



# AUDIT AND RISK COMMITTEE

## AGENDA

Meeting to be held

**TUESDAY 22 MAY 2018**

**8.30am**

In the Manawatū District Council Chambers,  
135 Manchester Street, Feilding

*R.G. Templer*

Dr Richard Templer  
**Chief Executive**

## **MEMBERSHIP**

### **Chairperson**

Councillor Stuart Campbell

### **Deputy Chairperson**

Councillor Barbara Cameron

### **Members**

Her Worship the Mayor, Helen Worboys

Councillor Barbara Cameron

Councillor Stuart Campbell

Councillor Hilary Humphrey

Councillor Phil Marsh

Councillor Howard Voss

External Member – John Fowke

# ORDER OF BUSINESS

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<i>Draft resolution</i>	
<i>That the minutes of the Audit and Risk Committee meeting held 16 February 2018 be adopted as a true and correct record.</i>	
<b>4. DECLARATIONS OF INTEREST</b>	
Notification from elected members of:	
4.1	Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and
4.2	Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968
<b>5. NOTIFICATION OF LATE ITEMS</b>	
Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:	
5.1	The Council by resolution so decides; and
5.2	The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.
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**7. UPDATE ON INTERNAL AUDIT**

Progress update from General Manager – Corporate and Regulatory

**8. CONSIDERATION OF LATE ITEMS****9. NOTIFICATION OF ITEMS FOR NEXT MEETING****10. PUBLIC EXCLUDED BUSINESS**

COMMITTEE TO RESOLVE:

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Confirmation of minutes

That the general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
a) Confirmation of minutes re Corporate Risk Register – Key Risks, Controls and Treatments	Section 7(2)(j) - prevent the disclosure or use of official information for improper gain or improper advantage.	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

**11. MEETING CLOSURE**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 16 FEBRUARY 2018</b>	<b>8.30AM</b>

Minutes of a meeting of the Audit and Risk Committee held on Friday 16 February 2018, commencing at 8.30am in the Manawatu District Council Chambers, 135 Manchester Street, Feilding.

<b>PRESENT:</b>	Cr Stuart Campbell	(Chairperson)
	Cr Barbara Cameron	
	Cr Phil Marsh	
	Cr Howard Voss	
	Cr Hilary Humphrey	
	Mr John Fowke	
<b>APOLOGIES:</b>	Mayor Helen Worboys	
<b>IN ATTENDANCE:</b>	Cr Michael Ford	
	Cr Alison Short	
	Luele Driescher	(Internal Auditor)
	Clint Ramoo	(Audit Director)
	Chris Webby	(Auditor)
	Richard Templer	(Chief Executive)
	Shayne Harris	(General Manager – Corporate and Regulatory)
	Michael Hawker	(Acting General Manager - Community and Strategy)
	Hamish Waugh	(General Manager – Infrastructure)
	Frances Smorti	(General Manager – People and Culture)
	Colleen Morris	(Chief Financial Officer)
	Paul Stein	(Communications Manager)
	Nichole Ganley	(Governance Support Officer)
	Doug Tate	(Community Facilities Manager)
	Cheryl Wright	(Health and Safety Advisor)
	Brittney Evans	(Corporate Projects Adviser)
	Tracey Hunt	(Strategy Manager)
	Gyeseong Jo	(Work Experience Student)
	Hee Soo Jung	(Work Experience Student)
	Kirsten Pike	(Property and Parks – Legal and Planning)
	Mathew Bayliss	(Aquatics and Recreation Manager)

#### ARC 18/051 MEETING OPENING

The Chairperson declared the meeting open.

#### ARC 18/052 APOLOGIES

##### **RESOLVED**

**That the apologies from Her Worship the Mayor Helen Worboys be accepted**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Phil Marsh**

**CARRIED**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 16 FEBRUARY 2018</b>	<b>8.30AM</b>

ARC 18/053 CONFIRMATION OF MINUTES

**RESOLVED**

**That the minutes of the Audit and Risk Committee meeting held 10 November 2017 be adopted as a true and correct record.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Barbara Cameron**

**CARRIED**

ARC 18/054 DECLARATIONS OF INTEREST

There were no declarations of conflict of interest.

ARC 18/055 NOTIFICATION OF LATE ITEMS

There were no items of late business notified.

ARC 18/056 AUDIT REPORT FOR YEAR ENDED 30 JUNE 2017

Report of the General Manager – Corporate and Regulatory dated 2 February 2018 presenting Audit New Zealand’s management report for the year ended 30 June 2017.

**RESOLVED**

**That the Audit and Risk Committee receives the Audit New Zealand management report on the Manawatū District Council for the year ended 30 June 2017.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Phil Marsh**

**CARRIED**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 16 FEBRUARY 2018</b>	<b>8.30AM</b>

ARC 18/057 LONG TERM PLAN 2018-28 – CONSIDERATION OF AUDIT ARRANGEMENTS

Report of the General Manager – Corporate and Regulatory dated 8 February 2018 presenting for consideration and endorsement the audit arrangements for the Manawatū District Council draft Long Term Plan 2018-28 as set out in the draft Audit Engagement Letter from Audit New Zealand.

**RESOLVED**

1. **That the Audit and Risk Committee receives and endorses the audit arrangements as set out in the draft Audit Engagement Letter from Audit New Zealand dated 30 January 2018 and attached at Appendix 1.**
2. **That the Audit and Risk Committee notes that in the absence of the Mayor Helen Worboys Deputy Mayor Michael Ford will sign the final audit engagement letter on behalf of the Manawatū District Council.**

**Moved by: Councillor Phil Marsh**

**Seconded by: Councillor Barbara Cameron**

**CARRIED**

ARC 18/058 INTERNAL AUDIT STATUS REPORT

Report of the General Manager – Corporate and Regulatory dated 7 February 2018 presenting for information a report on status of internal audits programmed for 2017-18.

**RESOLVED**

**That the Audit and Risk Committee receives the Internal Audit Status Report 2017-18 dated February 2018.**

**Moved by: Councillor Howard Voss**

**Seconded by: John Fowke**

**CARRIED**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 16 FEBRUARY 2018	8.30AM

ARC 18/059 INTERNAL AUDIT – MOUNT LEES PROPERTY AND LEASE

Report of the General Manager – Corporate and Regulatory dated 7 February 2018 presenting the findings and recommendations arising from the Internal Audit of the Mount Lees property and its related lease.

**RECOMMENDED**

**That the Council receives the Mount Lees internal audit report dated November 2017 and notes the management response to recommendations and actions to be taken.**

**Moved by: Councillor Barbara Cameron**

**Seconded by: Councillor Howard Voss**

**CARRIED**

ARC 18/060 REVIEW OF POLICIES –PROTECTED DISCLOSURES POLICY

Report of the General Manager – Corporate and Regulatory dated 1 February 2018 presenting the Manawatū District Council’s Protected Disclosure Policy for information.

**RESOLVED**

**That the Audit and Risk Committee receives the report of the General Manager – Corporate and Regulatory dated 1 February 2018 presenting the Manawatū District Council’s Protected Disclosure Policy for information.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor John Fowke**

**CARRIED**

ARC 18/061 REVIEW OF POLICIES – SENSITIVE EXPENDITURE POLICY

Report of the General Manager – Corporate and Regulatory dated 5 February 2018 presenting for information the Manawatū District Council’s Sensitive Expenditure Policy.

**RESOLVED**

**That the Audit and Risk Committee receives the report of the General Manager – Corporate and Regulatory dated 5 February 2018 presenting the Manawatū District Council’s updated Sensitive Expenditure Policy for information.**

**Moved by: Councillor Phil Marsh**

**Seconded by: Councillor Howard Voss**

**CARRIED**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 16 FEBRUARY 2018</b>	<b>8.30AM</b>

ARC 18/ 062 QUARTERLY REPORT TO 31 DECEMBER 2017

Report of the General Manager – Corporate and Regulatory dated 30 January 2018 presenting a summary to 31 December 2017 of the Council’s performance against 2017/18 Annual Plan

**RECOMMENDED**

**That the Council receives the Second Quarter Report and the Capital Expenditure Report for the period ended 31 December 2017**

**Moved by: John Fowke**

**Seconded by: Councillor Hilary Humphrey**

**CARRIED**

ARC 18/063 CONSIDERATION OF LATE ITEMS

There were no late items for consideration.

ARC 18/064 NOTIFICATION OF ITEMS FOR NEXT MEETING

It was noted that Internal Auditor Luele Driescher has resigned effective 13 March 2018. Committee members would be kept up to date regarding the agenda for the next meeting.

*Councillor Barbara Cameron left the meeting at 10.36am*

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 16 FEBRUARY 2018	8.30AM

**ARC 18/065 PUBLIC EXCLUDED BUSINESS**

**RESOLVED:**

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Corporate Risk Register – Key Risks, Controls and Treatments

That the general subject 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(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
a) Corporate Risk Register – Key Risks, Controls and Treatments	Section 7(2)(j) - prevent the disclosure or use of official information for improper gain or improper advantage.	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

Moved by: Councillor Howard Voss

Seconded by: John Fowke

**CARRIED**

*The meeting went into public excluded session at 10.38am and resumed open session at 11.04am. For items ARC 18/066 to ARC 18/068, refer to public excluded minutes.*

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 16 FEBRUARY 2018</b>	<b>8.30AM</b>

ARC 18/069 MEETING CLOSURE

The meeting closed at 11.04am

Approved and adopted as a true and correct record:

.....  
**CHAIRPERSON**

.....  
**DATE**

## Audit and Risk Committee

Meeting of 22 May 2018

Business Unit: Community and Strategy

Date Created: 7 May 2018

### Corporate Risk Register - Update

#### Purpose

The purpose of this report is to present to the Audit and Risk Committee an update of the Manawātū District Council Corporate Risk Register Database.

#### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

#### Recommendations

That the Audit and Risk Committee receives the report “Corporate Risk Register – Update”.

Report prepared by:  
Michael Hawker  
Project Delivery Manager

Approved for submission by:  
Brent Limmer  
General Manager - Community and Strategy

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawātū – the best rural lifestyle in New Zealand*

Manawātū District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawātū will attract and retain residents.	Manawātū district develops a broad economic base from its solid foundation in the primary sector.	Manawātū and its people are connected via quality infrastructure and technology.	Manawātū’s built environment is safe, reliable and attractive.	Manawātū District Council is an agile and efficient organisation.
✓	✓	✓	✓	✓	✓

## **2 Background**

- 2.1 Manawatū District Council (MDC) has begun a process of maturing its risk management practice.
- 2.2 An Audit and Risk Committee has been established with responsibility for oversight of Financial Reporting, Internal and External Audit and Risk Management. The Audit and Risk Committee responsibility for risk management and the system of internal controls includes:
  - a. setting the Council's appetite for risk;
  - b. understanding the key risk areas including likelihood and consequences;
  - c. effectiveness of internal controls; and
  - d. fraud risk and procurement risk.
- 2.3 MDC has followed the standard "ISO 31000 Risk Management" which provides guidelines for the design, implementation and maintenance of risk management processes throughout an organization. The standard defines risk as the "impact of uncertainty on objectives". In other words, a risk is something that has not happened but if it did happen would impact the achievement of objectives, either positively or negatively.
- 2.4 A Risk Appetite Statement was adopted by MDC in April 2016 and this was endorsed by the new Council in 2017. A Risk Assessment Framework has been adopted to classify the likelihood and consequences of risks impacting at the strategic level. These were presented to the Audit and Risk Committee in August 2017.
- 2.5 At the 10 November 2017 Audit and Risk Committee, it was reported that a Corporate Risk Register Database had been established and populated with risks. These risks were sourced from the Long Term Plan 2015-2025 and its associated Asset Management Plans. 218 threat risks were identified from these documents.
- 2.6 At the 16 February 2018 Audit and Risk Committee, the current treatments and controls for the key risks were reported. At the next Audit and Risk Committee meeting in August 2018, a further report will be presented covering the effectiveness and sufficiency of the treatments and controls for key risks. This report can be used as one input in considering the audit programme.
- 2.7 The Long Term Plan and Asset Management Plan process does not identify many risks associated with the capability of MDC to deliver the plans, such as staff capability, staff retention, cybersecurity, fraud, procurement, project and contract management, corruption, and health and safety. This was a limitation with the first round of Corporate-level risk identification.
- 2.8 MDC has developed a Risk Register for Health and Safety specific risks. It complies with WorkSafe New Zealand Health and Safety risk register practices. This aids compliance with the Health and Safety Act (2015) and contributes to better Health and Safety practices for MDC staff and Manawatū District citizens.

### 3 Discussion and Options considered

#### Risk Identification Update

3.1 To overcome earlier risk identification limitations, this round of risk identification included reviewing:

- Draft Long Term Plan 2018-2028 and its Asset Management Plans;
- Health & Safety Risk Register;
- Key Project Status Report Risks; and
- Conducting interviews with key staff.

3.2 This process has increased the number of risks identified from 218 risks to 346 risks and more categories of risk have been included in the identification process. The key risks identified in 2017 remain and two new key risks have been identified and added to the Corporate Risk Register.

#### Key Risks

3.3 The following are the 2017 key risks (events that might happen) from the Corporate Risk Register requiring monitoring to ensure that current controls and risk treatments maintain their effectiveness:

- If an external cyber-attack was successful, then work would be interrupted, impacting on objectives to deliver work programmes and achieve service levels.
- If an external cyber-attack was successful, then MDC Public Records would be lost or incorrect, impacting on objectives to maintain legal compliance, maintain public confidence and achieve service levels.
- If a Critical Person leaves voluntarily (decision) or non-voluntarily (accident), then work for that role will be interrupted impacting on objectives to deliver work programmes and achieve service levels.
- If a Critical Role is vacated, then work for that role will be interrupted impacting on objectives to deliver work programmes and achieve service levels.
- If there is insufficient capacity or capability with the Civil Defence and Emergency Management Team (CDEM) to meet disaster events, then disaster events cannot be managed in a timely and effective manner, impacting on objectives to maintain public confidence, and achieve purposeful growth and development.
- If demographic changes are significantly different from assumptions and plans, then work programmes will not match community requirements, impacting on objectives to operate within financial targets and to achieve purposeful growth and development.
- If economic growth is significantly different from assumptions and plans, then infrastructure and services will not match , impacting on objectives to achieve purposeful growth and development.

- If there are ineffective systems and processes to connect strategic plans and their operational implementation, then plans are not effectively or fully implemented, impacting on objectives to achieve purposeful growth and development and deliver work programmes.
- If water assets fail, then the required safety, quality, and quantity of water will not be delivered to citizens and businesses, impacting on objectives to achieve service levels and maintain legal compliance.
- If waste water treatment assets fail, then the treatment and disposal of waste water will not meet legal and consent conditions, impacting on the objective to maintain legal compliance.
- If Asset Management Systems contain incomplete and/or incorrect data, then plans and budgets will not be optimised for the actual needs of the infrastructure and community, impacting on objectives to operate within financial targets, maintain legal compliance and achieve service levels.
- If Asset Management Systems contain incomplete and/or incorrect data, then budgets for depreciation and insurance will not be appropriate for actual needs, impacting on objectives to operate within financial targets, deliver work programmes and achieve service levels.
- If there are ineffective consent monitoring systems and processes, then consent breaches are less likely to be detected and treated, impacting on objectives to maintain legal compliance and to maintain public confidence.
- If there are ineffective maintenance systems and processes for infrastructure assets required for consents, then asset failures would cause consent breaches, impacting on objectives to operate within financial targets, maintain legal compliance and to maintain public confidence.

### **New Key Risks**

3.4 The following are new key risks (events that might happen) identified in this round of risk identification.

- If a sabotage attack (poisoning) of the District water supply was successful, then water would be unsafe for human consumption, impacting on objectives to maintain public confidence and achieve service levels.
- If the District Plan Review Project has insufficient resources, then delivery of a reviewed District Plan will be delayed, impacting on objectives to achieve purposeful growth and development, maintain public confidence and maintain legal compliance.

## **4 Operational Implications**

4.1 There are no capital/operating expenditure implications associated with this report.

## **5 Financial implications**

5.1 There are no capital/operating expenditure implications associated with this report.

## **6 Statutory Requirements**

6.1 There are no statutory requirements associated with this report.

## **7 Delegations**

7.1 The Audit and Risk Committee's Terms of Reference sets out its responsibility for considering risk management and the system of internal controls. This includes:

- Setting the Council's appetite for risk;
- Understanding the key risk areas including likelihood and consequences;
- Effectiveness of internal controls; and
- Fraud risk and procurement risk.

7.2 The Audit and Risk Committee does not have delegated authority for decision-making, therefore recommendations are made to Council for adoption.

## **8 Consultation**

8.1 There are no consultation requirements associated with this report.

## **9 Cultural Considerations**

9.1 There are no cultural considerations associated with receiving this report.

## **10 Conclusion**

10.1 This report provides an update on the Corporate Risk Register and the key risks for Council.

10.2 This report on the update of the Corporate Risk Register supports MDC with:

- Regular reporting of risks to Council and MDC management;
- Informing discussions for the work plan of Audit investigations of the effectiveness and sufficiency of controls and treatments for risks;
- Providing focus of key risks for the Audit and Risk Committee to monitor;
- Supporting MDC Management in prioritising risk management actions; and
- Improving MDC risk management processes.

## **Audit and Risk Committee**

Meeting of 22 May 2018

Business Unit: Infrastructure

Date Created: 14 May 2018

### **Procurement Policy Review (May 2018)**

#### **Purpose**

To provide the Audit and Risk Committee an opportunity to consider the revised Procurement Policy and refer the policy (with or without amendment) to Council for adoption.

#### **Significance of Decision**

The Council's Significance and Engagement policy is not triggered by matters discussed in this report.

#### **Recommendations**

That the Audit and Risk Committee recommends:

1. That the Council receives the revised Procurement Policy dated May 2018.
2. That the Council adopts the revised Procurement Policy dated May 2018.

Report prepared by:

Hamish Waugh

General Manger – Infrastructure

Approved for submission by:

Hamish Waugh

General Manager – Infrastructure

# 1 Contribution to the Council Vision and Council Outcomes

## 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū – the best rural lifestyle in New Zealand*

Manawatū District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatū will attract and retain residents.	Manawatū district develops a broad economic base from its solid foundation in the primary sector.	Manawatū and its people are connected via quality infrastructure and technology.	Manawatū’s built environment is safe, reliable and attractive.	Manawatū District Council is an agile and efficient organisation.
					✓

# 2 Background

- 2.1 Council spends millions of dollars every year buying a wide range of things, from lawn mowing services to public convenience upgrades, stationary and IT services to roading maintenance works. Public services are widely delivered by private businesses as suppliers, so choosing and managing these relationships well is critical to achieving the best results.
- 2.2 Council needs to attract creative, clever and commercial suppliers to help deliver innovative and effective solutions to get the best value for the ratepayers of the Manawatū District - which isn’t always the cheapest price. To be an attractive customer, it is essential that Council fosters productive relationships with suppliers.
- 2.3 The Council rules for planning procurement, approaching the market and contracting, provide the foundation of best practice procurement and will demonstrate that Council is open, transparent and accountable. The rules help to design processes that are robust, and build confidence in Council procurement practices. This will build greater public trust and confidence that Council spending is well-planned and well-executed.
- 2.4 The current Procurement Policy was adopted by Council on 17 April 2014 and has served Council well as the cornerstone document to guide the expenditure of public money.
- 2.5 This review of the Procurement Policy is in line with Council’s rolling review of all policies and demonstrates best practice in ensuring that all Council policies remain current and fit for purpose.

# 3 Discussion and Options considered

- 3.1 The review of the current Procurement Policy involved a number of senior staff and the Executive Team. The key amendments are follows:
  - Rule 12, a note has been added stating that “The New Zealand Transport Agency (NZTA) has a requirement for any project in excess of \$200,000 to be openly advertised and procured via a competitive procurement process. Therefore, this value must be adhered to when Council is procuring Roading related goods and services which attract an NZTA subsidy.”
  - Rule 39A added as follows: Section 17A Review (LGA 2002), Council is required to complete a periodical service delivery review under section 17A of the Local

Government Act (2002). The outcome of any given service delivery review may specify the continuation of an existing contractual arrangement with a private entity or collaboration with another Local Authority or Central Government Department. In this case, the intent of Rule 11 (Opt-Out Procurement) would be applied to implement the S17A review outcome.

#### **4 Operational Implications**

- 4.1 There are no capital or operating expenditure implications, or other costs associated with this report or its recommendations.

#### **5 Financial implications**

- 5.1 There are no financial implications associated with the report.

#### **6 Statutory Requirements**

- 6.1 The Procurement Policy is not a statutory requirement in itself but it is a key policy to ensure that Council acts in a financially prudent manner with robust controls around the expenditure of public money which ensures Council does act in accordance with the requirements of the Local Government Act 2002.

#### **7 Delegations**

- 7.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for risk management and the system of internal controls, including the following:
- Setting the Council's appetite for risk
  - Understanding the key risk areas including likelihood and consequences
  - Effectiveness of internal controls
  - Fraud risk and procurement risk

#### **8 Consultation**

- 8.1 There are no consultation requirements associated with this matter.

#### **9 Cultural Considerations**

- 9.1 There are no cultural considerations associated with this report.

#### **10 Conclusion**

- 10.1 The review of the Procurement Policy has not lead to any significant changes to the policy which reflects that the policy is working well for Council. The review is in line with Council's rolling review of all policies and demonstrates best practice in ensuring that all Council policies remain current and fit for purpose.

## **11 Attachments**

- Procurement Policy (May 2018)

Manawatu District Council

# Procurement Policy

The MDC rules for planning procurement,  
approaching the market and contracting

# Introduction

The Manawatu District Council (MDC) Procurement Policy was developed from the Ministry of Business Innovation and Employment – Government Rules of Sourcing and the Office of the Auditor General’s Procurement Guidelines for Public Entities.

MDC rules for planning procurement, approaching the market and contracting, represent the Council’s standards of good practice for the procurement of goods and services.

Council spends millions of dollars every year buying a wide range of things, from lawn mowing services to public convenience upgrades, stationary and IT services to roading maintenance works. Public services are widely delivered by private businesses as suppliers, so choosing and managing these relationships well is critical to achieving the best results.

Council needs to attract creative, clever and commercial suppliers to help deliver innovative and effective solutions to get the best value for the ratepayers of the Manawatu District - which isn’t always the cheapest price. To be an attractive customer, it is essential that Council fosters productive relationships with suppliers.

The MDC rules for planning procurement, approaching the market and contracting, provide the foundation of best practice procurement and will demonstrate that Council is open, transparent and accountable. The rules help to design processes that are robust, and build confidence in Council procurement practices. This will build greater public trust and confidence that Council spending is well-planned and well-executed.

Smart public procurement will deliver better public services and provide value for money to the ratepayers of the Manawatu District.

## Context

### What are the Rules?

Manawatu District Council (MDC)

Procurement

Policy 2013 replaces the MDC Procurement Policy 20/05/2010. This policy was adopted by Council resolution at the Council meeting 17 April 2014.

### Focus on procurement

The term 'procurement' covers all aspects of acquiring and delivering goods, services and works (eg renewal and new construction). 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 the asset.

These Rules focus mainly on the process of procurement which covers planning the procurement, market research, approaching the market, evaluating responses, negotiating and awarding the contract.

### Changes

The purpose of the rules is to:

- Provide a plain English format that is easy for MDC and suppliers to use

- Modernise the MDC's approach to procurement to align with good national practice and provide better value for the ratepayers of the Manawatu District
- Ensure MDC uses more strategic approaches and commercial expertise when procuring
- Encourage MDC to engage early with the market to stimulate competition and innovation, and work with suppliers to develop better solutions

### Application to Council

MDC is required to apply the Rules and will be audited for its compliance with them. Suppliers have a right to complain if they think Council has not complied with them.

The Rules are a compulsory requirement for Council when procuring goods or services unless varied by formal Council resolution.

### How to use the Rules

The Rules contain headers and boxes with more information, definitions, links to guides tools and templates and examples. Information in these boxes does not form part of the Rules. It is there to assist with interpretation and to give greater context for the reader.

### Icons

The following icons are used to show supplementary information



Example



Definition



More Information



Guides, tools and templates

## For more information

You can read more about Manawatu District Council's Procurement Policy and practice at MDCs website: [www.mdc.govt.nz](http://www.mdc.govt.nz)

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# Chapter 1

## Getting Started

# What's so special about MDC procurement?

Delivering good public services to the Manawatu District starts with good procurement.

How well money is spent has a direct impact on the quality of services ratepayers' experience. It also reflects the district council's efficiency and effectiveness. It can provide opportunities to increase competition and productivity that lead to innovation and contribute to greater economic growth.

## Why have rules?

### To strengthen accountability

Local authorities must account for how they spend ratepayers' money. The rules, along with the Office of the Auditor-General's (AOG's) Procurement Guidelines for Public Entities, provide a framework that promotes responsible spending when purchasing goods, services, and works. This framework supports proactively managing procurement process and delivery risks.

The rules also establish processes that are consistent and predictable, making it easier for the Council and suppliers to engage with each other.

The Council must also be aware of, and comply with the common law of contract, public law and, where appropriate, commercial law obligations.



### Value for money over the whole-of-life

Council publishes a Request for Tender to supply steel mesh fencing for a new depot. It does not specify any quality standards and accepts the lowest price bid.

The fencing is installed. Within 1 year it begins to rust, within 3 years it is beginning to fail, and by 6 years it needs to be replaced.

Had Council specified quality standards, it could have assessed bids based on best value for money over the whole of the life of the product. There was another supplier whose price was slightly higher, but whose fencing carried a 15-year warranty. Despite the higher initial cost, this supplier's product would have represented the best value for money over the whole-of-life.



### Examples of **commercial law legislation**:

- Sale of Goods Act 1908
- Frustrated Contracts Act 1944
- Commerce Act 1986
- Fair Trading Act 1986
- Minors' Contracts Act 1969
- Illegal Contracts Act 1970
- Contracts (Privity) Act 1982
- Contractual Mistakes Act 1977
- Contractual Remedies Act 1979
- Construction Contracts Act 2002
- Sale of Goods (United Nations Convention) Act 1994

### Example of **commercial law case**:

- Pratt Contractors Limited v Palmerston North City Council

### Examples of **public law legislation**:

- Public Finance Act 1989
- Public Audit Act 2001
- Public Records Act 2005
- Official Information Act 1982
- State Sector Act 1988
- Ombudsmen Act 1975
- Public Bodies Contracts Act 1959

### Example of **public law case**:

- Diagnostic MedLab Ltd v Auckland District Health Board

Council must comply with other relevant legislation and should make sure it covers all relevant risks when selecting and managing suppliers (eg health and safety). For more information see: A principal's guide to contracting to meet the Health and Safety in Employment Act 1992 at: [www.osh.govt.nz](http://www.osh.govt.nz)

## Why have rules?

## To promote our values

Manawatu District Council is committed to open, transparent and competitive procurement that:

- delivers best value for money (which isn't necessarily the cheapest price)
- does not discriminate against suppliers (whether local, national or international),
- meets agreed OAG standards.

The Rules reflect these values and standards

## To encourage commercial practice

Early market engagement and continued open dialogue with suppliers are essential to the results that can be achieved. There are sound commercial reasons why building stronger relationships with business is important. The Rules aim to encourage better commercial practice by promoting these types of behaviours and achieving greater value for money.



### Definition - Value for money

Value for money isn't always the cheapest price. Value for money means using resources effectively, economically, and without waste, and taking into account:

- the total costs and benefits of a procurement (total cost of ownership), and
- its contribution to the results you are trying to achieve.

The principle of value for money is about getting the best possible outcome over the whole-of-life of the goods, services or works.

Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve value for money. Good procurement is about being risk aware, not necessarily risk averse.



It is important that the longer-term impacts of procurement decisions are considered and not just the immediate results (eg will the decision substantially reduce competition or create a monopoly in the future market place?).

## To ensure maximum value for money expenditure

As a medium sized, rural local authority, MDC needs to ensure the best spend of every ratepayer dollar it is entrusted with.

Following the Rules are essential:

- to provide open and fair competition that supports innovation and helps create a competitive, productive market place in the Manawatu District.
- for Council to be valued as a desirable principle / client organisation – that demonstrates professional practice and has a reputation for integrity.

# How do the rules fit with other guidance?

The Rules are only one part of what makes up good procurement practice. The framework that supports good practice consists of the Procurement Policy, the Rules contained therein and good practice Guidance.

## What's good procurement?

### Public value

Councils that maximise their return on spending will achieve the best possible results for ratepayers. Good procurement means better public value.

### Policy framework

Council procurement is based on Policy, Rules and good practice Guidance. Collectively, these provide a broad framework that supports accountability for spending, sound business practice and better results.

Good practice isn't just mechanically applying the rules. It's about developing a strong understanding of all of the aspects of the procurement lifecycle and skilfully applying these to deliver the best results. While compliance with the rules is still necessary, the process

should be designed proportionate to the value, risk and complexity of the procurement. It's about applying sound commercial judgement to achieve the best value for money, which isn't always the cheapest price, and drive innovation and performance.

Understanding suppliers and the market is part of the careful planning essential to developing the right approach to market. All procurement covered by the rules should be for programmes of work and projects budgeted for in a Long Term Plan (LTP) or Annual Plan (AP). Unspecified or unbudgeted projects must be supported by a robust business case and procurement plan that's level of detail reflects the size, value and complexity of the procurement.

Procurement also covers proactively managing supplier and other key stakeholder relationships throughout the sourcing process and for the duration of the contract. This embraces continuing to develop the supplier and driving value for money through on-going efficiency gains.

Staff must also take into account the council Sensitive Expenditure Policy and act within the framework of the Delegations Manual at all times.

The council Fraud Policy sets a clear framework for staff to operate within to ensure the integrity of staff and the council when working within procurement activities.

## Principles

The principles of the OAG procurement guidelines apply to all local authorities and provide the overarching values. The Principles apply even if the rules do not. Council can use the principles for guidance and to help make good procurement decisions.



Examples of **guidance** on government procurement practice include:

- Office of the Auditor-General's Procurement Guidance for Public Entities [www.oag.govt.nz](http://www.oag.govt.nz)

## 2) Be fair to all suppliers

- Create competition and encourage capable suppliers to respond.
- Treat all suppliers equally - don't discriminate.
- Make it easy for all suppliers (small to large) to do business with Council. Be open to subcontracting opportunities in big projects.
- Clearly explain how Council will assess suppliers' proposals - so they know what to focus on. Talk to unsuccessful suppliers so they can learn and know how to improve next time.

## 3) Get the right supplier

- Be clear about what Council needs and how suppliers are assessed - don't string suppliers along. Choose the right supplier who can deliver what is needed, at a fair price and on time.
- Build demanding, but fair and productive relationships with suppliers.

# The five principles of Manawatu District Council procurement

The Council's five Principles are the foundations for good procurement. The Principles must be reflected in everyday practice. Everyone engaged in procurement must understand and know how to apply the Principles.

## 1) Plan and manage for great results

- Identify what is needed and then plan how to get it.
- Set up a team with the right mix of skills and experience.
- Involve suppliers early - let them know what Council wants and keep talking.
- Take the time to understand the market and Councils' effect on it. Be open to new ideas and solutions. Choose the right process - proportional to the size, complexity and any risks involved.
- Encourage e-business (for example, tenders sent by email).

- Make it worthwhile for suppliers - encourage and reward them to deliver great results. Identify relevant risks and get the right person to manage them.

## 4) Get the best deal for everyone

- Get best value for money - account for all costs and benefits over the lifetime of the goods or services.
- Make balanced decisions - consider the social, environmental and economic effects of the deal. Encourage and be receptive to new ideas and ways of doing things - do not be too prescriptive. Take calculated risks and reward new ideas.
- Have clear performance measures - monitor and manage to make sure Council delivers great results. Work together with suppliers to make on-going savings and improvements.
- It is more than just agreeing the deal - be accountable for the results.

## 5) Play by the rules

- Be accountable, transparent and reasonable.

- Make sure everyone involved in the process acts responsibly, lawfully and with integrity. Stay impartial - identify and manage conflicts of interest.
- Protect suppliers' commercially sensitive information and intellectual property.

## What values underpin the Rules?

The Council's five Principles are the foundations for good procurement. The Principles must be reflected in everyday practice. Everyone engaged in procurement must understand and know how to apply the Principles.

### Rule 1

#### Principles

1. Council **must** have policies in place that incorporate the five Principles of local authority procurement. The Principles apply to all procurement.
2. Council **must** make sure that:
  - a. all staff engaged in procurement have been trained in the five Principles of procurement
  - b. its procurement practices reflect the five Principles
  - c. it is able to show how it has used sound research to plan an appropriate approach to market strategy that is proportionate to the nature, risk, value and complexity of each procurement.

## What values underpin the Rules?

There is no discrimination and no favouritism in Council's procurement. This means treating all suppliers equally – local, national and international.



#### Procurement planning

Good procurement starts with good planning. Knowing what Council needs to buy and understanding the market makes Council a "smart buyer".

Before choosing a procurement process, think about the nature of the goods, services or works needed, and assess the best way to approach the market. Ensure that:

- all suppliers get fair notice of the contract opportunity
- the process encourages competition
- suppliers have enough time to respond.

Decisions should be based on a clear understanding of Council's needs and an appropriate level of market research. It's important that the process chosen reflects the value and complexity of the procurement. Don't overcomplicate a straightforward tender simply because the Rules apply.

### Rule 2

#### Integrity

1. Council must have in place policies that safeguard the integrity of its procurement activities and processes. The policies must require that:
  - a. Council and all staff involved in procurement can justify their procurement decisions
  - b. those involved in procurement decisions stay impartial

- c. procurement processes are fair, transparent and reasonable
  - d. all staff involved in procurement act responsibly, lawfully and with integrity.
  - e. The council Purchase Order Policy must be followed when ordering work from a successful contractor following a procurement process.
2. Council must have policies in place that help all staff involved in procurement to identify, notify and manage conflicts of interest. Council must be able to show how it uses sound judgement to manage conflicts of interest.

- b. their degree of foreign ownership or foreign business affiliations.



### Definition

Offset has a special meaning within the context of the Rules. An example of an offset is where, in order to be awarded a contract, a supplier is required to purchase in return local goods, services or works. The purpose of an offset is to impose a condition intended to subsidise the local economy and potentially restrict the achievement of best value. Examples of offsets include:

- requiring goods, services or works from a specific region
- applying weighted evaluation criteria that favour local content or give local suppliers a price preference.

## Rule 3

### No offsets

- 1. Council must not ask for, take account of, or impose any offset at any stage in a procurement process.

## Rule 4

### Non-discrimination

- 1. All suppliers must be given an equal opportunity to bid for contracts. Council must treat suppliers from anywhere in the country no less favourably than local suppliers.
- 2. Procurement decisions must be based on the best value for money, which isn't always the cheapest price, over the whole-of-life of the goods, services or works.
- 3. Suppliers must not be discriminated against because of:
  - a. the region the goods, services or works come from

# Dealing with commercially sensitive information

Council often has access to sensitive information about a supplier's business. This could be new ideas or pricing structures. This information must be protected.

## Rule 5

### Protection of suppliers' information

1. Council must protect suppliers' confidential or commercially sensitive information. This includes information that could compromise fair competition between suppliers.
2. Council must not disclose confidential or commercially sensitive information unless:
  - a. the supplier has already agreed to it in writing, or
  - b. the disclosure is required by law (eg. under the Local Government Official Information and Meetings Act 1987), convention or Parliamentary or Cabinet Office practice, or
  - c. it is a limited disclosure expressly notified in a Notice of Procurement which suppliers have consented to by participating in the process.



**Commercially sensitive information** is information that, if disclosed, could prejudice a supplier's commercial interests. It includes:

- the design and content of a tender
- trade secrets and 'know how'
- new ideas
- innovative solutions
- intellectual property
- copyright
- pricing structures
- profit margins
- market strategies.

Council must understand what commercially sensitive information is and how to handle that information.

Examples of prohibited disclosure of information include:

- disclosing commercially sensitive information to a supplier's competitor
- using or adopting an idea or solution without the supplier's agreement.

It is good practice to include instructions to suppliers to mark their responses, or the relevant parts of their responses, 'commercial in confidence'.

If, as part of the evaluation process, there is a need to share responses with other Councils or advisors, seek permission for such disclosure by making this a condition of participation in the Notice of Procurement.

## When do the Rules apply?

The Rules apply for all Council procurement

## Rule 6

### When the Rules apply - goods or services

- 1 The Rules apply:
  - a. to the procurement of all goods or services or renewal works, or a combination of goods or services or renewal works.

- 2 To estimate the maximum total estimated value (Rule 8) for goods or services or renewal works Council **must** take into account:
  - a. all related services (eg installation, training, servicing, management consultancy services)
  - b. all types of goods (eg operating consumables)
  - c. all subcontracted goods or services or works.
- 3 This Rule does not apply to goods, services or renewal works that are purchased for commercial resale



In the context of the Rules, **renewal works** relate to the refurbishment of an existing building, road, bridge or dam. It covers renovating, repairing or extending.

It does not include replacing an existing construction as this is deemed to be new construction works.



An example of **goods purchased for commercial resale** could be items that a library purchases for resale in its gift shop.



**Disposals** at the end of the useful life of a contract are not commercial goods, services or works purchased for resale. Disposals are not subject to these Rules.

## Rule 7

### When the Rules apply - new construction works

The Rules apply to the procurement of all goods or services or works for new construction works.

- 1 To estimate the maximum total estimated value (Rule 8) for new construction works Council must take into account:
  - a. all related services (eg design, architecture, engineering, quantity surveying, and management consultancy services)
  - b. all types of goods (eg construction material, health and safety equipment)
  - c. all phases of the construction through to completion
  - d. all subcontracted goods, services and works.



### No 'salami slicing'

When dealing with new construction works, individual contracts for goods, services or works are deemed to be part of the whole and should be openly advertised unless there is good reason to separate parts of the contract/project. Where this occurs, the reasoning must be documented in advance of any procurement with segregation of components approved by the Chief Executive or relevant General Manager.

# How to estimate the value of a procurement?

The rules apply if the value of a procurement meets or exceeds a certain value threshold. There are several things you need to know when you estimate the value of your procurement.

## Rule 8

### Estimating value

- 1 Council must estimate the total value of a procurement to determine whether it meets or exceeds the relevant value threshold. Council must act in good faith and use good judgement to estimate the value of a procurement. Council must include the estimated value in its business case or procurement plan. This estimate is referred to as the maximum total estimated value.
- 2 Council must consider the total value over the whole-of-life of the contract/s when estimating the procurement's maximum total estimated value. The estimate must include the value of all of the contracts that may result from the procurement.
- 3 The value is the total amount excluding GST.
- 4 If Council cannot estimate the maximum total estimated value of a procurement it must apply the Rules.
- 5 When Council calculates the maximum total estimated value of a procurement, it must include everything required for the full delivery of the goods, services or works. This includes the value of:
  - a. options to purchase additional goods, services or works
  - b. options to extend the term of the contract
  - c. paying any premiums, fees or commissions to the supplier or a broker
  - d. any revenue streams a supplier receives
  - e. any other form of remuneration or payment due to the supplier or to a third party or any interest payable.



### Estimating value

Even if the **value of a procurement** is less than the value threshold, Council is still expected to follow good procurement practice. This means applying the Principles and having regard to other good practice Guidance.

It is better to be cautious. If the **estimated value** is getting close to the value threshold (eg services valued at \$98,000), always consider using the next stage process i.e. three prices. After all, the calculation is only an estimate.



An example of revenue streams: a supplier receives tolls from a road built under a Public Private Partnership (PPP).

## Non-avoidance

Council must not intentionally avoid applying the Rules.

## Rule 9

### Non-avoidance

- 1 Council must not intentionally avoid applying the Rules when planning for, valuing or undertaking a procurement.
- 2 When calculating a procurement's maximum total estimated value (Rule 8), Council must not intentionally avoid applying the Rules by either:
  - a. deliberately dividing a procurement into separate parts without good reason
  - b. using a non-standard or alternative valuation method to lower the estimated value.

## Rule 10

### Types of contract

- 1 The Rules apply to all contract types, including:
  - a. when purchasing outright
  - b. purchasing through hire-purchase
  - c. when renting or leasing
  - d. where there is an option to buy
  - e. 'build-operate-own' type contracts (eg Public Private Partnerships (PPP))
  - f. contracts accessed through a third- party commercial supplier or broker.

## Rule 11

### Opt-out procurements

- 1 The following is the list of valid opt-out procurements:
  - a. Non-contractual arrangement: Any non-contractual arrangement (e.g. a Memorandum of Understanding between local authorities or with a government department) or any form of assistance including cooperative agreements.
  - b. Council to Council negotiated agreement: Any agreement negotiated directly with another local authority for the provision of goods or services.



### Third-party commercial supplier or broker

Council cannot avoid applying the Rules by purchasing through a third-party commercial supplier (eg GSB Supplycorp Ltd).

### Number of contracts

Council cannot split a procurement into smaller contracts to avoid applying the Rules. However, it may indicate in its Notice of Procurement the possibility, or its intention, that the procurement maybe let in separate lots. For example, having undertaken the evaluation of responses, it could consider 'chunking' the work into separate parts and awarding these to more than one supplier.

Where the agreement includes any component of externally sourced goods or services as part of the offering, Council must satisfy itself that the procurement policy, rules and principles of the partnering local authority are broadly in line with that of its own.

- c. Technical / functional specialist: Where a supplier is deemed to provide a unique or specialist service that is specific to the needs of Council. This may include a service that is not available from any other supplier or a preferred service from a specific supplier based on Council's requirements e.g. a consultant to assist in a resource consent application process.
- d. Proprietary technology: Where a supplier is the sole supplier and/or patent holder of a specific product that is required by Council. Council must be satisfied that the proprietary technology is the most appropriate for the needs of Council.
- e. Land and buildings: Purchasing or renting land or existing buildings or other immovable property.
- f. Conditional grant: Any form of conditional grant. However, Council must not design or structure a procurement as a form of conditional grant to avoid applying the Rules.
- g. Internal business unit: Any form of internal business unit offering goods or services to another business unit. Notwithstanding this, each business unit must follow the rules for the procurement of externally sourced goods or services if it forms part of an internal offering i.e. consultancy services.

## Does Council have to openly advertise?

The default position for Council procurement is to openly advertise all contract opportunities exceeding \$500,000 in value. This gives all suppliers a fair chance to bid for the contract. It also encourages competition, which leads to better value for money and stimulates innovative new ideas and solutions.

## Rule 12

### Requirement to openly advertise

- 1 Wherever possible Council should use open competitive procurement processes to give all suppliers the opportunity to compete.
- 2 Council must openly advertise on the Tenderlink service if:
  - a. ~~if~~ the maximum total estimated value of the procurement meets or exceeds \$500,000 and
  - b. there is no exemption from open advertising (Rule 13).
- 3 Council may advertise using other media, as well as Tenderlink.

~~3~~—Note: The New Zealand Transport Agency (NZTA) has a requirement for any project in excess of \$200,000 to be openly advertised and procured via a competitive procurement process. Therefore, this value must be adhered to when Council is procuring Roading related goods and services which attract an NZTA subsidy



### **Open competitive process**

Good procurement is about good process and good results.

Open competitive processes that comply with the Rules include:

- a. one-step processes such as Requests for Quote or Requests for Tender
- b. multi-step processes such as a Registration of Interest followed by a shortlisting and then a Request for Proposal or Request for Tender.

**Tenderlink** is a nationally recognised tendering service that is available to all commercial suppliers. It supplies information about tender opportunities and ensures open, transparent and fair competition.

Tenderlink is accessible to all interested suppliers, both domestic and international.

# When does Council not need to advertise?

There are some limited situations where the rules apply, but where Council does not need to openly advertise. These are called exemptions to open advertising.

Where one of these exemptions arises, Council may choose not to openly advertise the contract opportunity, other requirements of the Rules.

## Rule 13

### Exemption from open advertising

- 1 Council can exempt a contract from open advertisement if the following processes apply:
  - a. Contracts with a value of \$100,000 to \$500,000 may be procured using a closed competitive process (with a minimum of three known suppliers)
  - b. Contracts with a value up to \$100,000 may be procured via a direct source process (with a single known supplier).
- 2 Council **must not** exempt a procurement from open advertising to:
  - a. avoid competition
  - b. protect local suppliers
  - c. discriminate against any local or national supplier.

### Document the rationale

- 3 If Council exempts a procurement from open advertising, it must:
  - a. document the rationale for the decision. This rationale may form part of the business case or procurement plan or may be a stand-alone document.
- 4 The rationale document must include:

- a. the name of the supplier
  - b. a description of the goods, services or works
  - c. the maximum total estimated value (Rule 8) of the goods, services or works
  - d. the specific exemption/s that applies and an account of the facts and circumstances which justify the exemption.
- 5 The Chief Executive or a General Manager must endorse the rationale before the procurement is undertaken.
- Council must retain the documented rationale on the contract file for audit purposes.

**Direct negotiation – subsequent stages of work**

- 6 Council may negotiate a contract directly with a supplier provided that:
- a. the supplier has won a Stage One contract via an openly advertised procurement or closed competitive process
  - b. the quoted price for the subsequent stage(s) of the project is reflective of the initial competitively tendered rates
  - c. the quality of the Stage One works was delivered



**Closed competitive and direct source**

Processes that comply with the Rules where there is a valid exemption from open advertising are:

- Closed competitive: a Request for Quote, Request for Tender or Request for Proposal restricted to a minimum of three known suppliers
- Direct source: a closed Request for Proposal or Request for Tender restricted to a single known supplier.

If an exemption from open advertising applies, Council must still comply with all the other Rules.

If Council uses a direct source process (with one known supplier) it does not necessarily mean that it can instantly contract that supplier. It should request a formal proposal from the supplier and evaluate the proposal, assess its value for money, which isn't always the cheapest price, and undertake due diligence before deciding to negotiate a contract. It must not simply approach one supplier and award a contract without proper evaluation of capacity, capability, risk, value for money and due diligence.

# What happens when there is an exemption from open advertising?

- at or above the required standard
- d. the health and safety and environmental management of the Stage One works was delivered at or above the required standard.

*Note: Council should declare its intention or willingness to negotiate a subsequent stage of works in the Notice of Procurement of the initial stage of the contract.*

Where one of the exemptions arises, Council may choose not to openly advertise the contract opportunity, but must still meet all of the other requirements of the Rules.

## Exemption from open advertising

**Valid exemptions**

- 7 Valid exemptions from open advertising are:
- a. Emergency: A genuine emergency such as a civil defence declared emergency. Urgent situations that are created by Council, such as lack of advance planning, do not constitute an emergency.

- b. Following an open tender: Council may use a closed competitive process or direct source process to procure goods, services and works if:
  - I. it has openly advertised the contract opportunity in the last 12 months, and
  - II. it has not substantially changed the core procurement requirements, and
  - III. the first time the opportunity was advertised it:
    - a) did not receive any responses, or
    - b) did not receive any responses that conformed with or met the requirements (including quantity), or
    - c) received responses from suppliers who it has reasonable grounds to believe have colluded, and no other responses conformed with or met the requirements.



### Guides, tools & templates

Read the Quick Guide to Emergency Procurement at: [www.procurement.govt.nz](http://www.procurement.govt.nz)

Read more about **collusion and bid rigging** in the Commerce Commission's Guidelines, How to recognise and deter bid rigging at: [www.comcom.govt.nz](http://www.comcom.govt.nz)

Collaboration is not necessarily unlawful. In certain types of procurement you may want suppliers to collaborate (eg to form a joint venture). This can be allowed for in the Notice of Procurement and include conditions that suppliers must be transparent about their collaboration (eg suppliers must state who they have collaborated with to prepare their response).

If there are reasonable grounds to believe that suppliers have colluded, the Commerce Commission may be alerted given its role of investigating this kind of conduct. For more information: [www.comcom.govt.nz](http://www.comcom.govt.nz).

### 8. Valid exemptions from open advertising continued:

- c. Only one supplier: If the goods, services or works can only be supplied by one supplier and there is no reasonable alternative or substitute because:
  - I. for technical reasons there is no real competition, or
  - II. the procurement relates to the acquisition of intellectual property or rights to intellectual property, (including patents or copyrights) or other exclusive rights, or
  - III. the procurement is for a work of public art.



A **technical reason** could be:

- a need to match with existing equipment, software or services
- where Council has a bespoke IT system that was custom designed for it and only the supplier that designed it fully understands the code base
- where one supplier has, over a period of time, developed such an intimate knowledge of an outdated or complex system that the Council can reasonably claim that other suppliers would not have a similar level of readily available knowledge
- where a spare part or component is only available from one supplier.

A procurement relating to intellectual property rights could be:

- where Council is purchasing an online subscription to content or other services with unique characteristics
- where Council is purchasing software licences from a proprietary supplier for software that is embedded in its operating environment
- a unique piece of art that is protected by copyright and not available elsewhere.



Examples of **additional goods, services or works** include:

- in a construction contract, additional ground works that were only discovered on excavating the site
- supplying replacement parts
- additional consultancy services where an unexpected issue arises
- an enhancement or change to an integrated IT system.



Exceptionally advantageous conditions include a sale by public auction or a sale resulting from liquidation, bankruptcy or receivership.

e. **Exceptionally advantageous conditions:** For purchases made in exceptionally advantageous conditions that only arise in the very short term and at the discretion of the Chief Executive. This exemption does not cover routine purchases from regular suppliers.

- d. **Additional goods, services or works:** Goods, services or works additional to the original requirements that are necessary for complete delivery of a project. This Rule applies where all three of the following conditions are met:
- I. the original contract was openly advertised, and
  - II. a change of supplier cannot be made for economic or technical reasons, and
  - III. a change of supplier would cause significant inconvenience or substantial duplication of costs for Council.



# Chapter 2

## Planning your procurement

# Preparing to approach the market

An external supplier may be engaged to manage a procurement process, but there are some Rules that must be taken into account.

## Rule 14

### Third-party agents

- 1 Council may purchase the services of a third-party agent, (e.g. All of Government Procurement), to advise, arrange or manage a procurement or part of a procurement on its behalf.
- 2 If Council uses a third-party agent to manage a procurement, Council, through the agent, must still comply with the Rules.

## Rule 15

### Procurement advice

- 1 Council should not purchase procurement advice from a supplier that has a commercial interest in the contract opportunity. To do so would prejudice fair competition (eg a supplier is asked to write the contract requirements and then bids for the contract opportunity).

## Rule 16

### Subcontracting

- 1 Once a supplier has been awarded the contract, any subsequent subcontracting that the supplier does is not subject to the Rules.
- 2 However, Council may ask that a main contractor meets certain procurement standards in its subcontracting at the time of tender. The standards should be consistent with good procurement practice, as outlined in the Principles, the Rules and other procurement Guidelines.



### Procurement advice

Rule 15 does not prevent Council from using early market engagement to clarify needs or identify possible solutions.

What Rules apply to technical specifications?

If detailed technical specifications are included in a procurement process, there are some restrictions on how these may be written.

## Rule 17

### Delivery date

- 1 When identifying or estimating the delivery date for the goods, services or works, Council should take into account any of the following factors that apply:
  - a. the complexity of the procurement
  - b. how much subcontracting there might be
  - c. a realistic time to produce, stock and transport goods from the point of supply to the delivery address
  - d. a realistic time to deliver services given their nature and scope.

## Rule 18

### Technical specifications

- 1 Council 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, or the appropriate New Zealand or Australian standards, technical regulations or building codes.
- 3 When Council describes technical specifications, it must not (except under Rule 18.4):
    - 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 18.3 is when it is the only way to make the requirements understood. In this case, Council 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.
- c. appropriate technical skills or expertise or relevant experience.
- 4 Council must not make it a pre- condition that a supplier has been previously awarded a contract by a named buyer or another New Zealand Local Authority.
  - 5 To assess whether a supplier meets the pre-conditions, Council must:
    - a. evaluate responses against the pre-conditions that it published in its Notice of Procurement, and
    - b. take into account the supplier's business activities in New Zealand and overseas.

## Rule 19

### Pre-conditions

- 1 Council may include essential conditions about capacity or capability in its Notice of Procurement. These are called pre- conditions.
- 2 Suppliers must meet all of the pre- conditions to be considered for the contract opportunity.
- 3 Council must limit pre-conditions to the following critical areas:
  - a. legal capacity financial capacity
  - b. commercial or operational capacity or capability to deliver



### Pre-conditions

Pre-conditions allow Council to do a 'first cut' and eliminate suppliers who do not have the minimum capacity or capability to deliver the contract.

Pre-conditions are usually answered by 'yes' or 'no', or 'meets' or 'does not meet'.

Suppliers who meet all of the pre-conditions are then eligible to be assessed against the scored evaluation criteria.

# How much time should suppliers be given to respond?

When going out to the market, it is essential to set a realistic time period for responses.

Unrealistic time periods introduce unnecessary risk. If insufficient time is allowed, it can impact on the quality of the results achieved, compromise the integrity of the process and affect Council's reputation as a credible buyer.

## Rule 20

### Sufficient time

- 1 Council must allow sufficient time for suppliers to respond to a Notice of Procurement. It must act in good faith and use sound judgement when calculating sufficient time.
- 2 The key factors to take into account when calculating sufficient time include:
  - a. the nature and complexity of the procurement
  - b. the type of information and level of detail suppliers need to provide in their responses
  - b. the nature of the goods, services or works
  - c. how simple or difficult it is to describe the deliverables
  - d. the level of risk
  - e. the extent of any anticipated subcontracting or the likelihood of any joint bids
  - f. how critical the procurement is to Council's success
  - g. the time it takes for domestic and foreign suppliers to submit tenders, particularly if Council asked suppliers to deliver hard copies.

## What is a business day?



Don't jeopardise the results that could be achieved with a rushed process. If insufficient time is allowed, it may limit the:

- number of suppliers that can respond and the quality of their responses
- level of competition and Council's ability to get the best value for money
- choice of solutions offered and Council's ability to purchase the right one.

Consider the suppliers' perspective and calculate how much time is sufficient time. How long will it take to:

- obtain, read and analyse all tender documents

- ask questions to clarify the requirements and get answers
- develop a meaningful response that includes accurate pricing information
- prepare, check and submit the response and deliver it on time, and...
- carry on with 'business as usual'!

To decide how much is sufficient time:

- Be realistic, set timelines that are fair to all suppliers and reflect the nature and complexity of the information you are seeking.
- Take weekends and national New Zealand statutory holidays into account.
- Avoid publishing contract opportunities on Tenderlink right before Christmas or in early January. Most of New Zealand is on holiday for a good part of January.
- Make sure your sufficient time is not less than the minimum time period set out in Rule 31.
- Where there is the possibility of joint bids, consortiums or subcontracting, allow at least 27 business days. This gives suppliers time to consult and collaborate. It means, for example, small and medium sized businesses (SMEs) have the opportunity to put together a joint bid, where one SME may not have the full capability to deliver on its own.

When the sufficient time is calculated, business days must be used not calendar days.

## Rule 21

### Business day

1. Council must calculate time periods in 'clear' business days.
2. A business day is a day when the Council is normally open.
3. Business days exclude Saturdays and Sundays, New Zealand (national) public holidays and all days between Boxing Day and the day after New Year's Day.
4. A 'clear' business day is a full day from 8am to 5pm. The day a Notice of Procurement is submitted for publication on Tenderlink is not a clear business day. The time starts on the next business day at 8am.

## Rule 22

### Fair application of time

- 1 The time period Council sets for submitting responses must apply to all interested suppliers.
- 2 Other than in exceptional circumstances, no supplier can be given more or less time than any other supplier.
- 3 Council may reserve the right to accept a late response in exceptional circumstances if there is no material prejudice to any other interested supplier. Council must not accept a late response if:
  - a. there is any risk of collusion on the part of the supplier
  - b. the supplier may have knowledge of the content of any other response
  - c. it would be unfair to any other supplier to accept the late response because the late supplier is given additional time to prepare its response.



### New Zealand national public holidays

New Zealand national public holidays are:

- New Year's Day and the day after New Year's Day (1 and 2 January)
- Waitangi Day (6 February)
- Good Friday, Easter Monday (dates vary)
- ANZAC Day (25 April)
- Queen's Birthday (the first Monday in June)
- Labour Day (the fourth Monday in October)
- Christmas Day and Boxing Day (25 and 26 December).



### 'Clear' business day

- A Notice of Procurement is published on Tenderlink at 11am on Friday, 1 July. The time period for submissions begins at 9am on Monday, 4 July.
- Suppliers have 20 clear business days to respond. This means the deadline for submissions is 5pm on Friday, 29 July.
- If Council wants the responses at noon and not the end of a business day, the deadline will be noon Monday, 1 August.



**Competitive Dialogue** is a technical term for a type of open procurement process often used where there is no known solution in the market place. It involves a structured dialogue phase with each shortlisted supplier who invents a possible solution to meet Council's needs. It is not the same as market engagement which is a generic term for any time you talk to suppliers.

Key features of Competitive Dialogue include:

- openly advertising an Invitation to Participate which states that it is a Competitive Dialogue process
- shortlisted suppliers are often paid for their participation in the dialogue phase
- Council writes its specification of requirements during or at the end of the dialogue phase
- Council then issues a Request for Tender or Request for Proposal to all shortlisted suppliers.

See the Guide to Competitive Dialogue at: [www.procurement.govt.nz](http://www.procurement.govt.nz)



# Chapter 3

## Approaching the market

# How to openly advertise?

When Council is ready to approach the market, it must list the contract opportunity on Tenderlink.

## Rule 23

### Open advertising

- 1 Under Rule 12 an Council must openly advertise a contract opportunity unless an exemption under Rule 13 applies.
- 2 To openly advertise, Council must list the contract opportunity on Tenderlink.

## Rule 24

### Tenderlink listing

- 1 The listing **must** attach the Notice of Procurement and contain the following information:
  - a. the Council's name
  - b. the name of the contract opportunity
  - c. the type of procurement process (eg Request for Tender)
  - d. the deadline for responses from suppliers
  - e. the address for enquiries and the name of the contact person

## Rule 25

### Notice of Procurement

- 1 The Notice of Procurement must:
  - a. be published on Tenderlink
  - b. be available on Tenderlink until the deadline for

supplier responses



Examples of a Notice of Procurement include:

- Request for Quote
- Registration of Interest
- Request for Tender
- Request for Proposal
- Invitation to Participate in a Competitive Dialogue process
- Invitation to Qualify for a Pre-qualified Supplier List.

A response from a supplier is a supplier's reply to a Notice of Procurement. Examples include:

- Registrations of Interest
- Quotes
- Tenders
- Proposals
- Applications to Participate in a Competitive Dialogue process
- Applications to Qualify for a Pre-qualified Supplier List.

# What should be included in a Notice of Procurement?

Everything that suppliers need to know about the contract opportunity in order to prepare meaningful responses must be included.

## Rule 26

### Content of Notice of Procurement

- 1 Each Notice of Procurement must contain all of the information that suppliers need to prepare and submit meaningful responses.
- 2 Each Notice of Procurement must clearly identify which procurement process is being used (eg Request for Quote or Registration of Interest followed by a Request for Tender).
- 3 Subject to Rule 35.4, each Notice of Procurement must contain the following information:
  - a. the Council's name and address
  - b. the name and contact details for the Council's contact person
  - c. 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
  - d. the quantity (if known) or estimated quantity of the goods, services or works
  - e. the estimated timeframe for delivering the goods, services or works, or the estimated length of the contract and any options relating to the length of the contract (eg 3 + 2 + 1)
  - f. any service levels, response times or other performance measures suppliers will need to meet
  - g. any conditions for participating in the procurement process including any pre- conditions (Rule 25) or certificates or standards the supplier must meet
  - h. any limitations on the number of suppliers that may be shortlisted
  - i. all evaluation criteria Council will use to assess responses
  - j. unless the price is the only criterion, an indication of the relative importance of each evaluation criterion
  - k. the deadline and address for submitting responses
  - l. any restrictions or instructions on how suppliers are to submit responses (eg faxes will not be accepted) or details of how responses are to be submitted through an e-procurement system
  - m. any other terms or conditions relating to the procurement or the procurement process

- n. if the procurement will be conducted electronically (eg using e-tender software), all the information suppliers will need to participate electronically



### **Evaluation criteria**

The form of the evaluation criteria (Rule 35.3.i.) that you include in the Notice of Procurement will depend on the type of process, eg:

- for a one-step Request for Tender, you would usually list the criteria you will use to award the contract
- for a multi-step process, you would usually list in the Registration of Interest the criteria you will use to shortlist suppliers. In the subsequent Request for Tender or Request for Proposal you would list the criteria that you will use to award the contract.

### **Relative importance**

When listing the evaluation criteria (either in the Notice of Procurement or subsequent RFP or RFT), you must, unless price is the only criterion, indicate the relative importance of each criterion (Rule 35.3.j.). You can achieve this by ranking the criteria in priority order or adding individual weightings to each criterion.

# Evaluation criteria

Types of scored evaluation criteria include:

- Lowest price confirming
- Weighted attributes
- Price quality method



It is **good practice** to include additional information in the Notice of Procurement, such as:

- details of how additional information will be communicated or changes to the process
- the contract terms and conditions that will apply
- the indicative timeframe for the procurement process, eg the:
  - deadline for suppliers' questions
  - date/s for shortlisted supplier presentations
  - date when suppliers will be notified if they have been successful or not – date/s debriefs will be held
  - anticipated contract start date.

**Rule 35.4** recognises that sometimes in multi-step procurements detailed information can be made available only after shortlisting suppliers.

## What does 'other tender documents' mean?

Other tender documents are normally attachments to the Notice of Procurement. They are usually standalone documents that provide additional information for suppliers.

## Rule 27

### Other tender documents

- 1 Other tender documents are documents that are relevant and essential to the procurement.
- 2 These documents may be included in the Notice of Procurement as annexes. If they are standalone documents, they may also be referred to in the Notice of Procurement.
- 3 Council **should** make other tender documents available to suppliers at the same time the Tenderlink listing and the Notice of Procurement are published. Where possible, they **should** be uploaded as attachments to the Tenderlink listing.
- 4 If other tender documents can't be made available on Tenderlink, Council **must** state in the Tenderlink listing how suppliers can obtain a copy (eg by requesting a hard copy or by referencing an e-procurement system where the document is freely available). Council **must** promptly provide a copy, to any supplier who requests one, or provide instructions on how to obtain one from an e-procurement system.



Examples of **other tender documents** include:

- architectural drawings
- engineering plans
- detailed technical specifications
- reports
- extensive specifications in an electronic file that is too large to upload to Tenderlink.

# Managing the procurement process

The following rules help Council manage the procurement process fairly.

## Rule 28

### Responding to queries

- 1 Suppliers may ask questions about any Notice of Procurement.
- 2 Council **must** promptly reply to all questions and reasonable requests for information from suppliers. If Council is unable to promptly reply to a question, it **should** consider extending the deadline for responses.
- 3 When Council responds to a supplier's question, it **must not** give information that might give that supplier an unfair advantage over the other suppliers. If Council wishes to disclose advantageous information, it **must** make it available to all suppliers at the same time.
- 4 When Council responds to a supplier's question, it **must not** discuss or disclose another supplier's confidential or commercially sensitive information.

## Rule 29

### Additional information

- 1 Council may make additional information available to all participating suppliers after a Notice of Procurement is published on Tenderlink and before the deadline for responses closes.
- 2 Council may publish additional information on Tenderlink or, following a shortlisting, send copies to all participating suppliers.
- 3 Council must make additional information available to all participating suppliers at the same time.



An example of when **all participating suppliers** are known to Council could be the second stage of a multistep tender.

This is where Council has published a Registration of Interest, and after receiving and evaluating the responses has shortlisted suppliers. Council then invites the shortlisted suppliers to submit full tenders. These suppliers are all participating suppliers known to Council.

# What if more information needs to be given to suppliers or the requirements change?

It's possible to provide additional information and change requirements after a tender has been advertised. However, there are Rules that apply to these processes.



Changes to procurement processes or requirements may include changing:

- any essential aspect of the specification of requirements or technical specifications
- a pre-condition (Rule 25) or evaluation criterion
- the ranking or weightings of the evaluation criteria
- the deadline for responses or critical dates in the procurement process
- the rules or conditions that apply to the procurement process.

## Rule 30

### Changes to process or requirements

- 1 Council may make changes to its procurement process or its requirements after a Notice of Procurement has been published on Tenderlink and before the deadline for responses closes.
- 2 Council **must** notify all participating suppliers of any changes to the procurement process or requirements. Council **must** publish all changes on Tenderlink or, following a shortlisting, send them to all participating suppliers.
- 3 Council **must** make all changes available to all participating suppliers at the same time.
- 4 Council **must** give suppliers enough time to respond to the changes. This may mean extending the deadline for responses, or allowing suppliers who have already submitted their responses a fair opportunity to change their responses.

# Evaluating responses

## Rule 31

### Treatment of responses

- 1 Council **must** have in place procedures that guarantee 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 its response in writing (this can be through

electronic means such as email if specifically allowed for in the Notice of Procurement)

- b. comply with all pre-conditions (Rule 25) if any, or other conditions for participating in the contract opportunity.
- 3 Council **must not** penalise a supplier who submits a late response, if the delay is solely the Council's fault.
- 4 If, after opening the responses but before evaluating them, Council offers a supplier the opportunity to correct unintentional errors, it **must** offer the same opportunity to all participating suppliers.

## Rule 32

### Reasons to exclude a supplier

- 1 Council may exclude a supplier from participating in a contract opportunity if there is a good reason for exclusion. Reasons for exclusion include:
  - a. bankruptcy, receivership or liquidation
  - b. making a false declaration
  - c. a serious performance issue in a previous contract

- d. a conviction for a serious crime or offence
- e. professional misconduct
- f. an act or omission which adversely reflects on the commercial integrity of the supplier

- 2 Council **must** not exclude a supplier before it has evidence supporting the reason for the exclusion.



If it is discovered that the same errors appear in responses from different suppliers (eg misspelled words or the same mathematical mistakes), this may indicate that these suppliers have shared information (eg cut and paste from each other's responses) and may be acting anti-competitively.

For more examples, see the Commerce Commission fact sheet, How to recognise bid rigging, at: [www.comcom.govt.nz](http://www.comcom.govt.nz)



# Chapter 4

## Awarding the contract

# Awarding the contract

## Rule 33

### Awarding the contract

- 1 Council must, unless there is a legitimate reason to cancel the procurement, award the contract to the supplier/s that has both:
  - a. demonstrated that it fully understands and has the capability to deliver the requirements and meet the contract conditions, and
  - b. offered either the:
    - i. best value for money over the whole of the life of the goods, services or works (which isn't always the cheapest price), or
    - ii. lowest price, if price is the only criterion.
- 2 If a supplier offers a price that is substantially lower than other responses (an abnormally low bid), Council may seek to verify with the supplier that the supplier is capable of both:
  - a. satisfying all of the conditions for participation, if any, and
  - b. fully delivering all of the contract requirements (eg quality, quantity, time and location) and meeting all of the contract conditions for the price quoted.

## How are suppliers informed of procurement outcomes?



A **legitimate reason** to cancel a procurement could include a:

- Change of policy
- Change to an appropriation that affects funding for the initiative
- Council direction

Look out for **abnormally low bids**. An abnormally low bid may reflect a more efficient supplier or one that is willing to make an investment in the relationship by taking a lower margin on the contract. Such competitive responses should be encouraged but ensure a robust evaluation process to ensure that a low bid will not impact negatively on service delivery? Council should check an abnormally low bid with the supplier to make sure that the price is realistic and that the supplier can fully deliver the contract for that amount. If the supplier is unable to demonstrate this, Council may consider rejecting the bid. First, make sure the conditions have stated that the lowest price bid will not necessarily be accepted. An abnormally low bid could also be the result of the supplier taking advantage of its market power in breach of section 36 of the Commerce Act 1986. Report any such concerns to the Commerce Commission at: [www.comcom.govt.nz](http://www.comcom.govt.nz)

A bid that is substantially lower than other bids can sometimes be a sign that a cartel may be operating in the market. For examples see the Commerce Commission's fact sheet, How to recognise bid rigging, at: [www.comcom.govt.nz](http://www.comcom.govt.nz)

It's good practice to set out an indicative timeline for the procurement process in the Notice of Procurement. This should include the date that the evaluation process is expected to be completed. Suppliers then know when to expect to be notified of the outcome. Suppliers must be kept informed of any changes to key dates. When the successful supplier is selected, the unsuccessful suppliers must be informed.

## Rule 34

### Informing suppliers of the decision

- 1 After evaluating the responses and making the decision to award the contract to a particular supplier/s Council must promptly inform all of the unsuccessful suppliers in writing of this decision.





# Chapter 5

## Types of supply lists

# Supplier lists

There are a number of different types of supplier lists.

## Rule 35

### Types of supplier lists

- 1 If Council regularly purchases a specific type of good, service or works, it may establish a list of suppliers. Common types of lists include:
  - a. Registered Suppliers List (Rule 36)
  - b. Pre-qualified Suppliers List (Rule 37)



Where a **supplier list** has been established, do individual contract opportunities still need to be openly advertised?

Where Council establishes a **Registered Suppliers List** or **Pre-qualified Suppliers List**, it must still openly advertise (Rules 14 and 32) individual contract opportunities that meet or exceed the appropriate value threshold.

# What is a Registered Suppliers List?

A Registered Suppliers List is a list of suppliers who have registered an interest in supplying specific goods, services or works. When buying from a Registered Suppliers List where the estimated value of the contract meets or exceeds the relevant value threshold the contract opportunity must still be openly advertised on Tenderlink.

## Rule 36

### Registered Suppliers List

- 1 A Registered Suppliers List is a list of suppliers who have registered an interest in supplying specific types of goods, services or works.
- 2 A Registered Suppliers List is appropriate where Council wants to know which suppliers are active in the market supplying the specific type of good or service.
- 3 Where Council establishes a Registered Suppliers List it is not exempt from open advertising where a contract opportunity meets or exceeds the relevant value threshold (Rules 7 and 8). Council must openly advertise each such contract opportunity on Tenderlink.

### Establishing a Registered Suppliers List

- 4 To establish a Registered Suppliers List, Council must:
  - a. publish an Invitation to Register on Tenderlink (this is a type of Notice of Procurement)

- b. clearly describe the specific type of goods, services or works Council is interested in procuring
- c. make the Invitation to Register available on Tenderlink and allow suppliers to respond at specific deadline/s – typically annually.
- d. notify unsuccessful applicants promptly and, if requested, provide the reason/s why.

### Operating a Registered Suppliers List

- 5 To operate a Registered Suppliers List Council must:
  - a. keep an updated list of Registered Suppliers and make this publicly available on request, and
  - b. notify Registered Suppliers if the list is terminated or they are removed from the list. If Council removes a supplier from a list, it must explain why.



When a supplier is added to a **Registered Suppliers List** it does not result in a contractual or legal relationship between Council and the Registered Supplier.

Registered Suppliers have the potential to win contracts over time, but they are not guaranteed any work.

# What is a Pre-qualified Suppliers List?

A Pre-qualified Suppliers List is a list of suppliers that Council agrees have the capacity to deliver specific goods, services or works. When procuring from a Pre-qualified Suppliers List, where the estimated value of the contract meets or exceeds the value threshold, the contract opportunity must still be openly advertised on Tenderlink. However, Pre-qualified Suppliers do not need to provide their non-price and non- contract specific attribute information for each new contract opportunity.

## Rule 37

### Pre-qualified Suppliers List

- 1 A Pre-qualified Suppliers List is a list of suppliers who Council has pre-approved as capable of delivering specific types of goods, services or works.
- 2 A Pre-qualified Suppliers List is appropriate if Council wants to:
  - a. verify which suppliers can deliver specific goods, services or works
  - b. make it easier for suppliers to respond to contract opportunities by only asking for qualifying information once.
- 3 Where Council establishes a Pre-qualified Suppliers List it is not exempt from open advertising where a contract opportunity meets or exceeds the relevant value threshold (Rules 7 and 8). Council must openly advertise each contract opportunity on Tenderlink.  
Pre-qualified Suppliers should make sure that they are listed on Tenderlink under the correct Tender

### Establishing a Pre-qualified Suppliers List

4 To establish a Pre-qualified Suppliers List Council must:

- a. publish an Invitation to Qualify on Tenderlink and make it available for suppliers to respond by specific annual deadline/s. The Invitation to Qualify must include:
  - i. Council's name and address and contact details for the person managing the process
  - ii. a clear description of the specific goods, services or works potential suppliers must be capable of delivering
  - iii. a list of any conditions and attributes that each supplier must meet to participate and explain how Council will check each supplier meets the conditions
  - iv. state how long the list will be active for and how it will be refreshed or terminated
- b. assess applicants within a reasonable timeframe and add qualifying suppliers at the end of each annual cycle
- c. notify unsuccessful applicants promptly and, if requested, provide the reason/s why.

### Operating a Pre-qualified Suppliers List

5 To operate a Pre-qualified Suppliers List Council must:

- a. keep an updated list and make this publicly available on request
- b. notify Pre-qualified Suppliers if the list is terminated or they are removed from the list. If Council removes a supplier from a list it must explain why.



When a supplier is added to a Pre-qualified Suppliers List it does not result in a contractual or legal relationship between Council and the Pre-qualified Supplier.

To qualify as Pre-qualified Supplier, the supplier must demonstrate that it can meet the criteria for delivering the goods, services or works. A Pre-qualified Supplier may still need to meet other evaluation criteria each time Council wishes to purchase goods, services or works the supplier has qualified to deliver.

Pre-qualification is not the same as multi-step procurement (eg Registration of Interest followed by a Request for Proposal). There is no specific contract in mind when suppliers pre-qualify. Pre-qualified Suppliers have the potential to win contracts over time, but are not guaranteed any work.

### Method of allocation of contracts

- 6 The Notice of Procurement must outline the method/s that Council will use to select suppliers

when a contract opportunity arises. The method/s should be appropriate for the nature of the goods, services or works and the anticipated volume of work.

- 7 Accepted selection methods for secondary procurement processes include:
  - a. **Lowest Price Conforming** Ask for quotes from suppliers and award the opportunity to the supplier who offers the lowest price
  - b. **competitive quotes based on the supplier's expertise's, proposed solution and best value for money.** Ask for quotes from some or all Panel Suppliers and award the opportunity to the supplier who has the right level of expertise, can offer the best value for money, which isn't always the cheapest price, and deliver on time
  - c. **Direct source, based on the best fit for purpose** Fair evaluation of all Suppliers and selection of the supplier who has the right capacity and capability to fulfill the contract opportunity and offers the best value for money, which isn't always the cheapest price, at the time of the purchase





# Chapter 6

## Other Rules you need to know

# There are other requirements that Council should consider.

## Rule 38

### All-of-Government Contracts (AoGs)

- 1 An All-of-Government contract (AoG) is a type of approved collaborative contract. AoGs establish supply agreements with approved suppliers for selected common goods or services purchased across a wide range of government and quasi government agencies. AoGs are developed under the oversight of the Procurement Functional Leader (Chief Executive of MBIE) and managed by appointed procurement Centres of Expertise.
- 2 Council may purchase from the AoGs, if it is commercial advantageous to do so.
- 3 Before approaching the market, Council should check if there is an existing AoG which is available.



For more information on the categories of goods and services available and how to buy from AoG contracts, see: [www.procurement.govt.nz](http://www.procurement.govt.nz)

of Government Contract and Council may purchase through an MWLASS procurement opportunity if it is commercially advantageous to do so.

### Rule 39A

#### Section 17A Review (LGA 2002)

1 Council is required to complete a periodical service delivery review under section 17A of the Local Government Act (2002). The outcome of any given service delivery review may specify the continuation of an existing contractual arrangement with a private entity or collaboration with another Local Authority or Central Government Department. In this case, the intent of Rule 11 (Opt-Out Procurement) would be applied to implement the S17A review outcome.



For more information about Syndicated Contracts and the process of obtaining approval, see MBIE's Guide to Syndicated Procurement, at: [www.procurement.govt.nz](http://www.procurement.govt.nz)

## Rule 39

### Syndicated Contracts

- 1 A Syndicated Contract (SC) is a type of approved collaborative contract. SCs typically involve a cluster of Councils aggregating their respective needs and collectively going to market for common goods, services or works. It may involve Councils anticipating collaboration and including a Common Use Provision (CUP) clause within the resulting contract, that allows other Councils to contract with the supplier on the same terms later.

The Manawatu-Wanganui Local Authority Shared Service (MW LASS) is one local example of a cluster of Councils which is active in seeking opportunities for collaborative procurement. The purchase of goods and services that have been negotiated by the MW LASS are treated in the same way as an All

## Rule 40

### Intellectual Property

- 1 If Council's procurement of goods, services or works involves the supplier creating new Intellectual Property, Council must set out, in its Notice of Procurement, its intentions regarding ownership, licensing, and future commercialisation of that Intellectual Property.



It's important to consider if new Intellectual Property will arise in a contract and to explicitly set out Council's expectations about ownership and licensing in your Notice of Procurement. This provides clarity for suppliers at an early stage and potentially reduces expense and time later on negotiating ownership and licensing.

Alternatively, suppliers can be asked to state in their responses their assumptions about any anticipate new IP.



# Audit and Risk Committee

Meeting of 22 May 2018

Business Unit: Corporate and Regulatory

Date Created: 7 May 2018

## Quarterly Report to 31 March 2018

### Purpose

To provide a summary to 31 March 2018 of the Council’s performance against 2017/18 Annual Plan.

### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

### Recommendations

That the Audit and Risk Committee recommends:

That the Council receives the Third Quarter Report and the Capital Expenditure Report for the period ended 31 March 2018.

Report prepared by:  
Colleen Morris  
Chief Financial Officer

Approved for submission by:  
Shayne Harris  
General Manager - Corporate and Regulatory

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū – the best rural lifestyle in New Zealand*

Manawatū District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.	The Manawatū will attract and retain residents.	Manawatū district develops a broad economic base from its solid foundation in the primary sector.	Manawatū and its people are connected via quality infrastructure and technology.	Manawatū’s built environment is safe, reliable and attractive.	Manawatū District Council is an agile and efficient organisation.
					✓

## **2 Background**

- 2.1 Quarterly governance reports provide interim updates towards end of year results to be published in the Annual Report 2017/18. The Annual Report accounts for how Council performed against the 2017/18 Annual Plan and the non-financial measures included in the third year of the 2015-25 Long Term Plan. The reports summarise Council's financial performance, progress on capital projects, levels of service performance and reasons for significant differences from what was planned.

## **3 Discussion and Options considered**

- 3.1 This report is for information purposes. Any matters that require resolution would be reported separately to Council.

## **4 Operational Implications**

- 4.1 There are no capital or operating expenditure implications, or maintenance costs associated with this paper.

## **5 Financial implications**

- 5.1 Any financial implications would be reported separately to Council.

## **6 Statutory Requirements**

- 6.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002.

## **7 Delegations**

- 7.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for financial reporting, including the following:
- long term planning including the financial strategy;
  - appropriateness of accounting policies;
  - annual report; and
  - internal report (monthly and/or quarterly).

## **8 Consultation**

- 8.1 There are no consultation requirements associated with this matter.

## **9 Cultural Considerations**

- 9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

- 10.1 The quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Annual Plan and the Long Term Plan

## **11 Attachments**

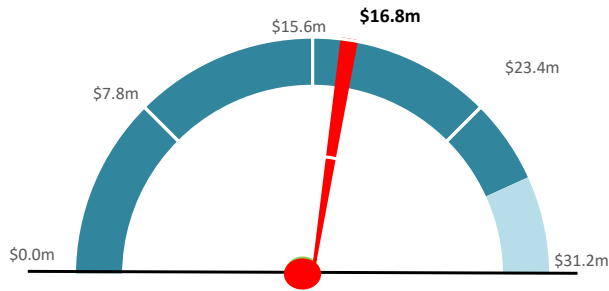
- Quarter Three Report
- Capital Expenditure Report for the period ended 31 March 2018

# Key Indicators

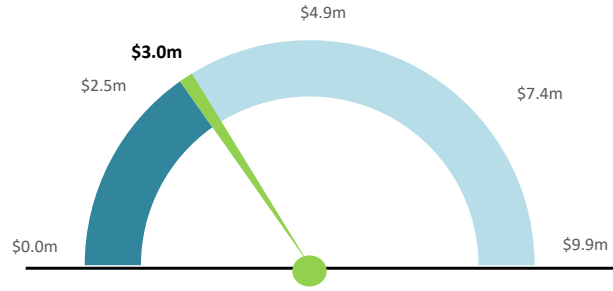
For the period ended 31 March 2018



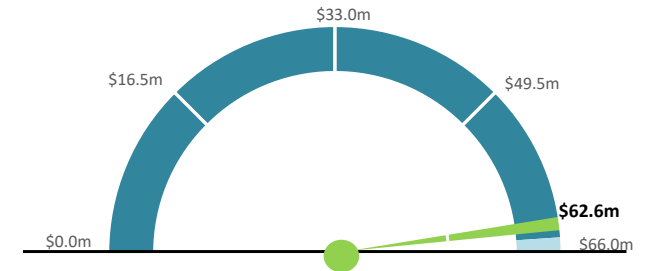
### Capital Expenditure



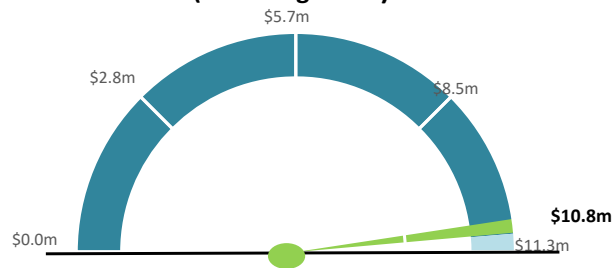
### Loans Raised (excluding refinancing loans)



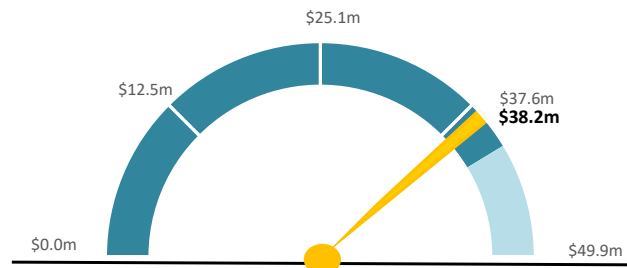
### Total External Debt



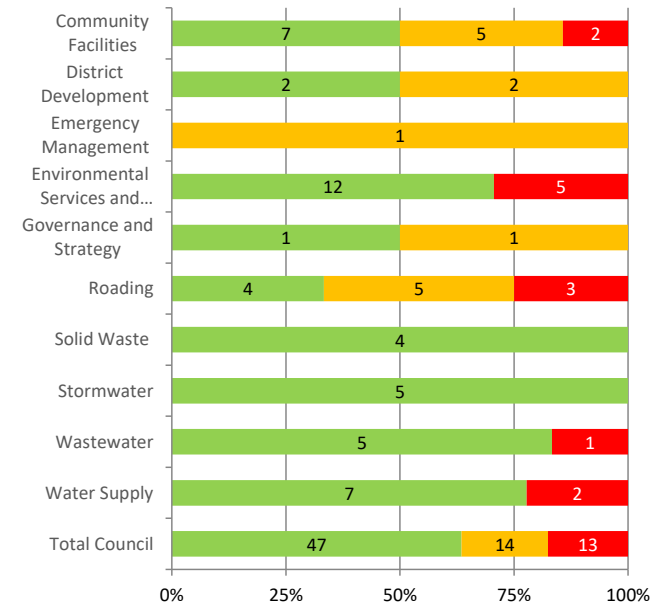
### Total Operating Revenue (excluding rates)



### Total Operating Expenses



### Key Performance Indicators



#### Key

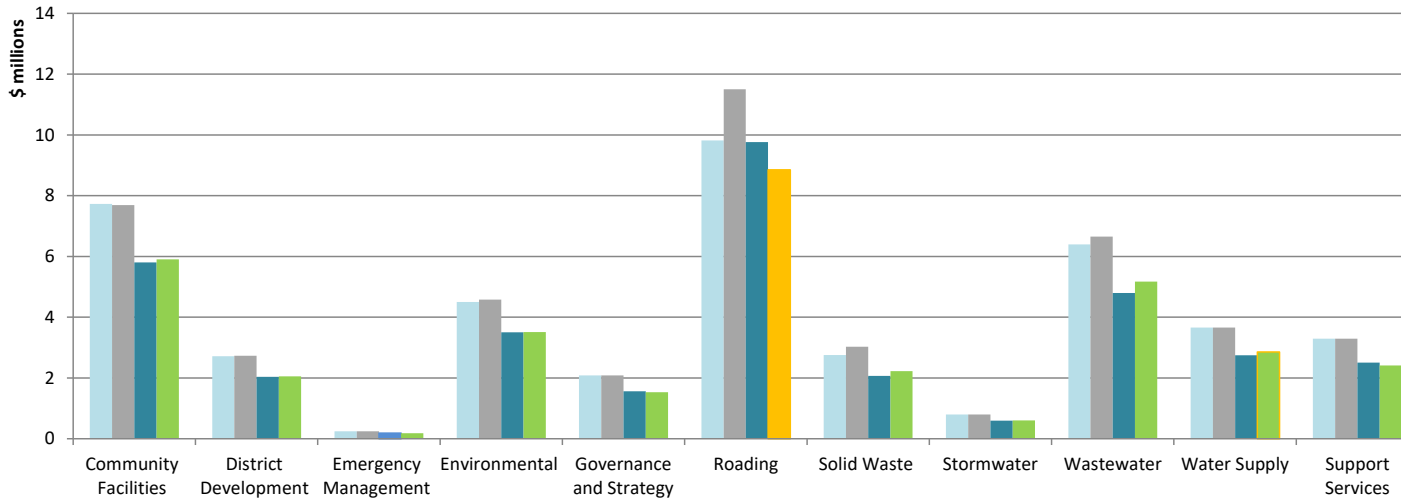
■ Annual Plan   
 ■ YTD Budget   
 ■ Actual - On Track   
 ■ Actual - Needs Monitoring   
 ■ Actual - Not achieving

# Overall Council Summaries

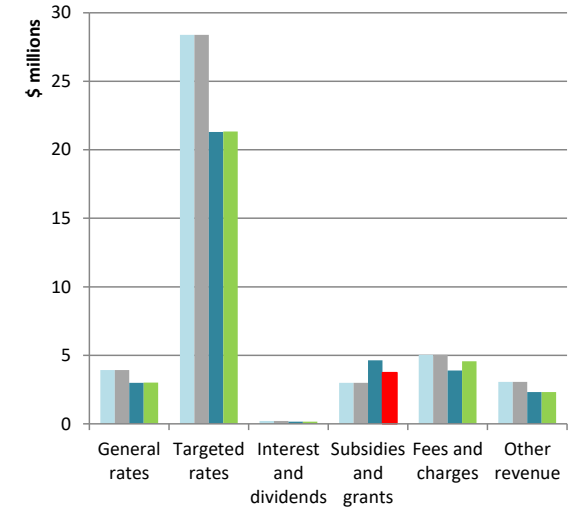
For the period ended 31 March 2018



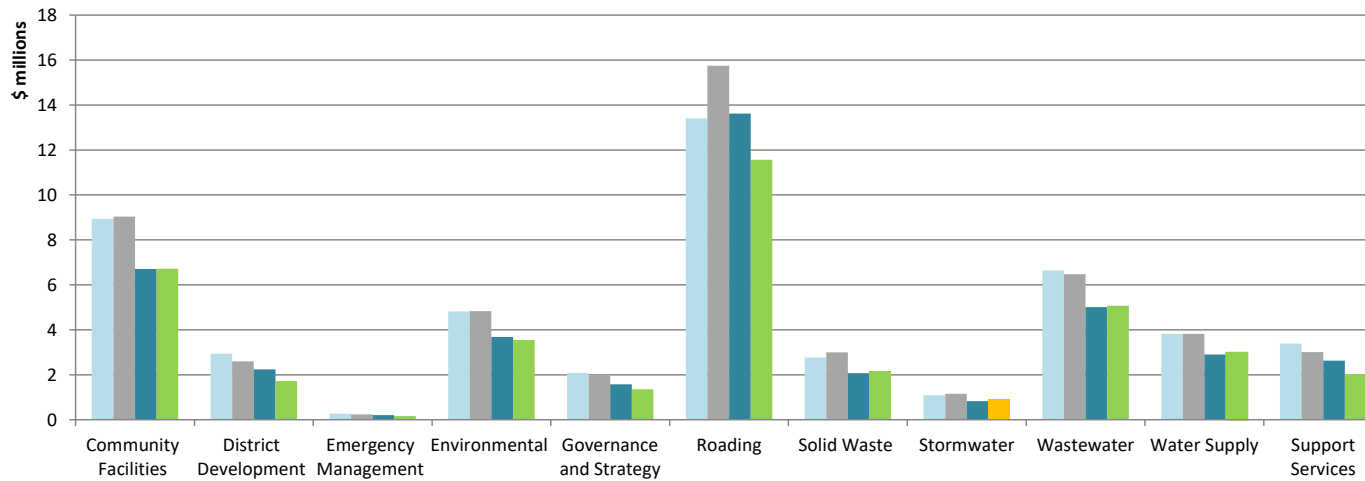
### Operating Revenue - by activity



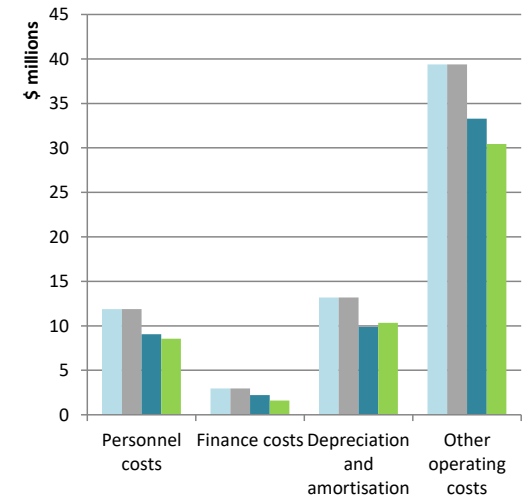
### Operating Revenue - by type



### Operating Expenditure - by activity



### Operating Expenditure - by type



#### Key

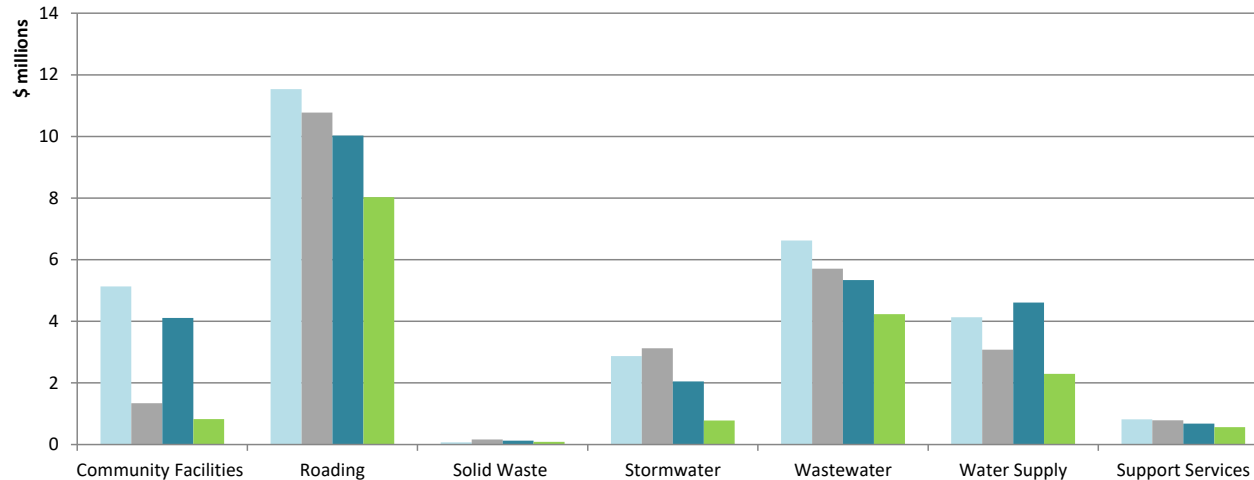
■ Annual Plan   
 ■ Year End Forecast   
 ■ YTD Budget   
 ■ YTD Actual - favourable OR unfavourable < 5% budget   
 ■ YTD Actual - unfavourable 5-15% budget   
 ■ YTD Actual - unfavourable > 15% budget

# Overall Council Summaries

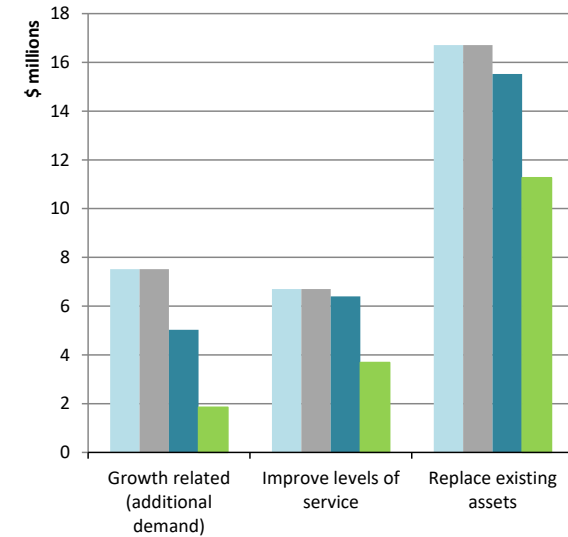
For the period ended 31 March 2018



### Capital Expenditure - by activity

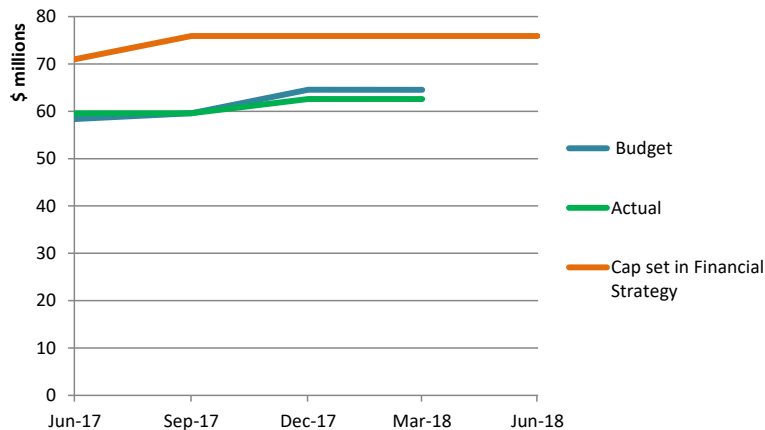


### Capital Expenditure - by type

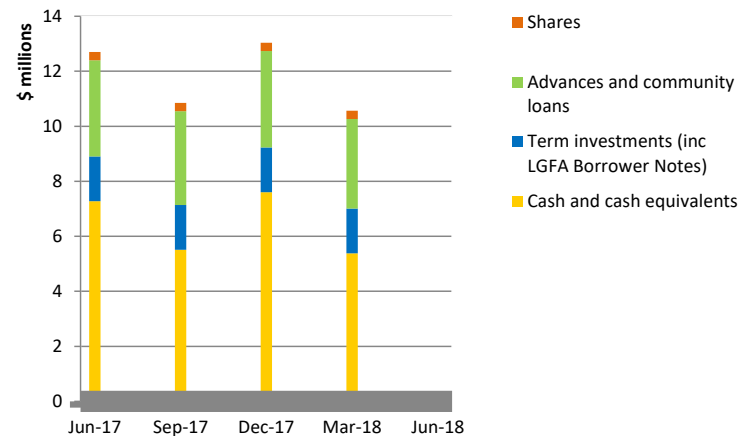


■ Annual Plan 
 ■ Year End Forecast 
 ■ YTD Budget 
 ■ YTD Actual - favourable OR unfavourable < 5% budget 
 ■ YTD Actual - unfavourable 5-15% budget 
 ■ YTD Actual - unfavourable > 15% budget

### External Borrowings



### Investments - by type



#### Comments:

There was a breach in the Investment Policy in July. An early receipt of an NZTA claim caused the ratio of funds held with our transactional bank to exceed 40%.

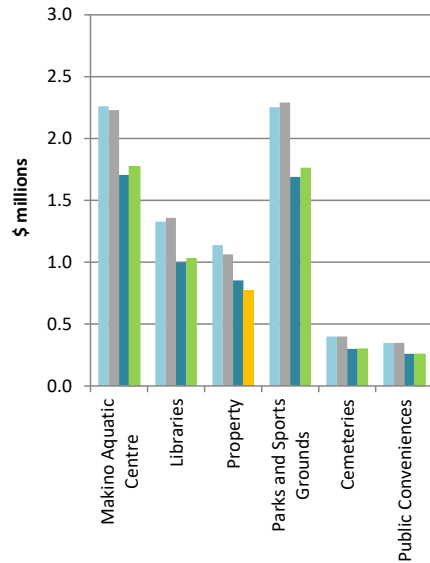
In December 2017 Council borrowed \$8m of which \$5m was used to finance retiring debt.

# Community Facilities

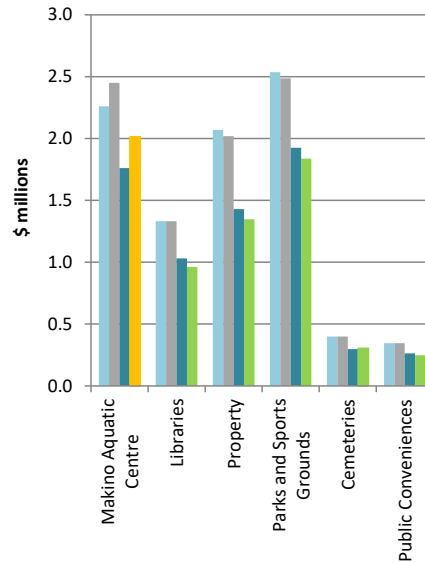
For the period ended 31 March 2018



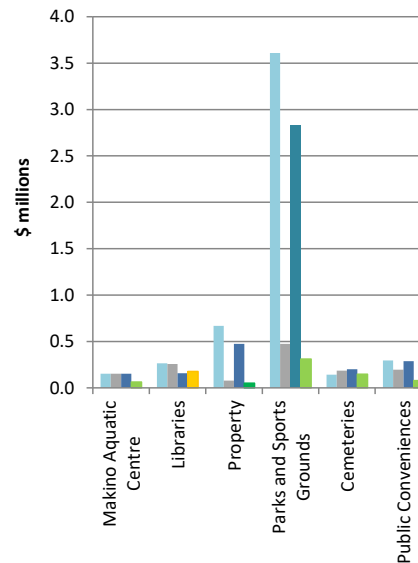
### Operating Revenue



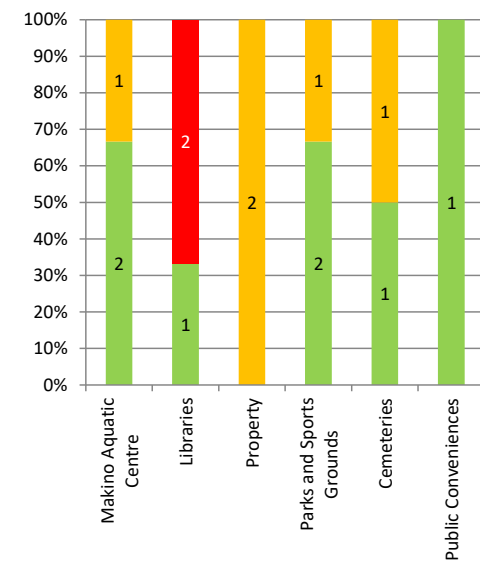
### Operating Expenditure



### Capital Expenditure



### Key Performance Indicators



Revenue is from rates and user fees and charges.

Makino swim school revenue is 18% behind budget but is expected to meet year end target. Makino general admission revenue is up 17% due to the busy summer period.

Rental relief has reduced income by \$64k for the Feilding Depot. Rental relief will be reviewed before the end of the financial year.

Makino Aquatic Centre - Opening the outdoor pool earlier than planned and increasing levels of service on other pools to meet PoolSafe requirements has resulted in increased staffing, energy, chemical and cleaning costs. Makino expenditure is ahead of budget, due to busy summer season and additional casual staff required. Forecast year end spending will be ahead of budget but we are looking at staff efficiencies in the fourth quarter.

Finance costs are lower than the forecast due to loan funded projects (mainly Greenspine Park and the South Street development property) being delayed.

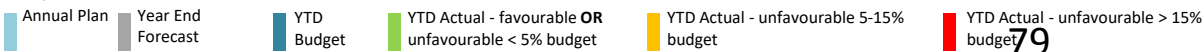
The capital expenditure report contains the progress of individual projects.

Makino Aquatic Centre - The customer survey has not yet been carried out. The total number of programme participant (49,425) far exceeds the annual target. PoolSafe accreditation has successfully be re-attained.

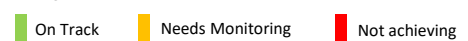
Library - There were 6.45 issues per capita and we do not expect to reach the target of 12 by the end of the year. The Library has hosted 858 programmes/events (target 920), however participation numbers are only 10,865 (target 20,200). The target for participant numbers is unlikely to be achieved at year end. Participant numbers at events have purposefully been reduced to mitigate issues that arose last year due to the diverse programmes and needs of user groups.

(Continued on page 15)

#### Key

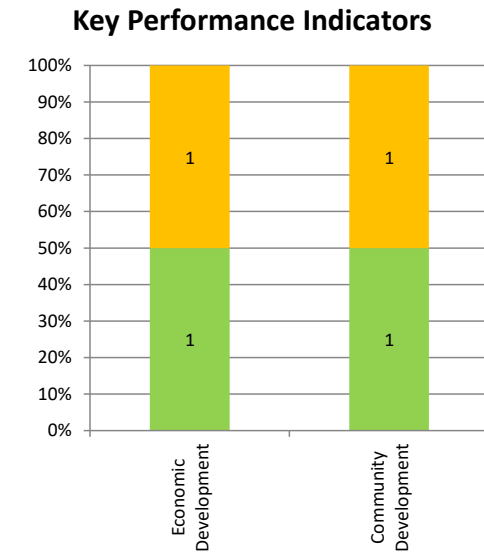
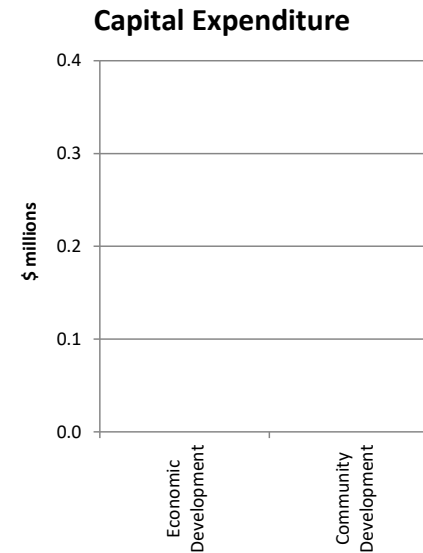
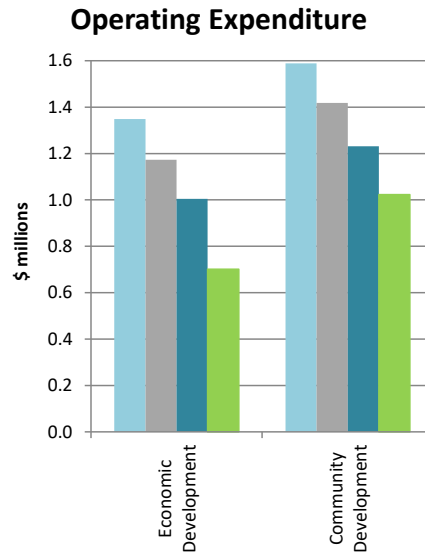
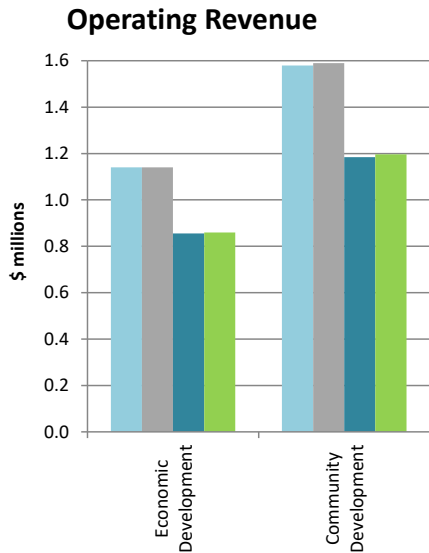


#### Key



# District Development

For the period ended 31 March 2018



Income is primarily from rates.

There are some timing differences on contract payments but these are contracted amounts and will catch up by year end.

The \$175k difference is due to postponing the Ultra Fast Broadband project (Turners Road). The community funding round was completed in March 2018, carry forwards to be requested included community projects \$70k, community committee fund of \$75k, Palmerston North to Feilding cycleway \$26k.

There is no capital expenditure for this activity.

Economic Development - Monitoring reports from Economic Development funded agencies have been received. The Central Economic Development Agency's (CEDA) latest six month report and draft Statement of Intent were received by both Manawatu District Council and Palmerston North City Council in March 2018.

Customer's satisfaction with economic development services has increased from 64% to 77% (target 80%).

Community Development - The customer survey has not yet been carried out.

## Key

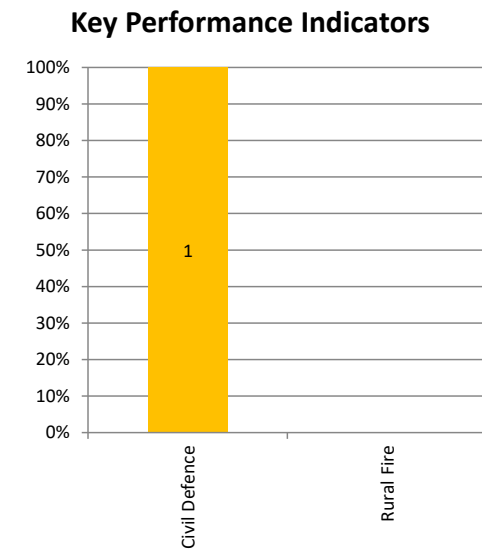
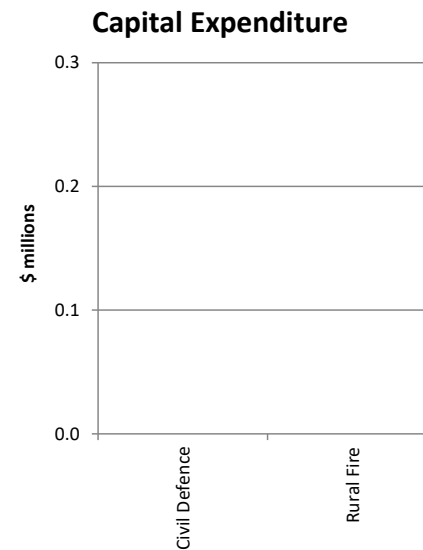
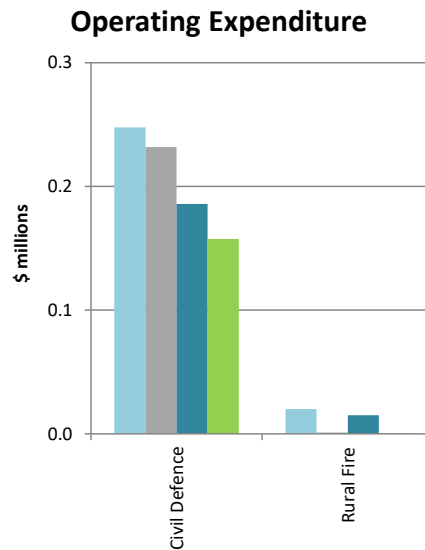
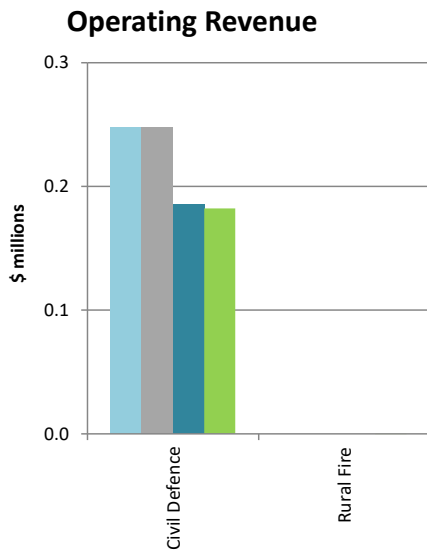
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

- On Track
- Needs Monitoring
- Not achieving

# Emergency Management

For the period ended 31 March 2018



Income is primarily received through rates.

The Civil Defence budget includes a small allowance for unexpected events. No such events have occurred this year.

The difference is due to a revised contract with our service provider, Horizons. The new contract took effect in September 2017. Small allowance in budget for transition costs for residual Rural Fire activities.

There is no capital expenditure planned for this activity.

Civil Defence - The community satisfaction survey is yet to be completed.

## Key

- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

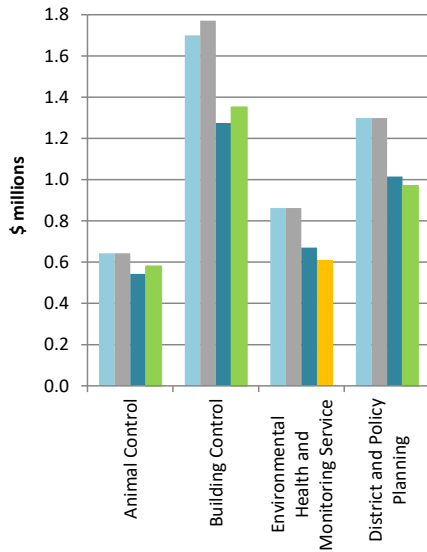
- On Track
- Needs Monitoring
- Not achieving

# Environmental Services and Monitoring

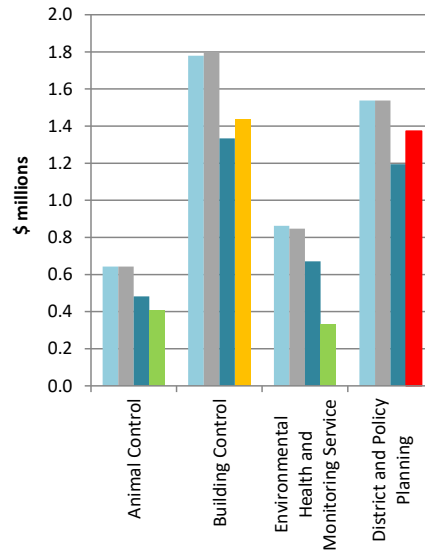
For the period ended 31 March 2018



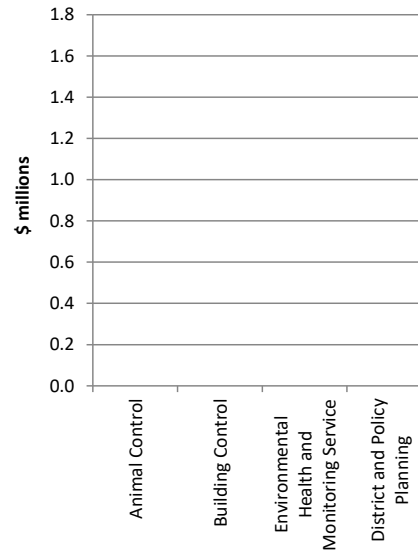
### Operating Revenue



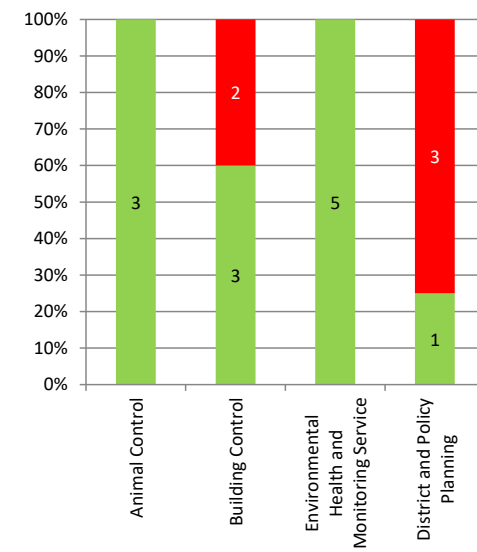
### Operating Expenditure



### Capital Expenditure



### Key Performance Indicators



Building inspections are \$68k ahead of budget. This trend is expected to continue for the rest of the financial year.

Dog infringements are \$13k higher than budgeted. Registrations are complete except for new dogs.

The compliance shared service revenue is down as the expected level of work was not provided by PNCC.

Building Control - Additional expense of \$43k was incurred on building consultants due to the increased number of applications. This is offset by increased building control revenue.

The District Plan project spending is \$135k behind budget but the revised work programme will catch this up in the fourth quarter. The annual budget for the year won't be exceeded.

Due to more accurate timesheet recording, costs have shifted from Environmental Health and Monitoring to Consent Planning.

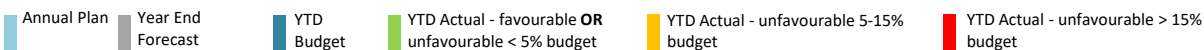
There is no capital expenditure planned for this activity.

Animal Control - To date there were 113 priority 1, 180 priority 2 and 593 priority 3 requests received. The target of responding to 90% of requests within the agreed timeframes was achieved.

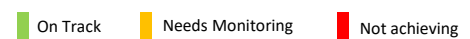
Building Control - Continued growth is resulting in an increase of applications received. A total of 449 building consents, 568 code of compliance certificates and 210 fast track building consents have been issued. Of these 69%, 95% and 86% respectively were issued within the targeted timeframe which is an improvement from last quarter. (target is 100%).

(Continued page 15)

### Key



### Key

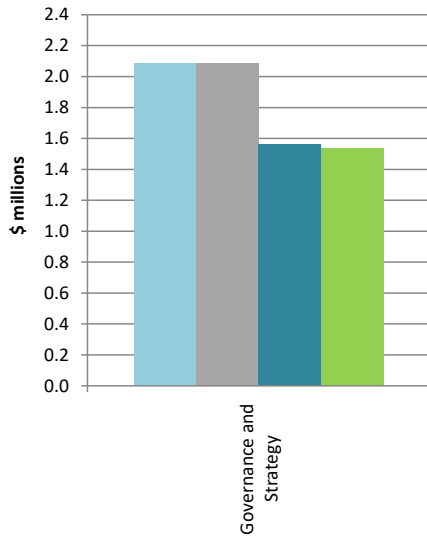


# Governance and Strategy

For the period ended 31 March 2018

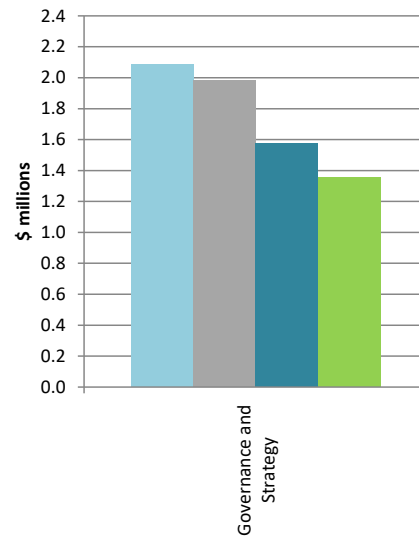


### Operating Revenue



Income is received through rates.

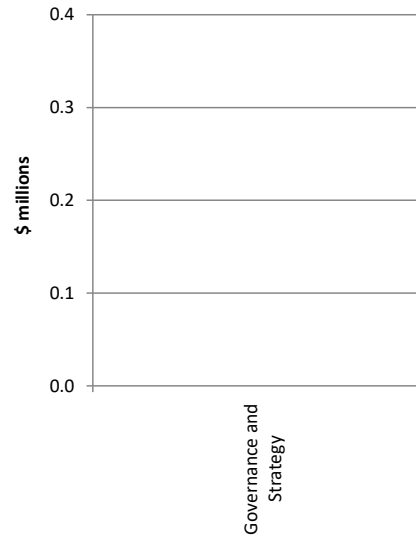
### Operating Expenditure



Unbudgeted Maori Representation Poll costs to date are \$10k.

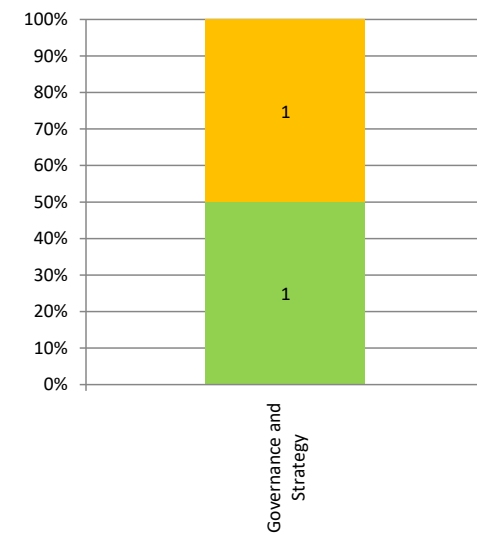
Payments to Councillors (conference expenses, other remuneration) are lower than budgeted but spending on Councillor training courses in the last quarter is forecast to meet annual budget.

### Capital Expenditure



There is no capital expenditure planned for this activity.

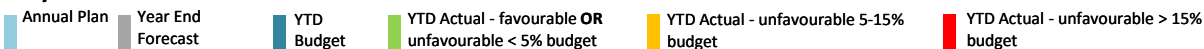
### Key Performance Indicators



There have been no breaches of the rating or debt limits set in the financial strategy. The limit for rates increases for the 2017/18 year is 5.9% with a planned 3.9% increase in the Annual Plan. Actual rates revenue is in line with the budget. The borrowing limit for the 2017/18 year is \$76m with \$66m planned in the Annual Plan. Actual borrowing to date is \$62.6m with no further borrowing forecast this year.

The customer survey is yet to be carried out.

#### Key



#### Key

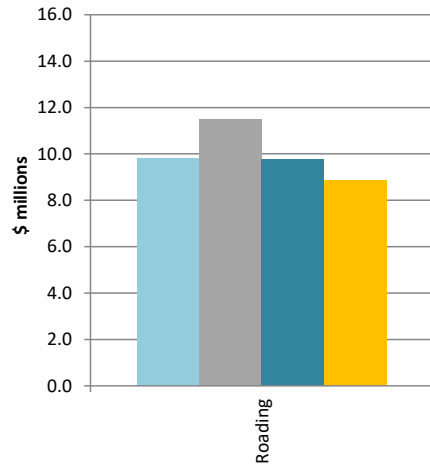


# Roading

For the period ended 31 March 2018



### Operating Revenue

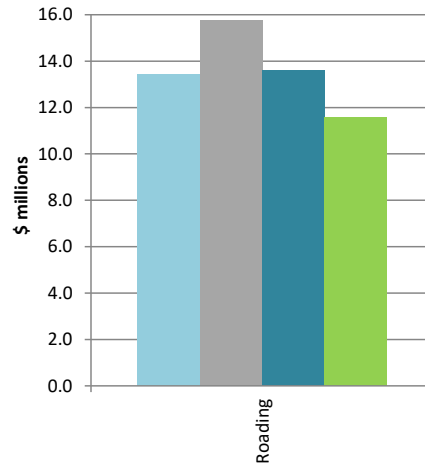


Revenue is received through rates and NZTA subsidy.

The increased subsidy is a result of the increased expenditure for repairs caused by Cyclone Debbie in May 2017 and the July 2017 storm.

Revenue is behind budget, due to savings from the initial emergency works estimate included in the budget. \$1.358m in savings have been made on emergency works through value engineering. The total NZTA subsidy received will be reduced by approximately \$1m as a result.

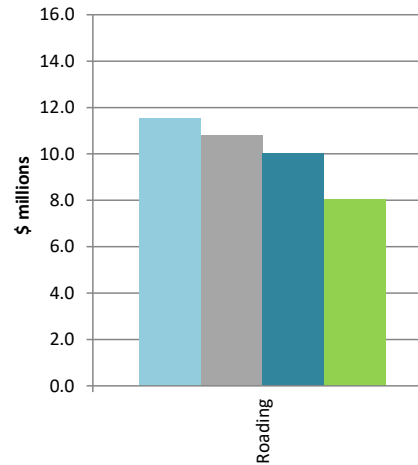
### Operating Expenditure



Initial estimate of \$2.2m work caused by the July 2017 storm event, part of which will be subsidised by NZTA.

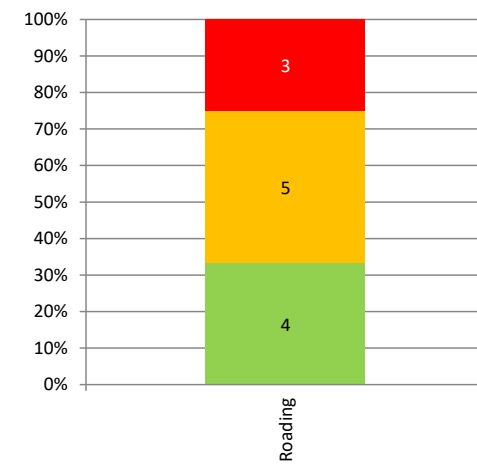
Construction methods were reviewed after initial assessment and the cost estimate reduced. NZTA emergency works programme has been reconciled and \$1.358m of budget has been declared surplus. Work programme will be reviewed again in April 2018.

### Capital Expenditure



The capital expenditure report contains the progress of individual projects.

### Key Performance Indicators

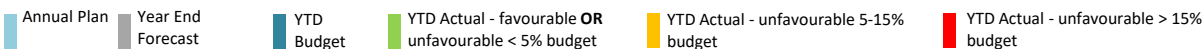


Crash data shows there have been 5 fatalities and 10 serious injury crashes. This is an increase on the prior year.

The measures 'not met' relate to achieving the agreed response times 90% of the time:  
 - 85% of contracted service personnel were on site for urgent requests within one hour. The contract specification for this is two hours.  
 - 73% of non-urgent requests were responded to, acknowledged and resolved within five days of receipt. Under the contract non-urgent works are programmed for repair within three months or as instructed by Council.

Customer surveys and the Smooth Travel Exposure index and footpath condition rating have yet to be completed.

## Key



## Key

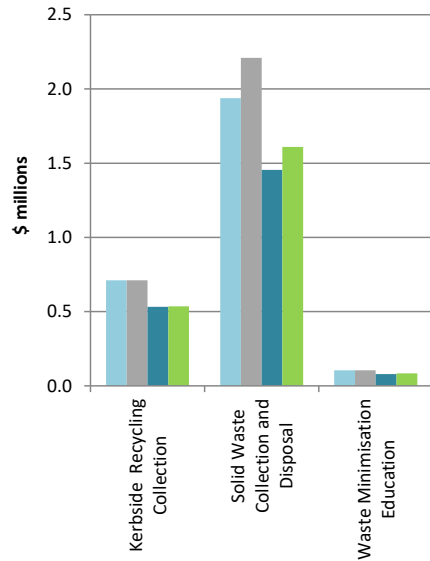


# Solid Waste

For the period ended 31 March 2018



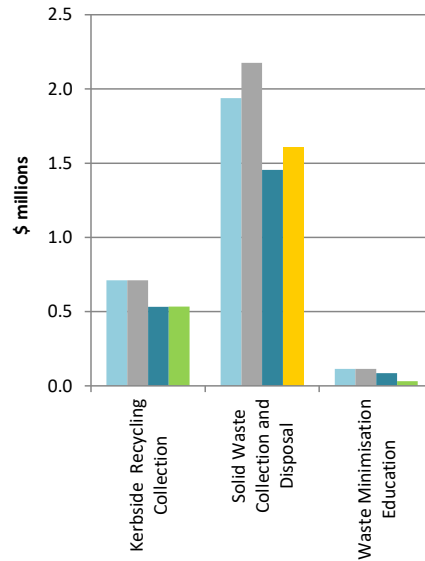
### Operating Revenue



Revenue is primarily from rates, gate takings at the transfer station and blue bag sales.

Transfer Station gate takings (\$59k) and Refuse Bags (\$39k) are ahead of budget. This trend is expected to continue.

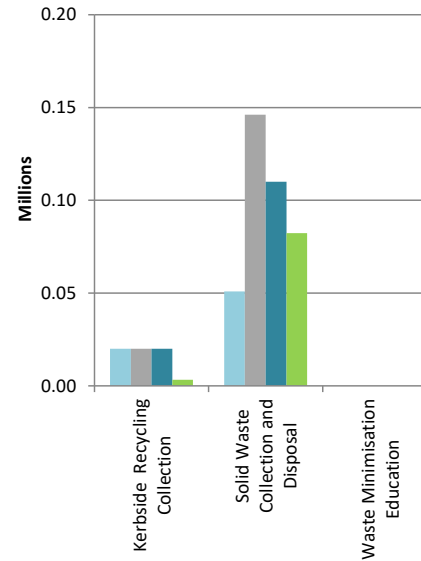
### Operating Expenditure



Increased disposal costs, which are offset by extra Transfer Station gate takings and Refuse Bag revenue, will be ahead of budget for the year.

All other expenditure is forecast to meet the annual budget.

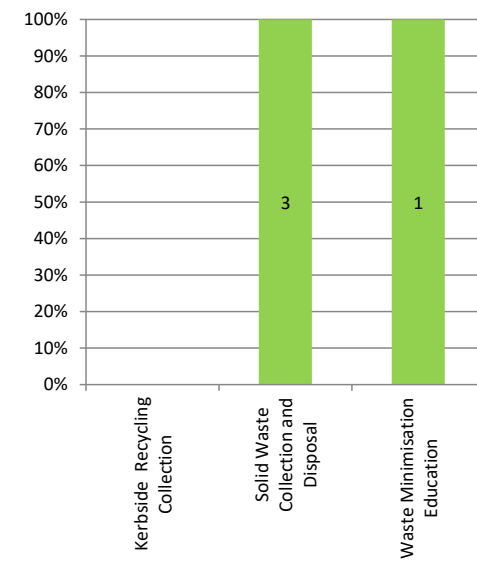
### Capital Expenditure



The capital expenditure report contains the progress of individual projects.

\$100k was brought forward from the 2018/19 year for the design work for the Resource Recovery Centre.

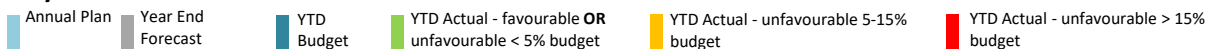
### Key Performance Indicators



All targets have been met.

A survey was sent out to all rural properties to gauge support and interest in what is being, and can be done to assist farmers to recycle farm plastics. A meeting was held with 3R and neighbouring councils to forward plan removal of toxic agrichemicals.

#### Key

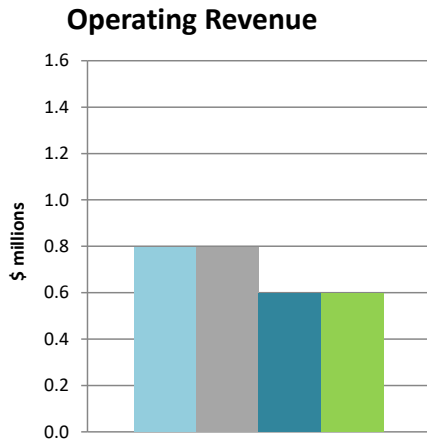


#### Key

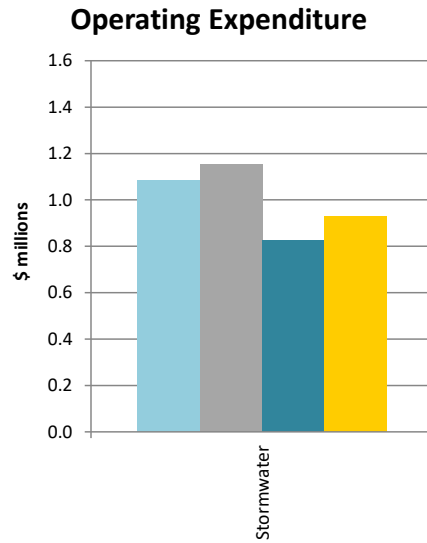


# Stormwater

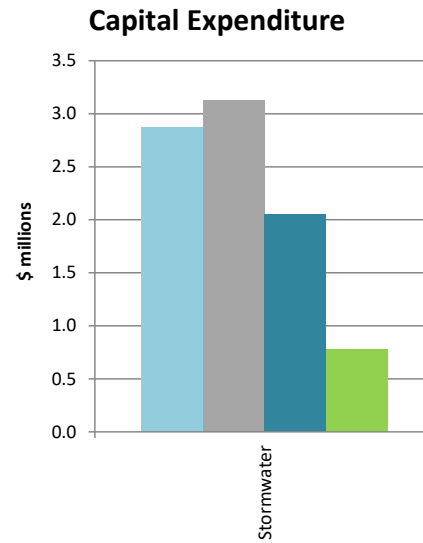
For the period ended 31 March 2018



All revenue is sourced from rates.

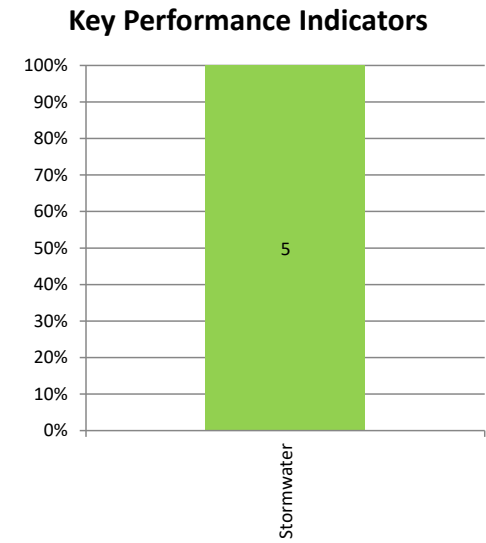


Operational expenditure is expected to meet year end target.



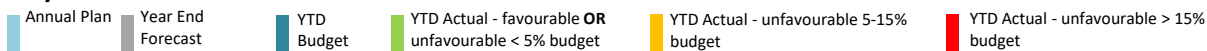
The capital expenditure report contains the progress of individual projects.

Design work for the Feilding growth works is under way and the project is on track.



All targets have been met.

## Key

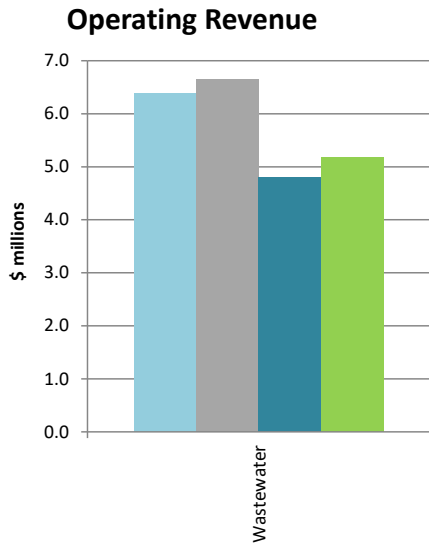


## Key



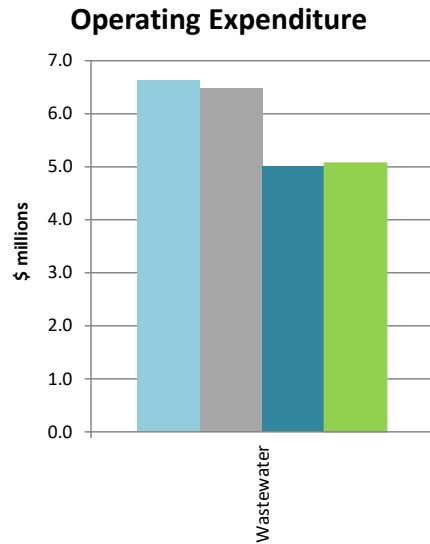
# Wastewater

For the period ended 31 March 2018

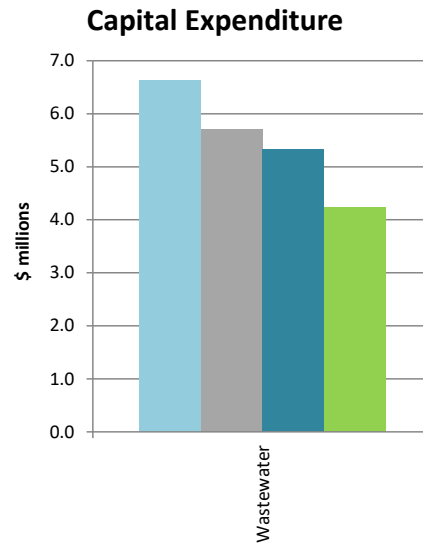


Revenue is from rates, trade waste charges and volumetric charges.

Trade waste charges are ahead of budget and this trend is expected to continue for the rest of the year.



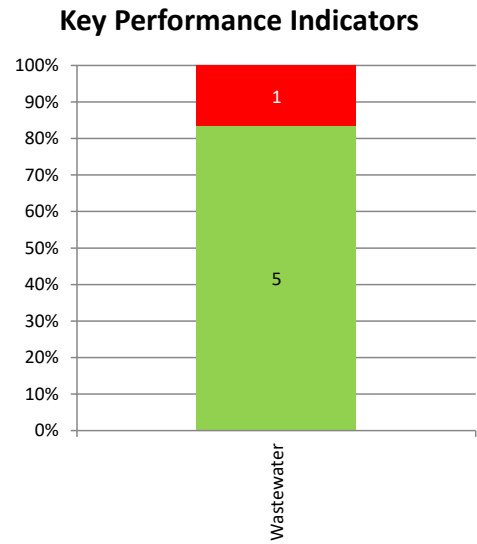
Operational spend is expected to meet year end target.



The capital expenditure report contains the progress of individual projects.

Feilding Wastewater Treatment Plant works are on schedule, Sanson works are on hold pending the outcome of the centralisation proposal.

The forecast reflects the carry forward expenditure made subsequent to the Annual Plan process.



An Infringement Notice was received for exceeding Soluble Inorganic Nitrogen (SIN) consent limits for the in-pipe standard at the Feilding WWTP. To minimise any future non-compliance. Council has responded to Horizons with a SIN removal strategy and management plan as part of the land based irrigation project.

There were no further dry weather overflows or wet weather overflows this quarter.

There have been 28 total complaints received this year - odour (3), systems fault (13) and blockages (12). If this trend continues then complaints will be below targeted maximum.

## Key

- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

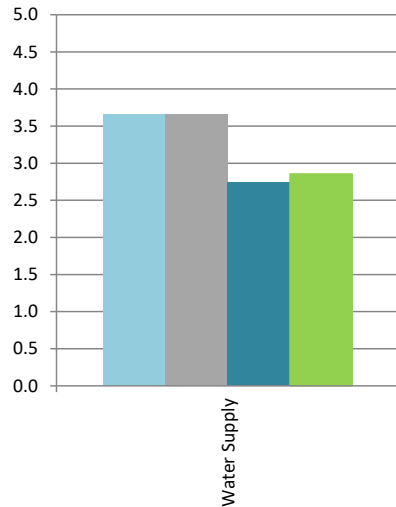
- On Track
- Needs Monitoring
- Not achieving

# Water Supply

For the period ended 31 March 2018



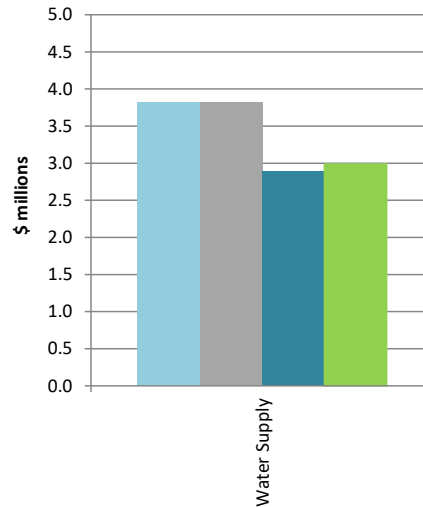
**Operating Revenue**



Revenue is from rates and metered water.

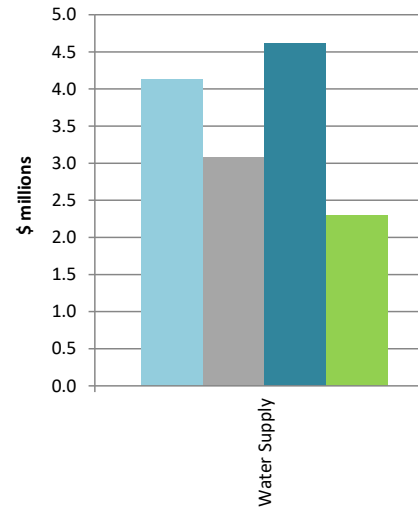
The budget includes \$210k subsidy for improvements to the Sanson scheme. This subsidy has not yet been invoiced to Ministry of Health. Claim is due to be completed in June 2018.

**Operating Expenditure**



Operational spend is expected to meet year end target.

**Capital Expenditure**

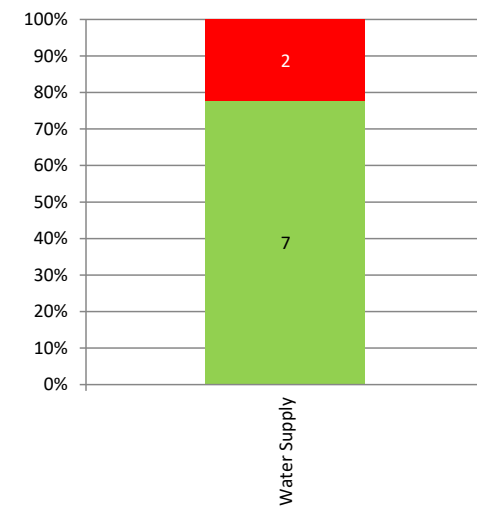


The capital expenditure report contains the progress of individual projects.

A number of projects have been carried forward from last financial year. These include Feilding treatment plant renewals and the Sanson storage and treatment new works. This is reflected in the forecast figures.

The physical works programme is subject to the outcome of a new Water Strategy investigation.

**Key Performance Indicators**



Protozoal compliance has not been met at Feilding, Stanway-Halcombe and Sanson. There are projects underway/planned to upgrade Sanson and Stanway-Halcombe to achieve protozoal compliance. The Feilding Plant had technical non-compliance for bacterial during a 3 minute period during one day this quarter. However, all samples showed water was safe to drink (no positive e-coli results).

There have been 78 complaints received between 1 July and 31 March 2017 - odour (5), pressure (11), clarity (22), taste (11) and continuity of supply (29). If this trend continues the number of complaints will be less than the targeted maximum.

**Key**

- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

**Key**

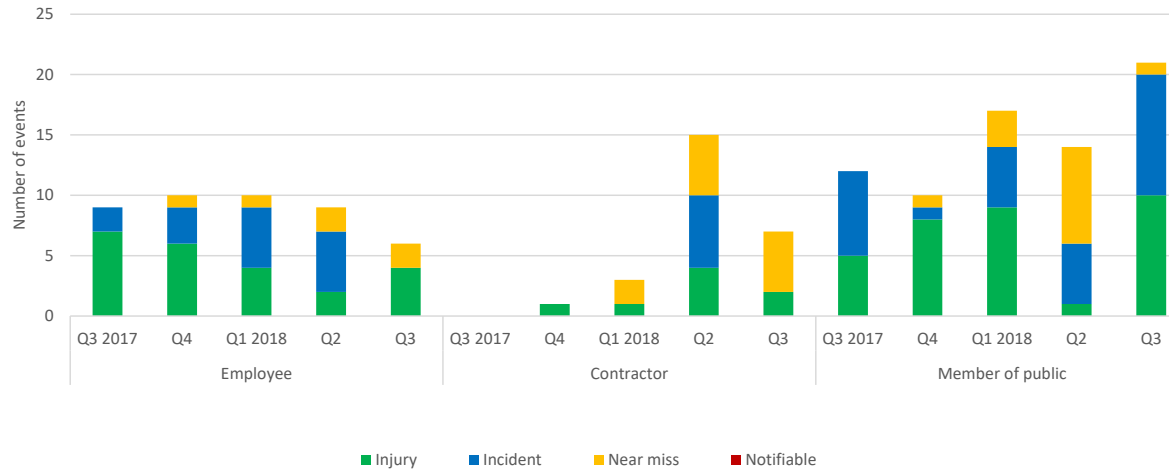
- On Track
- Needs Monitoring
- Not achieving

# Health and Safety

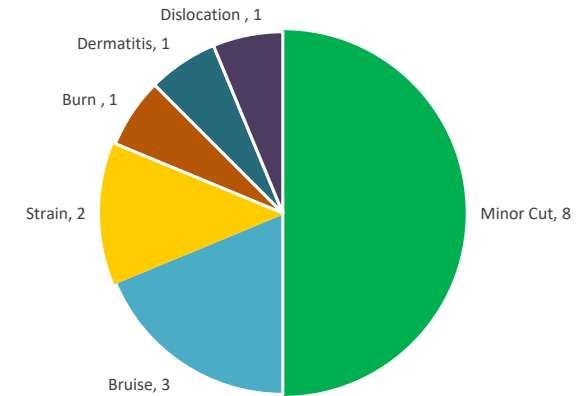
For the period ended 31 March 2018



## Events reported



## Injury type for the quarter



### Notifiable events this quarter

Notifiable: 0 Not Notifiable: 34

### Significant incidents this quarter

7 trespass notices were issued by the Police following aggressive or unruly behaviour.

### Lost time (days) year to date



### Communication and education

Sun safety myths - working in the sun; summer safety; tired or just fatigued; sun strike.

### Training and inductions

5 new staff inductions; advanced driver training Manfeild; four-wheel off road driver training; wheels, rollers and tracks training; confined space and gas detection refresher; MDC induction day; dealing with difficult people and situations; emergency management introduction; Child protection training.

### Risk register update

Summer safety time for you and your dog; health and safety notice board.

### Wellness initiatives

hepatitis vaccinations;  
9 workstation assessments;  
drug and alcohol testing;  
7 lung function testing.

### Rolling year injuries

Abrasion	9
Bleeding nose	3
Bruise	9
Burn (chemical)	2
Burn/scold	1
Choking	1
Dermatitis	1
Dislocation	1
Electric shock	1
Head injury concussion	1
Hearing loss	1
Hyperventilation	1
Laceration	9
Multiple injury sites	2
Puncture wound	2
Sprain/strain	10
Toxic substance	1
<b>Total</b>	<b>55</b>

# Comments Continued



## Community Facilities

Property - The customer satisfaction survey is yet to be completed and hall usage will be measured at the end of the financial year.

Parks and Sports Grounds - The customer satisfaction survey is yet to be completed. No closures or health and safety incidents have occurred.

Cemeteries - The customer satisfaction survey is yet to be completed. No complaints about late or inadequate interment services have been received.

Public Conveniences - Three complaints were received this quarter (five for the year to date) and were immediately rectified by our Open Spaces contractor (annual target is less than 17 complaints).

## Environmental Services and Monitoring

Environmental Health and Monitoring - To date 89 food premises (54%) and 34 licensed premises (62%) have been inspected. Plans are in place to ensure these are completed by the end of the year.

District Planning -173 non-notified resource consents were processed this year, 100 of these in the third quarter. 16 exceeded the 20 working days timeframe (target is 100% processed within the specified timeframe). Two limited notified applications were received but were not processed within the 50 working day timeframe. Staff resignations and the high number of applications contributed to not achieving the target.

47 controlled activities resource consent applications were received but only 8.5% were processed within the required 10 working days. Rules are being reviewed to simplify the process. The controlled activities include subdivision consents which are excluded from the fast track provisions introduced under the Amendments to the RMA in 2017.

**Capital Expenditure**  
For the period ended 31 March 2018

	Actual	Budget	Variance	Variance	Commitments	Full Year	Annual Plan	Physical	Year End	Carried Forward	Notes/Comments
	YTD	YTD	YTD	YTD		Revised Budget	2018	Completion	Forecast	to be requested	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000	\$000	Budget YTD reflects the amounts carried forward from 2016/17 after the Annual Plan was prepared.
<b>Community Facilities</b>											
Feilding Cemetery Extension	134	190	(56)	-29%	30	190	131	85%	172	18	The project completion is expected in mid May 2018 with the beam installation currently underway.
Halcombe Cemetery Extension	2	0	2	n/a	0	0	0	100%	2	0	Costs are for planting last year as a result of a late invoice from 2016/17 financial year.
Cemetery Renewal Works	11	11	0	0%	0	11	11	100%	11	0	All projects complete
Strengthen Earthquake Prone Buildings	0	85	(85)	-100%	0	113	118	0%	0	113	Completion of the project will depend on the Theatre Trust seeking additional external funding. Budget to be requested for carry forward to 2018/19 financial year.
Feilding Little Theatre - Roof	0	20	(20)	-100%	0	20	20	0%	0	20	Work is to be undertaken as part of the Feilding Little Theatre strengthening project. Budget balance to be requested for carry forward to 2018/19 financial year, pending the Theatre Trust sourcing additional funding.
Himatangi Beach Hall Renewals	2	3	(1)	-36%	0	3	3	100%	3	0	Works are for beach hall toilets that will be completed by year end.
Library Collection Purchases	145	150	(5)	-3%	4	199	199	50%	199	0	Expended throughout the year as expected.
Library Review Project	32	7	25	370%	0	59	64	46%	59	0	Expended through the year as options are developed.
Makino Park Growth	2	251	(249)	-99%	0	335	335	0%	2	332	This project is for the Makino Precinct and is currently on hold, pending wider strategic conversations for the precinct, the budget balance to be requested for carry forward to 2018/19 financial year.
Makino Redevelopment	11	64	(53)	-83%	0	64	64	5%	64	0	Project is the car park redevelopment between Council administration building and Makino Pool, and is currently waiting for contractor to start works. Project is on track with works starting mid April 2018.
Makino Park Playground and Skate	0	30	(30)	-100%	0	40	40	0%	0	40	This project budget to be requested for carry forward to 2018/19 financial year. To be included in the development of the Makino Precinct.
Makino Pool General Renewals	52	89	(37)	-42%	3	89	89	50%	89	0	Outdoor pool work was initially delayed due to wet weather.
Public Conveniences Renewals	17	20	(3)	-15%	0	26	26	100%	17	0	Cost are the renewals portion of Tangimoana toilets project below.
Sanson Public Toilets	0	210	(210)	-100%	0	210	210	0%	0	210	Project is on hold until the Sanson hotel developments are finalised. Budget to be requested for carry forward to 2018/19 financial year.
Tangimoana Public Toilets	61	58	3	5%	0	58	58	100%	67	0	Project is almost complete, with minor costs yet to come in.
Manfeild Park Development	3	315	(312)	-99%	0	420	420	1%	3	417	The project is for the Kawakawa Rd / South Street development. Costs will be incurred as sections sell. Budget balance to be requested for carry forward to 2018/19 financial year.
Property Renewal Projects	46	51	(5)	-10%	0	73	107	60%	73	0	Clock tower and ground lighting work is under way, with completion of this section of works expected in April 2018. Project also covers lighting for the Kowhai Park upgrade, and is to be completed in conjunction with the car park.
Parks and Reserves - Refurbish Victoria Park	24	0	24	n/a	0	0	0	100%	25	0	This is the fitness station and the project is nearing completion, with costs to be oncharged to Rotary on completion.
Parks and Reserves - Playground Renewal	8	8	0	0%	0	8	8	100%	8	0	Project complete, playground resurfacing at Pohangina Playground.
Parks and Reserves - Renewal Projects	49	84	(35)	-42%	0	84	84	65%	84	0	Renewal projects at Johnston and Timona Parks, projects are currently underway.
Parks and Reserves - New Projects	6	13	(7)	-53%	0	16	16	70%	6	10	The Mount Stewart project is complete, with remaining funds to be utilised for Community Planning projects.
Parks and Reserves - Kowhai Park	52	132	(80)	-61%	27	156	158	50%	156	0	The project has begun with physical works, including the creation of the new car park and lighting within the park. Project is on track for completion by the end of the financial year.
Parks and Reserves - Walkway / Linkages	33	497	(463)	-93%	79	732	732	82%	40	692	Costs are for the pathway and bridge. Further work is included in with the Greenspine project, which is currently in the detailed design stage, and a final decision on the project scope has now been made.
Parks and Reserves - Railway Reserve	34	277	(243)	-88%	32	369	369	8%	34	335	Project is combined with the Greenspine project, which is currently in the detailed design stage and a final decision on the project scope has now been made.
Parks Growth - Timona Park	3	36	(33)	-91%	0	48	48	100%	3	45	Simon Street toilets project will be requested to be carried over in the 2018-2028 LTP.
Parks Renewal Projects	23	25	(3)	-12%	0	34	34	67%	34	0	Costs are for the Himatangi Beach Health Clinic car park. Project is nearing completion.
Parks - New Projects	2	7	(6)	-86%	0	7	0	33%	7	0	Construction of the BMX track in Timona Park is currently underway with completion early April.
Parks - Makino Precinct Growth	2	158	(155)	-98%	0	516	516	0%	2	514	The Makino Precinct project is currently on hold, pending wider strategic conversations for the precinct. Decisions not expected before year end. Budget to be requested for carry forward to 2018/19 financial year.
Kitchener Park Toilets	9	111	(102)	-92%	98	111	111	10%	111	0	Construction is underway with installation completion expected early April 2018. Project is on track to be completed by year end.
Kitchener Park Capital Works	23	35	(12)	-35%	4	35	35	90%	23	12	Awahuri Forest Kitchener Park Trust flood protection works are underway. Contractor is in the construction phase of stop banks in conjunction with Horizons Regional Council. Remaining funds will be requested to be carried over for 2018/19 financial year.
Johnston/Timona Park Redevelopment	1	8	(6)	-80%	0	8	8	75%	8	0	The pump track project is in the construction phase with completion due at the end of April 2018.
Railway Land Beautification	39	1,046	(1,007)	-96%	0	1,255	961	0%	42	400	This is combined with the Greenspine project, however the railway land portion is not going ahead. A final decision on the project scope will be made by council on 26 April 2018. Due to the availability of contractors to complete the works, a portion of the budget balance will be requested for carry forward to 2018/19 financial year. The remaining funds may be carried over if the direction for council is to maintain the Greenspine project but may require additional debt funding.
Sanson Playground	0	117	(117)	-100%	0	156	156	0%	0	117	This project is on hold until the Sanson Hotel development occurs. Budget to be requested for carry forward to 2018/19 financial year.
<b>Total Community Facilities</b>	<b>824</b>	<b>4,106</b>	<b>(3,281)</b>	<b>-80%</b>	<b>276</b>	<b>5,445</b>	<b>5,131</b>		<b>1,344</b>	<b>3,275</b>	

	Actual	Budget	Variance	Variance	Commitments	Full Year	Annual Plan	Physical	Year End	Carried Forward	Notes/Comments
	YTD	YTD	YTD	YTD		Revised Budget	2018	Completion	Forecast	to be requested	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000	\$000	
<b>Roading</b>											
Roading Growth	554	1,551	(998)	-64%	672	1,843	1,979	73%	763	1,080	Pharazyn Street Stage 3 is complete. Port Street East Stage 1 commenced in January, completion date has been extended to December 2018, causing the 2017/18 forecast to be reduced accordingly. Turners Road project awaiting Council approval to proceed with land acquisition and consenting. Carry forward amount includes deferred costs for the Port Street East project. Physical completion relates
CBD Redevelopment Projects	0	60	(60)	-100%	0	80	0	0%	0	80	Project is for Stafford Street redevelopment, in conjunction with the Makino Precinct, is now part of the 2019/20 programme and is yet to be confirmed. Budget to be requested for carry forward to 2018/19 financial year.
Sub Minor Improvement New	1,036	1,277	(241)	-19%	23	1,590	837	77%	1,340	250	Pohangina Road resilience (Grand Canyon) steel bridge has been purchased. Initial tender for installation was not accepted and we are currently seeking further interest from contractors. Completion expected by the end of August 2018, therefore deferral means budget balance to be requested for carry forward to 2018/19 financial year. Other programmed works to be undertaken in conjunction with renewal projects.
Sub Cycle Facilities	0	29	(29)	-100%	0	38	38	0%	0	38	An indicative business case is currently being developed with PNCC and NZTA for the Feilding to Palmerston North Cycleway.
Non Sub Seal Extension	187	70	117	166%	3	78	78	100%	190	0	Makoura Road stage 3A completed, Makoura Road stage 3B (final stage) has started and due for completion in March. Cole Road seal extension work which was added at Council's request.
Non Sub Roding New Footpaths	60	84	(24)	-29%	9	112	112	66%	90	0	Pharazyn Street completed, Taonui Road footpaths yet to be constructed. Poole Street and Wear Street footpaths have been deferred.
Sub Unsealed Road Metalling	316	150	166	111%	8	150	150	100%	184	0	Overspend due to commitment to complete seal extension at Makoura Road.
Sub Sealed Road Resurfacing	1,531	1,650	(119)	-7%	54	1,650	1,650	95%	1,675	0	All chip sealing completed ahead of schedule due to favourable weather conditions this quarter. One asphaltic concrete site remains and will be completed in April.
Subsidised Bridge Renewals	468	674	(207)	-31%	362	899	965	59%	815	0	Nannestad Line Bridge will be completed by the end of May 2018. Consultants have been engaged to prepare the detailed business case report for the Mangaweka bridge replacement, due in June 2018.
Sub Drainage Renewals	379	583	(204)	-35%	224	648	648	56%	670	0	The programme has been revised and deferrals have been made due to lack of contracting resources
Sub Structures Renewals	96	187	(92)	-49%	105	281	281	26%	376	0	Costs to come are for replacement of undersized box culvert in Taonui Rd.
Sub Traffic Services Renewal	125	233	(107)	-46%	235	260	260	31%	385	0	Forecast to overspend due to increased costs for road marking and streetlight renewal projects.
Sub Pavement Rehabilitation	2,515	2,632	(117)	-4%	445	2,873	3,614	79%	3,171	0	Port Street East and Kimbolton Road North projects commitments may require a request to bring forward which will be completed later in 2018.
Subsidised Accelerated LED Renewals	419	432	(13)	-3%	0	432	432	97%	432	0	All planned LED installations now complete, remaining funds to be spent on lighting design work for stage three which is high use roads in Feilding.
Non Sub Road Reconstruction	219	288	(69)	-24%	160	320	320	50%	439	0	Wellington Street and Seddon Street Stage 1 complete. Seddon Street Stage 2 underway and expect completion by June 30 2018. Kimbolton Road CBD reconstruction project underway and expected completion in December 2018.
Non Sub Footpath Renewals	26	57	(31)	-54%	30	76	76	100%	26	0	Programme reduced to accommodate other demands on the Non Subsidised Renewals budget.
Non Subsidised Roding Renewal	98	72	25	35%	189	96	96	44%	220	0	These costs are for footpaths associated with the Seddon Street and Kimbolton Road North rehabilitation projects.
<b>Total Roding</b>	<b>8,029</b>	<b>10,030</b>	<b>(2,001)</b>	<b>-20%</b>	<b>2,519</b>	<b>11,428</b>	<b>11,537</b>		<b>10,776</b>	<b>1,448</b>	
<b>Solid Waste</b>											
Purchase of New Recycling Bins	9	20	(11)	-56%	16	20	20	42%	15	0	Issue of bins and crates to properties on track, second tranche programmed for June 2018.
Recycling Inventory	(6)	0	(6)	n/a	1	0	0	100%	0	0	Bin movements to be journaled.
Resource Recovery Centre	56	75	(19)	-26%	21	100	0	50%	100	0	Investigation and design works in progress with a portion of the budget brought forward from the 2018/19 financial year.
Kaimatarau Rural Transfer Station Improvements	0	9	(9)	-100%	0	12	12	0%	12	0	Investigation works are underway with bulk of expenditure planned for April 2018. Delay due to location sensitivity issues following Halcombe project.
Establish Mobile Recycling Centres	27	26	1	3%	3	39	39	53%	39	0	Halcombe Centre complete and community consultation underway for Apati centre.
<b>Total Solid Waste</b>	<b>85</b>	<b>130</b>	<b>(44)</b>	<b>-34%</b>	<b>41</b>	<b>171</b>	<b>71</b>		<b>166</b>	<b>0</b>	<b>Note: Closed landfills budget \$75,000</b>
<b>Stormwater</b>											
Stormwater Growth Feilding	518	1,155	(637)	-55%	792	2,709	2,135	25%	2,000	709	Works completed on Pharazyn Street, carried over from 2016/17 financial year. Port Street works underway. Forecast year end spend lower than budget as balance to be requested for carry forward to 2018/19 financial year being the Turners Road Growth commitment.
Stormwater New Work Feilding	11	45	(34)	-75%	42	60	60	14%	60	0	Catchment work completed. Kimbolton Road work is now underway.
Stormwater Unplanned Renewals	226	850	(624)	-73%	302	1,042	673	10%	1,042	0	Port Street contract underway, Derby Street, Macorkindale Street contract to start early March 2018.
Stormwater Asset Renewal Tangimoana	22	0	22	n/a	0	0	0	100%	25	0	Cost is for an emergency pump upgrade.
<b>Total Stormwater</b>	<b>778</b>	<b>2,050</b>	<b>(1,273)</b>	<b>-62%</b>	<b>1,137</b>	<b>3,811</b>	<b>2,868</b>		<b>3,127</b>	<b>709</b>	

	Actual	Budget	Variance	Variance	Commitments	Full Year	Annual Plan	Physical	Year End	Carried Forward	Notes/Comments
	YTD	YTD	YTD	YTD		Revised Budget	2018	Completion	Forecast	requested	
	\$000	\$000	\$000	%	\$000	\$000	\$000	%	\$000	\$000	to be requested
<b>Wastewater</b>											
Desludging Oxidation Ponds	3	123	(120)	-98%	0	138	138	0%	13	125	Works are on hold pending confirmation and approval of the centralisation project. Budget to be requested for carry forward to 2018/19 financial year.
District WWPS Telemetry	0	63	(63)	-100%	0	94	0	0%	94	0	Project scope is to be confirmed by Operations Manager. This may be integrated with the centralisation project.
Feilding WWTP Asset Renewal	2,096	2,285	(189)	-8%	1,055	2,422	2,372	75%	2,422	0	Costs to date are for the digester and associated desludging work.
Feilding WWTP Upgrade	202	547	(345)	-63%	161	729	900	50%	300	0	The forecast reflects the fact that design work is yet to be completed and requires a scoping exercise for a digester solution.
Feilding WWTP - Irrigation	1,156	391	764	195%	588	527	1,200	85%	1,224	0	Physical works carried over from 2016/17 financial year are now complete. The forecast allows for current contractual commitments.
Feilding WWTP Nursery New Work	0	53	(53)	-100%	0	77	77	0%	77	0	No new equipment has been required to date.
Feilding WWTP Growth	143	0	143	n/a	20	0	83	90%	163	0	Contractor availability means work is ahead of schedule.
Feilding Wastewater Growth	117	395	(278)	-70%	421	575	660	10%	575	0	Work schedule revised and contract to extend the trunk sewer in Precinct 4 has been awarded.
Feilding Reticulation Renewals	395	371	23	6%	145	530	530	75%	530	0	Design and investigation work is ahead of schedule. Contractor availability earlier than expected for relining works. Next stage is expected to commence in April 2018.
Wastewater New Connections	29	45	(16)	-35%	8	60	60	49%	60	0	Costs are on demand for Himatangi Beach connections and are offset by contributions from property owners.
Himatangi Sewerage New Work	12	0	12	n/a	8	0	0	100%	12	0	Urgent replacement of a pump station on Himatangi Beach Road. Expenditure offset by connection fees.
Sanson WWTP Renewals	12	0	12	n/a	0	0	0	100%	12	0	Urgent replacement of a pump station on Milne Street, Sanson. Expenditure offset by connection fees.
Rongotea WWTP Renewals	14	504	(490)	-97%	21	504	198	11%	50	454	Forecast covers initial design works, as physical works on hold pending confirmation and approval of the centralisation project.
Cheltenham Wastewater Renewal	30	171	(140)	-82%	0	216	0	75%	50	166	Forecast covers initial design works, as physical works on hold pending confirmation and approval of the centralisation project.
Awahuri WWTP Renewals	0	15	(15)	-100%	0	20	20	0%	20	0	Forecast is to cover legal costs associated with land access, easements and agreements.
Kimbolton WWTP New Works	10	0	10	n/a	0	0	0	100%	10	0	Cost is the final settlement from 2016 for land purchase of oxidation ponds.
Kimbolton WWTP Renewals	0	86	(86)	-100%	0	317	282	0%	20	297	Forecast covers investigations required as part of the resource consents. Project is on hold pending confirmation and approval of the centralisation project.
Wastewater Pump Station Renewals	5	37	(32)	-87%	0	55	0	9%	55	0	Required to purchase two replacement pumps for the Kimbolton wastewater plant.
Halcombe WWTP Renewals	0	251	(251)	-100%	0	251	104	0%	20	231	Forecast covers investigations required as part of the resource consents. Project is on hold pending confirmation and approval of the centralisation project.
<b>Total Waste Water</b>	<b>4,224</b>	<b>5,336</b>	<b>(1,112)</b>	<b>-21%</b>	<b>2,428</b>	<b>6,515</b>	<b>6,624</b>		<b>5,707</b>	<b>1,272</b>	<b>Note: District Wide condition assessment budget \$11,500</b>
<b>Water</b>											
Feilding WTP Renewals	94	1,414	(1,319)	-93%	120	1,598	1,260	35%	98	1,500	Planning to request a carry forward of \$1.5m for alternative water treatment sources, as per Feilding Water Strategy.
Feilding Reticulation Renewals	1,016	918	98	11%	231	1,053	1,053	95%	1,053	0	Contract works are ahead of schedule due to contractor availability, with MacDonald Heights, South and Kawakawa Streets, and Dalzien Place and Wellesley Streets, completed.
Feilding Water Supply Growth	381	463	(83)	-18%	293	602	390	65%	602	0	Pharazyn Street water main is completed with Port Street starting in February 2018.
Feilding Water Pressure Zones	120	156	(36)	-23%	6	201	100	75%	201	0	MacDonald Heights pipeline is completed ahead of schedule with the boost pump yet to be installed.
Feilding Water Metering/Backflow	6	74	(68)	-91%	0	106	43	50%	30	0	Costs are demand driven. No new equipment required to date.
Water Supply New Connections	48	0	48	n/a	1	0	0	75%	65	0	Connections costs are demand driven and offset by connection fees.
Himatangi Water Asset Renewals	365	253	112	44%	15	360	50	95%	370	0	Costs are contract works carried over from 2016/17 financial year and are complete.
Himatangi Water Supply New Work	46	259	(214)	-82%	43	259	291	65%	100	159	Standby bore on hold pending potential new subdivision in Himatangi. Detailed investigation will commence. Budget balance to be requested for carry forward to 2018/19 financial year.
Sanson Water Treatment Plant New Works	170	536	(367)	-68%	262	761	350	35%	432	329	The bore has been completed, with reservoir commenced with completion due April 2018. Balance to be carried forward for completion of treatment works in 2018/19.
Sanson Water Asset Renewal	0	9	(8)	-95%	0	13	0	0%	0	13	No replacement pumps required to date.
Stanway/Halcombe Water Treatment Plant New Works	5	250	(245)	-98%	5	350	350	25%	65	285	Capital works on hold pending a Drinking Water Standards NZ outcome which was received in December 2017. Forecast reflects investigation work as capital work is on hold pending Drinking Water Standards as per Stanway Halcombe Rural Water Scheme Committee instructions. Budget balance to be requested for carry forward to 2018/19 financial year.
Stanway/Halcombe RWS Intake and Capacity Improvements	39	275	(236)	-86%	0	275	240	65%	50	225	Capital works on hold pending the Drinking Water Standards NZ outcome which was received in December 2017. Forecast reflects investigation work as capital work is on hold pending Drinking Water Standards requirements, as per Stanway Halcombe Rural Water Scheme committee instructions. Budget balance to be requested for carry forward to 2018/19 financial year.
Waituna West RWS Renewals	2	0	2	n/a	0	0	0	0%	5	0	
WS Unplanned Renewals-Villages	1	0	1	n/a	0	0	0	0%	5	0	
<b>Total Water Supply</b>	<b>2,296</b>	<b>4,609</b>	<b>(2,313)</b>	<b>-50%</b>	<b>975</b>	<b>5,579</b>	<b>4,128</b>		<b>3,076</b>	<b>2,511</b>	
<b>Support Services and Other</b>											
Motor Vehicle Renewals	251	257	(6)	-2%	36	257	257	98%	257	0	Four fleet vehicle renewals, pallet fork tractor, and tipper truck with hi-ab purchased. One vehicle under insurance claim.
Computer Hardware	129	147	(18)	-12%	0	192	192	60%	235	0	Building team in the process of testing a suitable tablet. Forecast reflects the costs for UPS replacement from fire incident in December 2017, which will be funded by insurance. Installation to be completed in April 2018. Executive Team Tablets delivered in April 2018, and general replacements have been ordered in April 2018.
Software - Document Management	110	193	(83)	-43%	0	257	257	75%	135	122	Phase 1 completion of the Jarvis project is being done in-house, plus costs for Sharegate Desktop licence. Forecast reflects residual costs for SharePoint server updates and data administration. Budget balance to be requested for carry forward to 2018/19 financial year for Phase 2. Commitment covers Phase 2 in 2018/19 financial year.
Software Replacement	1	39	(38)	-97%	0	52	52	0%	52	0	Demand driven with little demand to date.
Boiler Replacement	2	0	2	n/a	0	0	0	10%	2	0	Residual costs from last financial year, now completed.
Establishment of the Three Waters Reticulation Team	45	0	45	n/a	0	0	0	100%	45	0	Cost is for a new utility purchased for reticulation team. Project is complete and was budgeted for in 2016/17 financial year.
General Renewals	3	17	(14)	-83%	0	23	23	13%	23	0	Acoustic sound dividers purchased for customer services team.
General New Assets	24	30	(6)	-20%	0	40	40	60%	40	0	Divider screens purchased for finance and building administration team. Standing desk for Mayors office. New reception armchairs. Heat pump for UPS room.
<b>Total Support Services and other</b>	<b>566</b>	<b>683</b>	<b>(117)</b>	<b>-17%</b>	<b>36</b>	<b>821</b>	<b>821</b>		<b>789</b>	<b>122</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>16,802</b>	<b>26,945</b>	<b>(10,141)</b>	<b>-38%</b>	<b>7,411</b>	<b>33,769</b>	<b>31,180</b>	67%	<b>24,985</b>	<b>9,336</b>	

◆ Greater than 15% of budget

▲ Between 5-15% greater than budget

● Less than 5% greater than budget

LOS = Level of Service