

Waimate 2020

**Waimate District Council
Financial Policy 405**

Partnerships with the Private Sector Policy



**Version 2.0
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Financial Policy 405 - Partnerships with the Private Sector Policy

1. PURPOSE

To outline the circumstances in which the Council will consider entering into a public-private sector partnership (PPP) – excluding not for profit organisations, and defining:-

- what consultation would be undertaken prior to such a partnership
- what conditions might be imposed on such a partnership
- the risk management arrangements
- monitoring and reporting procedures, including the impact on community outcomes.

2. SCOPE

A partnership with the private sector includes any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include:

- A contract for the supply of goods or services to, or on behalf of a council; or
- Arrangements or agreements to which the only parties are local authorities, or one or more local authorities and one or more Council organisations.

A partnership as defined in the Act is any arrangement or agreement involving grants, loans, investments, commitment of resources or guarantees given to one or more persons engaged in business by one or more local authorities.

The intent of the Act is to cover the commitment of any of these local authority resources to the commercial sector.

For the avoidance of doubt this policy does not apply to grants, loans or guarantees made by the Council to not-for-profit organisations.

3. RESPONSIBILITY

Responsibility to implement this policy lies primarily with Councillors in their decision-making around any proposals for partnership with the private sector; however, officers of Council in making reports/recommendations to Council, must also observe this policy.

4. DESCRIPTION/METHOD

The Council may consider entering into a PPP if the proposed partnership contributes to achieving the community outcomes identified in the Strategic Plan, and for any of the following reasons:

- The Council may be unwilling or unable to bear all of the risk (usually, though not always defined in terms of financial risk) of a particular project itself.
- The Council may believe a particular project is of significant community benefit, but Council may have legal restrictions on its powers to participate fully in that project.
- Neither the Council nor the private provider would otherwise provide the service or activity without the partnership.
- There are identifiable advantages in the project or activity being undertaken as a PPP rather than by either party separately.
- The benefits to the community are greater than the costs of the PPP.

Nothing in this policy commits the Council to entering into such a partnership, even if it will help achieve community outcomes or objectives.

The Council will **not** enter into a PPP where the activity is primarily speculative in nature.

4.1. Conditions

The Council will require, as a condition of providing funding or other resources to any PPP, that the private sector partner enter into a written agreement recording the terms of the arrangement or agreement. This will include, as a minimum:

- The objectives of the partnership

- The parties' respective responsibilities and obligations
- The Council's expectations in relation to the private sector partner's contribution to the achievement of the community outcomes and specific performance measures
- The Council's requirements in relation to monitoring and reporting of performance
- Consequences of non performance by the private sector partner

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

4.2. Consultation

Any proposal for a PPP will be considered in accordance with the Council's Significance Policy.

4.3. Risk Management Strategy

For every PPP proposal, the potential risks to the Council will be assessed in terms of the probability of an adverse outcome, the impact of the adverse outcome and the ability to mitigate that risk.

4.4. Monitoring and Reporting

Monitoring and reporting requirements will vary depending on the level of the Council resources involved and the nature of the partnership.

4.4.1. Reports To Council

The requirements will be specified in each partnership agreement, and will generally include regular reports to Council on agreed outcomes, including how the partnership contributes to community outcomes as identified in the Strategic Plan.

4.4.2. Reports To the Community

Information will be included in the Council's Annual Report on agreement

outcomes, including how the partnership contributes to community outcomes as identified in the Strategic Plan.

5. PUBLICATION DETAILS

All inquiries or suggestions regarding this Document should be referred to:-	Information and Policy Analyst
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