

Non-financial policies



Non-financial policies

The council has various non-financial policies – four policies of this nature are included within the Long Term Plan:

- Significance Policy
- Policy on Māori participation in decision-making
- Policy on appointment of directors to council organisations
- Policy on partnerships with the private sector

The “Māori participation in decision-making policy” and the council’s Significance Policy (or a summary of it) are legally required to be within the Long Term Plan. The policy on the appointment of directors to council organisations and partnerships with the private sector provide additional context and background.

Significance Policy

Policy objectives and overview

1. To ensure that the Northland community is fully consulted and able to actively participate in the consideration of issues, proposals, and decisions which are significant, including those that involve the community's strategic assets.
2. To ensure that council is informed of and carefully considers the consequences of decisions of significance during the process of decision making.
3. To help determine the appropriate means to engage with the community on a particular issue.

Councils make decisions on behalf of ratepayers all the time. Some decisions are more significant than others. The policy on significance, along with the council's consultation practice, gives the council guidance on what it should consider in assessing the significance of a decision and what information it will make available to the public. It also guides which consultation processes council should follow for its decision making based on the significance of the decision to be made. The policy is about making better decisions in line with community expectations.

Strategic Assets

Northland Regional Council's strategic assets are:

- Its interest in Northland Port Corporation (NZ) Ltd.
- Awanui river scheme.

A decision to transfer the ownership or control of a strategic asset to or from the local authority can only be taken if it has been provided for in the council's Long Term Plan and therefore will be the subject of the special consultative procedure (as per section 97 Local Government Act 2002). The level of detail for the decision and consultation will be guided by this policy.

General Approach

Council will determine the significance of any issue requiring a decision on a case-by-case basis. Significance will be determined using the thresholds and criteria below. Where certain thresholds are met significance will be presumed to apply.

Any decision that is inconsistent with another council policy (including the Treasury Management Policy, Investment Policy, Revenue and Financing Policy, Liability Management Policy, Financial Strategy, and Policy on Partnerships with the Private Sector) will require an assessment of significance under this policy.

Issues, proposals, decisions or other matters that are part of the normal day-to-day operations of the council will not require formal consideration for significance.

Management decisions made by officers under delegated authority during the implementation of council decisions will not be deemed to be significant.

For example, if council has agreed to fund a major project or award a contract to supply a service, so long as the law and any council imposed terms have been complied with, the decision to release funding will not be a significant decision. Council delegates responsibility for initially assessing significance to the Chief Executive Officer.

Our policy is to use existing consultation methods, principally the Long Term Plan.

Council will normally consult on any matters of significance through the preparation, review, or amendment to its Long Term Plan or Annual Plan. This ensures that we are efficient, use established processes and timing, propose options and make decisions in context with other major decisions, give people the opportunity to be heard, link our decisions to the council objectives (community outcomes) and comply with the law. However, where a significant decision is required to be made and cannot be combined with the Long Term Plan or Annual Plan, council will hold a separate consultation using the special consultative approach (outlined in the Local Government Act 2002).

What is significant?

Council will determine the significance of any issue requiring a decision by making judgements about the likely impact of that decision based on the following thresholds (1-9) and criteria (1-6):

Thresholds

Where any issue, proposal, decision or other matter triggers one or more of the thresholds 1-6 below then as a matter of council policy the

matter is **presumed to be of high significance and to automatically trigger a requirement to consult** using the special consultative approach as part of the Long Term Plan or Annual Plan.

1. Transfer of ownership or control, replacement or abandonment of a strategic asset as defined by this policy (or the Local Government Act 2002).
2. A new activity is proposed.
3. Ceasing an activity is proposed.
4. An increase or decrease of 25% or more in the nature of an activity is proposed.
5. A new targeted rate is proposed.
6. The loss of council control of any council-controlled trading organisation or council-controlled organisation.

Proposals or decisions which are likely to have financial implications of, or in excess of the following thresholds (7-9) are presumed to have a **high degree of significance**. They will however, still be considered against the criteria spelt out below as the context for the decision is important in determining the degree of significance.

7. An increase of 5% or more of the general rate annually for an activity is proposed.
8. An increase of 10% or more of the targeted rate for an activity (where the increase is equal to or more than \$100,000) is proposed.
9. Issues, assets or other matters that would incur expenditure in excess of \$500,000 which are not already provided for in budgets or are not provided for in existing delegations, policies or other legislation. [This limit covers both a single issue, asset or matter as well as a package of the same aligned to deliver a single outcome or objective. This limit does not apply to expenditure funded from the Growth and Investment Reserve or changes to the council's investment portfolio.] Note that these investments will need to meet the council's Investment Policy.

Where any issue, proposal, decision or other matter does not trigger one or more of the above thresholds, and is not excluded by the policy, it will then be considered against the criteria contained in this policy to assess its significance.

Criteria

If an issue, proposal, decision or other matter satisfies two or more of the following criteria, the

matter is likely to be significant. (Where a matter satisfies only one criterion it will be discussed with the CEO to determine what recommendation to council should be made. If a presumption of significance applies – as above or as indicated in the criteria below - then this should be highlighted to council and the staff recommendation will err on the side of caution.)

1. Impact
 - a. Number of people affected - The proposal and/or decision adversely affects all or a large portion of the community.
 - b. Scale of impact - The impact or consequences of the proposal and/or decision on the affected people will be substantial.
2. Reversibility - the degree to which a proposal or decision is reversible. (As a rule of thumb the more difficult it is to reverse the decision the greater its significance.)
3. Controversy – whether this type of decision has a history of generating a high degree of controversy or public interest in the region or New Zealand generally. (A high level of controversy requires the decision to be treated as more significant and therefore subject to a greater degree of community scrutiny.)
4. Strategic alignment - the extent to which the decision flows logically and consequentially from a significant decision already made, a strategy or policy already developed by council, or from a decision in the Long Term Plan (including any subsequent amendments) or the Annual Plan.
If there is alignment or logical flow and previous consultation, then the decision is less likely to be significant. Significance would therefore generally depend on the variations between the identified options, because the decision to do something has already been taken.
5. A decision that will, directly or indirectly, severely affect the capacity (including financial capacity) of council to carry out any activity identified in the Long Term Plan is presumed significant. (Without other criteria needing to be met.)
6. Precaution and risk management - Where the significance of a proposal and/or decision is unclear, then the council will treat the issue as being more rather than

less significant. The degree of risk is a factor in determining significance. Council's risk management framework will be relevant.

As part of its consideration the council will take into account how important the decision, matter or thing is in terms of the achievement of, or ability to achieve, council objectives (community outcomes) as stated in the Long Term Plan.

Procedure for determining significance

Staff assessment:

1. Is a council decision required?
 - If yes, apply this policy. If no, stop. Policy does not apply.
2. Is the decision part of the normal day-to-day operations of the council?
 - If yes, stop. The decision is not significant. If no, continue to apply this policy.
3. Is the decision a management decision made by officers under delegated authority during the implementation of council decisions?
 - If yes, stop. The decision is not significant. If no, continue to apply this policy.
4. Staff assess whether a threshold 1-6 is met.
 - If yes, the decision is deemed significant. If no, move to 7-9.
5. Staff assess whether a threshold 7-9 is met.
 - If a threshold is met then staff will presume that the matter is significant and move to apply the criteria.
6. If a threshold is not met then staff determine whether the criteria for determining significance are met. (The "determining significance" flowchart [attached](#) will guide staff through this process.)
7. Staff will document the significance assessment and include reasons for the conclusions reached in the report to council under step 8 below.

Reports to council/committee:

8. Every report to council and its committee(s) will:
 - State the significance of the decision to be made.
 - Include reasons for the conclusions reached. (To be commensurate with the significance of the decision to be made.)
 - Include a recommendation to council on how the significance policy should be observed and on an appropriate course of consultation.
 - Highlight any risks or opportunities.

When a significant decision is to be made, the staff will recommend to council (or committee):

- The extent to which different options are to be identified and assessed; and
- The degree to which benefits and costs are to be quantified; and
- The extent and detail of the information to be considered; and
- The extent and nature of any written record to be kept of the manner in which it has complied with those sections.

Decisions of council

9. Where council decides not to follow a staff recommendation on:
 - The significance of the decision and/or;
 - How the significance policy should be observed and/or;
 - On an appropriate course of consultation; then the reasons for that or those decisions will be recorded alongside the decisions made / council resolution in the minutes of the meeting.
10. If the council considers that the decision is significant it will agree or direct:
 - The extent to which different options are to be identified and assessed; and
 - The degree to which benefits and costs are to be quantified; and
 - The extent and detail of the information to be considered; and
 - The extent and nature of any written record to be kept of the manner in which it has complied with those sections.

Committees will not determine significance. If a committee disagrees with the staff recommendation on significance and consultation then the meeting minutes and the committee's recommendation to council will record the reasons for that recommendation.

11. Where council makes a decision that is inconsistent with this policy it will:
 - Identify the inconsistency.
 - Explain why it is proposing to proceed with an inconsistent decision.
 - Indicate whether it intends to amend this policy to accommodate the decision.

This policy will not apply where council thinks that failure to make a decision urgently would result in unreasonable or significant damage to property or risk to people's health and safety. Any actions taken will be reported in the relevant annual plan or annual report.

Background Legislation

The Local Government Act (LGA) 2002 requires the council to have a "policy on significance" adopted using the special consultative procedure. The requirements are set out in section 90 of the LGA 2002. Every decision the council makes must be made in accordance with the decision making requirements set out in sections 76 to 82 of the LGA 2002. It is also possible that a significant decision might be caught by section 97 (decisions that may only be taken if provided for in the Long Term Plan).

The Act includes definitions of "significant" and "significance":

"significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -

- (a) *the current and future social, economic, environmental, or cultural well-being of the district or region*
- (b) *any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter*
- (c) *the capacity of the local authority to perform its role, and the financial and other costs of doing so*

significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance."

For further details of the council's consultation processes see the Policy on consultation, contained in the council's Local Governance Statement.

Decision Making

When making a decision, the council must identify its objective and the range of sensible options for achieving it. The options then need to be assessed (including the costs and benefits of the options for the present and future well-being of the region, promotion of council objectives (community outcomes), impact on the local

authority's present and future capacity and any other matters the council thinks are important). If the decision is significant and relates to land or a body of water, the council is also required to take into account the relationship of Māori and their culture and traditions with the land or water.

The council is required to give consideration to the views of affected and interested people in making its decision but has some flexibility as to how it consults except where it is required to use the special consultative procedure. Where the council has choice, council will align the consultation process with those affected by the decision, the scope of choice the council has, the level of significance and the wise use of council resources.

If council undertakes consultation, it will:

1. Provide people with reasonable access to relevant information;
2. Encourage people to present their views;
3. Give clear information on the purpose and scope of the consultation;
4. Provide reasonable opportunities for people to present their views;
5. Receive those views with an open mind;
6. Provide submitters with information on the decision and the reasons for the decision.

Significant Policy Decision-making flowchart

Decision being considered: _____

Please tick the relevant boxes and follow the flowchart to determine significance.

New Decision OR Inconsistent with another council policy (Not part of day to day operations or in fulfilment of a council decision)					
Thresholds – 1-5	Does it lead to	No	Yes	Action Required	
1.	Transfer or ownership or control, replacement or abandonment of a strategic asset			<p>—————→</p> <p><i>If "Yes" ticked for any of these questions</i></p>	<p>Deemed significant</p> <p>The decision cannot be made unless: explicitly included in LTP; or included in a proposal subjected to the SCP.</p>
2.	A new activity				
3.	Stopping an activity				
4.	A 25% change in the nature of an activity				
5.	A new targeted rate				
6.	Loss of control of a CTO or CCO				

NO ↓

Thresholds – 6-9	Does it lead to	No	Yes	Action Required	
1.	An increase of 5% or more of the general rate annually			<p>—————→</p> <p><i>If "Yes" ticked for any of these questions</i></p>	<p>Presumed significant</p> <p>The criteria need to be applied. But there is a presumption that the decision is significant.</p>
2.	An increase of 10% or more of a targeted rate				
3.	\$500,000 of unbudgeted expenditure				

NO ↓

Criteria – all decision	Does it/is it	No	Yes	Action Required	
1.	a Affect all or a large proportion of the community AND b Have a substantial effect on that large number of people referred to above.			<p>—————→</p> <p><i>If a threshold 6-9 met and "Yes" ticked for one or more criteria</i></p> <p><i>If No thresholds met but "Yes" ticked for two or more criteria or criteria 5 on its own</i></p> <p><i>If "unsure", best practice dictates to err on the side of caution</i></p>	<p>Potentially significant</p> <p>Ensure sections 76-82 are appropriately observed. The nature, degree and extent of compliance should reflect the significant nature of the decision. Consider:</p> <ul style="list-style-type: none"> • should a separate consultation process be undertaken (if not included in LTP)? • what information should be provided, how and to whom? • does it relate to land or a body of water, if so how will the relationship of Māori be taken into account? <p>Record reasons for assessment and recommendations.</p> <p>Write committee or council agenda item. Highlight to council any presumptions including whether the decision should be presumed significant or whether the staff recommendation under the policy should err on the side of caution.</p> <p>Council should set out its judgments (section 79) on how it will comply with section 77 and 78.</p>
2.	Irreversible				
3.	Controversial				
4.	Misaligned with council strategy policy, LTP decisions.				
5.	A decision that will directly or indirectly severely affect the capacity of council to carry out an activity identified in the LTP.				
6.	Unclear what the consequences of the decision could be.				

If "No" thresholds met and one or less criteria ticked "Yes"

↓

Action Required
<p>Low Significance</p> <p>The decision making process to make the decision must promote compliance with sections 76-82 but the nature, degree and extent of compliance (including the written record and the extent of information considered) may reflect the significance of the matter.</p>

Māori participation in decision-making policy

Policy on relationships with Māori

The Local Government Act 2002 contains a range of provisions regarding the relationship of local government with Māori. The intention of these new provisions is the facilitation of participation by Māori in the decision-making processes of local authorities.

In addition to the obligations within the Local Government Act, the Resource Management Act 1991 outlines specific obligations for regional councils regarding:

- Kaitiakitanga;
- The principles of the Treaty of Waitangi;
- The relationship between Māori and their culture; and
- Traditions and their ancestral lands, water, sites, wāhi tapu and other taonga.

While there are legal obligations that the council must and will give effect to, the Northland Regional Council recognises that an approach that transcends the rules based approach of law is also required to enhance relationships and participation for Māori.

Set out below are the Northland Regional Council processes in place to give effect to these obligations and to develop Māori capacity to contribute to decision making.

Relationships

Northland Regional Council realises the need to form transparent and responsive relationships in order for them to be meaningful. The council will continue to work at all levels to establish and maintain relationships with Māori. Council acknowledges that to build Māori capacity it also needs to build its own capacity to engage.

Council will continue to work with Māori, particularly through iwi authority governance representatives, to ensure that the governance and engagement models that we are committed to developing:

- Build our relationship and engagement with Māori;
- Build a solid platform for decision making;
- Mature and endure;
- Deliver services and activities that foster the ability and capacity of Māori to contribute to decision making;
- Deliver better outcomes for Māori and Northland.

Council's first priority is to develop a better and more productive relationship with the iwi authority governance representatives. Council accepts this will be organic and not driven by our own rule based framework. To underline our commitment council will:

- Attend training each triennium;
- When invited walk over their rohe with iwi governance representatives to understand the issues and opportunities for Māori;
- Welcome and take up invitations for marae visits and noho marae/marae stays.

Elected representatives and staff will have an opportunity to gain an appreciation of Māori culture and tikanga and will attend education programmes relating to Māoritanga and the Treaty of Waitangi.

Treaty of Waitangi

A special relationship exists between Māori and the Crown through the signing of the Treaty of Waitangi. The Treaty cements the relationship between the Crown and Māori as Treaty partners.

The council will continue to work with the Office of Treaty Settlements by way of provision of information and, where relevant, contributing to investigations of various settlement instruments during the negotiation of claims. Where such settlements have been passed into legislation, the council will enact any legislative requirements of them or directions from the Minister, such as Memorandum of Understanding.

Council will promote the development of an organisational framework for policy and decision making that acknowledges and builds on the Treaty of Waitangi.

Iwi liaison

Section 13 of the council's Governance Statement details the key tasks of council's Iwi Liaison policy, while section 12 outlines the council's consultation policy including for consultation with Māori. A

copy of the Governance Statement is available on the council's website www.nrc.govt.nz/governance.

The council views the process of iwi liaison as one of establishing and maintaining a close connection with Māori through clear processes for consultation and involvement in decision-making. By doing so, the council recognises Māori as being a culturally distinct group with different perspectives from the wider community.

Provision of information

Northland Regional Council recognises that in order for Māori to effectively contribute to the decision-making process of council, it is essential that relevant information is provided to support this process.

By providing information, the council acknowledges it needs to be cognisant that it is relevant, clear and provided in a timely fashion in a manner that is appropriate.

Contribute to decision-making and capacity building

The Northland Regional Council will continue to provide opportunities for Māori to gain knowledge of council processes and to support avenues for Māori to participate in the decision-making processes. The council will also continue to recognise the special relationship Māori have with the natural and physical resources of the region.

Once the first steps have been taken, council hopes to build a strong governance relationship with the iwi authority governance representatives that will see us broadening our relationship and engaging directly around major issues, proposals and consultations. We may develop understandings/codes of partnership and build upon existing fora for collective discussion, advice and decision making that then filter throughout the organisation and Northland.

We will continue to build on the operational and management arrangements we have such as continuing to attend and participate in the Iwi Local Government Authority Chief Executives Forum, engaging with the technical expertise within iwi authorities, and maintaining our open door policy of interaction and engagement of hapū and whānau in council projects and initiatives.

We would like to explore with iwi authority governance representatives whether and how we might formalise the process for secondment of iwi representatives into council, council staff working within iwi authority structures, and a review of the consultation policy.

As we develop this policy and the elements within it, we will develop our evaluation model(s) to ensure our efforts are effective. We will do this and conduct our evaluations in ways that recognise and acknowledge that Māori, as individuals and collectives, have diverse interests and aspirations.

Policy on the appointment of directors to council organisations

Section 57 of the Local Government Act 2002 requires the council to adopt a policy on the appointment of directors to council organisations. As detailed in section 6(1) of the Local Government Act, a council-controlled organisation is a company in which the council holds 50% or more of the voting rights, or 50% or more of the rights to appoint trustees or directors. This definition applies to the Northland Regional Council Community Trust.

Under section 6(4) of the Local Government Act, Northland Port Corporation (NZ) Ltd is exempt from being classified as a council-controlled organisation. However the associated joint venture company Northport Ltd is classified as a council trading organisation. Directors of Northport Ltd are to be appointed by the immediate shareholders.

Key principles of this policy

- The objective of this policy is to ensure that the council appointments process selects the best person for the role;
- All appointments will be made through an objective, transparent and accountable process;
- All appointments will be made on the basis of merit; and
- All directors will be appointed on the basis of the contribution they can make to the organisation, not on the basis of representation.

Policy on the appointment of directors to council organisations

In order to identify the skills, knowledge and experience required of directors, in each case a person specification will be prepared setting out the skills, knowledge, and experience required of a director. A separate job description will be prepared for the Chairperson. In preparing these person specifications, consideration will be given to the following:

- The nature and scope of the council organisation, its future direction and requirements of its constitutional documents;
- Demonstrated judgement, team work and integrity;
- The objectives of the organisation and the attributes, skills, knowledge, and experience required to contribute to the achievement of those objectives;
- The mix of skills of the existing directors;
- Not currently provided for skills, knowledge, and experience;
- Any future skills, knowledge, and experience required; and
- The need to plan for succession.

It is recommended that all appointed directors should undergo or have already undergone formal governance training or have the requisite experience in this area.

All directors are expected to make a significant contribution to the governance of the organisation, including developing insight into the organisation and its aspirations and participating fully at meetings.

Appointment of directors to council-controlled organisations

When vacancies arise in any council-controlled organisation, the council will apply the criteria listed above for the selection process and follow the process below for appointing directors:

The council will first decide whether to advertise a particular vacancy or make an appointment without advertisement. When making this decision the council will consider:

- The costs of any advertisement and selection process;
- The availability of qualified candidates; and
- The urgency of the appointment (e.g. a council-controlled organisation that is without a quorum cannot hold a board meeting).

Appointment by advertisement

Where the council decides to advertise a vacancy, it will form an ad hoc committee to consider applications and make a recommendation to the council.

Appointment without advertisement

Where the council decides not to advertise a particular vacancy, it will form an ad hoc committee to identify a shortlist of candidates and make a recommendation to the council.

Final appointment

The full council will make a decision on the appointment of directors in committee. An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

The appointment/s will be made by council resolution.

Appointment of staff or councillors as directors

Where it is considered appropriate for either staff or councillors to act as directors of a council-controlled organisation, a separate job description will be prepared that clearly outlines their role and responsibilities.

Remuneration of directors of council organisations

Remuneration for directors of council organisations will be determined on a case by case basis taking into account:

- Each specific role;
- Any existing legal or constitutional requirements;
- The form and purpose of the organisation; and
- Any previous level of fees paid by the shareholder.

Removal of directors

Directors may be removed from office according to the specific requirements of the Trust Deed or Constitution and may be subject to additional legislation such as the Local Government Acts 1974 and 2002.

Note to the policy:

As at 20 February 2012 under current arrangements the council does not appoint directors to Destination Northland Limited or Enterprise Northland Trust, subsidiaries of Northland Regional Council Community Trust. Enterprise Northland Trust appoints its own trustees in accordance with its own Trust Deed. Directors to Destination Northland Limited are appointed by its shareholder (under its

constitution). Northland Regional Council Community Trust is the majority shareholder.

Policy on partnerships with the private sector

For the purposes of this policy, partnerships with the private sector are defined as any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include an agreement in which the only parties are local authorities, or one or more local authorities and one or more council organisations. A contract for the supply of any goods or services to, or on behalf of a local authority, is not defined as a partnership with the private sector.

Partnerships with the private sector, sometimes referred to as "public private partnerships" or "PPP's", are used as a way to finance public goods and services. They are particularly useful when the public budget is limited by allowing a capital contribution to be made by the private sector. Partnerships may include the approval of loans, grants, investments and/or acting as guarantor.

The objective of this policy is to outline:

1. The circumstances in which the council may consider entering into a partnership with the private sector, including an initial assessment of the proposal;
2. What consultation may be required;
3. What conditions would need to be met before entering into the partnership;
4. The council's approach to managing any risks associated with the partnership; and
5. The requirements for ongoing monitoring and reporting.

Policy on partnerships with the private sector

1. Circumstances

The Northland Regional Council may consider entering into partnerships with the private sector where such a partnership is likely to:

- Contribute to the achievement of council objectives;
- Promote the social, economic, environmental or cultural well-being of the region in the present and in the future;

- Be a prudent, efficient and effective use of the council's resources in the best interests of the region;
- Provide access to funding, expertise or opportunities that would not otherwise be available to the council, or the sector is unwilling or unable to achieve the partnership's objective without the council's support;
- Transfer risks to the partner best placed to manage them; and/or
- Provide a more cost-effective solution than if each party acted alone.

An initial assessment will be conducted on all proposals to establish a partnership with the private sector. This assessment will include:

- Whether the proposal is "significant" in terms of the council's Policy on Significance;
- (NB: Significant proposals may be subject to an internal or external peer review) *
- The financial benefit of the partnership proposal compared to the cost if the council were to do the project alone;
- Compliance with sections 76 – 82 of the Local Government Act 2002 including:
 - The identification of all reasonably practicable options for achieving the objective of the partnership;
 - The benefits and costs of each option, including the contribution to current and future well-being; and
 - The views and preferences of the person/s most likely to be affected by, or have an interest in the proposal.

The council may also require the proposed partner to provide a preliminary business plan and/or independently prepared feasibility study prior to considering entering into any partnership.

2. Consultation

Consultation on a intended public/private partnership will be required only where:

- There are significant changes in the intended level of service provision for any significant activity undertaken by or on behalf of the council*;
- Ownership or control of a significant asset is to be transferred to or from the council (section 97 LGA 2002)*; or
- The intended partnership is deemed significant in accordance with the council's policy on significance whereby

the council will determine on a case by case basis what, if any, consultation is required*.

3. Conditions

The council will require, as a condition of providing funding or other resources to any form of partnership with the private sector, that the private sector partner enters into a written agreement recording the terms of the arrangement or agreement, stating clearly:

- The objectives of, and rationale for the council's involvement in the partnership;
- The parties' respective responsibilities and obligations under the agreement, including responsibility for obtaining any necessary consents, licences or other approvals, or to undertake any matter or do anything;
- Details of the council's agreement to provide capital and/or operational funding or other resources to the partnership including how the council's contribution will be recognised;
- The council's expectations in relation to the private sector partner's contribution to the achievement of council objectives, or promotion of the aspects of community well-being, current and future including, where possible, targets and performance measures;
- The council's requirements in relation to monitoring and reporting of performance including the provision of agreed financial and non-financial records; and
- Consequences of non-performance by the private sector party.

The council may impose any other conditions it considers appropriate in the circumstances.

4. Risk management

Council staff will carry out an assessment of the risks of providing funding or other resources. This will be completed by reviewing all information received from the intended partner, and through discussion and/or enquiry with any party the council chooses, using what the council deems to be the most appropriate methodology, in order to make such an assessment.

At a minimum, the methodology will:

- Identify material risks;
- Assess the probability and likely consequences of those risks; and

- Identify the scope for mitigating those risks.

The risk assessment will be documented and presented to the council for consideration.

Should a public private partnership proceed, a strategy will be developed to manage risks identified during the assessment process. The strategy may include requiring contractual assurances from the private sector partner such as:

- Indemnities and guarantees;
- Details of insurance requirements; and
- Details of the level of monitoring and reporting required.

5. Monitoring and reporting

Staff will be required to monitor performance to agreed standards and report to the council on arrangements entered into for the provision of funding and/or resources. The frequency of reporting will be determined on a case by case basis depending on the nature of each arrangement entered into, and the value of any resources or funding provided. This reporting however will occur not less than once a year. Reporting is required to cover both the performance of the partnership, and the extent to which council objectives are being furthered as a result of the provision of funding and/or resources.

Monitoring and reporting will be undertaken in accordance with written terms of agreement entered into.

Although it is no longer a requirement of the Local Government Act 2002 to have a policy on partnerships with the private sector, the council considers it to be good practice and transparent to have such a policy to assist with decision making.

* To be read in conjunction with the council's Significance Policy on pages 259-263.