed? (Use the TMP Audit form)</li> <li>Signage is visible, with the right signs in the right place</li> </ul>  |     |          |
| Confined Spaces        | <ul style="list-style-type: none"> <li><a href="#">Safe Working in a Confined Space guidance document</a> is being followed</li> <li>Evidence that atmosphere analysis undertaken</li> <li>Permit to work from operations staff</li> <li>Retrieval equipment in place</li> <li>Communication system in place</li> <li>Forced ventilation intake not exposed to truck or generator fumes</li> <li>Training records for contractor staff sited</li> </ul> |     |          |
| Excavations            | <ul style="list-style-type: none"> <li>WorkSafe <a href="#">Good Practice guidelines</a> for excavation safety are being followed</li> <li>Underground services are not undermined</li> <li>Check excavation stability</li> <li>Safe access is provided</li> <li>Collapse risk is addressed by shoring, bench or batter back.</li> <li>Excavations fenced off</li> </ul>  |     |          |

| Safety Checklist                    |   | Y/N | Comments |
|-------------------------------------|---|-----|----------|
| Housekeeping                        | • Clean and tidy site   |     |          |
|                                     | • First aid kit on site   |     |          |
|                                     | • Material storage is secure and not stacked  |     |          |
| Personal Protective Equipment (PPE) | <ul style="list-style-type: none"> <li>• Appropriate equipment is being used, potentially including: <ul style="list-style-type: none"> <li>• Footwear</li> <li>• Hearing Protection</li> <li>• Helmet</li> <li>• Overalls</li> <li>• Eye Protection</li> <li>• Gloves</li> </ul> </li> </ul> |     |          |
| Electrical and Gas                  | • Underground services have been marked up on site  |     |          |
|                                     | • Exclusions zones for overhead power lines are marked up   |     |          |
|                                     | • Electrical tools and leads certified  |     |          |
| Heights                             | • <a href="#">Scaffolding in New Zealand Good Practice Guidelines</a> are being followed. Note that this guidance includes a specific scaffolding inspection report checklist   |     |          |
|                                     | • <a href="#">Safe use of safety nets best practice guidelines</a> are being followed   |     |          |
| Asbestos                            | • <a href="#">Management and Removal of Asbestos approved code of practice</a> is being followed  |     |          |
| WorkSafe Notifications              | • Appropriate <a href="#">WorkSafe notifications for particularly hazardous work</a> have been made by the Contractor (and Council)   |     |          |
| Other                               | •   |     |          |

### Conclusions and Recommendations

|        |  |
|--------|--|
|        |  |
| Signed |  |

| Distribution                                   | Attention | Organisation | Email |
|--|-----------|--------------|-------|
| <input type="checkbox"/> Contractors Rep       |           |              |       |
| <input type="checkbox"/> Project Manager       |           |              |       |
| <input type="checkbox"/> Engineer              |           |              |       |
| <input type="checkbox"/> Engineer's Rep        |           |              |       |
| <input type="checkbox"/> Council's H&S Officer |           |              |       |



## POST CONTRACT PERFORMANCE REVIEW

FILE Reference:

**CONTRACT NO. YY/NN****CONTRACT NAME:**

| POST CONTRACT PERFORMANCE REVIEW               |           |                     |       |
|--|-----------|---------------------|-------|
| Prepared by                                    |           | Date                |       |
| NON-PRICE ATTRIBUTES ASSESSMENT COMPARISON     |           |                     |       |
| At time of Tender                              |           | At Completion       |       |
| Relevant Experience                            |           | Relevant Experience |       |
| Relevant Skills                                |           | Relevant Skills     |       |
| Methodology                                    |           | Methodology         |       |
| Track Record                                   |           | Track Record        |       |
| Resources                                      |           | Resources           |       |
| Financial Viability                            |           | Financial Viability |       |
| Other  |           | Other               |       |
| GENERAL PERFORMANCE                            |           |                     |       |
| Health and Safety                              |           |                     |       |
| Traffic Management                             |           |                     |       |
| Signage  |           |                     |       |
| Environmental Management                       |           |                     |       |
| General Comments:                              |           |                     |       |
|  |           |                     |       |
| Conclusions and Recommendations                |           |                     |       |
|  |           |                     |       |
| Signed   |           |                     |       |
| Distribution                                   | Attention | Organisation        | Email |
| <input type="checkbox"/> Project Sponsor       |           |                     |       |
| <input type="checkbox"/> Engineer              |           |                     |       |
| <input type="checkbox"/> Engineer's Rep        |           |                     |       |
| <input type="checkbox"/> Council's H&S Officer |           |                     |       |



## PROJECT HANDOVER TASKS CHECKLIST

FILE Reference:

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

| Stage   | Tasks: Engineer to the Contract  | ✓ | Tasks: Project Manager   | ✓ |
|---|--|---|--|---|
| Nearing Practical Completion  | <ul style="list-style-type: none"> <li>Notify Project Manager of pending inspection for Practical Completion Certificate.</li> <li>Provide Project Manager with draft As-Built drawings</li> </ul> |   | <ul style="list-style-type: none"> <li>Invite Asset Manager(s) and Operations Staff to inspection</li> <li>Arrange final safety audit if required</li> </ul>   |   |
| Inspection for Practical Completion Certificate                                   | <ul style="list-style-type: none"> <li>Arrange joint inspection</li> <li>Provide Project Manager with any operation/maintenance manuals</li> </ul>   |   | <ul style="list-style-type: none"> <li>Attend inspection</li> <li>Ensure operation/maintenance are recorded in FILE and hard copies passed to Maintenance team</li> </ul>  |   |
| Defects Notification Period   | <ul style="list-style-type: none"> <li>Issue practical completion certificate with schedule of defects to be remedied by the Contractor</li> <li>Deliver final as-built drawings</li> </ul>        |   | <ul style="list-style-type: none"> <li>Advise Business Support: Asset Management of Practical Completion</li> <li>Release any Bonds</li> <li>Advise maintenance team of practical inspection and provide schedule of any defects identified.</li> <li>Ensure maintenance contractor is notified that they are responsible for the site, excluding scheduled defects and those defects that arise during this period.</li> <li>Check Asset Information systems: RAMM / Hansen data updated GIS updated</li> </ul> |   |
| Inspection for Final Completion Certificate (Handover inspection)                 | <ul style="list-style-type: none"> <li>Arrange joint inspection</li> </ul>   |   | <ul style="list-style-type: none"> <li>Arrange joint inspection</li> </ul>   |   |
| Contract Close (within two weeks of the date of the Final Completion Certificate) | <ul style="list-style-type: none"> <li>Issue Final Completion Certificate to the contractor, copy to the Project Manager</li> <li>Deliver handover inspection</li> </ul>                           |   | <ul style="list-style-type: none"> <li>Advise Business Support: Asset Management of contract close</li> <li>Check Asset Information Systems have been updated</li> <li>Check any assets that have been abandoned as a result of contract have been recorded as such.</li> <li>Ensure maintenance contractor(s) are aware that defects notification period has expired and that they are fully responsible for maintaining the site.</li> </ul>   |   |
| Comments  |  |   |  |   |
| Signed:   |  |   |  |   |
| Engineer to Contract  |  |   | Date   |   |
| Contract Manager  |  |   | Date   |   |





## WAIROA DISTRICT COUNCIL

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☎ +64 6 838 8874

✉ administrator@wairoadc.govt.nz

🌐 www.wairoadc.govt.nz

📦 PO Box 54, Wairoa 4160, Hawke's Bay

🏠 Coronation Square, Queen Street, Wairoa

FILE Reference:

The Manager

Surety Company

Postal address 1

Postal address 2

Postal address 3

Attention:

Dear Sir/Madam

### PRACTICAL COMPLETION CERTIFICATE

**CONTRACT NO. YY/NN**

**CONTRACT NAME:**

---

We hereby advise that <insert contractor name> has been released from "[Click to Specify]" for the following contract:

Please action release of the bond.

A copy of the Practical Completion Certificate for this contract is attached for your reference.

Yours sincerely

"[Insert name ]"

Project Manager

Encl: Copy of final completion certificate

cc. <<contractor>> <<consultant>>



## APPENDIX: SUMMARY FROM PROCUREMENT POLICY AND STRATEGY

**PURPOSE** –to state the requirements and expectations of procurement carried out by the Council

### SCOPE

| Application  | Intention  | Support   |
|--|--|---|
| <ul style="list-style-type: none"> <li>Applies to all Wairoa District Council employees</li> <li>Does not apply to Council Controlled Organisations</li> </ul> | <ul style="list-style-type: none"> <li>is intended for all procurement associated with the Council's teams and individuals completing their everyday work in the normal way</li> </ul> | <ul style="list-style-type: none"> <li>is to be supported by appropriate management procedures for its effective enactment</li> </ul> |

### Procurement Policies

| OAG Principles and Guidelines   | Probity                                      | Value for Money   | The Local Supply Chain   | Management of Risk  | Management of Risk – trials and innovation   | Transparency and Confidentiality   | Reporting  | Community outcomes   | Implementation  |
|---|--|---|--|---|--|--|--|--|---|
| Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General. | Procurement is to be conducted with probity. | The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising: <ul style="list-style-type: none"> <li>• whole of life costs,</li> <li>• transactional costs for suppliers and Council, and</li> <li>• negative impacts on the local supply chain and well-being of the community</li> </ul> | Where practicable, procurement processes are to consider the sustainable development of the local supply chain | Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically: <ul style="list-style-type: none"> <li>• Implementing Procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.</li> <li>• Developing and implementing risk management plans for high risk procurements</li> </ul> | Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community | Procurement processes are to be transparent where feasible with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders except where sensitive commercial information is compromised by doing so | The status of procurement within the District is to be routinely reported to the Finance, Audit & Risk Committee | Opportunity to further enhance community outcomes is to be considered as part of procurement processes | The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place |



## PROCUREMENT RELATIONSHIP TO COUNCIL'S VISION AND COMMUNITY OUTCOMES

**Vision – Connected Communities. Desirable Lifestyles. Treasured Environments**

### Community Outcomes

#### Economic Wellbeing

- A strong, prosperous and thriving economy
- A safe and integrated infrastructure

#### Social and Cultural Wellbeing

- A community that values and promotes its culture and heritage
- Safe and accessible recreational facilities
- Supportive, caring and valued communities
- Strong district leadership and a sense of belonging

#### Environmental Wellbeing

- A safe and secure community
- A lifetime of good health, education and wellbeing
- An environment that is appreciated, protected and sustained for future generations.

### Procurement Principles

Value for Money

Openness, Transparency, and Fairness

Accountability and Integrity

Lawfulness

Appropriate Management of Risk

Sustainability

### Procurement Objectives

To select the right supplier who can deliver what is needed, at a fair price and on time

To deliver best value for money over the whole life of the goods, service or asset

To promote efficient purchasing practices and their continuous improvement

To appropriately manage risk in relation to purchasing of goods and service

To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers

To ensure that all decisions are robust and defensible

To ensure adequate probity – integrity and honesty

To contribute to the achievement of community outcomes

To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals

To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities





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31 March 2020

Michael Hardie  
Transport Asset Manager (Acting)  
Wairoa District Council  
PO Box 54  
Wairoa 4160

Dear Michael

**Transport Activity Procurement Strategy Endorsement**

Thank you for your request seeking endorsement from the Waka Kotahi NZ Transport Agency for the Procurement Strategy dated 12 March 2020.

I am pleased to confirm that Waka Kotahi has reviewed the Procurement Strategy - 2020 dated 12 March 2020. This document forms Wairoa District Council's Procurement Strategy, the requirements of which are outlined in the Waka Kotahi Procurement Manual.

We are satisfied that it meets the requirements of the Waka Kotahi Procurement Manual and formally endorse the Procurement Strategy effective 31 March 2020.

We would like to draw your attention to the following matter. Waka Kotahi:

1. approves the continued use of in-house professional services by Wairoa District Council, in accordance with s.26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.

The Waka Kotahi Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 31 March 2023 and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

If you would like to discuss this matter further, please do not hesitate to contact Philip Walker, Approved Organisations Senior Procurement Advisor, directly on 021 633986.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tara Macmillan', with a long, sweeping horizontal stroke extending to the right.

**Tara Macmillan**  
Senior Manager Procurement

**8.5 PLASTICS RECYCLING**

**Author:** Luke Knight, Kaiwhakahaere Rawa Property Manager

**Authoriser:** Stephen Heath, Pouwhakarae – Hua Pūmau Hapori / Ratonga Group Manager Community Assets and Services

**Appendices:**

1. Plastic Recycling Guide by Type [↓](#)
2. 18/03 NTE 01 [↓](#)
3. Smart Environmental - letter regarding plastics recycling [↓](#)
4. The truth about plastic recycling in Aotearoa [↓](#)
5. Pōneke Para Kore | Can that packaging be recycled? - Wellington City Council [↓](#)

**1. PURPOSE**

- 1.1 The purpose of this report is to obtain a decision from Council on changes to the plastics collected from the kerbside and drop-off sites for recycling in the Wairoa District.

**RECOMMENDATION**

The Kaiwhakahaere Rawa Property Manager RECOMMENDS:

1. That council receive the report
2. That council endorse the changes in plastic material accepted for recycling via the council provided services to only plastics containers identifiable as grades 1, 2 & 5 and have accessible end uses or international markets.
3. That waste education budgets be utilised to fund a comprehensive communication campaign to inform the community and businesses of the change.

**EXECUTIVE SUMMARY**

- 1.2 This issue arises from changes in the national and international commodity market for recycled plastics.
- 1.3 This report contributes to the adopted Long-Term Plan and Waste Management and Minimisation Plan objectives by providing refuse and recycling services to the community.
- 1.4 The objective of this decision, relevant to the purpose of Local Government, is to provide local infrastructure which contributes to public health and safety, supports growth, connects communities, activates communities and helps to protect the natural environment and wasting less as a community.
- 1.5 This report concludes by recommending that only plastic bottles that have the grade numbers 1, 2 & 5 stamped on them be collected.

**2. COUNCIL PROVIDED RECYCLING SERVICES**

- 2.1 Wairoa District Council provides weekly kerbside recycling services to Frasertown, Tuai & State Highway 38 and the urban area of Wairoa.
- 2.2 Twice monthly drop off services for Mahia, Nuhaka, Mohaka and Raupunga communities.
- 2.3 Monthly drop off services for Ruakituri and Te Reinga communities.



- 2.4 Recycling facilities are available four days a week at the Wairoa Recycling Centre and Landfill on Fraser Street.
- 2.5 Smart Environmental currently operate the Recycling Centre and Landfill as well as the Wairoa, Frasertown, Mahia, Nuhaka, Ruakituri and Te Reinga recycling services.
- 2.6 Waipapa Recycling provide services at Kotemaori, Raupunga and Mohaka.
- 2.7 Ruapani Ki Waikaremoana Trust provide services for Tuai and State Highway 38.
- 2.8 All recyclables are delivered to the Recycling Centre and Landfill, with Smart Environmental responsible for the onward processing of recyclable materials and waste.

### 3. PLASTICS SITUATION

- 3.1 Plastic is primarily made from seven different grades that are numbered 1 to 7 (including non-recyclable plastics) as detailed in Attachment 1: Plastic Recycling Guide by Type. The grade is usually stamped on the base of the packaging item. Demand, financial value and accessibility to recycling markets for the different grades of plastic varies considerably. Plastic bottles, especially un-coloured bottles, achieve the best prices as they are easily reusable (grades 1, 2 & 5). Coloured plastic tends to be less desirable due to the inclusion of colour, which cannot be removed.
- 3.2 In communicating grades 1, 2 & 5 to the public they can be generalised as follows:
  - 3.2.1. Grade 1: Soft drink bottles, water bottles, sports drink bottles and condiment/food jars.
  - 3.2.2. Grade 2: Milk bottles and some cleaning product containers.
  - 3.2.3. Grade 5: yoghurt containers, ice cream containers.
- 3.3 Appendix 5 Pōneke Para Kore | Can that packaging be recycled? From Wellington City Council provides a concise description of recycling for New Zealand.
- 3.4 Until relatively recently approximately 50% of the world's waste plastic went to China for recycling. Much of this material was highly contaminated with general waste or plastic that was unsuitable for recycling. This resulted in a rubbish disposal problem along with the associated environmental impact for China.
- 3.5 In August 2017, the Chinese Government announced their intention to restrict the importation of 24 categories of solid waste products from around the world including all plastics because of environmental impacts and risks to public health. This "National Sword" policy was put into effect 1 January 2018 which means China is no longer accepting imports of these solid wastes. The change has gained large amounts of media attention around the world turning the public's focus towards the often-overlooked question of what happens to recyclables after they are accepted for processing.
- 3.6 Currently Wairoa District Council provides services for mixed plastic of grades 1 to 7. All recycling becomes the property of the contractors who are then responsible for the sorting and disposal of the product. Prior to the Chinese restrictions, the most common destination internationally for plastics 1 to 7 was Asian countries (96% by value) with China and Hong Kong receiving 53% of the world's plastic exports in 2017.
- 3.7 Once the materials have left New Zealand shores there is no guarantee that these products will be recycled, let alone in an appropriate and sustainable manner. Harmful and inappropriate disposal practices have been uncovered by investigative journalists and environmentalists including burning, dumping in poorly managed landfills or littering

into the environment where they can then enter the ocean and pose a risk to marine life and water quality.

- 3.8 Of these exported 1 to 7 plastics, grades 1 & 2 make up around 50% of the total. These grades have some value that could possibly be diverted to recycling facilities in New Zealand where their recycling outcome can be more easily monitored and assured while contributing to the establishment of a circular economy for plastic in New Zealand. This would however require extra sorting. With grades 1 & 2 removed, grades 3 to 7 hold very little value for recyclers. These are the plastic types potentially not recycled and poorly managed once exported. On their own they are not viable for export overseas and there are limited, if any, established facilities to recycle them in New Zealand.
- 3.9 Other end users of recyclables e.g. Malaysia, Indonesia and Thailand are now overwhelmed with product. Malaysia and Thailand have now imposed restrictions on imports. Previously the 1-7 bales were going to Malaysia.
- 3.10 The long-term sustainability of contaminated and/or low value plastic recycling is uncertain. The above-mentioned countries are facing the same environmental issues from the enormous volume of reject plastics being imported that prompted China to introduce the 'National Sword' programme. These actions have caused a global crisis that has impacted the international ability to find a market for low value plastics, graded 3 to 7.
- 3.11 Accordingly, the future of national and international recycling markets is uncertain with no improvements likely in the foreseeable future.
- 3.12 Equally, there is no national strategy around plastic recycling standards and therefore each Local Authority manages their plastic recycling differently. To date central government has not progressed initiatives at a scale to assist and effect change.
- 3.13 In 2018 the South Waikato, Taupo and Far North councils reduced the collection of plastic recycling to grades 1 & 2 only. Whangarei, Hamilton, Otorohonga, Waitomo, and Tauranga councils have only been accepting grade 1 & 2 plastics and have not made a change recently. Gisborne Council and Hastings District Council have recently (2019) made the change to only accept grades 1 & 2.
- 3.14 In the twelve months preceding 30th June 2020, 504.33 tonnes to recyclable material was taken for onward processing from Wairoa. 47.11 tonnes of this material was commingled being comprised of plastics, aluminium and steel cans.

|            | Tonnes | Percentage of recycling |
|------------|--------|-------------------------|
| Glass      | 361.56 | 71.7%                   |
| Fibre      | 95.66  | 19%                     |
| Commingled | 47.11  | 9.3%                    |

- 3.15 This report only relates to the collection of plastics for recycling and the collection of paper/cardboard/cans (commingled) and glass will continue and is not the subject of this report.

**4. CURRENT SITUATION**

- 4.1 The WDC Solid Waste Management contract (18/03) currently specifies that the contractors accept and take ownership of plastics graded 1 to 7 presented at the kerbside or brought to recycling centres by customers.
- 4.2 Plastics grades 1, 2 & 5 still hold some value and can be sold to national and international buyers. However, the range of containers within each grade have varying degrees of acceptance and value.
- 4.3 Council officers have been advised that plastics grades 3 to 7 can no longer be disposed of by most NZ recyclers and brokers, either as a mixed commodity or when separated into individual numbered grades. Contractors working for council across the country have struggled to maintain regular markets for the past 6 months.
- 4.4 Officers are also aware of other Councils in New Zealand who have several months' worth of baled material in storage that they have been unable to sell.
- 4.5 Since 1 March 2019 contractors in Hawke's Bay have started to stockpile bales of mixed plastic as the market for 1 to 7s had largely come to an end.
- 4.6 There is a significant community perception and reputational risk if plastics collected for recycling are not recycled. Furthermore, if products are not recyclable then the community should be made aware of the situation to assist them with their product choices. The community should be kept informed of these changes with openness, honesty and transparency.
- 4.7 In December 2018, the Sustainable Business Network released a report "New Zealand's Plastic Packaging System, An Initial Circular Economy Diagnosis" which identifies the key challenges, opportunities, and pathways for creating a circular economy for plastic packaging that works in NZ.
- 4.8 This report has highlighted several challenges; however, our community deserve transparent and honest communication around the current recycling market challenges and need to be informed of what is really happening to material put out for recycling.
- 4.9 Responsibility for recycling in NZ has historically fallen to councils to pick up the mess and ownership of recycling at the ratepayers' expense. This raises the question of whether it is the responsibility of territorial authorities to provide this service as there is no legal requirement to do so.
- 4.10 Section 42 of the Waste Minimisation Act 2008 states that: A territorial authority must promote effective and efficient waste management and minimisation within its district.
- 4.11 If a certain waste stream is going to be landfilled the most expensive way of getting it to the landfill is via the recycling system. This cost obviously has a negative impact on the financial viability of the recycling process and there would need to be compelling reasons for this situation to continue.
- 4.12 There have been public petitions circulating throughout the national community collecting signatures to ban the export of waste plastic.

**5. CONTRACTOR SITUATION – SMART ENVIRONMENTAL (SE)**

- 5.1 SE are responsible for the onward processing of all waste and recyclables collected in the district. In effect, SE are council's lead waste management service provider.

- 5.2 SE currently collects all grades of plastics but have indicated that they have no access to disposal options of mixed grade plastics. With only grades 1, 2 & 5 being reprocessed or exported as a commodity item in the last nine months.
- 5.3 SE management has notified council officers that they no longer have viable disposal options for plastics 3, 4, 6 & 7. This information is included in Appendix 2 18/03 NTE 1 and Appendix 3 Smart Environmental - letter regarding plastics recycling.
- 5.4 SE have a market for most plastic containers in grades 1, 2 & 5.
- 5.5 SE support collection of only rigid plastics in grades 1, 2 & 5 because these are the only plastics that now have a viable recycling value and end market.

## 6. SUMMARY OF THE SITUATION

- 6.1 China's "National Sword" policy has had a major impact on the viability of plastic recycling in Hawke's Bay and NZ.
- 6.2 The remaining export markets outside of China are proving problematic in terms of both access and credibility.
- 6.3 Grades 1, 2 & 5 plastics can still be recycled but will require sorting by the householder and contractor. Rejected materials (contamination) would need to be landfilled.
- 6.4 Other recyclable materials can still be recycled in Hawkes Bay. Nationally and internationally the recycling of fibre (paper and cardboard) is a significant issue, but in Hawke's Bay we have Hawk Packaging that can use the separated paper and cardboard.
- 6.5 Glass continues to be recycled in New Zealand. Wairoa's recyclable glass is transported to O-I in Auckland.

## 7. OPTIONS

- 7.1 There are no provisions in the current budget for the impact of changes to the global plastic recycling market on solid waste operations as budgets were set prior to the impacts being fully realised after COVID-19.
- 7.2 An extensive campaign to convey any change in recycling would require a financial commitment of at least \$5,000 so that the changes can be comprehensively communicated to the entire community including key messages such as encouraging our community to be conscious consumers. These costs can be covered by the use of Council's Waste Education budget.
- 7.3 The costs of the options below are estimates. Any changes would need to be finalised following negotiation with council's contractors.
- 7.4 The options identified are:
  - a. **Option A:** Status quo. Council continues to accept all recyclable grades including grades 3, 4, 6 & 7. Ownership and sale responsibility remain with the contractors which may result in stockpiles or landfill disposal of all grades of plastics.
  - b. **Option B:** Council continues to accept all recyclable plastics including grades 3 to 7, and contractors sort out the grades 1, 2 & 5. Council then takes responsibility to store or divert to landfill (as waste) the 3 to 7 grades of plastic.

- c. **Option C:** Collect only grades 1, 2 & 5 plastic - Council services stop accepting recyclable plastics graded 3 to 7 until national guidance or sustainable markets for lower grade plastics become available.
- d. **Option D:** Stop collecting all plastics, amend all contracts to not collect any plastics at all.

## 8. DISCUSSION OF OPTIONS

### 8.1 Option A

- 8.2 Status quo. Council continues to accept all recyclable grades including grades 3, 4, 6 & 7. Ownership and sale responsibility remain with the contractors which may result in stockpiles or landfill disposal of all grades of plastics.
- 8.3 This option will see all grades of plastics 1 to 7 collected and stored together which means none of the plastic (including grades 1, 2 & 5) will be recycled as the mixed market has collapsed.
- 8.4 There is no guarantee that the market will change and that contractors will be able to sell mixed plastics for recycling in the future.
- 8.5 Council officers believe this option would put undue pressure on the contractors to provide a service that is potentially unsustainable and would also mislead the public given the serious concerns raised in the media that much of this material may be landfilled or cause worse environmental impacts overseas.
- 8.6 It is likely this option would require a variation to the contract for SE to manage the separate waste stream, this is likely to incur processing costs as well as costs to dispose of
- 8.7 As of March, and under the present status quo services, no plastic will be recycled. Plastic will need to be stored or landfilled and as a result there is a strong argument for it to go directly to the landfill as the cheapest option rather than via the more expensive recycling network.
- 8.8 This option has been considered and discounted because there are very limited to no markets for this material and to continue with the service would be misguided.

### 8.9 Option B

- 8.10 Council continues to accept all recyclable plastics including grades 3 to 7, and contractors sort out the grades 1, 2 & 5. Council then takes responsibility to store or divert to landfill (as waste) the 3, 4, 6 & 7 grades of plastic.
- 8.11 This may require the acquisition of a secure, accessible and appropriate site that could cater to store mixed 3, 4, 6 & 7 plastic bales. Stockpiled plastics will gradually deteriorate due to exposure to sunlight / weather and could pose a fire risk. There are no assurances that this material will be able to be recycled in the future.
- 8.12 The storage option is cheaper than the disposal option, however if the stored material cannot be moved on, or sold, it would eventually need to be landfilled and as a result would incur disposal costs at that time.
- 8.13 There would be no benefit (only cost) to the contractor for additional sorting of this material.



- 8.14 If the material were landfilled rather than stored it could be perceived as undermining the integrity of Council recycling. The public generally assume that plastics grades 3, 4, 6 & 7 are being recycled.
- 8.15 This is the most expensive option and as a result highlights the cost difference between sending certain plastics straight to the landfill from the kerb rather than feeding them through the recycling system.
- 8.16 This option has been considered and discounted because there are very limited, if any, markets for this material and to continue with the service would be misguided. It also fails to transparently inform the community.
- 8.17 **Option C**
- 8.18 Council collects only plastic grades 1 2 & 5 - Council services stop accepting recyclable plastics graded 3, 4, 6 & 7 until national guidance or sustainable markets for lower grade plastics become available.
- 8.19 This will require a comprehensive communication plan to be developed and rolled out across the district to inform the public that plastics grades 3, 4, 6 & 7 can no longer be recycled at Council facilities and to make informed decisions at the time of purchasing to understand what plastic products they will need to dispose of.
- 8.20 The cost range of this option will depend on exactly what is picked up from the kerbside and the level of sorting required at the recycling plant. The costs will need to be negotiated with the recycling contractors. If agreement cannot be reached with a contractor on price, Council may need to take ownership of the grade 1 and 2 plastics and store and/or sell the items.
- 8.21 Taupo District Council made the change to only grade 1 and 2 plastics in October 2018 which was well received by both the community and contractors. The implementation of this was undertaken without any negative backlash.
- 8.22 Discussions have been held with council's contractor and currently they have access to markets for plastic bottles within the grades 1, 2 & 5. Most of these markets are local NZ markets.
- 8.23 **Option D**
- 8.24 Stop collecting all plastics, amend all contracts to not collect any plastics at all.
- 8.25 This will require a comprehensive communication plan to be developed and rolled out across the District where the public is informed that plastics can no longer be recycled at Council facilities. The community will be advised to make informed decisions at the time of purchasing and become "conscious consumers".
- 8.26 This option would complement and fits best alongside product stewardship and container deposit schemes that need to be established at a national level.
- 8.27 This option may be seen as negative and attract questions about why we are not recycling grades 1 & 2 which can be recycled in NZ? Or may even reinforce the view held by some that recycling has not always delivered on its intentions and this proves it.
- 8.28 This approach may even tarnish the recycling efforts undertaken for other materials and place them in a negative light. This could deter people from recycling anything.
- 8.29 The amount of "waste" collected at the kerbside will increase and therefore have a negative impact on those services as well as shortening the life of the landfill.

- 8.30 From environmental (local, national and international) and fiscal perspectives there are pros and cons to this option, however the non-collection of plastics can be considered better in several ways. Fundamentally landfilling (albeit in a modern well managed facility) is not ideal from an environmental point of view, however if the plastic is going to end up there anyway it should go directly there as the cheapest method of dealing with it and without creating false expectations.

## 9. PREFERRED OPTION

- 9.1 The preferred option is Option C - that only plastic bottles identifiable as grade numbers 1, 2 & 5 and have accessible national end users or international markets are collected for recycling through the Council kerbside and drop off depot recycling services.
- 9.2 A one-month transition period in which plastics grades 3, 4, 6 & 7s are still collected but landfilled by Council would be introduced. Following this transition period these plastics would not be collected and would therefore need to be disposed of with normal waste by residents and businesses.
- 9.3 An extensive communication campaign commencing immediately will be launched to inform the community of the change, using existing waste education budgets. This would include key messages such as encouraging our community to be conscious consumers. The messages will be finalised following Council decisions, however they will include clear messaging on the plastics that will be collected, the reasons for the change, that we need the community's help to achieve optimum results, and ways to become a conscious consumer in the plastics realm. There will also be continued messaging on the receptacles in which recycling can be presented for the kerbside pick-up.
- 9.4 Officers have delegated authority to enable and complete negotiations with the contractors to implement the change.
- 9.5 Along with the environmental and financial considerations, the suspension or reduction of plastic recycling services sends a strong message to industry and central government for the need to make changes to a system that is struggling to deliver on its intended goals.
- 9.6 Council officers are in regular contact with other councils, interest groups and central government with regards the recycling industry both nationally and internationally

## 10. CORPORATE CONSIDERATIONS

### What is the change?

- 10.1 Change in operations to remove non-recyclable plastics from waste and recycling streams collected.

### Compliance with legislation and Council Policy

- 10.2 The suspension of plastic recycling may be seen by some as going against the goals and objectives of the Waste Management and Minimisation Plan. However, the environmental (and financial) impacts need to be considered and council wants to ensure that plastic recycling is not putting others' lives and environments at risk.

### What are the key benefits?

- 10.3 Improved efficiency, transparency and sustainability in recycling operations

**What is the cost?**

10.4 Communications costs are included in this year's budgets.

10.5 There are no expected variations on contract cost at this stage.

**What is the saving?**

10.6 No saving is expected at this stage.

**Service delivery review**

10.7 Not applicable

**Maori Standing Committee**

10.8 This matter has not been referred to the committee at this stage.

**11. SIGNIFICANCE**

11.1 This affects all waste users in the Wairoa district. Given the small volume of recycling that the grades 3, 4, 6 & 7 represent, the impact on individual users is not expected to be too large financially.

11.2 This decision can be altered by council at a later date, if and when the situation has changed for recycling markets and processing.

**12. RISK MANAGEMENT**

12.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

| Human      | Financial | Regulatory         |
|------------|-----------|--------------------|
| Low        | Low       | Low                |
| Operations | Employees | Image & Reputation |
| Medium     | Low       | Low                |

**Who has been consulted?**

No specific consultation or engagement has been undertaken with the wider community relating to this situation. In general terms this decision will affect all residents of Wairoa, however the main considerations are whether it is sustainable to continue to collect plastic materials which may not actually be recycled, given the financial cost to the community and global environmental impacts

**Further Information**

Climate change: coronavirus exposes flaws in recycling scheme:

<https://www.stuff.co.nz/environment/climate-news/121413352/climate-change-coronavirus-exposes-flaws-in-recycling-scheme>

Plastics in the Environment: Te Ao Hurihuri – The Changing World:

<https://www.royalsociety.org.nz/what-we-do/our-expert-advice/all-expert-advice-papers/plastics-in-the-environment-evidence-summary/>

Rethinking Plastics in Aotearoa New Zealand: Key messages:

[http://www.wasteminz.org.nz/wp-content/uploads/2019/12/Rethinking-Plastics-in-Aotearoa-New-Zealand\\_Key-Messages\\_8-Dec-2019-PDF.pdf](http://www.wasteminz.org.nz/wp-content/uploads/2019/12/Rethinking-Plastics-in-Aotearoa-New-Zealand_Key-Messages_8-Dec-2019-PDF.pdf)

Minister Eugenie Sage's speech: Rethinking Plastics in Aotearoa New Zealand:

<https://www.wasteminz.org.nz/2019/12/minister-eugenie-sages-speech-rethinking-plastics-in-aotearoa-new-zealand/>

Identifying Recyclables: <https://www.recycle.co.nz/symbols.php>

Hastings District Council recycling changes: <https://www.hastingsdc.govt.nz/our-council/news/archive/article/1229/plastic-not-fantastic-recycling-changes-are-coming>

Hastings District Council: Plastics change: Bottles 1 and 2 the way to go:

<https://www.hastingsdc.govt.nz/our-council/news/article/1249/plastics-change-bottles-1-and-2-the-way-to-go>

Gisborne District Council recycling changes: <http://www.gdc.govt.nz/changes-coming-for-kerbside-recycling/>

### References (to or from other Committees)



Not applicable

### Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

|   |  |
|---|--|
|  |  |
| <p>Author<br/>Luke Knight</p>   | <p>Approved by<br/>Stephen Heath</p>   |





# Plastics Recycling Guide

| Material Type Acronym | Plastic Identification Code | Full Polymer Name(s)  | Examples of Common Products   |
|-----------------------|-----------------------------|---|---|
| PET                   |                             | Polyethylene Terephthalate  | Soft-drink and water bottles, food packaging such as salad domes and biscuit trays                        |
| HDPE                  |                             | High Density Polyethylene   | Milk bottles, ice-cream containers, detergent bottles, and shopping bags                                  |
| PVC                   |                             | Polyvinyl Chloride<br>Unplasticised: PVC-U<br>Plasticised: PVC-P  | Cosmetic containers, pipes, films, wire coatings, and garden hoses  |
| LDPE                  |                             | Low Density Polyethylene  | Film for protection of pallets during transportation, squeezable bottles, rubbish bags, plastic food wrap |
| PP                    |                             | Polypropylene   | Lunch boxes, microwave containers, straws, packaging film, and dairy food containers                      |
| PS                    |                             | Polystyrene   | Plastic cutlery, CD cases, stationery parts, toy parts and plastic 'glassware'                            |
| EPS                   |                             | Expanded Polystyrene  | Protective packaging for fragile goods, insulation, clamshell food take-away containers and cups          |
| Other                 |                             | Acronyms normally specified underneath the identified code e.g. ABS (Acrylonitrile butadiene styrene) or SAN (Santoprene) | Car parts, appliance parts, computers, electronics, water cooler bottles, and other packaging             |

Definitions of plastic material types adapted from the Plastics Identification Code and copied from Plastics New Zealand (2005), *Research Project Report: Sustainable end-of-life options for plastics in New Zealand*. Retrieved from <http://www.plastics.org.nz/documents/sustainable-end-of-life-options-for-plastics-i-4.pdf>





### Notice to Engineer

|               |  |                      |
|---------------|--|----------------------|
| Contract Name | Wairoa District Council  | NTE Date: 01-07-2020 |
| Contract No:  | 18/03 Provision of Solid Waste Services                                    | NTE No. 001-2020     |
| To:           | Engineer to the Contract: Luke Knight                                      |                      |
| Copy:         | Warren Meldrum, Smart Area Manager   |                      |
| Subject:      | Temporarily Removing Plastics 3-7 from the Wairoa DC Recycling collections |                      |

Good morning Luke,

As you know, there have been significant changes in the international recycling industry since the “National Sword” changes in January 2018 and this is impacting all of New Zealand Recyclers and is also having a global impact.

As previously conveyed, in January 2018, China one of the world’s primary destinations for raw recycled materials, introduced a new policy called ‘National Sword’, which negatively affected the world’s historic markets for recycled plastics and fibre exports. Recently governments, including New Zealand’s, have been reviewing national recycling policies and practices; and consumers have become more engaged in the recycling industry and debate and the associated implications of plastics specifically on our environment.

There is one major item Smart would like to address with the Wairoa District Council:

- 1) **Collection & processing of plastic grades 3,4,5, 6 and 7.** Smart supports collection of only rigid plastic of resin grades 1,2 & 5 because these are the only plastics that now have a viable recycling value and end market.

#### Plastic Grades

There has been much publicity about plastics in New Zealand lately, their impact on the environment, difficulty in recycling many types and the limited end uses of recycled plastics.

Both the Government and the WasteMINZ organisation have done considerable work on the background.

Smart believes that the future direction of kerbside recycled plastics is only in the grades of resin types 1, 2 & 5. A number of Councils in New Zealand already have this policy and Smart would like this uniformity across our clients. We need to stop collecting plastics 3,4,6 and 7 or we need to seek a variation to continue to collect these.

The separated resin grades of 1,2 & 5 are the only type that Smart has been able sell to domestic recyclers & reprocesses or have able to export as a commodity item in the last 9 months. No mixed plastic grade sales have been achievable in past months. Stocks continue to grow of Mixed Plastic product around the country. Smart is wanting the support of its Council clients to move to the collection of only plastic grades 1, 2 & 5. This requires notification to ratepayers, commercial service users and education as to why, and when and how.

There has been a large amount of supporting information that reinforces this position:

The Government has released a body of work on “Rethinking Plastics in Aotearoa New Zealand”

<https://www.pmcsa.ac.nz/our-projects/plastics/rethinking-plastics-in-aotearoa-new-zealand/>

New Zealand’s WasteMINZ has released considerable information on plastics

<https://www.wasteminz.org.nz/2020/01/nz-now-leads-the-world-in-understanding-plastic-recycling-habits/>

These reports detail that 85% of household plastic container are already in the grades 1,2 &5. That these grades are best suited for household recycling.

*Infographic from WasteMINZ publication:*



Smart seeks Council support in making this move as soon as is possible to collect only plastics 1,2 and 5 until global or local markets make collection of plastics 3,4,6,7 viable again.

Most Councils in NZ have stopped collecting these plastics over the last 6 to 12 months.

I have also attached a letter from our CEO, sent to you on 18 May 2020, outlining how Covid19 and the global recessions is now exacerbating the National Sword issues, making this an even more acute issue to address.

Through good communication and auditing programmes we know we can successfully “retrain” communities so we can maximise the recycling of viable products.

Kindest regards,

Ben Day  
GM Operations

SUPPORT OFFICE

192 James Fletcher Drive

Otahuhu

P.O. Box 22248

Otahuhu

AUCKLAND 1640

Dear Council,

As you will be aware Covid-19 has had a significant impact on Waste and Recycling services. This is not just a local phenomenon - all over the World established systems of collecting and processing waste are under strain. It is true that as a result of China dramatically altering its acceptance criteria ("National Sword"), global markets had already been in a state of significant commodity price decline. However, Covid-19 has also caused widespread disruption to the alternative export markets which had stepped in to pick up the slack.

Locally, Covid-19 has negatively impacted the recycling industry in several ways. For example:

- Material Recycling Facilities (MRF's) - where recycling is sorted, this leaves workers very exposed to Covid-19 interaction and have largely shut down. In the main they will reopen at alert Level Two, but if any MRF workers then develop CV-19, and this cannot be attributed to another source, we would expect that this decision would be reviewed by the Covid response team and a MRF could possibly have to shut down again
- Since recycling has not been able to be processed, in most of New Zealand it is being sent to landfill.
- In many locations, recycling and solid waste have been collected in the one bin (recycling into the waste bin or vice versa). Returning to normal will require some transition.
- Refuse Transfer Stations - where the public and commercial operators can drop off waste, many RTS have been closed. These are now reopening, but under strict controls. Volumes are high, as it seems many Kiwis have used their time at home to spring clean or start a long-delayed project.

As the country moves to Level Two services, we will see something more akin to business as usual. Whilst New Zealand may be, hopefully, coming out the other side of this pandemic, the same cannot be said for most of the countries that have been buying recyclable products that cannot be re processed in New Zealand.

As a result, it has become very difficult to find markets for mixed grade plastics and mixed grade paper in particular. Mixed plastics are grades 3,4,6 and 7 - effectively what is left over when you take the PET bottles, milk bottles and some janitorial

plastics (which can be re-processed here) out of the waste stream. Mixed grade paper is what is left over when you remove the higher value cardboard and newsprint from recycled fiber. Often this takes the form of advertising flyers and catalogues which are unwanted because the paper quality is often low (which has limited reuse potential) and the printing process leaves high levels of undesirable by-product (ink can be just another petrochemical concoction).

The Ministry for the Environment is acutely aware of these problems and are considering options. Their desire is to ensure that New Zealand has the onshore reprocessing capacity needed to create new products out of what we collect. There are already some real success stories but unfortunately right now these do not include the commodity types referred to above.

Smart's view is that it will likely never be a viable option to reprocess mixed grade plastics locally. There are limits to what can be done with them and the costs of sorting, cleaning, transporting, and aggregating them are high. The model is always in competition with raw resin which is largely driven by the price of oil. In the main these types of plastics are now considered 'waste' and are being disposed of in the solid waste bin and sent to landfill. We do not think it sends the right signal to the public if they believe something is able to be recycled when it cannot be.

Our view on mixed grade paper is slightly less definitive. We think that overseas markets will open again and that utilising them will be more cost effective than sending this to landfill when they do. We also think that it is probable that New Zealand companies will find innovative ways to reprocess this paper stream here - given enough time and financial support (which exists) to get established.

For these reasons, we believe that the best option is to continue to collect this paper as part of the recycling service even though it will probably need to be landfilled until the situation overseas improves. It is not feasible to store paper for extended periods and when markets do open the world is likely to be awash with it.

Smart would like to discuss with you the best way to move forward. We recognise that removing some plastics from recycling requires a change in consumer behavior and good communications and we have learnings we can share on how to do this most effectively. We would also like to talk through the implications of sending mixed paper to landfill. Our regional manager will be in touch with you to set up a meeting to talk you through your unique situation and customise the approach to managing this problem.

Finally, whilst there is a lot of short-term disruption in the industry, we believe that this will be a turning point for the better. Covid-19 has brought central and local government together with industry players and environmental groups in a new and refreshing way and real issues are being dealt with collaboratively.



New Zealand has an ambitious waste minimisation plan and foremost in that plan is giving consumers more transparency as to the downstream impact of the products they use. That way they can make informed choices and change their behaviour accordingly. The measures as outlined here, whilst not necessarily palatable, are consistent with that approach.

Thank you for supporting us through the Covid-19 lockdown levels, we know the cost of sending recycling to landfill was an inevitable but undesirable solution for your ratepayers, we will work very hard to keep MRFs operating through this uncertain environment and keep working hard to find markets for these recycled commodities,

Best regards,

A handwritten signature in blue ink, appearing to read 'T. McLeay', with a stylized flourish at the end.

**TODD MCLEAY**

CEO - SMART ENVIRONMENTAL

# The Truth about Plastic Recycling in Aotearoa New Zealand in 2020

Based on research funded by WasteMINZ Territorial Authorities' Officers Forum and the  
Ministry for the Environment's Waste Minimisation Fund

## The Truth about Plastic Recycling in Aotearoa New Zealand

We like to think of ourselves as a nation of committed recyclers, but new research shows there's significant room for improvement. Individual recycling behaviour, as well as product design and collection issues, are all reasons we are not as good at recycling as we could be.

The WasteMINZ Territorial Authorities' Officers Forum (TAO Forum) has received Waste Minimisation Funding for a project that aims to reduce contamination in household kerbside recycling and to promote resource reuse and reduction messages. Research was undertaken via an audit of domestic kerbside rubbish and recycling bins at eight locations<sup>1</sup> across Aotearoa New Zealand. The study gathered baseline information on recyclable materials that are disposed of by households via private and council-provided domestic kerbside rubbish and recycling collections.

The audits included rubbish or recycling (or both) from a total of 867 households and the results were extrapolated to the total population of Aotearoa New Zealand. This is the first time this type of analysis of recycling and rubbish has been carried out at a national level and at the level of detail of these audits. The results of the research have been divided into three separate reports. This first report focuses on plastic recycling.

Research results show that the average Kiwi household uses 941 plastic containers or bottles per year (extrapolated, this suggests there is an estimated 1.76 billion containers per annum from all households). Of these, 41 per cent by item count could potentially be recycled, but instead end up in landfill. The reasons for this are myriad and complex.




<sup>1</sup> Statistical background:

- 867 households in 8 locations Whangarei, Auckland, Lower Hutt, Dunedin, Clutha, Gore, Southland and Invercargill had their rubbish and recycling analysed with the results extrapolated to provide national figures.
- All statistics relate only to household rubbish and recycling bins (kerbside collections).
- All items have been analysed by both tonnage and item count.
- Swedish rounding has been applied to round up from 0.5 and above.

## Reason #1: Plastic Confusion

One reason plastic recyclables end up in landfill instead of being recycled is due to confusion as to whether a plastic is recyclable.

Many plastics have a code on them that identifies the type of plastic they are made from. These plastic ID codes were designed for industry, not the public, so that plastic types could be readily identified, sorted and separated at material recovery facilities and recycling facilities. The plastic codes are a number (i.e. 1, 2, 3 etc) inside a 3-arrow symbol. The arrow symbol was originally designed to indicate an item could potentially be recycled. However, the adoption by the plastics industry of the three-arrow loop to surround the plastic code has created confusion amongst consumers ever since.

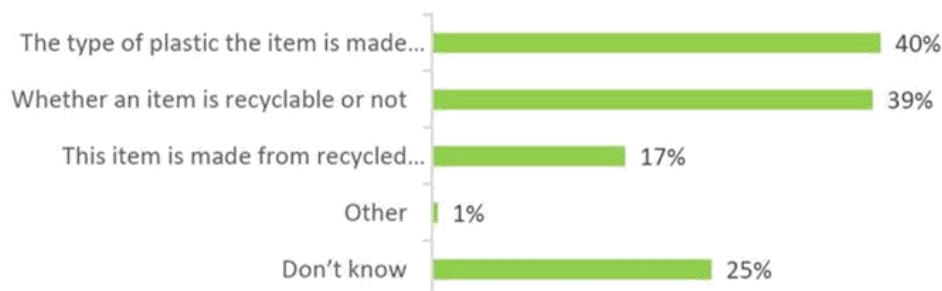
| SYMBOL   | TYPE OF PLASTIC  | PROPERTIES  | COMMON USES   |
|--|--|---|---|
| <br>PET     | <b>PET</b><br>Polyethylene Terephthalate   | Clear, tough, solvent resistant, barrier to gas and moisture, softens at 70°C   | <b>Soft drink and water bottles</b> , salad domes, biscuit trays, salad dressing and peanut butter containers, <b>fleece clothing</b> and geo-textiles  |
| <br>HDPE    | <b>HDPE</b><br>High Density Polyethylene   | Hard to semi-flexible, resistant to chemicals and moisture, waxy surface, opaque, softens at 135°C, easily coloured, processed and formed       | Crinkly shopping bags, freezer bags, <b>milk bottles</b> , ice cream containers, juice bottles, shampoo, chemical and detergent bottles, buckets, rigid agricultural pipe, <b>milk crates</b>   |
| <br>PVC     | <b>PVC</b><br>Unplasticised Polyvinyl Chloride PVC-U<br><br>Plasticised Polyvinyl Chloride PVC-P   | Strong, tough, can be clear, can be solvent welded, softens at 75°C<br><br>Flexible, clear, elastic, can be solvent welded                      | <b>Cosmetic containers</b> , electrical conduit, <b>plumbing pipes</b> and fittings, blister packs, wall cladding, roof sheeting, bottles<br><br>Garden hose, shoe soles, cable sheathing, blood bags and tubing, watch straps, commercial cling wrap |
| <br>LDPE  | <b>LDPE</b><br>Low density Polyethylene<br><br><b>LLDPE</b><br>Linear low density Polyethylene   | Soft, flexible, waxy surface, translucent, softens at 80°C, scratches easily  | <b>Cling wrap</b> , rubbish bags, squeeze bottles, black irrigation tube, black mulch film, rubbish bins, <b>shrink wrap</b>  |
| <br>PP    | <b>PP</b><br>Polypropylene   | Hard but still flexible, waxy surface, softens at 145°C, translucent, withstands solvents, versatile  | <b>Dip pottles</b> and ice cream tubs, potato chip bags, straws, microwave dishes, kettles, garden furniture, lunch boxes, blue packing tape, <b>automotive parts</b>   |
| <br>PS    | <b>PS</b><br>Polystyrene   | Clear, glassy, rigid, brittle, opaque, semi-tough, softens at 95°C. Affected by fats and solvents   | CD cases, plastic cutlery, imitation 'crystal glassware', low cost brittle toys, video cases, <b>water station cup</b> , <b>safety helmets</b>  |
| <br>EPS   | <b>EPS</b><br>Expanded Polystyrene   | Foamed, light weight, energy absorbing, heat insulating   | Foamed polystyrene hot drink cups, hamburger take-away clamshells, <b>foamed meat trays</b> , protective packaging for fragile items, insulation, <b>insulation panels</b>  |
| <br>OTHER | <b>OTHER</b><br>Letters below indicate ISO code for plastic type including SAN (styrene, acrylonitrile), ABS (Acrylonitrile butadiene styrene), PC (polycarbonate), Nylon, degradable plastic e.g. PLA | Includes all other resins, multi materials (e.g. laminates) and degradable plastics. Properties dependent on plastic or combination of plastics | <b>Packaging</b> , car parts, appliance parts, <b>computers</b> , electronics, water cooler bottles, medical devices,   |

Research conducted by the TAO Forum in 2018 found that only 40 per cent of the population correctly understands what the plastic code symbols mean.

Base: All respondents (n=1,005)

Q3: What does the following symbol indicate when you see this on packaging?

Tick all that apply



#### Understanding of plastic identification symbol

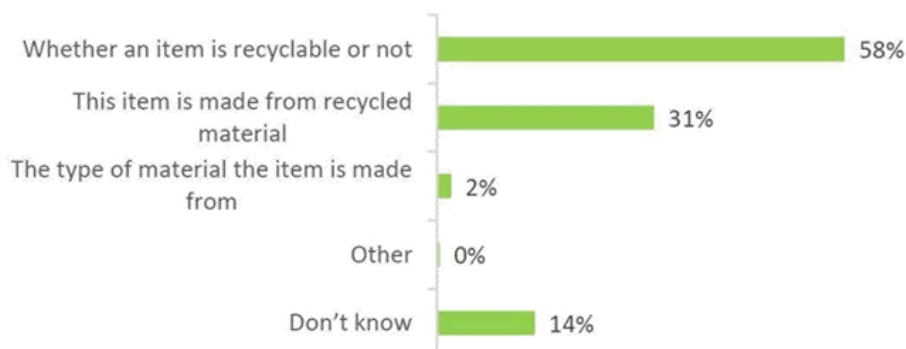
There is similar confusion when it comes to the international recycling symbol, which is a thicker 3 arrow symbol without a number inside. Only 58 per cent of respondents correctly understood what it meant.

#### Symbol indicating item is recyclable

Base: All respondents (n=1,005)

Q4: What does the following symbol indicate when you see this on packaging?

Tick all that apply



#### Understanding of international recycling symbol

The lack of understanding about what the plastic code symbol represents is exacerbated by the annual consumption of approximately 182 million containers (5,736 tonnes) used by New Zealand households that do not have a plastic code on them. Consumers need clear, standardised, national labelling that goes beyond the current plastic identification system.

**Recommendation: NZ Manufacturers need to improve the labelling of their products. In the short term they should ensure that all plastics that can be readily recycled are clearly labelled with their plastic code (i.e. it needs to be seen and read easily by the consumer). In the longer term, both manufacturers and the government should investigate the adoption of national labelling such as the Australasian Recycling Label or similar.**



## Reason #2: Not all plastics are readily recyclable

All councils in Aotearoa New Zealand accept bottles made from plastics 1 and 2 in household or free drop-off collections, except for the Chatham Islands, who only accept plastics 1.<sup>2</sup>

Bottles made from plastics 1 and 2 are widely accepted in kerbside recycling because there are high volumes of these materials and they are easily recycled and turned into other useful products, both in Aotearoa New Zealand and offshore. If the plastic is of high quality, it can be recycled back into the same product e.g. plastic drink bottles can be recycled back into plastic drink bottles. Plastics 1 and 2 can be recycled an estimated six to seven times before no longer being recyclable.

Other plastics are not as widely accepted in kerbside collections in Aotearoa New Zealand:

- 36 councils out of 67 take plastics 6 and 7;
- 42 accept plastics 3 and 4;
- 44 accept plastics 5.

The reason for this is plastics 3, 4, 6 and 7 are more difficult to recycle into other products, which affects the value of these materials in international commodity markets. These plastics baled on their own currently have a negative market value. The low volume of materials collected from around Aotearoa New Zealand, due to our relatively small population, combined with the distance from overseas export markets, makes collection difficult, and increases our sorting and transportation costs which can't be offset by the commodity market price. In order to sell these materials on international markets and recover costs, higher value plastics, such as coloured HDPE (plastic 2), are added to the bales.

**Table 1: Plastic bottles and containers in kerbside rubbish and recycling per annum**

| Plastic containers in kerbside rubbish and recycling | Tonnes collected via kerbside rubbish in NZ per annum | Tonnes collected via kerbside recycling in NZ per annum | Total tonnes collected in kerbside rubbish and recycling in NZ per annum |
|--|---|---|--|
| Drink containers #1                                  | 4,042   | 13,003  | 17,045   |
| Other containers #1                                  | 6,744   | 7,194   | 13,938   |
| Dairy containers #2                                  | 1,757   | 7,861   | 9,618  |
| Other containers #2                                  | 3,305   | 4,506   | 7,811  |
| Containers #3  | 49  | 84  | 133  |
| Containers #4  | 78  | 160   | 238  |
| Containers #5  | 4,947   | 5,169   | 10,115   |
| Containers #6  | 1,073   | 642   | 1,716  |
| Containers #7  | 196   | 395   | 591  |
| Unidentifiable containers                            | 3,565   | 2,171   | 5,736  |
| Bottle tops and lids (loose)                         | 1,411   | 1,087   | 2,498  |
| <b>TOTAL plastic containers</b>                      | <b>27,166</b>   | <b>42,272</b>   | <b>69,438</b>  |

Products such as tomato sauce, biscuits, sushi, yoghurt, sour cream and cream cheese are items that are commonly packaged in the more difficult to recycle plastics 3, 4, 6 and 7. Many of these items could potentially be packaged in more easily recyclable plastics.

<sup>2</sup> Most councils accept all containers made from Plastics 1 and 2 with only one accepting bottles-only.

**87% OF PLASTIC CONTAINERS ARE EASILY RECYCLED**

**BUT THERE IS NO DEMAND FOR PLASTICS**

**THAT'S 2678 TONNES**

**OF NZ'S PLASTIC CONTAINERS THAT DON'T GET A SECOND LIFE**

**YET ONLY 62% OF PLASTIC CONTAINERS ARE PLACED IN RECYCLING BINS**

46%  
26%  
15%

PET  
HDPE  
PP

3 4 6 7

NO!  
NO!  
NO!  
NO!  
NO!

UNITED KINGDOM  
ANYWHERE IN THE WORLD

**Recommendation:** Manufacturers redesign product packaging currently manufactured from plastics 3, 4, 6 and 7 and look to see if other materials including plastics 1, 2 and 5 are suitable alternatives. Councils investigate collecting plastic 5 as it can be recycled onshore and recyclers investigate how their material recovery facilities can be reconfigured to separate out plastic number 5.

Despite the good recycling potential of plastics 1 and 2, some of these never get a chance to be recycled because they are incorrectly placed in the rubbish bin. The research found that 42 per cent of all plastic packaging is placed in the incorrect bin. As mentioned above, all councils accept bottles made from plastic 1 and all, except the Chatham Islands, accept bottles made from plastic 2. However, these audits highlight that:

- 19 per cent of drink bottles made from recyclable plastic 1 are put directly in householders' rubbish bins, resulting in an estimated 68 million bottles per annum that could potentially be recycled going straight to landfill instead.



- 14 per cent of milk bottles and dairy containers (made from plastic 2) are put in rubbish bins. This means every year approximately 29 million dairy containers that could be recycled go straight to landfill instead.

**Recommendation:** While further research is being planned to understand why people place recyclable items into rubbish bins, ways to incentivise recycling and behaviour change also need to be considered. A container return scheme (currently being designed) is one of the ways that recycling could be incentivised. Improved on-pack labelling would also assist.

#### Reason #4: Problematic packaging designs

At least 46 million bottles made from plastics 1 and 2 with shrink-wrapped sleeves are consumed in Aotearoa New Zealand per annum. Typically, the sleeves cover most of the container and are made from soft plastic.

Of the containers identified in the audit, only 32 per cent included a zip or perforation symbol with instructions for consumers to remove the sleeve. Even with the zip and instructions, 25 million of these bottles are placed in recycling bins per annum with sleeves intact. These shrink-wrapped plastic covers cause recyclability issues because:

- The cover effectively disguises the type of plastic from which the container is made. Optical sorters cannot distinguish the outer sleeve from the container itself.
- The sleeves are not easily removed during the materials' washing process (unlike traditional labels applied with adhesive) and contaminate the recycling process.

Both issues result in the plastic being included in a low-grade, low-value mixed plastic (3-7) bale instead of a high-value plastic 1 or 2 bale.



**Recommendation: Manufacturers should avoid using plastic shrink-wrapped sleeves and consider other options for branding containers made from plastic 1 and 2.**



### Reason #5: Coloured containers

For many New Zealanders, the amber-coloured L&P bottle holds a special place in their nostalgic memories of past summers. Sadly, the unique amber colour makes the L&P bottle less recyclable. Clear plastic 1 has high value because it can be recycled easily back into clear RPET (recycled plastic 1) or other coloured RPET. Coloured plastic 1 turns a grey colour when recycled. It loses value as it can only be used to make grey- or black-coloured recycled plastic products.

As with the shrink-wrapped sleeves, coloured plastic is included in a low-grade, low-value mixed plastic (3-7) bale instead of a high-value plastic 1 or 2 bale.

The audits showed that 14.5 per cent of plastic 1 and a whopping 45.3 per cent of plastic 2 is coloured.<sup>3</sup> 4.5 per cent of plastic 5 is black. In total, 258 million plastic 1 and 2 containers are made from coloured plastic, preventing them from being recycled into like-for-like items. This may result in them only being recycled into bins or pallets, which may prevent them from being able to be recycled again.

**Recommendation: Manufacturers should use clear plastics.**

### Reason #6: Lids

Plastic lids are problematic when it comes to recycling. Some councils require lids to be left on bottles and containers when collected for recycling. However, as the lids are often a different plastic and colour from the bottle, they lower the quality of the recycled material. In addition, when lids are

<sup>3</sup> Plastic 2 can be produced in natural HDPE, white, lightproof and coloured. Both white and lightproof are considered coloured plastic in terms of their end of life recyclability.

left on, any contents in the plastic bottle will remain inside, which contaminates the recycling (2 per cent of plastic bottles collected for recycling still include some of the contents i.e. approximately 8,256,000 bottles).

Loose lids in the recycling are often too small to be detected by the optical sorters and end up going to landfill. Every year, a total of 2,498 tonnes of loose lids are disposed of through either rubbish bins or recycling bins. This is more than the tonnage of plastics 3, 4 and 7 combined.

**Recommendation:** There are three manufacturers in NZ who could recycle plastic lids onshore in NZ if they were separated out, but kerbside collections bins are not the best means to collect them. Lids could potentially become part of a container return scheme where consumers could receive a small return on depositing lids separately alongside beverage containers.

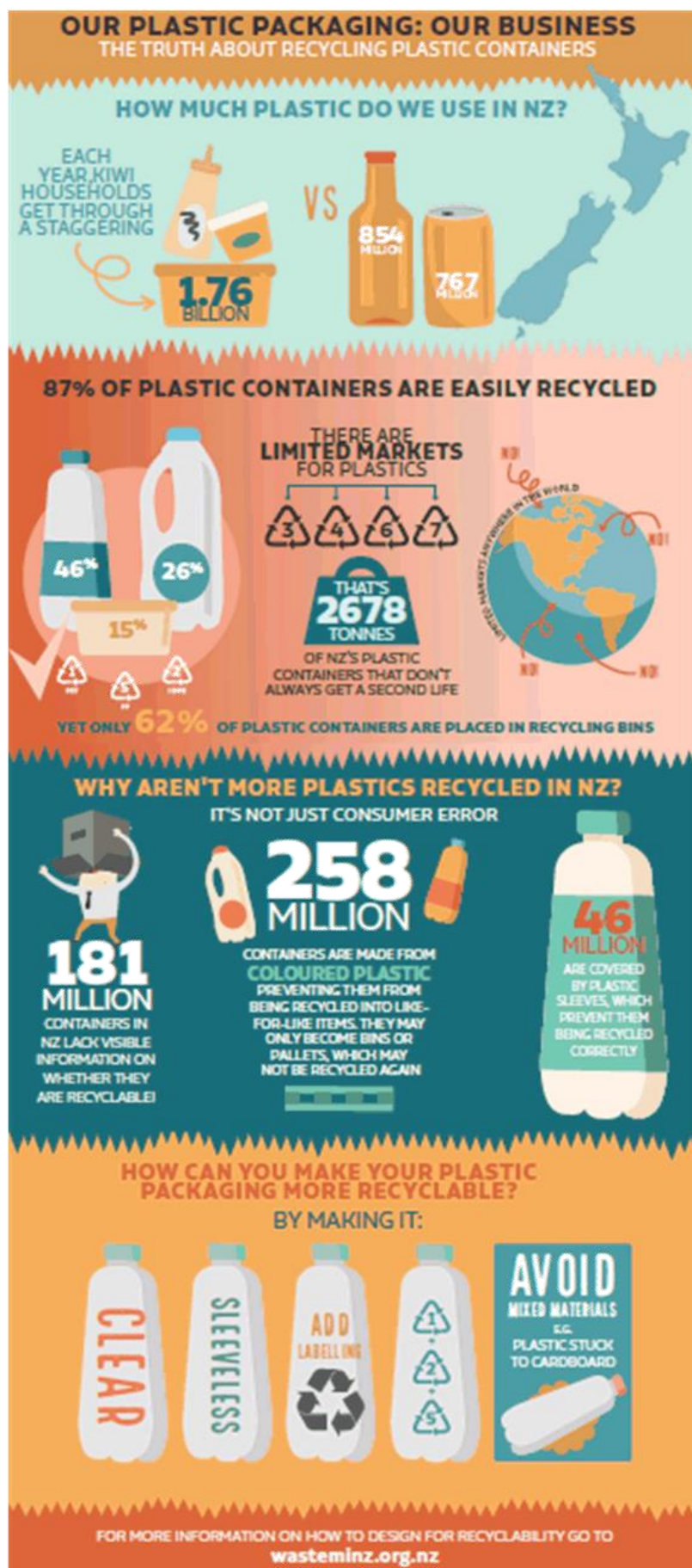
## Conclusion

Market prices, consumer error, current packaging design decisions and practices by brand owners and packaging manufacturers (including not using the plastic identification symbol), and a lack of standardisation as to what is accepted for recycling around the country, are all contributing to only 60 per cent of the plastic containers consumed by the public going in a recycling bin and even fewer being optimally recycled and given a second life.

If we want to maximise recycling opportunities and increase the rate of plastics containers that end up being recycled, then brand and product owners, packaging designers, packaging manufacturers and suppliers, councils, recyclers and consumer households all need to work together to innovate and overcome existing barriers and design effective solutions.







# Pōneke Para Kore

## Can that packaging be recycled?



Not sure what to put in your recycling and why?  
Here's a simple guide and you can find more  
information at [wellington.govt.nz/recycling](https://www.wellington.govt.nz/recycling)



### These materials can be recycled in Aotearoa

Plastic Packaging



Clear



Clear / White



Glass jars  
and bottles



All colours

Paper and  
Cardboard



### These materials are sent overseas to be recycled

Plastic Packaging



Coloured



Coloured



Tins and  
Aluminium



### These materials are unrecyclable/difficult to recycle

Plastic Packaging



**8.6 REGULATORY DEPARTMENT REPORT ON NEW GOVERNMENT BUILDING LEVY AND NEW BUILDING CONSENT EXEMPTIONS.**

**Author:** Simon Mutohori, Kaiwhakahaere Ratonga Kiritaki - Waeture I Customer Service Manager - Regulatory

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** Nil

**1. PURPOSE**

- 1.1 This report seeks to provides information on government-initiated changes to the Building Act 2004 with the effect of reducing building levy and additional building exemptions.

**RECOMMENDATION**

The Kaiwhakahaere Ratonga Kiritaki - Waeture I Customer Service Manager - Regulatory RECOMMENDS that Council receive information on the new government building levy and building consent exemptions.

**EXECUTIVE SUMMARY**

The new reduced building levy is also effective from the first of July 2020 and the new building consent exceptions take effect in August 2020.

**2. BACKGROUND**

- 2.1 As part of an ongoing government effort to reduce costs of building, building levy has been reduced from 2.01% to 1.75% of the dollar valuation of the proposed building project.
- 2.2 In the same government effort to drive down the cost of building, an expanded list and types of buildings which will not require resource consent has been proposed by government. This is going to take effect from late August and finalising guidelines on who to deal with those exemptions.

**3. NEW BUILDING LEVY AND BUILDING CONSENT EXEMPTIONS**



- 3.1 On 1 July 2020, the MBIE Building Levy rate reduction came into effect. The Levy reduction was from 2.01% to 1.75% of the value of the proposed building above the threshold value of \$20,444. This means, for example, a proposed building project valued at \$400,000.00 prior to 1 July 2020, levy was calculated at \$804.00 and post 1 July 2020 the levy will be calculated at \$700.00. This levy is collected by Council on behalf of MBIE for each building consent we process. The reduction of the levy is part of the government effort to reduce the cost of building in New Zealand among other legislative reforms.
- 3.2 The government is expanding a list of buildings that are exempt from requiring a building consent. This new development adds to the already existing exempt building list under schedule 1 of the Building Act 2004. Although these exempt buildings are not required to have a building consent, they are still required to comply with the Building Code and other legislative requirements such as the Resource Management Act. The onus is upon

the owners to be familiar with those other requirements in their due diligence process before building. Planning information is found on the website of Council. The ministry (MBIE) is currently finalising the list of exempt buildings and also developing guidelines to assist builders and homeowners in managing their projects without breaching other rules associated with building. When this information is made available Council will publish it on its website and print pamphlets for distribution to the community.

**Further Information**

No further information is required.

**Signatories**

|   |  |
|---|--|
|  |  |
| Author<br>Simon Mutohori  | Approved by<br>Steven May  |

**8.7 EXTENSION OF MAORI STANDING COMMITTEE TENURE**

**Author:** Kitea Tipuna, Pouwhakarae – Hapori / Whakatūtaki Group Manager  
Community and Engagement

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** Nil

**1. PURPOSE**

- 1.1 This report is presented to extend the tenure of Council's Māori Standing Committee until the Terms of Reference for the Committee have been finalised.

**RECOMMENDATION**

The Pouwhakarae – Hapori / Whakatūtaki Group Manager Community and Engagement RECOMMENDS that Council extends the tenure of Council's Māori Standing Committee until the Committee's Terms of Reference are finalised.

**EXECUTIVE SUMMARY**

Council have to finalise the Terms of Reference for Council's Māori Standing Committee. This report is presented to Council in order for the tenure of the Māori Standing Committee to be extended until those Terms of Reference are finalised.

Council have agreed to consult with its iwi partners and local Post Treaty Settlement Entities (PSGEs) as to the most appropriate representation or mechanism with which Council is supported in terms of its responsiveness to Māori engagement and Treaty obligations.

Currently, this is formalised through the work of the Māori Standing Committee.

Consulting and engaging with iwi partners and PSGEs is one way that will assist Council in determining the most appropriate mechanisms for this.

The process for iwi engagement for is purpose is yet to be determined. However, work is underway to initiate these discussions.



**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.



**Signatories**

|   |  |
|---|--|
|  |  |
| Author<br>Kitea Tipuna  | Approved by<br>Steven May  |

**8.8 REFERENDUM - MAHANGA WATER SUPPLY**

**Author:** Kitea Tipuna, Pouwhakarae – Hapori / Whakatūtaki Group Manager Community and Engagement

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** Nil

**1. PURPOSE**

- 1.1 The purpose of this report is to seek definitive confirmation from Council on referendum timeframes relating to a poll on the decommissioning or otherwise of the Māhanga Water Supply.

**RECOMMENDATION**

The Pouwhakarae – Hapori / Whakatūtaki Group Manager Community and Engagement RECOMMENDS that Council provides a decision on its preferred option relating to the referendum timeframes for a poll on the decommissioning or otherwise of the Māhanga Water Supply

**EXECUTIVE SUMMARY**

The Electoral Officer has been asked to prepare a report on this matter for Council's consideration. This report has been prepared in accordance with the Local Government Act 2002 (LGA) and Local Electoral Act 2001 (LGE) and provides an outline of the available options and related processes.

On 16 June 2020 Council passed the following resolution:

*That Council hold a referendum of those eligible as per the relevant legislation next financial year, post July 1 2020 to vote in the Māhanga drinking-water supply to determine if the community supports discontinuing the supply.*

The Māhanga Water Supply issue is essentially a binding referendum on whether or not the Māhanga Water Supply should be discontinued.

**2. BACKGROUND**

The referendum is required to be undertaken pursuant to Section 131 of the Local Government Act (LGA). Under this section, a referendum must be conducted pursuant to section 9 of the Local Electoral Act (LEA), which basically means the referendum is a poll and must follow the requirements and timings of the LEA. The period for holding a referendum under the LEA is 89 days, or just under 3 months.

The result of the referendum is binding and to be successful requires 75% or more of the votes cast to proceed.

Section 132 of the LGA which relates to eligibility to vote in the referendum. Section 132 provides as follows:

***132 Eligibility to vote in referendum***

*A person is eligible to vote in a referendum conducted under section 131(2)(d) if the person is qualified as either—*

- (a) a residential elector under section 23 of the Local Electoral Act 2001 and the address in respect of which the person is registered as a parliamentary elector is a property serviced by the water service that is the subject of the referendum; or*
- (b) a ratepayer elector under section 24 of the Local Electoral Act 2001 and the property, for the purposes of section 24(1)(a) or (b) of that Act, is a property serviced by the water service that is the subject of the referendum.*

What is clear from section 132 is that two categories of persons are eligible to vote. Those categories are:

- (a) Persons who reside in the water scheme area (being "residential electors" under section 23 of the Local Electoral Act 2001) and whose address as a parliamentary elector is a property serviced by the scheme. In practice, this category would cover any person who resides in the scheme area.
- (b) Persons who reside outside the Wairoa district (being "ratepayer electors" under section 24 of the Local Electoral Act 2001) and whose address (in respect of which they are registered as a ratepayer elector) is a property serviced by the scheme.

Any persons who do not live in a property serviced by the scheme, and who are not ratepayer electors, do not fit within either of the categories above. It is not clear whether the exclusion of such persons was intentional on the part of Parliament in enacting section 132. However, it is clear that such persons fall outside section 132 and are accordingly not eligible to vote in the referendum.

It should be noted that the General Elections will be held on September 19, 2020 and it is recommended that this referendum be held after that date.

Also of note is the Three Water Review and given the environment around uncertain conclusions for that review, that this report and referendum may well have to change subject to the outcomes of that review.

Council have informally considered options relating to timing and those options that are still feasible are outlined below for formal consideration.

**3. OPTIONS****3.1 The options identified are:**

In keeping with Council's resolution of 16 June 2020 I have presumed that the earliest time that the Electoral Officer can receive notice of the poll following the 2020 General Elections is Monday, 21 September 2020.

**OPTION 1**

Under section 138A LEA, if the Electoral Officer receives a notice to hold a poll (referendum) in the period that begins on 21 September 2020 and ends with the close of 20 November 2020, then the earliest date the poll can be held is Friday, 19 February 2021.

A referendum timetable under this scenario would be:

- Roll open for inspection - 23 November 2020
- Roll closes – 23 December 2020
- Delivery voting packs - 27 January 2020
- Close of voting - 19 February 2020 (noon)

This option will be good for bach owners able to vote over the Christmas/New Year period.

**3.2 OPTION 2**

Although not strictly in keeping with Council's resolution of 16 June 2020 an alternative practical option could be for the notice to hold a poll (referendum) to be served between 23 November 2020 and 18 December 2020, then the earliest date the poll can be held is Tuesday, 19 March 2021.

A referendum timetable under this scenario would be:

- Roll open for inspection - 23 December 2020
- Roll closes - 22 January 2021
- Delivery voting packs – 24 February 2021
- Close of voting - 19 March 2021 (noon)

This option will be good for bach owners able to register (non-resident ratepayer electors if not already on this roll) over the Christmas/New Year period. Moreover, I think given the current General elections, our community will probably have election/poll fatigue and a poll on this matter the other side of Christmas may be more acceptable per se.

Council will need to make a concerted effort to advise non-resident ratepayers of the referendum (as the decision will directly affect them) and the need to enrol on the non-resident ratepayer roll if not already registered.

Suggested wording for the poll:

The Wairoa District Council has resolved to hold a binding referendum on whether or not the Māhanga Water Supply should be closed.

- I vote **FOR** the closure of the Māhanga Water Supply
  
- I vote **AGAINST** the closure of the Māhanga Water Supply

3.3 The preferred option is OPTION 2, this contributes to the following community outcomes

| Economic wellbeing   | Social and Cultural Wellbeing  | Environmental Wellbeing   |
|--|--|---|
| 1. A strong prosperous and thriving economy<br>2. A safe and integrated infrastructure | 3. A community that values and promotes its culture and heritage<br>4. Safe and accessible recreational facilities<br>5. Supportive, caring and valued communities<br>6. Strong district leadership and a sense of belonging | 7. A safe and secure community<br>8. A lifetime of good health, education and well-being<br>9. An environment that is appreciated, protected and sustained for future generations |

#### 4. CORPORATE CONSIDERATIONS

##### What is the change?

4.1 A binding referendum to consideration the future of the Māhanga Water Supply

##### Compliance with legislation and Council Policy

4.2 The Local Government Act, the Local Electoral Act

##### What are the key benefits?

4.3 Certainty for the Māhanga Water Supply

##### What is the cost?

4.4 The cost for this referendum has been allowed for in the current budget.

##### Maori Standing Committee

4.5 The Māhanga Water Supply issue is a long standing Council matter and the Maori Standing Committee is very much aware of this referendum.



**5. SIGNIFICANCE**

- 5.1 A referendum of this nature is triggered under the Local Government Act and the Local Electoral Act

**Who has been consulted?**



The Māhanga Community has been consulted with on numerous occasions and at a community meeting it was determined by the Māhanga Community to support the holding of this referendum

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

|   |   |
|---|---|
|  |  |
| Author<br>Kitea Tipuna  | Approved by<br>Steven May   |

**8.9 CEO REPORT**

**Author:** Steven May, Tumu Whakarae Chief Executive Officer

**Authoriser:** Steven May, Tumu Whakarae Chief Executive Officer

**Appendices:** 1. CEO Report - July 2020 [↓](#)



**1. PURPOSE**

- 1.1 This report is an update to Council from the CEO. No decisions are required by Council at this stage.

**RECOMMENDATION**

The Tumu Whakarae Chief Executive Officer RECOMMENDS that Council receive the report.

**Signatories**

|  |   |
|--|---|
|  |  |
| Author<br>Steven May   | Approved by<br>Steven May   |



## **Wairoa District Council Governance and Operational update since the last CEO report to Council**

### **Governance**

- The Wairoa District Council has partnered with Tātau Tātau o Te Wairoa Trust, the Post-Settlement Governance Entity, and Ngāti Pāhauwera Development Trust to develop an economic recovery plan for our district. At the time of submitting this report Government announcements on these projects have not yet been made public.
- Council has also partnered with Tātau Tātau o Te Wairoa Trust to deliver a business wellness initiative, Pākihi Ora, to support Wairoa businesses in the wake of COVID-19. Council's Economic Development Committee considered a Council response to the Pākihi Ora report which will implement activities to support COVID Recovery efforts including:
- Council will seek to establish a Youth Council as part of its review of Youth Services and YROA NOT. The Youth Council will be in place by the end of the year.
- The rating review project has commenced with the first Council workshop being undertaken. A request for persons from the community to form a working group is to be undertaken.

### **Operational**

#### **Statutory reporting**

The 2020-2021 Annual Plan was adopted by Council at the 16th June 2020 meeting. This highlighted a vast amount of work and engagement undertaken through the COVID-19 period.

A Service level review under section 17A of the Local Government Act of the operation of the Sports Complex has commenced. This review is in partnership with Sports Hawkes bay who operate the complex on behalf of Council.

Council administration is focussed on the Annual Report that is due to be finalised before October 31, 2020.

## **Governance and Operational forecast until the next CEO report to Council**

### **Government additional Funding for 3 Waters.**

On the 7 July the Government announced a \$50 Million grant for the Hawkes Bay Councils. At the time of submitting this report the exact split across the region is not known.

A workshop is planned for the 24 July 2020 that will outline details of the above funding. Council will have to “opt in” via signing a MoU with Central Government on how this grant can be spent.

### **Three waters review**

Over the last 18-months, the five Hawke’s Bay Councils have been collaborating to identify opportunities for greater coordination in three waters service delivery across the region.

The Review aligns with all five Councils shared strategic priority for 2019 to 2022 – water safety, security and planning – agreed by the Hawke’s Bay Leaders’ Forum in November 2019.

The Government announced a \$1.55 million dollar grant following an application from Napier City Council, Hastings District Council, Central Hawke’s Bay District Council, Wairoa District Council and Hawke’s Bay Regional Council to support their joint three waters review.

In September this year each Hawke’s Bay Councils will formally receive the review report.

A new website - [www.hb3waters.nz](http://www.hb3waters.nz) - provides information about the review, including its background, current status, anticipated timeframes and FAQs. It is available as a link on all Council websites making it readily accessible to our own teams and to our communities.

### **Meetings attended by the CEO**

Health and Safety Committee Meeting

Upstream Meeting

EIT OPEN DAY

Extraordinary Infrastructure Committee

HB Local Government Chief Executives and Mayors meeting

Economic Development Committee

Strategic Planning Day with Elected Members

Wairoa Community Partnership Group- Implementation

Wairoa Recovery Plan Governance Meeting

CouncilMARK preparation

Steven/Regional CDEM Catch up

THREE WATERS REVIEW: Presentation of draft Report & Recommendations

Matariki Pou 4 Hui

Meeting with Wairoa Health Centre Management

Setting Agendas - Discussion with Committee and Council Chairs

Finance, Audit & Risk Committee

Ministerial Visit to Hawke's Bay, 3 Waters Reform

Community Recovery Programme (CHBDC & WDC)

Discuss District Plan Review Proposal

Vision Projects

SOLGM Webinar

Rates Review – Discussion

Waka Kotahi live call - Working together post COVID-19

Zoom Audit webinar

Council Forum

Discussion - Museum

Wairoa CPG Governance meeting

Three Waters workshop

Workshop - Update on the Review of the District Plan



**9      RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS**

Nil

**10     PUBLIC EXCLUDED ITEMS**

Nil