I hereby give notice that an ordinary meeting of the Strategic Procurement Committee will be held on:

**Date:** Tuesday, 10 March 2020  
**Time:** 10.00am  
**Meeting Room:** Room 1  
**Venue:** Level 26  
135 Albert Street  
Auckland

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**Kōmiti Mahi Āta Torotoro Rawa / Strategic Procurement Committee**

**OPEN AGENDA**

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**MEMBERSHIP**

- **Chairperson**
  - Cr Greg Sayers

- **Deputy Chairperson**
  - Cr John Watson

- **Members**
  - Cr Dr Cathy Casey  
  - Deputy Mayor Cr Bill Cashmore  
  - Cr Linda Cooper, JP  
  - Cr Alf Filipaina  
  - Cr Tracy Mulholland  
  - IMSB Member Karen Wilson

- **Ex-officio**
  - Mayor Hon Phil Goff, CNZM, JP

(Quorum 4 members)

---

**Kalinda Gopal**

Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor  
3 March 2020

Contact Telephone: 021 723 228  
Email kalinda.gopal@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The committee is established to assist the chief executive to undertake the management procedure of ensuring sound procurement processes are followed in relation to procurement of goods and services necessary to deliver on the work programme and operations outlined in the council’s adopted Annual Plan.

It will ensure that reasonable purchasing procedures have been followed in awarding contracts and will provide an efficient mechanism for documenting the approvals for those contracts.

Within a framework where contracts are an operational matter delegated to the chief executive, this committee will consider all contracts beyond the chief executive’s financial delegations. The chief executive may refer contracts within his financial delegations which are sensitive or may impact on the reputation of the council.

The chief executive has power to award contracts up to $20 million alone and the power to award contracts up to $22.5 million jointly with the Mayor and Finance and Performance Committee chairperson.

The committee has responsibility for:

- awarding of contracts of $22.5 million or greater
- awarding of contracts less than $22.5 million which are sensitive or may impact on the reputation of the council if the chief executive refers the matter to the committee
- oversight over the procurement processes and procedures.

From time to time the committee may advise the chief executive and the council on changes to the procurement and contracts probity procedures.

Powers

All powers necessary to perform the committee’s responsibilities.

Except:

(a) powers that the Governing Body cannot delegate or has retained to itself (section 2)
(b) where the committee’s responsibility is limited to making a recommendation only
(c) power to establish sub-committees.
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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**PUBLIC EXCLUDED**

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<td>Procedural Motion to Exclude the Public</td>
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<td>CONFIDENTIAL: Extension of the inorganic collection and processing service contracts</td>
<td>57</td>
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</table>
1 **Apologies**

At the close of the agenda no apologies had been received.

2 **Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 **Confirmation of Minutes**

That the Strategic Procurement Committee:

a) confirm the extraordinary minutes of its meeting, held on Tuesday, 10 December 2019, including the confidential section, as a true and correct record.

4 **Petitions**

At the close of the agenda no requests to present petitions had been received.

5 **Public Input**

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than one (1) clear working day prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 **Local Board Input**

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to five (5) minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give one (1) day’s notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.
7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public, -

(i) The reason why the item is not on the agenda; and

(ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting."

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting, -

(a) That item may be discussed at that meeting if-

(i) That item is a minor matter relating to the general business of the local authority; and

(ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."
Update on the inorganic collection and processing service contracts

File No.: CP2020/01388

Te take mō te pūrongo
Purpose of the report
1. To provide an update on the inorganic collection, marketing and distribution contracts.

Whakarāpopototanga matua
Executive summary
2. The current inorganic collection service is an annual, booked, on-property collection which is offered to all rateable properties.
3. The collection contract with Waste Management New Zealand Limited involves the collection of inorganic waste from booked properties, with one vehicle collecting reusable or recyclable material and a second vehicle collecting refuse for landfill.
4. The reusable or recyclable material is then delivered to a warehouse at Pilkington Road where the material is made available to community groups and charities for free. This is managed through a marketing and distribution contract with the Zero Waste Network.
5. This service model ensures diversion of waste from landfill, an outcome which was not achieved through the previous collection model. In 2019 19.2 per cent of all inorganic material collected was diverted for recycling, reuse and upcycling by community groups.
6. The current contracts for the inorganic collection service and marketing and distribution of recovered inorganic material are due to expire on 10 December 2020 and 31 October 2020 respectively.
7. Staff carried out a review of the inorganics service in 2019 to inform procurement of new inorganics contracts.
8. Based on the review, the key priorities for council in relation to the service going forward are:
   • achieving high customer satisfaction
   • increasing diversion of waste from landfill
   • increasing awareness of the service.
9. Advice on managing the inorganics contracts to achieve these priorities will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.

Ngā tūtohunga
Recommendations
That the Strategic Procurement Committee:

a) note the information contained in this report, on the inorganic service contracts, enables transparency on the topic due for discussion in the public excluded part of the meeting.

b) note that the confidential report contains information that could prejudice the council’s position in negotiations with suppliers.
Horopaki

Context

10. Auckland Council offers an annual inorganic collection service to all rateable households. In 2019, 138,000 properties used the service.

11. The current inorganics service model includes a collection contract with Waste Management New Zealand. This involves the collection of inorganic waste from booked properties through two vehicles, with one vehicle collecting reusable and recyclable material and a second vehicle collecting refuse for landfill.

12. The reusable and recyclable material is then delivered to a warehouse on Pilkington Road where the marketing and distribution contract with Zero Waste Network enables this material to be made available to community groups and charities for free.

The Waste Management and Minimisation Plan 2018


14. The current collection methodology which uses two collection vehicles, enables material to be diverted from landfill. Through this service, collected reusable or recyclable material is made available to community groups and charities for free.

15. Any remaining recyclable material that is not wanted by the community for reuse is then recycled through local processors (i.e. scrap metal collectors).

16. Action 16 of the Waste Management and Minimisation Plan states council will “Continue to provide the new inorganic service introduced in 2015. All households and eligible commercial properties will receive an annual, booked collection, picked up from within property boundaries. Reusable and recyclable items will be diverted from landfill with reusable items offered to community organisations”.

17. Action 18 of the Waste Management and Minimisation Plan mandates a review of the service before the current contract ends in 2019, “to assess the potential for partial or full delivery of services through community recycling centres”.

Current contracts expire in late 2020

18. The current contracts for inorganic collection service and marketing and distribution of recovered inorganic material were approved by the Tenders and Procurement Committee in May 2015 (resolution number TEN/2015/8).

19. The inorganic collection service and marketing and distribution of recovered inorganic material contracts are due to expire on 10 December 2020 and 31 October 2020. As outlined above, these contracts are held by Waste Management New Zealand Limited and Zero Waste Network.

Tātaritanga me ngā tohutohu

Analysis and advice

Review of the current inorganic collection service

20. The current service has been in operation since late 2015 and was rolled out with the strategic intent of transitioning towards a regionwide resource recovery network. In this model, a network of 12 community recycling centres would replace the current regional collection service. Centres would collect material and act as hubs for processing and redistribution.

21. Staff carried out a review of the inorganic service in 2019, as recommended in the Waste Management and Minimisation Plan. This review included an assessment of the potential for partial or full delivery of services through community recycling centres.
22. As part of this review, staff analysed data on the service and achievement of service objectives. The performance of the service was assessed across a range of criteria.

23. Overall, the current service is meeting most of the objectives that were identified in the initial business case for the service, as shown in Table 2 and Table 3 below. Please note that Table 1 is included in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.

Table 2: Expected collection objectives and outcomes identified through the review

<table>
<thead>
<tr>
<th>Objectives and benefits</th>
<th>Met</th>
<th>Review findings</th>
</tr>
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</table>
| Reduced waste to landfill – and associated costs (e.g. waste levy, Emissions Trading Scheme costs) | ✔   | • Overall there has been a reduction in waste to landfill compared to the previous service.  
• Service-provision has been customer-centric (by accepting greater loads than initially planned).  
• Increasing participation rate.  
• A negative aspect is the increasing proportion of refuse collected as inorganics, resulting in diversion rates decreasing since the new service started. |
| Reduced collection costs (total)                                 | ✗   | • Costs of providing the service are higher than predicted in the initial business case, due to increased costs for late bookings and increasing participation rates. |
| Reduced illegal dumping                                           | ✔   | • Fewer incidents associated with the collection compared to the previous service.  
• Effectively managed by the implementation of an enforcement plan (to manage illegal dumping and scavenging) developed in 2015.  
• Issues of illegal dumping with social housing groups e.g. Housing NZ tenants. This is being managed through increased communication with Housing NZ and illegal dumping initiatives focused on south Auckland. |
| Reduced health and safety issues (environmental, risk for collectors) | ✔   | • Tidier and safer kerbsides and public property.  
• Less scavenging.  
• Contractor and collection warehouse health and safety monitored by audits.  
• Potential issues for the collectors on properties, such as dogs, which are managed through note fields on the bookings. |
| Retained value of materials at risk from scavenging               | ✔   | • Fewer incidents of scavenging, apart from initial residual incidents as service switched from kerbside to on-property.  
• Any remaining scavenging effectively managed by the implementation of the enforcement plan developed in 2015. |
| Provision of opportunities for local business and community sector | ✔   | • Community groups and hubs operating within Pilkington Road collection warehouse – job creation.  
• Potential for widening scope to other markets, including the public sector. |
Item 8

Objectives and benefits | Met | Review findings
--- | --- | ---
Increased resilience – future-proofing Auckland, moving towards a circular economy, achieving sustainability goals, retaining value of waste | ✔️ | • Increased diversion compared to previous service, but decreasing diversion rates since the current service began in 2015.  
• Over 120 community groups and small businesses are receiving diverted materials.

24. Overall, the review found that the new inorganics collection service led to a significant reduction in the amount of waste sent to landfill compared to the previous model.

25. The current service has also had other significant benefits, such as a reduction in health and safety issues, tidier streetscapes, and increased involvement of community groups in reusing and upcycling collected materials. However, the cost of the service has increased due to higher participation rates.

26. The review also looked in-depth at how the service is delivering on customer-related objectives, as shown in Table 3.

Table 3: Projected customer-related objectives and outcomes

<table>
<thead>
<tr>
<th>Objectives and benefits</th>
<th>Met</th>
<th>Review findings</th>
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<tbody>
<tr>
<td>Reduced number of requests for service</td>
<td>❌</td>
<td>• Substantial evidence indicates that customer requests for service numbers were significantly lower under the previous service (although a direct comparison is not possible).</td>
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</tbody>
</table>
| Increased information systems related benefits with tools for managing and reporting, data collection, customer interface and contractor interaction | ✔️ | • Positive customer feedback on user-friendly booking tool.  
• Initial public awareness and service participation was lower than forecast, although participation levels have increased from 15 per cent in 2016 to 25 per cent since in 2019. |
| Provision of equitable, affordable service across the region | ✔️ | • Rates-funded service rolled out region-wide.  
• Service provided but some issues with usage by social housing groups e.g. Housing NZ and lack of uptake by tenants. |
| Increased consciousness-raising of waste reduction | Partially met | • Still rates-funded rather than user-pays so less economic incentive to reduce waste.  
• No incentive to dispose of less than 1m³  
• Increasing pile sizes with greater proportion of refuse. |

27. Overall, the review found that customer satisfaction rates are high for most users of the service. For some customers satisfaction is lower due to a lack of understanding of how the service works or the service not meeting their needs.

28. Awareness of the service is increasing with participation rates increasing each year. Participation in the service has increased from 15 per cent of properties in 2016 to 25 per cent in 2019. For south Auckland properties, this rate is even higher at 27 per cent.

29. However, there are still some customers for whom the inorganic collection service does not meet their requirements and others are not aware that the service exists at all.
30. The service has also only partially delivered on its goal of increased consciousness-raising of waste reduction. The total volume of material diverted from landfill is decreasing – going from 1942 tonnes in 2016 to 1672 tonnes in 2019.

31. The diversion rate (volume of waste diverted from landfill as compared to total volumes collected) has also been decreasing over the service period – going from 24.4 per cent in 2016 to 19.2 per cent in 2019.

32. Illegal dumping volumes across the region have been static between 2015 and 2019, with a small spike in volumes for 2018.

33. Based on the review, the key priorities for council in relation to the service going forward are:
   - achieving high customer satisfaction
   - increasing diversion of waste from landfill
   - increasing awareness of the service.

34. Options for achieving these priorities through management of the inorganics service contracts will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.

Tauākī whakaaweawe āhuarangi
Climate impact statement

35. A key objective of the inorganic service is to reduce waste to landfill and turn waste into resources. Improving the service will:
   - reduce greenhouse gas emissions from waste sent to landfill
   - reduce emissions from the production of new materials through encouraging reuse and recycling of existing materials.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views


37. Workshops and analysis on customer touchpoints with the inorganic collection service have already been carried out, with input from these departments. Recommendations from this analysis will help inform the design of the future service.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views

Local board views

38. Local board and community views of the inorganic service were considered through consultation on the Waste Management and Minimisation Plan in 2018. Few individual submitters raised any issues with the new inorganic collection service.

39. Maungakiekie-Tāmaki and Ōtara-Papatoetoe local boards raised concerns around the perceived link between illegal dumping and the new inorganic service. Manurewa Local Board preferred a return to the previous service model. Māngere-Ōtāhuhu and Papakura local boards asked to see improvements to the design of the new service. Staff will consider this feedback during the service review.

40. Local board funding has been made available for Neat Street events in areas such as Ōtara-Papatoetoe. While the Neat Street events are not directly related to the inorganic service, it is a complementary service and raises awareness of the inorganic service.
Local impacts

41. Through the design of the service, reusable and recyclable materials are made available for community groups and charities, supporting the vulnerable members of our communities to access affordable goods and generating jobs.

42. Improving the service will deliver further local benefits. For example, the council will run a trial of delivering the service through a local community recycling centre located in Waiuku beginning in March 2020.

43. The group running the Waiuku community recycling centre will provide collections in the local area and process the material at the community recycling centre. The Franklin Local Board supports this trial.

Tauākī whakaaweawe Māori
Māori impact statement

44. Waste minimisation and the reuse of resources is of key significance to mana whenua in their role as kaitiaki of the natural environment in Tāmaki Makaurau. Improving the inorganics service will contribute to mana whenua aspirations, through enhancing the ability of the inorganics service to divert waste from landfill.

45. The current inorganic service also provides some economic and social benefits to Māori. For example, to increase participation rates in Manurewa, a local Māori community group, Talking Trash, has been employed to engage with the community directly.

46. Through the Pilkington Road warehouse, items are made available for community groups, of which there are six registered Māori groups. The Hamaria Trust based in Maraetai is the most active of these groups.

47. In line with council’s Sustainable Procurement Guidelines, staff will also consider how further Māori outcomes can be achieved through refining the current service model.

Ngā ritenga ā-pūtea
Financial implications

48. More details regarding the financial implications of managing the inorganic contracts will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

49. More detail relating to risks and mitigations for the inorganic service contracts will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.

Ngā koringa ā-muri
Next steps

50. Next steps for the inorganic service contracts will be provided in the confidential section of the Strategic Procurement Committee meeting agenda for 10 March 2020.
Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Marcus Braithwaite - Senior Waste Specialist</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Terry Coe Waste - Enterprises and Refuse Manager</td>
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<table>
<thead>
<tr>
<th>Authorisers</th>
<th>Parul Sood - General Manager Waste Solutions</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Barry Potter - Director Infrastructure and Environmental Services</td>
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<tr>
<td></td>
<td>Jazz Singh - General Manager Procurement</td>
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</tbody>
</table>
Summary of Strategic Procurement Committee information items, including the forward work programme - 10 March 2020

File No.: CP2020/01980

Te take mō te pūrongo
Purpose of the report
1. To receive a summary and provide a public record of memoranda or briefing papers that may have been distributed to Strategic Procurement Committee members.
2. To note the draft forward work programme included as Attachment D.

Whakarāpopototanga matua
Executive summary
3. This is an information-only report which aims to provide greater visibility of information circulated to Strategic Procurement Committee members via memoranda/briefings or other means, where no decisions are required.
4. The following items are attached:

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<td>Memo Update on the award of the Waiheke resource recovery and waste services contract (Attachment A)</td>
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<tr>
<td>26 February 2020</td>
<td>Memo Biodiversity protection services delivered through the Natural Environment Targeted Rate - Category Strategy (Attachment B)</td>
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<tr>
<td>24 February 2020</td>
<td>Category Strategy – Biodiversity protection services delivered through the Natural Environment Targeted Rate (Attachment C)</td>
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<tr>
<td>March 2020</td>
<td>Strategic Forward Work Programme March 2020 (Attachment D)</td>
</tr>
</tbody>
</table>

5. Note that staff will not be present to answer questions about the items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga
Recommendation/s
That the Strategic Procurement Committee:

a) receive the Summary of Strategic Procurement Committee information items – 10 March 2020.

b) note the draft forward work programme included as Attachment D of the agenda report.
## Ngā tāpirihanga

### Attachments

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<td>B</td>
<td>Memo Biodiversity protection services delivered through the Natural Environment Targeted Rate - Category Strategy</td>
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<tr>
<td>C</td>
<td>Category Strategy Biodiversity protection services delivered through the Natural Environment Targeted Rate</td>
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<tr>
<td>D</td>
<td>Strategic Procurement Committee Forward Work Programme 2020 (March edition)</td>
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## Ngā kaihaina

### Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Kalinda Gopal - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Jazz Singh - General Manager Procurement</td>
</tr>
</tbody>
</table>
Memorandum
14 January 2020

To: Waiheke Local Board members, Cr Pippa Coom, and the Strategic Procurement Committee

CC: Helgard Wagener – Relationship Manager, Janine Geddes – Senior Local Board Advisor, Mark Inglis – Local Board Advisor, Kareana Kee – Councillor Support Advisor

Subject: Update on the award of the Waiheke resource recovery and waste services contract

From: Marcus Braithwaite – Senior Waste Specialist
Terry Coe – Waste Enterprises and Refuse Manager

Contact: Prasanthi Cottingham - Relationship Coordinator, Infrastructure and Environmental Services (Prasanthi.Cottingham@aucklandcouncil.govt.nz)

Purpose
1) To provide an update on the awarding of the Waiheke resource recovery and waste services contract.

Summary
- In early 2019, the new Waiheke resource recovery and waste services contract went out to tender, with a contract commencement date of 1 July 2020.
- Following endorsement by the Waiheke Local Board, the Strategic Procurement Committee approved the Waiheke resource recovery and waste services contract to be awarded to Amenities and Infrastructure Maintenance Services (AIM Services) for a period of 10 years and contract value of $28,387,306 (resolution STR/2019/7). AIM Services will subcontract parts of the works to Island Waste Collective and Clean Island.
- Unsuccessful suppliers were notified of the procurement outcome.
- The tendered contract amount initially exceeded the available budget for these services, however staff successfully negotiated with AIM Services to reduce the contract value to fit within the available budget.
- A media release announcing the awarding of the contract was released on 20 December 2019. Prior to the media release the identity of the supplier was confidential.

Context
2) The current Waiheke waste contracts will expire on 30 June 2020. On 7 February 2019 the Strategic Procurement Committee approved a procurement plan to establish new contracts from 1 July 2020 (resolution STR/2019/7).
3) The Waiheke Local Board were consulted on the proposed supplier at a workshop on 8 August 2019. At the board’s 29 August 2019 confidential business meeting, the board endorsed the recommended supplier, AIM Services.
4) On 4 September 2019 the Strategic Procurement Committee approved a supplier recommendation report (resolution STR/2019/74). The committee approved the following resolutions:
   a) approve the Waiheke resource recovery and waste services contract to be awarded to AIM Services for a period of 10 years commencing 1 July 2020 and expiring on 30 June 2030. The total value of the contract was up to $32,923,918 which included a contingency of $4,539,612
   b) note that staff would negotiate with AIM Services before awarding the contract, to reduce the value of the contract to fit within the available budget, the new value of the contract is $28,387,306 over 10 years
   c) note that if successful negotiation could not be achieved, the remaining funds would be sourced from within Waste Solution’s existing budgets
   d) delegate authority to the Chief Executive of Auckland Council to award and sign the contract, including any variations to the contract within the contingency value.

Discussion

5) The staff then entered into further negotiations with AIM Services to reduce the overall contract value. Negotiations were successful and the contract value is now within budget.

6) The council can now officially announce that Waste Solutions and AIM Services have entered into a memorandum of understanding for the delivery of Waiheke waste services. AIM Services will subcontract out parts of the contract to the Island Waste Collective and Clean Island. Island Waste Collective will be subcontracted to operate the resource recovery park and community education initiatives. Clean Island will be subcontracted to operate the waste transport from the resource recovery park to disposal facilities.

7) This reflects the local board’s desire for the procurement to contribute to community and social outcomes. It also allows for an integrated approach, focusing on waste reduction as well as waste collection.

8) The council produced a media release on 20 December 2019 announcing the new services, details of the suppliers, and any service changes that may affect residents. A local board statement was sought and was included in the media release.

9) The council has used this opportunity to convey how the new services will meet and exceed our waste minimisation goals, engage and enable communities and provide better value for ratepayers and residents.

10) The media release will also enable residents to prepare for any service changes that may affect them. This includes shifting from bags to bins, and the recycling collection becoming a fortnightly service.

Next steps

11) A comprehensive communications plan to support these service changes will be implemented closer to the roll out date of July 2020.

12) Following the media release on 20 December 2019 the council will now commence implementation of the new waste services contract and transition from the current suppliers. This also includes the handover of sites and assets at Ostend Road and Tahia Road.

13) If you have any questions relating to this memo or Waiheke waste services, please contact Prasanthi Cottingham on prasanthi.cottingham@aucklandcouncil.govt.nz.
Memorandum

To: Strategic Procurement Committee

Subject: Biodiversity protection services delivered through the Natural Environment Targeted Rate - Category Strategy

From: Phil Brown, Head of Natural Environment Delivery, Environmental Services
      Persees Antia, Strategic Procurement Specialist, Procurement

Contact information: Persees.Antia@aucklandcouncil.govt.nz

Purpose

1. Seek endorsement from the Strategic Procurement Committee for the category strategy developed to deliver services related to biodiversity protection, partly funded by the Natural Environment Targeted Rate.

Summary

2. As part of the Long-term Plan (LTP), Auckland Council has established a Natural Environment Targeted Rate (NETR) to commit an additional $311 million over ten years towards achieving biodiversity outcomes across the Auckland region.

3. The Environmental Services department is delivering an ambitious programme of projects, funded by the NETR, to help protect our natural environment and tackle the pest animals, pest plants and diseases that threaten our native species.

4. Procurement and Environmental Services have developed this category strategy to establish a consistent and managed approach to delivering pest plant and animal control and related professional services for the protection of biodiversity in the Auckland Region and to protect Auckland’s priority ecosystems, threatened species and primary production.

5. The broad categories of services to be managed under this category strategy are:
   - pest animal control and surveillance
   - pest plant control and surveillance
   - related professional services including project management, compliance monitoring, behaviour change and education, surveillance, monitoring, advocacy, research and other professional services.

6. Not in scope for this category strategy are upgrade and maintenance of walking tracks to protect kaupu; ICT projects and grants to support community conservation activities,

7. We will use the following approaches for engagement of suppliers for delivery of the services covered by this category strategy:
   - Establishment of a panel of key suppliers to deliver pest animal and plant control and surveillance services, through Statements of Work under Master Services Agreements
   - Standalone Contracts (or annual Statements of Work) for delivery of pest animal and pest plant control auditing services
   - Standalone contracts for specialist services and for direct engagement of mana whenua organisations and local contractors.
8. This strategy may also be used for aligned works funded by local boards and other departments in the council.

9. Through these services we will seek to achieve the most sustainable (economic, environmental, social and cultural) outcomes possible for the council.

10. Environmental Services will work with mana whenua to explore opportunities to partner, collaborate with and empower them while implementing the NETR work programme.

11. Engagement of mana whenua will be used where practical and use of local contractors, particularly on Great Barrier Island and Waiheke Island, will be explored with the aim to actively develop this market with assistance from the local boards.

12. Roll out of the category strategy will be staged over the next 18 months in order to ensure continuity of services, develop market capacity and capabilities, improve supplier engagement, and performance measurements and ensure delivery of the varied scope of services.

13. To address concerns by suppliers around inability to plan their work and resources due to poor visibility of upcoming service requirements, Environmental Services will establish a work programme for the next three years, which will be shared with suppliers.

Context

14. In March 2019, the council adopted the new Regional Pest Management Plan 2019 - 2029, which sets objectives and rules to manage pests in the Auckland region and protect Auckland’s priority ecosystems, threatened species, primary production and other values such as human health, infrastructure, amenity and recreational values.

15. The Long-term Plan 2018-2028 (LTP) introduced an additional $311 million over ten years through the Natural Environment Targeted Rate (NETR) for the council to deliver its implementation responsibilities in respect of the Regional Pest Management Plan and complementary biosecurity and community conservation activation activities. The amount represents an approximate four-fold increase in the pre-LTP budget for natural environment outcomes including kauri dieback, pest control on our parks and expanding community action towards Pest Free Auckland.

16. The purpose of this category strategy is to develop and implement a consistent and managed approach for the use of funds available for activities related to the protection of biodiversity in the Auckland Region and protect Auckland’s priority ecosystems, threatened species and primary production.

17. Procurement Plans will be developed and approved at the appropriate delegation levels prior to any market engagement for selection of suppliers and for delivery of services.

Discussion

Scope

18. The services under this category strategy are categorised as follows:

- large pest animal control and surveillance including pigs, deer and goats
- small pest animal control and surveillance including possums, rats, mustelids, rabbits, Argentine ants, feral cats, cockatoos, wallabies, and plague skinks
- pest plant control and surveillance, which includes both terrestrial and aquatic species on regional parks, in buffers around high value local and regional parks and other targeted pest plant projects across the region
- Conservation professional services, which includes project management, compliance monitoring, behaviour change and education, surveillance, monitoring, advocacy, treatment, research, and other professional services.
19. The following are out of scope for this category strategy:
   - Upgrade and maintenance of walking tracks to protect kauri
   - ICT projects
   - grants to support community conservation activities.

20. The projected spend for services under this category strategy is estimated to be $40 million to $55 million over the next three years.

**Purpose of Category Strategy**

21. The category strategy aims to raise the management maturity of this category of services to a level where the delivery of services moves away from being merely functional and becomes more strategic thus optimising the quality, cost and delivery performance of both the council (specifically Environmental Services) and its suppliers. It will:
   - Develop a consistent and managed approach the use of available funds
   - Ensure continuity of services
   - Increase capacity (grow the market)
   - Encourage suppliers to invest/develop/increase capacity/improve performance
   - Ensure environmental, economic and social outcomes
   - Explore opportunities to partner with, collaborate with and empower mana whenua
   - Address local board requirements (such as using local suppliers where practical)
   - Ensure supplier performance against KPI.

**Supplier Analysis**

22. More than 100 suppliers provide the services relating to this category strategy. However, in FY19, there were only 27 suppliers with whom we spent over $100,000.

23. The supplier base comprises approximately 25 key suppliers who provide both general and specialist pest plant and pest animal control services across most of the sub-categories of services covered by the category strategy. In addition, there are about 53 minor suppliers. These suppliers have historically been engaged several times over a term, on standalone contracts.

24. While a few larger organisations offer services in a number of sub-categories, particularly in plant and animal control and surveillance and monitoring, a significant portion of the services and materials need to be provided by specialist suppliers and providers. Environmental Services uses a number of small-scale operators to provide these specialist services. These small-scale operators have provided high quality services over a number of years. Some organisations are transitioning from being large community groups to becoming community-based suppliers e.g. EcoMatters, Pest Free Kaipatiki, Forest Bridge Trust.

25. Suppliers’ views of the council are generally positive. They find council staff to be collaborative and supportive and they have built good long-term relationships with the council. However, feedback from suppliers has indicated that the current ad-hoc approach to procuring the services has meant that suppliers did not always have capacity to deliver when required. Failure to plan sufficiently in advance has meant that suppliers are unable to plan their resources, capacity or training for their staff. Multiple market engagements and the need to manage a large number of standalone contracts also created an additional burden for both the council and the suppliers.

26. Some supplier groups are difficult to reach through the council’s standard market engagement channels. Environmental Services will therefore also approach other regional councils, the Department of Conservation, the rural contractors’ association and the staff’s own networks to identify potential new suppliers of these services.
Sustainable Outcomes

27. Environmental Services is committed to sustainable outcomes by considering options that support local economic success, long-term impacts to all community members, kaitiakitanga (guardianship) and enhancement of the environment. The procurement of services will include the requirement that suppliers, and the services, address these sustainable outcomes and, where possible, deliver on targets agreed with the council, in order to achieve the most sustainable outcome possible for the council going forward.

28. Environmental Services acknowledges the value in engaging iwi groups and smaller contractors to provide some of the services required. While engaging larger contractors may be simpler and create efficiencies, some services are better provided through smaller or local contractors, particularly on Great Barrier Island and Waiheke Island. This will be explored with the aim to actively develop this market with assistance from the local boards.

29. Māori involvement in biodiversity protection is an important part of exercising kaitiakitanga. Māori also carry out significant pest management through their primary sector economic interests and as landowners and/or occupiers. While there are many iwi and other organisations that contribute to pest management and wider biodiversity protection initiatives within and outside of Tāmaki Makaurau / Auckland, pests do not have boundaries. The council will work alongside mana whenua as well as the Department of Conservation and other organisations to enhance pest management across organisational boundaries.

Procurement Strategy

30. In developing the strategy for procuring services for this category, a range of options were considered. An analysis of the different procurement approaches is provided under “Options Analysis” in Attachment A.

31. Due to the diverse nature of the services and the supplier market, a “one size fits all” approach to procurement and contracting is unsuitable. At the same time, the current practice of ad-hoc, repetitive, low value procurements is time consuming, difficult to manage, and attracts high costs for both the council and the suppliers. Going forward, this category strategy aims to address these issues and concerns.

32. After analysis of the options, we recommend the following contracting models for engagement of suppliers for delivery of the services.

- **Establishment of a Panel** of key suppliers for delivery of pest animal and pest plant control services, including surveillance and monitoring, on regional parks and private land. Selected suppliers will be engaged under a Master Services Agreement and work will be awarded through Statements of Work. This contracting model is best suited for repetitive, high volume work of relatively low value over a long period of time (3-5 years).

- **Standalone Contracts** (or annual Statements of Work) for auditing the works delivered by panel suppliers.

- **Standalone contracts:**
  - For specialist services required for research and investigations provided by suppliers such as NIWA, and the Universities.
  - For services provided by small / local contractors, particularly for services on Waiheke and Great Barrier Islands.
  - For services provided by mana whenua organisations

- **Vary the existing Ecological Restoration Contract** under the Project 17 procurements for delivery of NETR-funded expanded pest animal and pest plant control services on local parks with high ecological value.

The rationale for adopting the recommended contracting models has been provided in Attachment A.
33. We intend to manage contracts in six different areas (Mainland North; Mainland West; Mainland South; Waiheke and Inner Hauraki Gulf islands; Aotea/Great Barrier; Regional/regionwide). Mainland areas will be based on the Regional Parks sectors, as Regional Parks will be a significant user of these contracts. Professional services such as research and investigations, auditing and surveys are likely to be contracted on a regional basis.

34. As there is limited high quality capacity from suppliers to deliver in areas such as deer control and large-scale rat control, Environmental Services will explore the market in the short term, to identify other suppliers for these services.

35. To address the concerns expressed by suppliers around ad hoc procurement practices and poor visibility of upcoming work, making it difficult for them to plan their work and resources, Environmental Services will establish a forward work programme for the next three years that will be shared with all key stakeholders and suppliers via a supplier briefing and offer longer term contracts for some services.

36. Environmental Services and other departments, delivering these services, will engage with He Waka Eke Noa and Akiina to understand the supply market and the opportunities for supplier diversity outcomes within the proposed agreements with suppliers or delivery of services.

37. One of the key principles behind these contracts is to create a collaborative environment, where issues are worked out collaboratively between the supplier and the council, where applicable, to the benefit of both parties. This will be achieved through supplier relationship management of key suppliers. At the same time, to ensure the required level of service delivery is achieved, performance monitoring and management will be a key element to the new contracts developed under this category strategy.

**Category Strategy Roll-out**

38. To achieve the above objectives in a structured and manageable manner, the category strategy will be rolled out over a three to five-year period, with key actions to ensure continuity of services and build capacity occurring in the first 18-24 months. The category strategy will be delivered in four stages: very short term, short term, medium and long term.

39. Activities in the very short term will ensure continuity of services by contracting for services under Procurement’s Low Value Low Risk (LVR) process for low value direct engagements, and if required or appropriate, complete a short competitive process with 2-3 known suppliers.

40. Activities in the short term will focus on establishing a panel of key suppliers. This will provide an efficient mechanism for delivery of repetitive and high-volume work packages. Actions during the short term include:
   - Procurement Plans for selection of suppliers to a panel for delivery of pest animal and pest plant control services and related professional services
   - Establish a forward work programme for the next three to five years that will be shared with all key stakeholders and suppliers via a supplier briefing
   - Engage approved suppliers under long-term Master Services Agreements, with an initial term of three years, with panel rules setting out when the panel suppliers should be used and when services may be contracted from outside the panel
   - If required, some existing contracts may be extended if some required services cannot be covered under the procurement processes described above
   - Due to the dissatisfaction with performance or capacity of some suppliers who provide pest animal control services, particularly deer, possums and mustelids, Environmental Services will approach the market to identify other suppliers for these services.

41. Activities in the medium term will aim to increase capacity in the market; improve delivery and outcomes, by identifying potential new suppliers for services and exploring opportunities to increase the scope of services or capacity provided by current suppliers.

42. In the medium-term workshops will be held with suppliers to investigate improvements to service delivery options, more effective performance measures and targets and other opportunities to increase capacity and capability.
43. In the longer term, with the objective of improving the overall delivery of services and the way suppliers provide the services, Environmental Services will consider developing training modules for suppliers and standards that suppliers will be required to attain. Environmental Services will also work on development of suppliers' capacity and capability to deliver additional or value-add services.

Next steps

44. Environmental Services is holding a Supplier Briefing, scheduled for 5 March 2020, to explain the proposed category strategy, the council’s requirements of sustainable and social outcomes, expectations around performance and reporting and the upcoming procurement processes.

45. Procurement Plans will be prepared outlining the procurement approach for selection of suppliers and establishment of Master Services Agreements or standalone contracts, as appropriate. These will be approved by the appropriate delegated authorities.

46. Environmental Services will explore the market to identify new suppliers for the services.

47. Environmental Services will develop a forward works programme to share with suppliers.

Attachments

Attachment A: Biodiversity protection services delivered through the Natural Environment Targeted Rate – Category Strategy.
Biodiversity protection services delivered through the Natural Environment Targeted Rate

– Category Strategy

24 February 2020
Version 1.2
### Document Control

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Executive summary

In March 2019, Auckland Council adopted the new Regional Pest Management Plan 2019 - 2029, which sets objectives and rules to manage pests in the Auckland region and protect Auckland’s priority ecosystems, threatened species and primary production.

As part of the Long-term Plan (LTP), the council has established a Natural Environment Targeted Rate (NETR) to commit an additional $311 million over ten years towards achieving biodiversity outcomes across the Auckland region. Since July 2018, NETR has been included in residential property rates across Auckland.

The Environmental Services department, in partnership with Customer and Community Services and others, needs to deliver an ambitious programme of projects funded by NETR to help protect our natural environment and tackle the pest animals, pest plants and diseases that threaten our native species and other values such as primary production, recreation, infrastructure and amenity.

The purpose of this category strategy is to develop and implement a consistent and managed approach to managing the use of funds available for activities related to the protection of biodiversity in the Auckland Region and protect Auckland’s priority ecosystems, threatened species and primary production.

The projected spend for the services under this category strategy is estimated to be between $40 - $55 million over the next three years.

The broad categories of services to be managed under this category strategy are:

- Large pest animal control and surveillance
- Small pest animal control and surveillance
- Pest plant control and surveillance
- Professional services including project management, compliance monitoring, behaviour change and education, surveillance, monitoring, advocacy, research and other professional services

Walking track upgrades and maintenance to protect kauri and ICT projects that are funded by NETR are managed under separate procurement plans.

This strategy will also be able to be used for aligned works funded by local boards and other departments.

The council is committed to using its strong influencing platform to promote, support and facilitate positive social, environmental, economic and cultural outcomes in order to address Auckland’s most critical challenge areas. Through these services we will seek to achieve the most sustainable (ecosystem, environmental, social and cultural) outcomes possible for the council. Suppliers will be encouraged to demonstrate carbon and waste reduction strategies in the delivery of the services.

Engagement of mana whenua organisations will be supported and the use of local contractors, particularly on Great Barrier Island and Waiheke Island, will be explored with the aim to actively develop this market with assistance from the local boards.

Māori involvement in biodiversity protection is an important part of exercising kaitiakitanga. Māori also carry out significant pest management through their primary sector economic interests and as landowners and/or occupiers. Environmental Services will work with mana whenua to explore opportunities to partner with, collaborate with and empower mana whenua while implementing the NETR work programme. From this will come increased
mana whenua capacity and capability in pest management, as well as economic development. Similarly, the council will learn and benefit from this collaboration, growing its own capability in turn. In some situations, mana whenua and the council undertake pest management together as part of formal partnership and co-management agreements.

One of the key principles underlying the contracts will be creation of a collaborative environment where issues are worked out between the supplier and the council to the benefit of both parties. This will be achieved through supplier relationship management of key suppliers. At the same time, to ensure the required level of service delivery is achieved, performance monitoring and management will be a key element in the new contracts developed under this category strategy.

We will use the following approaches for engagement of suppliers for delivery of the services covered by this category strategy:

- Establishment of a panel of key suppliers for delivery of large-scale pest animal and plant control and surveillance services.
- Standalone Contracts (or annual Statements of Work) for delivery of pest animal and pest plant control auditing services.
- Standalone contracts for specialist services.
- Direct engagement of mana whenua organisations and local contractors, where feasible.
- Vary existing Ecological Restoration Contract under the Project 17 procurements for delivery of NETR-funded expanded pest animal and pest plant control services on local parks with high ecological value.

To address the concerns expressed by suppliers around their inability to plan their work and resources due to poor visibility of upcoming work, Environmental Services will establish a forward work programme for the next three years that will be shared with all key stakeholders and suppliers.

Roll out of the category strategy will be staged over the next 18-24 months in order to achieve the following outcomes:

- Ensure continuity of services.
- Improve the procurement approach and contracting models.
- Develop market capacity and capabilities.
- Improve performance measurements and establish targets.
- Improve efficiency in supplier engagement processes.
- Deliver the varied scope of services.
- Achieve sustainable outcomes.
Biosecurity protection services delivered through the Natural Environment Targeted Rate

Background
In March 2019, the council adopted the new Regional Pest Management Plan 2019 - 2029, which sets objectives and rules to manage pests in the Auckland region, and protect Auckland’s priority ecosystems, threatened species, primary production and other values such as human health, infrastructure, amenity and recreational values.

The LTP 2018-2028 introduced an additional $311 million over ten years through a NETR for the council to deliver its implementation responsibilities in respect of this Regional Pest Management Plan and complementary biosecurity and community conservation activation activities. The amount represents an approximate four-fold increase in the pre-LTP budget for natural environment outcomes including kauri dieback, pest control on our parks and expanding community action towards Pest Free Auckland.

The overall work programme will be delivered across the council largely by:
- Environmental Services
- Community Services (Regional Parks, Local Parks and Tupuna Maunga)
- Community Facilities
- Research, Monitoring and Evaluation Unit

Desired Outcomes
The overall work programme (NETR plus general rates) will deliver on the following high-level outcomes:
- Risk of human-induced kauri dieback spread is significantly reduced
- 66% of Significant Ecological Areas on parks are protected from pests
- Possums reduced to <5% Residual Trap Catch (RTC) across 50% of rural Auckland
- Unitary Plan marine biofouling rule enforced
- 100% of island transport operators participating in Pest Free Warrant programme
- Eradications of priority plant and animal pests from Actaea, Waitakere and Kaua‘i islands (response to Sea Change, the Hauraki Gulf marine spatial plan)
- Some native seabird habitats restored (response to Sea Change)
- >600 community groups are supported to a high level to achieve Pest Free Auckland outcomes
- Two highest priority freshwater lakes (Rotokawa and Tomarata) protected from pests

Key mechanisms to achieve the high-level outcomes stipulated above are to:
- Establish and publish a work programme (transparency to market)
- Rationalise the number of suppliers used in the category
- Deliver consistent services across the region, enabling realignment and rationalisation of contracts across both services and regions
- Reduce the number of unnecessary sourcing events and hence reduce the cost to the council and suppliers and provide suppliers more certainty.
- Ensure consistent performance measures
Category Strategy Purpose and Aims

The purpose of this category strategy is to develop and implement a consistent and managed approach for using the funds available for activities related to the protection of biodiversity in the Auckland Region and protect Auckland’s priority ecosystems, threatened species and primary production for the services set out below.

The strategy aims to raise the management maturity of this category of services to a level where the delivery of services becomes truly strategic; moving away from being merely functional and instead operating at a cross-functional level so as to optimise the quality, cost and delivery performance of both the council (specifically Environmental Services) and its suppliers.

The strategy aims to:

- Develop a consistent and managed approach to managing the use of funds available
- Ensure continuity of services
- Increase capacity (grow the market)
- Encourage suppliers to invest/develop/increase capacity/improve performance
- Achieve significant co-benefits through a sustainable procurement approach
- Ensure environmental, economic and social outcomes
- Address local board requirements (local suppliers)
- Ensure supplier performance against KPI

When developing the strategy, the following need to be considered:

- Market capacity and constraints in the short term and long term
- Key internal stakeholder relationships and engagement
- Strategic engagement key suppliers
- Appropriate and ongoing contract management
- Streamline engagement process with suppliers
- Opportunities to engage the market at a strategic level

This strategy aims to deliver increased performance from suppliers, to add value to the council, maximise results and unlock benefits via:

- Working collaboratively across Environmental Services, Customer and Community Services, Procurement and key strategic suppliers
- Efficient utilisation of market capacity
- Being a customer of choice for the supply market
- Ensuring environmental, social, cultural and economic sustainability
- Improved consistency of engagement of suppliers and processes
- Improved performance from suppliers, including formal performance measurement and benchmarking
- Performance requirements, including health and safety, staff training and development and welfare.
Scope of Services

The services covered under this category strategy are categorised as follows:

- **Large pest animal control and surveillance including:**
  - Pigs, deer, goats

- **Small pest animal control and surveillance including:**
  - Possums, rats, mustelids, rabbits, Argentine ants, feral cats, cockatoos, wallabies, plague skinks

- **Pest plant control and surveillance including:**
  - Terrestrial and aquatic species on regional parks, in buffers around high value local and regional parks and other targeted pest plant projects across the region

- **Auditing of the above services**

- **Conservation professional services including:**
  - Project management, compliance monitoring, behaviour change and education, surveillance, monitoring, advocacy, kauri phosphate treatment, research and other professional services

NETR also funds upgrade and maintenance of walking tracks to protect kauri, a range of ICT projects and a raft of grants to support community conservation activities, in particular. These are out of scope for the services to be delivered under this category strategy and are covered by separate procurement or execution plans. Track construction is being managed largely through existing contracts on local parks and through a panel of suppliers for regional parks. ICT projects are managed through ICT procurement panels and processes.

Many elements of the compliance programme will be (and are currently) delivered by warranted Environmental Services and Regulatory Compliance staff. Some specialist elements (such as underwater vessel hull surveillance) may be contracted out if it is not practical for staff from either department to undertake all the works.

This category strategy will be able to be used for aligned works funded by local boards and other departments, so long as the contractors have sufficient capacity to deliver on the NETR projects. They will not however supersede some contracts already in existence, such as the Full Facilities and Ecological Restoration Contracts administered by Community Facilities in local parks.

A Request for Information (RFI) issued by Environmental Services was used to understand from suppliers the services they would be interested in delivering for Environmental Services and where they could deliver these services. This information was used to determine which service streams could be bundled together within the NETR procurement activity and the most efficient bundling of the different services across different areas.

Geographical split of contract areas

While works for many of the NETR programmes will occur across many parts of the region, some suppliers focus their operations in particular parts of the region. For this reason, we intend to manage contracts in six different areas, as listed below. Mainland areas will be based on the Regional Parks sectors as Regional Parks will be a significant user of these contracts. Professional services such as research and investigations, auditing and surveys are likely to be contracted on a region-wide basis.
1. Mainland North
2. Mainland West
3. Mainland South
4. Waiheke and Inner Hauraki Gulf islands
5. Aotea/Great Barrier
6. Regional/regionwide

Previous approach to procuring the services

Historically the services have been procured through:

- Open multi or single stage procurements for individual projects
- Closed tenders with selected suppliers based on track record and spend analysis
- For pest plant and pest animal work in local parks, the Project 17 procurement process that led to the Full Facilities and Ecological Restoration contracts
- Direct negotiation with the supplier, in exceptional situations or low value engagements
- Some supplier pre-qualification

Due to the diverse nature of the services required under the NETR programme, a one size model for procurement and contracting is unsuitable. At the same time, the current practice of repetitive, low value procurements is time consuming, difficult to manage and attracts high costs for both the council and the suppliers. Going forward, procurement strategies need to address these issues and concerns.

Suppliers

Key insights on suppliers of the services under this category are:

- In FY19, there were only 27 suppliers with whom we spent over $100,000
- 40% of spend has been with the top 10 suppliers while 80% of the spend has been across 140 contracts
- Envirotex Ltd was the top supplier by spend in FY19; they provide services on Aotea Great Barrier only
- As shown in the table below, more than 100 suppliers provide the pest plant and pest animal control services covered by this category strategy.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generalist pest plant and animal work – main suppliers</td>
<td>11</td>
</tr>
<tr>
<td>Specialist pest plant and animal work – main suppliers</td>
<td>12</td>
</tr>
<tr>
<td>Specialist pest plant and animal work – minor suppliers</td>
<td>13</td>
</tr>
<tr>
<td>Generalist pest plant and animal work – minor suppliers</td>
<td>63</td>
</tr>
</tbody>
</table>
The table below shows the main suppliers providing services in the key sub-categories:

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Pest Animal Control (large)</th>
<th>Pest Animal Control (small)</th>
<th>Pest Animal Surveillance</th>
<th>Pest Plant Control</th>
<th>Pest Plant Surveillance</th>
<th>Mainland</th>
<th>GBI</th>
<th>Waitemata</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOC Livestock</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Envirokiwi</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feracon Limited</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwood Arthema</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Habitat Restoration</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand Biosecurity Services Ltd</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ Enviro</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ Tree Services, (Killing for a Living)</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Te Ngahere (2009) Ltd</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texeco New Zealand</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wildlands</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Main: Specialist Supplier

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Pest Animal Control (large)</th>
<th>Pest Animal Control (small)</th>
<th>Pest Animal Surveillance</th>
<th>Pest Plant Control</th>
<th>Pest Plant Surveillance</th>
<th>Mainland</th>
<th>GBI</th>
<th>Waitemata</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrowag Ltd</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Pest Solutions</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eco Science Ltd</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gerry Newman and Ann Yeart</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Point</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neil Buchanan and Dennis Davison</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIMSA</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Papawera Geological Consulting</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant &amp; Food Research</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualimex</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scrub Growers Ltd</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Waikato</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winga Hill - Roselle Bay Catchment</td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td>\checkmark</td>
<td>\checkmark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition to the above, there are 63 other minor suppliers.

While a few larger organisations offer services in a number of sub-categories, particularly in pest plant and animal control and surveillance and monitoring, a significant portion of the services and materials need to be provided by specialist suppliers and providers.

Environmental Services uses a number of small-scale operators who provide specialist services. These small-scale operators have provided high quality services over a number of years.

Some organisations are transitioning from being large community groups to becoming community-based suppliers e.g. EcoMatters, Pest Free Kaipatiki, Forest Bridge Trust.

Suppliers’ views of the council are generally positive. They find council staff to be collaborative and supportive and they have built good long-term relationships with the council. However, feedback from suppliers has indicated that the current ad-hoc approach to procuring their services was very inefficient and has meant that suppliers did not always have capacity to deliver when required. Failure to plan sufficiently in advance has meant that suppliers are unable to plan their resources, capacity or training for their staff.

Other feedback received from suppliers includes:
- Mixed messages received from the council (staff don’t talk to each other enough)
- Too many (small value) contracts
• Tender process and documents are unclear, with little consistency around processes, tenders, requirements, expectations, auditing, reporting, performance measures and delivery
• Communication needs to be regular, open and honest
• Small-scale suppliers often struggle with the council’s technology requirements, such as interacting with the Ariba platform, and the council’s contractual requirements, such as holding public liability and professional indemnity insurance.

At the same time, there has been limited high quality capacity to deliver in areas such as deer control and large-scale rat control. Environmental Services would like to explore the market in the short term, to identify other suppliers for these services. As these groups of suppliers are difficult to reach through the council’s standard channels, Environmental Services will approach other regional councils, the Department of Conservation, the rural contractors’ association and the staff’s own networks to identify potential new suppliers of these services.

Sustainability

The council is committed to using its strong influencing platform to promote, support and facilitate positive social, environmental, economic and cultural outcomes in order to address Auckland’s most critical challenge areas.

The Auckland Plan 2050 has identified three key challenge areas for Auckland:
• Arresting and reversing environmental degradation
• Ensuring prosperity is shared amongst all Aucklanders
• Addressing impacts of high population growth

Key Council/NETR sustainability areas are:
• Environmental
• Social
• Economical
• Cultural

Environmental Services is committed to sustainable outcomes success by considering options that support local economic success, long-term impacts to all community members and kaitakitanga (guardianship) and enhancement of the environment.

However, sustainable outcomes can only be achieved through early planning and scoping to workshop and ascertain the opportunities available within the proposed services. The departments will engage with He Waka Eke Noa and Ākina to understand the supply market and the opportunities for supplier diversity outcomes within the proposed agreements with suppliers or delivery of services.

The council seeks ways to create Shared Prosperity through Local Supplier Utilisation. This includes utilisation of local suppliers, those based within the local board where the contract is to be delivered; purchasing materials, resources and services locally or purchasing from suppliers that generate local impact by stimulating the local economy, providing local employment opportunities and fostering inclusion of marginalised communities.

Environmental Services acknowledges the value in engaging iwi groups and local smaller contractors to provide some of the services required. While engaging larger contractors may create efficiencies and reduced costs, some services are better provided through smaller or local contractors, particularly on Great Barrier Island and Waiheke Island. This will be explored with the aim to actively develop this market with assistance from the local boards.
Auckland aspires to be Zero Waste by 2040, taking care of people and the environment and turning waste into resources. Suppliers will be encouraged to reuse or recycle materials wherever possible and reduce waste to landfill and demonstrate waste reduction strategies in the delivery of services.

The procurement of services will include the requirement that suppliers, and the delivery of services, address these sustainable outcomes and, where possible, deliver on targets agreed with suppliers, in order to achieve the most sustainable outcome possible for the council going forward.

Māori Outcomes
Māori involvement in biodiversity protection is an important part of exercising kaitiakitanga. Māori also carry out significant pest management through their primary sector economic interests and as landowners and/or occupiers. One specific purpose of a Regional Pest Management Plan (RPMP), under the Biosecurity Act, is to provide for the protection of the relationship between Māori and their ancestral lands, waters, sites, wāhi tapu, and taonga, and to protect those aspects from the adverse effects of pests. Pest management protects wāhi tapu and taonga, restores the mauri of whenua and wai Māori, and enhances the well-being of local communities. Successful pest management is holistic in nature and recognises the interconnectedness of people and the environment. To achieve these outcomes for the rohe, all must work together. The council also acknowledges the value of māturanga Māori and customary management tools such as rāhui for managing pests.

While there are many iwi and other organisations that contribute to pest management and wider biodiversity protection initiatives within and outside of Tāmaki Makaurau / Auckland, pests do not have boundaries. The council will work alongside mana whenua as well as the Department of Conservation and other organisations to enhance pest management across organisational boundaries.

Environmental Services will work with mana whenua to explore opportunities to partner with, collaborate with and empower mana whenua while implementing the NETR work programme. From this will come increased mana whenua capacity and capability in pest management, as well as economic development. Similarly, the council will learn and benefit from this collaboration, growing its own capability in turn. In some situations, mana whenua and the council undertake pest management together as part of formal partnership and co-management agreements.

The Local Government Act requires the council to recognise and respect the Crown’s responsibilities under the Tītī o Waitangi / Treaty of Waitangi. It also requires councils to maintain and improve opportunities for Māori to contribute to decision-making processes. These responsibilities and requirements were met while preparing the RPMP and will continue after it takes effect.

In addition to the consultation and engagement undertaken during the preparation of the RPMP, the council continues to engage with mana whenua through the Infrastructure and Environmental Services Mana Whenua Forum and directly with iwi about projects in their rohe. Using NETR funds, we have been able to increase our investment in building capability in our staff to better engage with Māori and are actively seeking ways to build on projects that partner with mana whenua in particular.

Examples of projects that we are delivering in partnership with mana whenua are Ngā Roto (protecting Lakes Tomatara, Spectacle and Slipper by improving the health of the land around the lake and working with neighbouring farmers to reduce their impact on the lakes) and funding mana whenua to be part of the kauri dieback programme (including participating in treating kauri with phosphite injections and being part of the design of track upgrades that will protect kauri).
Key Stakeholders
The following table identifies key stakeholders and how they are impacted.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Impact of procurement on stakeholder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Ratepayers</td>
<td>Have an interest in ensuring that funding is managed and spent appropriately</td>
</tr>
<tr>
<td>Mana whenua, Māori businesses, Māori organisations</td>
<td>Will be interested in the methodologies used (e.g. minimising toxins, reducing waste of potential food resources like pigs), where work is being undertaken in their rohe and their involvement, opportunities for employment, ensuring appropriate tikanga (protocols) are followed around culturally significant sites, and capability and capacity building for their people, businesses and organisations</td>
</tr>
<tr>
<td>Community conservation organisations</td>
<td>Will be interested in the effectiveness of our contractors when working in their areas of interest and in the quality of communication from contractors and council staff about the works being undertaken. Some community groups have built sufficient capacity to contracted to undertake appropriate works themselves.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Required to respond to requests for proposals or quotes often over a condensed time. This could create a peak workload for suppliers. The improved procurement process should however lead to more simplified process and more longer-term benefits to them.</td>
</tr>
<tr>
<td>Elected members: Governing Body and Local Boards</td>
<td>May have an interest in several aspects of the procurement process. Would wish to ensure alignment with adopted plans and policies such as Auckland Plan, Regional Pest Management Plan, Long Term Plan, Annual Plans.</td>
</tr>
<tr>
<td>Council, ES and Regional Parks staff</td>
<td>New contract management processes will need to be learnt and implemented While efficiencies will be created, more effort will be required in quality control performance management and contractor relationships.</td>
</tr>
</tbody>
</table>

Projected spend
The projected spend for services related to delivery of services under this category strategy is estimated to be $40m - $55m over the next three years. The variance in these numbers is due to the long-term project budgets being dependent on how budgets are to be balanced across all NETR projects. While the following table shows projected spend over the coming three financial years, it is anticipated that the spend will increase further in cutyears.

<table>
<thead>
<tr>
<th>Services</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pest plant control and surveillance - mainland</td>
<td>$2-3 million</td>
<td>$2-3 million</td>
<td>$5-7 million</td>
</tr>
<tr>
<td>Pest animal control and surveillance - mainland</td>
<td>$3 million</td>
<td>$3 million</td>
<td>$5-7 million</td>
</tr>
<tr>
<td>Pest plant control and surveillance - islands</td>
<td>$0.5m - $1m</td>
<td>$0.5m - $1m</td>
<td>$0.5m - $1m</td>
</tr>
<tr>
<td>Pest animal control and surveillance - islands</td>
<td>$0.9m - $1.3m</td>
<td>$1.4m - $2m</td>
<td>$1.4m - $2m</td>
</tr>
<tr>
<td>Professional services</td>
<td>$5.0m - $7.0m</td>
<td>$5.0m - $7.0m</td>
<td>$5.0m - $7.0m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11.4m - $15.5m</strong></td>
<td><strong>$11.0m - $16.0m</strong></td>
<td><strong>$16.0 - $24.0m</strong></td>
</tr>
</tbody>
</table>
Options analysis
In developing the strategy for procuring services for this category, a range of options were considered. An analysis of the different procurement approaches and our recommendations, including the reasons for the recommendations, is provided in the following pages.
<table>
<thead>
<tr>
<th>Procurement Model</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status Quo</td>
<td>• Opportunity to all market players</td>
<td>• Cost of procurement very high, due to increased number of procurements</td>
</tr>
<tr>
<td></td>
<td>• Maintains competition</td>
<td>• Time consuming and inefficient</td>
</tr>
<tr>
<td></td>
<td>• Small niche players are less likely to be overlooked</td>
<td>• Some suppliers won't bid due to lack of resources to prepare tender responses</td>
</tr>
<tr>
<td></td>
<td>Combination of direct-award POs, RFQs and RFPs; Mostly open market procurement; Some low value short term contracts</td>
<td>• Increased risk through non-contracted spend</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Drives poor spending behaviours</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• High contract management costs due to need to manage multiple contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Poor synergies and less opportunity to develop efficiencies in processes or contract delivery</td>
</tr>
<tr>
<td>Non-Exclusive Panels</td>
<td>• Large number of suppliers available and more can be added</td>
<td>• Requires extensive work to create and manage the panel</td>
</tr>
<tr>
<td></td>
<td>• Drives competitive pricing behavior for suppliers to be selected on Panel</td>
<td>• Work is not guaranteed to suppliers (other supplies can be awarded work), even after undergoing extensive panel contracting formalities</td>
</tr>
<tr>
<td></td>
<td>• Fixed hourly rates</td>
<td>• Loss of trust in market if panel is not executed well.</td>
</tr>
<tr>
<td></td>
<td>• Flexibility to award work</td>
<td>• Reduced opportunity to consolidate work resulting in more contracts, increasing contract management costs</td>
</tr>
<tr>
<td></td>
<td>• Reduces time and cost of going through repeated RFPs.</td>
<td>• Less ability to agree targets and performance measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Poorer synergies and less opportunity to develop efficiencies in processes or contract delivery, as multiple suppliers deliver the same services</td>
</tr>
<tr>
<td></td>
<td>Large number of suppliers, of mixed capacity, selected through open or closed market, Work and value agreed via SOW</td>
<td></td>
</tr>
<tr>
<td>Procurement Model</td>
<td>Pros</td>
<td>Cons</td>
</tr>
<tr>
<td>-------------------</td>
<td>------</td>
<td>------</td>
</tr>
</tbody>
</table>
| Exclusive panels | • Likely to drive best value; better ability to negotiate rates and performance targets  
• No guaranteed volume but larger volume of work available to selected suppliers, allowing suppliers' investment in resources  
• Ability to share forward work programme and plan delivery for optimum results  
• Builds strategic relationships with suppliers  
• Fixed hourly rates  
• Some flexibility to award work  
• Greater ability to agree and measure performance and targets  
• Appropriate for repeated work where details or volume is variable or unknown  
• Saves suppliers significant time by avoiding need to tender for each project  
• Significantly reduces time and cost of awarding work  
• Easier to manage the panel as there are fewer suppliers  
• More opportunity to consolidate services under an SOW, resulting in lower contract management costs  
• Few contractors providing the services so there are increased synergies and more opportunity and incentive to develop efficiencies in processes and improve service delivery  
• Smaller suppliers can be managed under the systems of larger players so may benefit from working under the latter's systems | • Requires effort in creating and managing the Panel  
• Difficult to add/remove supplier from the panel, unless clear Panel rules are established  
• Small niche suppliers may need to sub-contract to larger players or could lose out, potentially limiting specialist skills available on the panel.  
• Many niche suppliers simply will not apply due to application process and time required or may not have the expertise to prepare an appropriate response; or may not want to assume a sub-contractor role.  
• Competitiveness may be lost over time  
• Sub-contractor work may cost more as the main contractor “clips the ticket”. |
## Procurement Model

<table>
<thead>
<tr>
<th>Standalone contracts</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
</table>
| Fixed term contract for specific work at agreed value/hourly rates | - Clear scope of services described in the contract  
- Fixed agreed value or maximum value, spend certainly, lower risk of cost increase  
- Certainty for supplier around contract value  
- Ability to plan resources for contract delivery  
- Appropriate for defined/known work or volumes over a reasonable term  
- Can include performance measures and targets  
- Opportunity to engage iwi groups and smaller or local contractors on shorter term trial basis | - Not feasible if volume of work is variable or unknown or for short duration  
- If used incorrectly will require management of a large number of contracts and suppliers significantly increasing contract and supplier management costs |
Recommended Procurement Approach

Due to the diverse nature of the services required under the NETR programme, a one size model is unsuitable. We therefore recommend the following procurement approaches for engagement of suppliers for delivery of the services required under the NETR programme.

Contractual Arrangements

- **Establishment of a panel** of key suppliers for delivery of pest animal and pest plant control services, including surveillance and monitoring, on regional parks and private land. Panels would be available for local board-funded pest control services on local parks where they are distinct from the existing Full Facilities and Ecological Restoration Contract work.
  The panels would be made up of suppliers who have capacity to provide either a number of different services and/or across a number of contract areas, and who need to be engaged a number times over a year.
  Suppliers are selected on the Panel after assessment of their capability and capacity and will be engaged under a Master Services Agreement.

Benefits of these arrangements include:
  - Allows pre-qualification through assessment of supplier capability and capacity
  - Master Services agreement with agreed rates and performance requirements
  - Engagement under Statements of Work creates efficiencies and reduces process cost
  - Suitable for high volume engagements of smaller value, where detailed scope of services can change over time
  - Council can develop strategic relationships with key suppliers
  - Supplier is incentivised to develop capacity and expertise to provide additional services
  - Efficiencies through use of a single MSA by different departments
  - Suppliers need to provide health and safety and insurance documentation only once.

Defined Panel Rules will be established for use of the Panel and criteria for when it is acceptable to go outside the Panel, e.g. specialist one-off work, low value work in remote areas or engagement of iwi groups and local suppliers. A staff member would be responsible for administration of the Panel.

The Panel will be reviewed annually, and suppliers can be added and removed at that time. Justifications for adding a supplier would be frequent use under standalone contracts in the previous period or capacity shortage within the Panel. The scope of services provided by a Panel supplier may be increased or reduced based on changes to resources available to the supplier.

- **Standalone Contracts** (or annual Statements of work) for delivery of auditing the works delivered by Panel suppliers.

Rationale:
  - Cannot have the panel suppliers auditing each other’s work
  - Auditors would not be competing for the same delivery work as delivered by the panel
  - Suitable when the scope of work is known and required over a term (1-3 years)
  - Performance measures and targets can be agreed up front
  - Supplier is incentivised to offer reduced rates for long-term contract
• Ability to negotiate a fixed contract value, or defined hours at agreed rates
• Ability to bundle requirements under a single standalone contract
• Gain long term commitment from suppliers for provision of these services
• Option to split contracts by geographical area to ensure market sustainability, and manage risk
• Contract management is effective and efficient
• Council is able to establish good relationships with the supplier and achieve innovation and service improvement.

• Standalone contracts:
  • For specialist services required for research and investigations provided by suppliers such as NIWA, and the Universities.
  • For services provided by small local contractors, particularly for services on Waiheke and Great Barrier Islands.
  • For services provided by mana whenua organisations to support our Māori responsiveness goals.

Rationale:
  • Suitable specialist professional services when the scope of work is known but is of a one-off short-term nature
  • This approach is more efficient (than having an MSA) when services required infrequently (once or twice a year)
  • Contract management can be based on specified deliverables
  • Can choose between a short competitive process or direct award depending on the value and the likely spread of skills between providers
  • Opportunity to engage smaller local contractors for smaller value contracts to develop the supplier base or where it would be inefficient to bring major suppliers to more remote sites.

• Vary the existing Ecological Restoration Contract under the Project 17 procurements for delivery of NETR-funded expanded pest animal and pest plant control services on local parks with high ecological value.

Rationale:
  • The Ecological Restoration Contracts were only reasonably recently put in place and cover this sort of work for local parks only
  • Ecological Restoration Contract suppliers do not have the capacity to deliver all the extra work funded by NETR, but there are efficiencies for them to deliver this work on local parks

Forward Works Programme

To address the concerns expressed by suppliers around ad hoc procurement practices and poor visibility of upcoming work, making it difficult for them to plan their work and resources, Environmental Services will establish a forward work programme for the next three years that will be shared with all key stakeholders and suppliers via a supplier briefing.

Performance monitoring and management

One of the key principles behind these contracts is to create a collaborative environment, where issues are worked out collaboratively between the supplier and the council, where applicable, to the benefit of both parties. This will be achieved through supplier relationship
management. At the same time, performance monitoring and management will be a key element to the new environmental services contracts. To make sure the Key Result Areas are being delivered, it is expected that key performance indicators are included within the contracts which will measure:

- Adherence to specifications and service levels, including data recording and reporting
- Health & Safety
- Environmental and sustainable practices
- Response to and outcome of issues
- Response and action to the social, cultural and sustainability aspects specified within contracts, e.g. the contract may require a number in a formal training system to be in place for educating high risk groups to achieve set qualifications.

Non-performance on contracts would be reasons for removing a supplier from the Panel or terminating a contract, and this would be specified within the contracts.

Sustainable Outcomes

As sustainable outcomes can only be achieved through early planning and scoping to workshop, Environmental Services and other departments involved in delivering pest plant and pest animal control services, will engage with He Waka Eke Noa and Akahia early on to understand the supply market and the opportunities for supplier diversity outcomes within the proposed agreements with suppliers or delivery of services.

Category Strategy Roll-out

To achieve the above objectives in a structured and manageable manner, roll out of this category strategy will be delivered over 16-24 months and has been split into very short, short, medium, and long-term time periods.

VERY SHORT TERM

To ensure continuity, in the very short term, (until 30 June 2020), we will:

- Confirm the scope of any remaining services required in the current financial year
- Identify potential suppliers from our current supplier pool
- Contract for services under Procurement’s Low Value Low Risk (LVLR) process for low value direct engagements
- If required or appropriate, complete a short competitive process with 2-3 known suppliers

SHORT TERM

To improve the procurement approach and contracting model and to develop an efficient mechanism for delivery of the required services, by 30 June 2020, we will:

- Establish Procurement Plans for the broad categories of services, focusing particularly on pest animal and pest plant categories
- Environmental Services will establish a forward work programme for the next three to five years that will be shared with all key stakeholders and suppliers via a supplier briefing
- Issue Requests for Proposals to known suppliers seeking brief proposals that include;
o Services they can provide, including any not currently provided to Environmental Services
o Key personnel and capability (against services identified)
o Rates for specified services, hourly rates, expenses and disbursements (such as travel and material costs)
o Agreement on terms for the Master Services Agreement

- Hold supplier briefings to explain the scope and intent of the RFPs and the proposed contracting arrangements
- If required hold interviews/presentations from key suppliers to understand and confirm their proposals, capabilities and capacity
- Engage approved suppliers under long term (3+2+2 years) Master Services Agreements with panel rules setting out when the Panel is to be used and when we can contract for services from outside the Panel.

Some existing contracts may be extended if some required services cannot be covered under the procurement processes described above.

Also, due to the dissatisfaction with performance or capacity of some suppliers who provide pest animal control services, particularly for deer, possums and mustelids, Environmental Services will approach the market, in the short term, to identify other suppliers for these services. As these groups of suppliers are difficult to reach through the council’s standard channels, staff will approach professional bodies such as other regional councils and the Department of Conservation, the rural contractors’ association and the staff’s own networks to identify potential new suppliers of these services.

MEDIUM TERM

With the aim to increase capacity in the market; improve delivery and outcomes,

By 31 March 2021, we will

- Identify potential new suppliers for services (new suppliers may be identified through staff and industry networks; internet searches; team research; industry bodies, issue of a Registration of Interest on GETS).
- Seek information from these potential new suppliers (services, staff, rates) either directly or through an RFP process
- Establish MSAs or standalone contracts as appropriate
- Establish Standalone contracts, as required and appropriate, for delivery of surveillance and monitoring work, professional services and any engagement of iwi groups or small local contractors.
- Consider creating further panels for the professional services that are used most often.

By 30 June 2021, we will:

- Explore opportunities to increase the scope of services or capacity provided by current suppliers and if appropriate vary the scope of services under their Master Services Agreements
- Undertake workshops with suppliers to investigate:
  o Improvements to service delivery options
  o More effective performance measures and targets
Opportunities to increase capacity and capability

LONG TERM
With the objective of improving the overall delivery of services and the way suppliers provide the services Environmental Services has highlighted opportunities to establish:

- Training for suppliers
- Standards that suppliers must attain
- Development of suppliers' capacity and capability to deliver additional or value-add services.
Risks and Constraints

Following is a table that defines the risks associated with this strategy:

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risk Name</th>
<th>Probability</th>
<th>Impact</th>
<th>Mitigation</th>
<th>Contingency</th>
<th>Action By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category Size</td>
<td>Number of small suppliers who don’t have capacity or capability to deliver</td>
<td>High</td>
<td>High</td>
<td>Have strategic, larger, longer term contracts</td>
<td>Inform suppliers of upcoming programme of works for them to upscale and prepare</td>
<td>Procurement, PMs, ES Management</td>
</tr>
<tr>
<td>Culture</td>
<td>Breaking existing behaviours</td>
<td>High</td>
<td>High</td>
<td>Awareness &amp; profile raising</td>
<td>Demonstrate benefits</td>
<td>ES Management, PMs</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Department moving to a consistent procurement approach</td>
<td>High</td>
<td>High</td>
<td>Work with internal stakeholders</td>
<td>Getting stakeholders buy-in</td>
<td>Procurement, PMs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Keep stakeholders informed</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consistent and regular meetings with key stakeholders</td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>PM not engaging in strategy/delivery</td>
<td>High</td>
<td>High</td>
<td>Committed PM engagement</td>
<td>ES management support &amp; escalation</td>
<td>Procurement, PMs, ES Management</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Supplier capacity insufficient</td>
<td>High</td>
<td>Medium</td>
<td>Early engagement, forward work programme, seek new suppliers in phase 2</td>
<td>Seek new suppliers earlier</td>
<td>PMs</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Capability of suppliers insufficient</td>
<td>High</td>
<td>Medium</td>
<td>Longer term contracts so suppliers can invest in their teams, Clearer</td>
<td>Ensure good auditing. Accept that quality may not be as good at first as it will in the future.</td>
<td>PMs</td>
</tr>
<tr>
<td>Council capability and capacity</td>
<td>Structural changes within the council may affect category management</td>
<td>High</td>
<td>High</td>
<td>Advocate for sufficient staff capacity and roles to support good contract management</td>
<td>Make the best with what we have</td>
<td>ES Management</td>
</tr>
</tbody>
</table>

Any conflicts of interest will be managed through the procurement processes.
APPENDIX A – Spend Analysis by Environmental Services - FY18, FY19, FY20 (YTD)

Figure 1: Categories of spend under the top 10 suppliers

<table>
<thead>
<tr>
<th>Category</th>
<th>Spend (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biosecurity &amp; Weed control</td>
<td>$7,001K</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>$1,534K</td>
</tr>
<tr>
<td>Forestry</td>
<td>$177K</td>
</tr>
<tr>
<td>Animal Control Services &amp; Su...</td>
<td>$94K</td>
</tr>
<tr>
<td>Temporary personnel services</td>
<td>$13K</td>
</tr>
<tr>
<td>Facilities Maintenance &amp; Man...</td>
<td>$24K</td>
</tr>
<tr>
<td>Building &amp; Landscaping Supplies</td>
<td>$21K</td>
</tr>
<tr>
<td>Training</td>
<td>$18K</td>
</tr>
<tr>
<td>Consultancy</td>
<td>$17K</td>
</tr>
<tr>
<td>Computer &amp; Mobile Hardware</td>
<td>$14K</td>
</tr>
<tr>
<td>Culture &amp; Community</td>
<td>$13K</td>
</tr>
<tr>
<td>Open Spaces Management</td>
<td>$8K</td>
</tr>
<tr>
<td>Miscellaneous Goods &amp; Services</td>
<td>$8K</td>
</tr>
<tr>
<td>Event Technical Services &amp; Eq...</td>
<td>$1K</td>
</tr>
<tr>
<td>Vet Services &amp; Supplies</td>
<td>$1K</td>
</tr>
<tr>
<td>Construction Project Manage...</td>
<td>$1K</td>
</tr>
<tr>
<td>Signage</td>
<td>$0K</td>
</tr>
<tr>
<td>Travel &amp; Accommodation</td>
<td>$0K</td>
</tr>
<tr>
<td>Equipment &amp; Spares</td>
<td>$0K</td>
</tr>
</tbody>
</table>

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Figure 2: Value of spend under Top 10 Suppliers in FY18, FY19 and YTD, FY20

Attachment C

Item 9
Figure 3: Spend by supplier grouping (top 10, 10-50, the rest). We spent $9.06 million with the top 10 suppliers, over FY18, FY19, YTD(FY20)
Figure 4: Supplier counts and spend in FY18, FY19 and FY20(YTD).
Strategic Procurement Committee
10 March 2020

Summary of Strategic Procurement Committee information items, including the forward work programme - 10 March 2020

Attachment C

Item 9
### Forward Work Programme 2020

This committee deals with ensuring sound procurement processes are followed in order to deliver on the work programme and operations outlined in council’s adopted Annual Plan. It has responsibility for awarding contracts of $22.5 million or greater, awarding sensitive contracts and oversight of procurement strategies, processes and procedures.

The full terms of reference can be found here: [Governing Body Terms of Reference](#).

<table>
<thead>
<tr>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes</th>
<th>Highlight the month(s) this is expected to come to committee in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extension to inorganic services contracts</strong>&lt;br&gt;Waste Solutions</td>
<td>To allow time for a review of the current inorganics service, which is an action in the Waste Management and Minimisation Plan 2018: Working together for Zero Waste. Implementing the waste plan is a legislative requirement under the Waste Minimisation Act 2008.</td>
<td><strong>Decision:</strong> To approve a one-year extension/variation with incumbent suppliers for the inorganic collection and inorganic processing contracts. A report will be provided in March 2020.</td>
<td>Jan</td>
<td>Mar</td>
</tr>
<tr>
<td><strong>Inorganic services contract</strong>&lt;br&gt;Waste Solutions</td>
<td>To procure an inorganics service, which is an action in the Waste Management and Minimisation Plan 2018: Working together for Zero Waste. Implementing the waste plan is a legislative requirement under the Waste Minimisation Act 2008.</td>
<td><strong>Decision:</strong> Approval of procurement plan for new inorganic contract/services commencing February 2022. A report will be provided in August 2020.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Update on suppliers for the Retrofit Your Home panels</strong>&lt;br&gt;Environmental Services</td>
<td>To provide an update on the suppliers who were appointed to the Retrofit Your Home panels.</td>
<td><strong>Information:</strong> An update on the names of the suppliers will be provided in early 2020.&lt;br&gt;<strong>Progress to date:</strong> The establishment of the panels was approved on 4 September 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplier recommendations for the Corbans Reserve stormwater project</strong>&lt;br&gt;Healthy Waters</td>
<td>To approve the appointment of a contractor to deliver phase one of this significant stormwater project that will address health and safety issues, alleviate flooding risk and support growth in the upstream catchment.</td>
<td><strong>Decision:</strong> To approve supplier recommendations for the Corbans Reserve stormwater project&lt;br&gt;<strong>Progress to date:</strong> The procurement plan was approved on 7 August 2019. A report with supplier recommendations will be provided in the second half of 2020.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Update on the award of Waiheke waste services</strong>&lt;br&gt;Waste solutions</td>
<td>New waste services for Waiheke were procured in 2019 to deliver on the objectives on the Waste Management and Minimisation Plan 2018 and the Tikapa Moana Hauraki Gulf Islands Waste Plan which is an appendix to the overall waste plan. Implementing these plans is a legislative requirement under the Waste Minimisation Act 2008.</td>
<td><strong>Information:</strong> Updates on Waiheke Waste Services will be provided.&lt;br&gt;<strong>Progress to date:</strong> The procurement plan for Waiheke waste services was approved on 7 February 2019 and the supplier recommendations were approved on 4 September 2019. Staff advised that the value of the final contract would be confirmed by November 2019. A memo was sent in November 2019 to provide an update on the award of Waiheke waste services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item 9</td>
<td>Area of work and Lead Department</td>
<td>Reason for work</td>
<td>Committee role (decision and/or direction)</td>
<td>Expected timeframes Highlight the month(s) this is expected to come to committee in 2020</td>
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<tr>
<td></td>
<td>Update on suppliers for physical works and technical services panels Healthy Waters</td>
<td>To provide an update on the suppliers who were appointed to the Healthy Waters technical services and physical work panels.</td>
<td><strong>Information:</strong> An update on the names of the suppliers will be provided in early 2020. <strong>Progress to date:</strong> The establishment of the panels was approved on <a href="#">3 April 2019</a>.</td>
<td>Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec</td>
</tr>
<tr>
<td></td>
<td>Healthy Waters Maintenance contracts Healthy Waters</td>
<td>To provide effective operations and maintenance of the regional stormwater network. This contributes to managing and improving the health of Auckland’s harbours and waterways and responding to flooding events. This is council’s responsibility under the Regional Stormwater Network Discharge Consent.</td>
<td><strong>Decision:</strong> Award contracts to recommended suppliers for healthy waters southern operations and maintenance contract, and regional maintenance of catchpits and treatment devices. <strong>Progress to date:</strong> The procurement plan for the following Healthy Waters contracts was approved <a href="#">4 September 2019</a>: - operations and maintenance services for the southern area of the Auckland region - regional maintenance of catchpits - regional maintenance of treatment devices. The committee also approved the overall strategy for procuring stormwater operations and maintenance services for the northern and central areas. Reports will be provided in on the other Healthy Waters operations and maintenance contract areas.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Biodiversity protection services delivered through the Natural Environment Targeted Rate – Category Strategy Environmental Services</td>
<td>This procurement category strategy will support effective implementation of the council’s key services related to the natural environment targeted rate work programmes.</td>
<td><strong>Decision:</strong> To endorse the procurement category strategy for biosecurity protection services delivered through the Natural Environment Targeted Rate. <strong>Progress to date:</strong> A memo was provided in March 2020.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>External Legal Services Legal</td>
<td>To procure external legal service. Current contracts expire in Dec 2020,</td>
<td><strong>Decision:</strong> Approval of procurement plan for new external legal contract/services commencing January 2021. A report will be provided in May 2020.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electricity Supply Community Facilities</td>
<td>To procure electricity supply service. Current contracts expire in December 2020.</td>
<td><strong>Decision:</strong> Approval of procurement plan for new electricity supply contracts commencing January 2021. A report will be provided in June 2020.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAP Licensing Renegotiation Procurement</td>
<td>To re-negotiate current SAP agreement to better suit council’s current and future needs, and to better align with SAP’s commercial and technical roadmap.</td>
<td><strong>Decision:</strong> Approval of Procurement Plan for new licensing construct, and support and maintenance services for a 5-year period until December 2025 A report will be provided in November 2020.</td>
<td></td>
</tr>
</tbody>
</table>
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Strategic Procurement Committee

a) exclude the public from the following part(s) of the proceedings of this meeting.

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 follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 CONFIDENTIAL: Extension of the inorganic collection and processing service contracts

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
</table>
| The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. | s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  
  s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).  
  In particular, the report contains information that could prejudice the council's position with potential suppliers. | s48(1)(a)  
  The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7. |