



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Partnerships with the Private Sector Policy

Adopted: 21/09/2017

Review: September 2020

Together we Thrive! E ora ngātahi ana!

Partnerships with the Private Sector Policy

Council's are no longer required under the Local Government Act 2002 to prepare a policy on public/private partnerships. However such a policy can provide guidance to ensure any arrangements Council may have with the private sector are transparent.

These partnerships are defined as an arrangement or agreement entered into between one or more local authorities and one or more persons engaged in business (which has been taken to mean engaged in an activity for profit).

Objective of the Policy.

The purpose of this policy is to enable Council to enter into partnerships with the private sector where there is a potential benefit for the wellbeing of the community. Such opportunities can be quite diverse in nature and for this reason the policy is broadly based.

Circumstances in which public/private partnerships will be considered.

Central Hawke's Bay District Council will consider partnership arrangements with the private sector on a case-by-case basis, but will endeavour to apply the following principles:

1. If the activity/service furthers an objective or outcome in the Long Term Plan.
2. If the partnership is likely to deliver better value for money based on cost, time and financial arrangements than alternative delivery methods.
3. Where the private sector partner can bring skills and expertise to the activity/service not otherwise available to Council.
4. Where the activity/service identified can be accurately defined and is capable of output measurement.

The type of participation in a partnership that Council may consider includes, but not limited to:

- Grants
- Loans
- Investments
- Guarantees

Council **will not** enter into a partnership where:

1. The activity is speculative in nature.
2. The cost or risk is assessed to be higher than the likely benefit to the community.

Exclusions.

For the sake of clarity, it should be noted that this policy does not apply to:

- Grants to community organisations under the Community Voluntary Organisation Grants Scheme.
- Investment of funds solely for the purpose of financial return. These are subject to Council's Investment Management Policy.
- Normal contractual arrangements for the supply of goods and services.
- Commercial arrangements made by Council Controlled Organisations and their subsidiaries.

Conditions to be imposed.

Before committing to any form of partnership with the private sector, Council will ensure that the following conditions are met:

1. There is a written agreement which defines the objectives of the partnership and the obligations of all parties, performance standards and indicators.
2. Outputs will be clearly specified including measurable performance standards.
3. Payments will only be made upon delivery of the specified services to the required standards.
4. The proposed partner has a demonstrated ability to meet the terms of a proposed agreement with Council.
5. There are clear financial forecasts of the partnership arrangements.
6. Council's obligations under the partnership are defined.
7. A clear exit/termination strategy is agreed and included in the agreement.
8. The roles, responsibilities, accountabilities and liabilities of each partner are clearly defined.
9. Any such other conditions as Council may wish to impose.

Consultation.

Where practicable, Council will consult on partnerships with the private sector through the LTP or Annual Plan process. Where the proposal for a partnership with the private sector is determined by Council to be a significant issue, involves a strategic asset or significantly changes the way in which a significant activity is delivered then the proposal will be consulted upon using the special consultative procedure.

In all circumstances Council will be carried out in accordance with sections 78 and 79 of the Local Government Act 2002.

Risk Management.

An assessment of risks associated with any partnership proposal will be undertaken before any commitment to proceed. A risk management regime will be agreed to as a condition of the partnership. The prime principle shall be to transfer risk to the party best placed to manage it.

Monitoring and Reporting

Partnership agreements will be monitored and reported in accordance with the agreed financial and performance reporting regime. Performance will be reported to Council no less than twice per annum and included in Council's Annual Report.