
**ORDINARY MEETING
OF
STRATEGY AND POLICY COMMITTEE
AGENDA**

Time: 9:30 am
Date: Thursday, 11 February 2021
Venue: Ngake (16.09)
Level 16, Tahiwī
113 The Terrace
Wellington

MEMBERSHIP

Mayor Foster
Deputy Mayor Free
Councillor Calvert (Deputy Chair)
Councillor Condie
Councillor Day (Chair)
Councillor Fitzsimons
Councillor Foon
Councillor Matthews
Councillor O'Neill
Councillor Pannett
Councillor Paul
Councillor Rush
Councillor Sparrow
Councillor Woolf
Councillor Young

NON-VOTING MEMBERS

Te Rūnanga o Toa Rangatira Incorporated
Port Nicholson Block Settlement Trust

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

AREA OF FOCUS

The role of the Strategy and Policy Committee is to set the broad vision and direction of the city, determine specific outcomes that need to be met to deliver on that vision, and set in place the strategies and policies, bylaws and regulations, and work programmes to achieve those goals.

In determining and shaping the strategies, policies, regulations, and work programme of the Council, the Committee takes a holistic approach to ensure there is strong alignment between the objectives and work programmes of the seven strategic areas covered in the Long-Term Plan (Governance, Environment, Economic Development, Cultural Wellbeing, Social and Recreation, Urban Development and Transport) with particular focus on the priority areas of Council.

The Strategy and Policy Committee works closely with the Annual Plan/Long-Term Plan Committee to achieve its objective.

To read the full delegations of this Committee, please visit wellington.govt.nz/meetings.

Quorum: 8 members

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the meeting with a karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

At the appropriate time, the following karakia will be read to close the meeting.

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana,	Draw on the supreme sacredness
te wairua	To clear, to free the heart, the body
I te ara takatū	and the spirit of mankind
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

1.2 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.3 Conflict of Interest Declarations

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.

1.4 Confirmation of Minutes

The minutes of the meeting held on 4 February 2021 will be put to the Strategy and Policy Committee for confirmation.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

Matters Requiring Urgent Attention as Determined by Resolution of the Strategy and Policy Committee.

The Chairperson shall state to the meeting:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Strategy and Policy Committee.

Minor Matters relating to the General Business of the Strategy and Policy Committee.

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Strategy and Policy Committee for further discussion.

1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to public.participation@wcc.govt.nz, by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

2. General Business

FEASIBILITY OF HALF-SIZED COUNCIL RUBBISH BAGS

Purpose

1. This report asks the Strategy and Policy Committee to consider the feasibility of half-sized Council rubbish bags.

Summary

2. Currently Council only provides a 60-litre bag for kerbside rubbish collections. 40% of households use Council bags, which account for around 26% by weight of domestic rubbish collected. Following a request by Council to provide further analysis on demand, this report provides details of officers' investigation into the feasibility of half-sized Council rubbish bags.
3. Key findings show that there is an appetite from existing bag users for half-sized bags, but an unwillingness to pay the expected price.
4. Half-sized bags are not likely to achieve significant waste minimisation or waste behaviour change.

Recommendation/s

That the Strategy and Policy Committee:

1. Receive the information.
2. Agree to not implement the introduction of half-sized rubbish bags.

Background

5. On 12 November 2020, the Strategy and Policy Committee received an e-petition for Council to consider the option of introducing half-sized Council rubbish bags.
6. The committee requested officers to investigate the feasibility of half-sized rubbish bags and report back to the Strategy and Policy Committee by February 2021.
7. The proportion of Wellingtonians that use Council's yellow rubbish bags is estimated at 40% of the city, and only equates for 26% by weight of the city's waste to landfill. While smaller bags seem like a positive move towards reducing waste to landfill, in reality, it is not likely to make a significant impact on waste minimisation
8. The challenge is that the size of the bag is not the main driver of the cost of the rubbish bag. Fixed costs consisting of collections costs, manufacturing and internal staff

support make up a significant portion of the sales price of the bags, so reducing the size of the bags does not equate to a proportional reduction on cost.

9. The below table shows indicative prices of different sizes of bags, based on current weights and costs:

	Current size	Half size	2/3
Collection cost	0.90	0.90	0.90
Bag	0.12	0.12	0.12
Disposal	0.79	0.40	0.53
Overheads/Internal Staff support	0.26	0.26	0.26
Subsidy for recycling	0.21	0.17	0.18
RRP margin	0.11	0.09	0.10
GST	0.36	0.29	0.31
RRP cost per bag	\$ 2.75	\$ 2.23	\$ 2.40

(Note the RRP is a retailer increase, assumed at 5% , and is not controlled by Council)

10. In December 2020, officers surveyed territorial authorities who provide official rubbish bags as part of the collection services available in their area. Ten councils continue to provide bag collections; most councils have moved to wheelie bins.
11. Four councils offer a smaller sized bag, and this is generally sized at 2/3rd of the standard 60-65 litre bag. The below table shows prices and sizes of these smaller bags and compares them in price and size to the standard 'full size' bag. Potential Wellington City Council bag sizes and cost have been included for comparison:

Council	Smaller Size	RRP	Standard Size	RRP	% of size	% of cost
Palmerston North City Council	40 litres	\$1.80	60 litres	\$2.50	67%	72%
Auckland City Council	40 litres	\$1.65	60 litres	\$2.30	67%	72%
Whangarei District Council	35 litres	\$1.80	65 litres	\$2.80	54%	64%
Dunedin City Council	40 litres	\$3.10	65 litres	\$3.30	62%	94%
Potential WCC						
Half	30 litres	\$2.23	60 litres	\$2.75	50%	81%
2/3	40 litres	\$2.41	60 litres	\$2.75	67%	88%

12. WCC smaller bag costs are proportionally higher compared with other councils, and this can be attributed to covering the cost of kerbside recycling within the price; other councils rates-fund their recycling services. The feedback we received from these councils was that smaller sized bags made up on average 10% of their bag sales, but noted that market share of council bags was at most 25% and is decreasing (with the exception of Palmerston North who is the only service provider).

13. Anecdotally, smaller bags were popular with elderly residents and holiday makers. In Auckland City, bags are only available to a few areas that remain 'pay-as-you-throw' (predominantly rural or CBD).
14. Issues noted include overfilling of smaller bags to the point the strength of the bag is compromised, relatively low uptake and the complications that come with managing multiple systems.
15. In addition to surveying other councils, in December 2020, officers commissioned an independent research company (see attachment 1) to engage with Council rubbish bag users and gauge their reactions to half-size rubbish bags. The Research First Waste Survey findings are attached to this report as additional background information for Councillors (see Attachment 1).
16. The survey was delivered through an online panel, and 402 surveys were completed. Residents were asked about whether a half-sized bag would be useful, and how much they would be willing to pay, with suggested prices of \$2.10, \$2.25 & \$2.40. Of those surveyed, 53% of residents who currently use bags felt that a half-sized bag would be useful.
17. Responses were driven predominantly by the amount of waste a household produced. However, only 29% of residents would be prepared to pay within the suggested price range, and only 7% would be prepared to pay the estimated RRP for half-sized bags.

Discussion

18. As noted above, the proportion of Wellingtonians that use Council's yellow rubbish bags is estimated at 40%. This indicates that only 1.5% of the population would be prepared to pay \$2.25 or above for a half-sized bag. This supports previously held assumptions by officers that due to the minimal price difference in smaller sized bags, there would be very little willingness of residents to pay the actual cost of manufacturing, collection and disposal of yellow bags.
19. Residents surveyed have noted they have an expectation that half size equals half price. However, in reality, the majority of costs that make up the price of the bag is fixed. Approximately 60% of these costs will not change regardless of the capacity of the bag. Additionally, while half-sized bags seem like a positive move towards encouraging waste minimisation, the waste collected in our yellow bags only accounts for 26% of kerbside collections by weight.
20. The research report indicates that those who are motivated in reducing waste to landfill are doing so regardless of our bag size. The predominant reason for whether residents support the concept of smaller bags is driven by the amount of waste they produce, and those who supported the idea are in favour of smaller bags from a convenience perspective.
21. As reported in the response to the e-petition, the audit of kerbside waste collections and the composition of waste at the Southern Landfill, completed in November 2018,

indicates that the average number of yellow bags placed on the kerbside was 1.3 bags per household. 55% of the contents of Council rubbish bags was determined to be organic, predominantly kitchen/food waste. The Para Kai food scraps trial is ongoing, and it may be more appropriate to revisit kerbside collections following the conclusion of the trial.

22. Additionally, there is a growing trend amongst waste industry collectors to move away from manual handling, and it may be difficult in future to find suitable collectors who will be willing to collect rubbish bags, regardless of size.

Options

23. As per the survey of yellow bag users, residents have indicated that whilst they have an appetite for smaller sized bags, there is only a very small willingness to pay the actual cost of a half-sized bag.
24. Officers' view is that the potential benefits from smaller bags are unlikely to be significant and demand will be low, and therefore do not recommend progressing any further investigation into the provision of smaller bags.
25. Alternatively, officers could arrange a small production run of smaller bags as a trial. Indicative costs for design, manufacture and marketing of 30,000 bags (1.5% of current annual bags sales) are estimated at \$15,000, taking into account higher manufacturing costs due to the small production run. This would constitute a loss of approximately 35 cents per bag, based on a \$2.25 RRP.
26. Officers do not recommend a trial, as it will be difficult to withdraw the smaller bags, even if demand is low. Smaller production runs are likely to mean increased costs, and therefore additional funding will be required to maintain the price of \$2.25, in essence subsidising waste disposal. These costs would be better invested in other more effective waste minimisation efforts.

Next Actions

27. As part of the review of the Para Kai trial analysis, officers will consider the impact on rubbish bag sizes. Para Kai concludes in October 2021, with full reporting of the findings expected to be available in March 2022.
28. Officers will also consider the suite of kerbside collections offered, as part of a wider strategic waste review of services. This is anticipated to take place throughout 2021.

Attachments

Attachment 1. Research First Half-Size Bag Survey Report Dec 2020 [↓](#)

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Author	Emily Taylor-Hall, Waste Operations Manager
Authoriser	Mike Mendonca, Chief Resilience Officer Tom Williams, Chief Infrastructure Officer

SUPPORTING INFORMATION

Engagement and Consultation

Officers commissioned a report by an independent third-party research company. The survey engaged with 402 residents who were identified as using Council's yellow rubbish bags.

Ten Territorial Authorities were approached for feedback on rubbish bags.

No broader consultation has been undertaken prior to preparing this report.

Treaty of Waitangi considerations

There are no Treaty considerations

Financial implications

There are currently no financial implications. If Council chooses to trial smaller bags, this will have an estimated initial set-up and production cost of \$15,000. Additionally, the trial will require subsidisation of \$0.35 per bag, which equates to \$10,500 for 30,000 bags.

Policy and legislative implications

There are none. However, the Solid Waste bylaw allows amendment of the controls to restrict waste receptacle sizes should Council choose to do so.

Risks / legal

There are no legal implications

If a trial of smaller bags is progressed, there is a risk that residents may purchase a smaller size in error. Additionally, residents may choose to over-fill bags beyond the appropriate capacity.

Climate Change impact and considerations

Reducing the amount of waste disposed of into landfill will in return reduce the amount of landfill gas emitted from the landfill. Associated sales data of smaller size bags would be required in order to quantify the scope of any such greenhouse gas reduction.

As noted in the report, and in the research survey, residents in favour of smaller sized bags are already producing less waste, and therefore the impact on tonnages to landfill is expected to be minimal.

Communications Plan

There are no communication plans.

Health and Safety Impact considered

We have not undertaken any analysis of health and safety impacts of different sizes. The current rubbish bag has been ergonomically designed so as to minimise harm to the collectors. Any changes in size would be to consider the potential impact on workers. However, if smaller bags mean lower weights, this could be beneficial to our collections contractors, assuming there is no additional risk to musculoskeletal movements required.

Additionally, there is a potential that residents may chose to over-fill the smaller bags, to save money. This could compromise the strength of the bag, leading to bags splitting, and spilling refuse onto the streets.



Wellington City Council

Half Sized Rubbish Bag Survey

Research Report | January 2021





Wellington City Council

Half Sized Rubbish Bag Survey

Research Report | January 2021

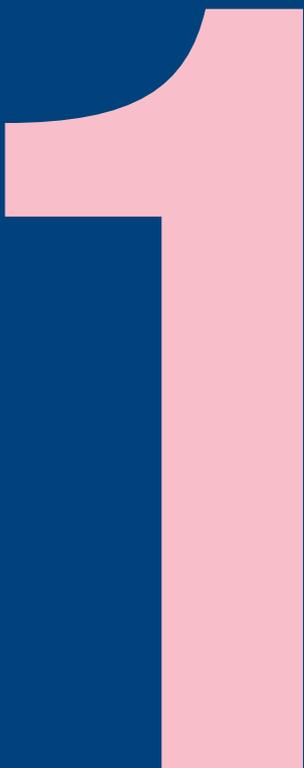
Wellington City Council

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Disclaimer:

Research First notes that the views presented in the report do not necessarily represent the views of Wellington City Council. In addition, the information in this report is accurate to the best of the knowledge and belief of Research First Ltd. While Research First Ltd has exercised all reasonable skill and care in the preparation of information in this report, Research First Ltd accepts no liability in contract, tort, or otherwise for any loss, damage, injury or expense, whether direct, indirect, or consequential, arising out of the provision of information in this report.

Key Findings



Wellington City Council commissioned Research First to re-engage with survey respondents from the initial waste survey conducted in September 2020 to gauge their reactions to half-size rubbish bags. This survey was delivered through the same online panel of Wellington City residents who use Council rubbish bags.

1.1 What is the bottom line?

Responses to the follow-up survey indicate that, in general, residents find the concept of half-size bags appealing. Households that generate small volumes of waste, or generate waste infrequently, are especially interested in the concept. For these Households, the smaller bags are:

- Considered a better fit for their needs influenced by household size or tendencies to recycle or compost their waste.
- Assumed to be cheaper and will therefore represent a cost-saving for households that use them.

By contrast, residents in favour of the current larger waste bags believe they:

- Generate a greater volume of waste for the smaller bags to be of use, particularly among apartment dwellers living in the Wellington Central Business District.
- Can simply wait until they fill a standard size bag before putting it out for collection.

If the Council does indeed want to offer half-size bags, further consideration may be required around pricing if it is to align with residents' expectations. Of the people that find the half-size bags an appealing proposition, approximately 75% would expect to pay less than the \$2.10 to \$2.40 per bag price range proposed in the survey. The average price people would expect to pay for a half-size bag is \$1.50 per bag, significantly below Council expectations. Residents' pricing expectations are based on:

- The assumption that if it is half the size, it should be half the price.
- The self-belief that the price they have nominated is indeed 'reasonable' for a half size bag.

Research Context And Objectives



As part of a review of Part 9 of the existing Wellington City Council Consolidated Bylaw relating to Waste Management, the Council publicly notified and consulted on the Proposed Waste Management and Minimisation Bylaw, and associated suite of Bylaw Controls. In conjunction with this formal consultation process, Research First was initially commissioned to undertake a survey to establish additional information about waste servicing preferences, issues, and satisfaction levels amongst residents living in Wellington City.

After completing this initial consultation, Research First was commissioned to undertake a follow-up survey with those Wellington City Area residents that currently use Council rubbish bags to understand their appetite and willingness to pay for Council half-sized rubbish bags.

The survey ran in December 2020.

2.1 How the Research was Conducted

Research First administered the survey online on behalf of the Council, as per the initial consultation. The survey was delivered through an online panel of people living in Wellington City. There were 402 surveys completed, yielding a margin of error of +/-5%. Figures 1 to 5 below show the demographic characteristics of the survey sample.

Figure 1 Respondents by Age Spread

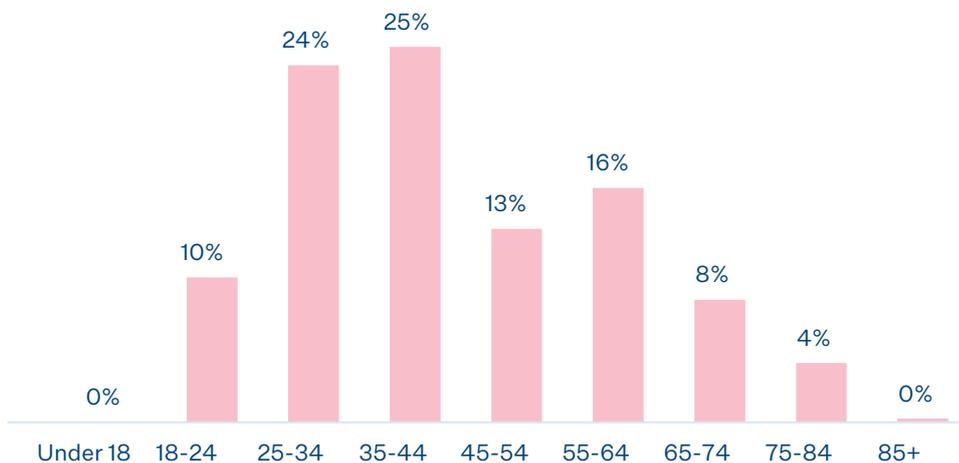


Figure 2 Respondents by Wards

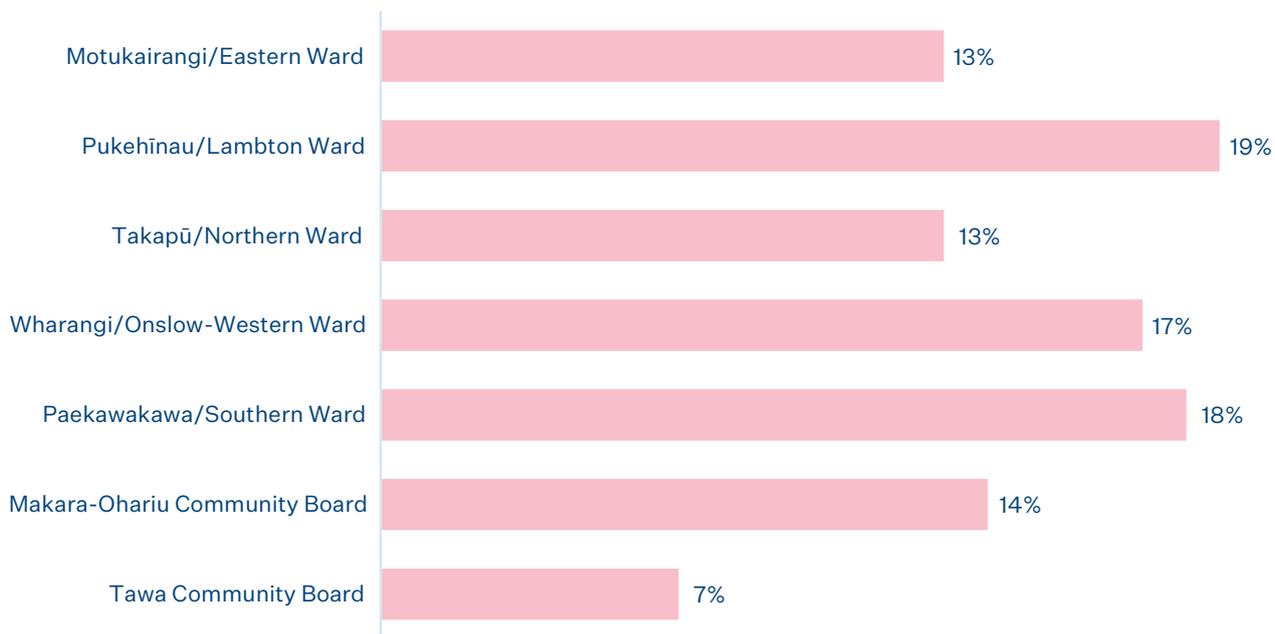


Figure 3 Gender Split

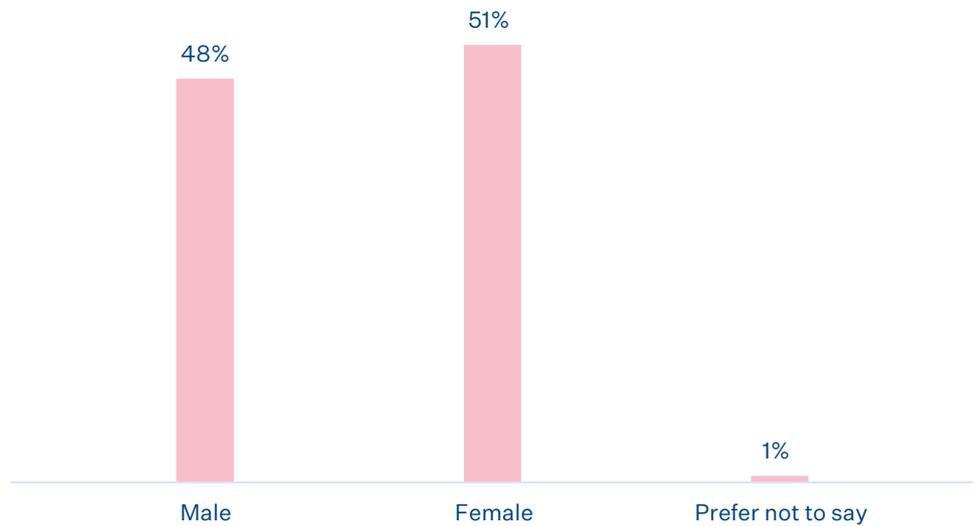


Figure 4 Respondents by Dwelling Type

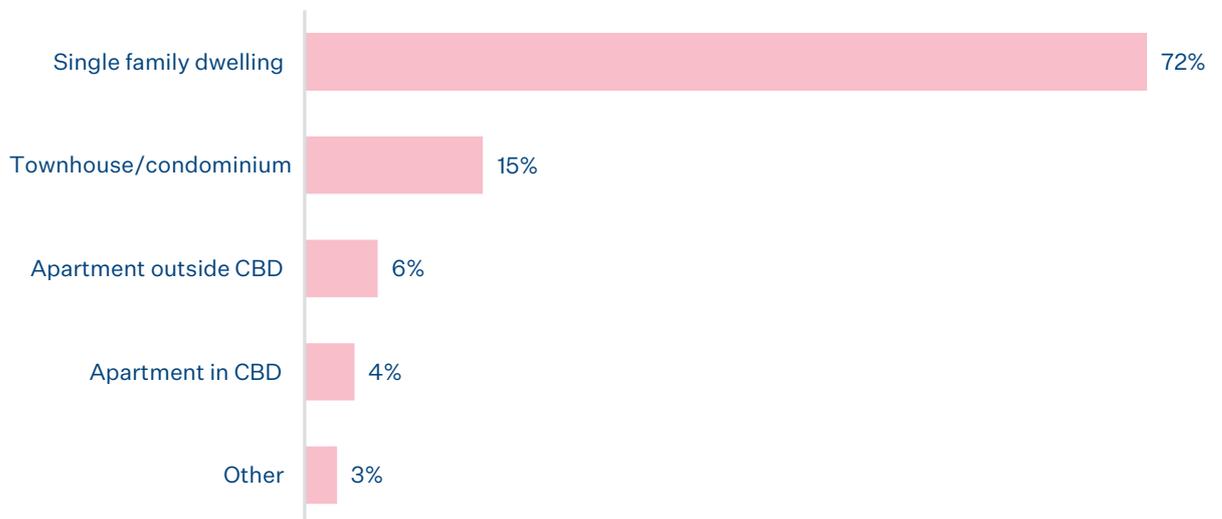
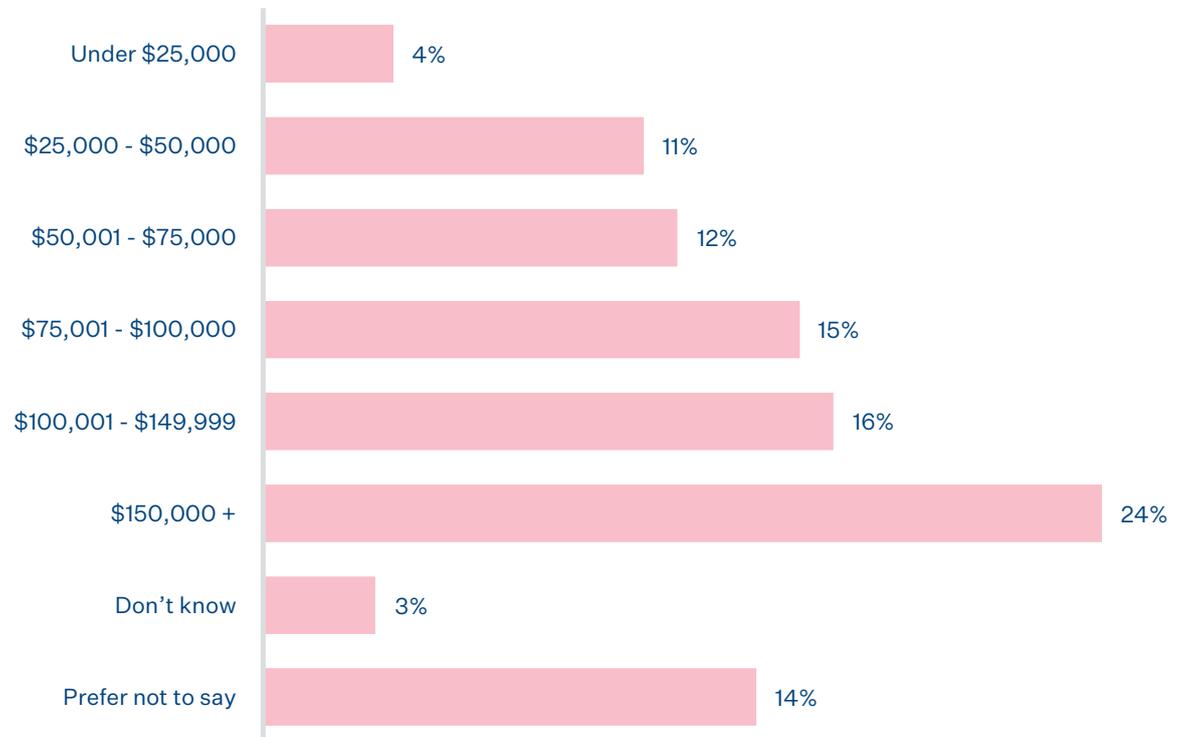


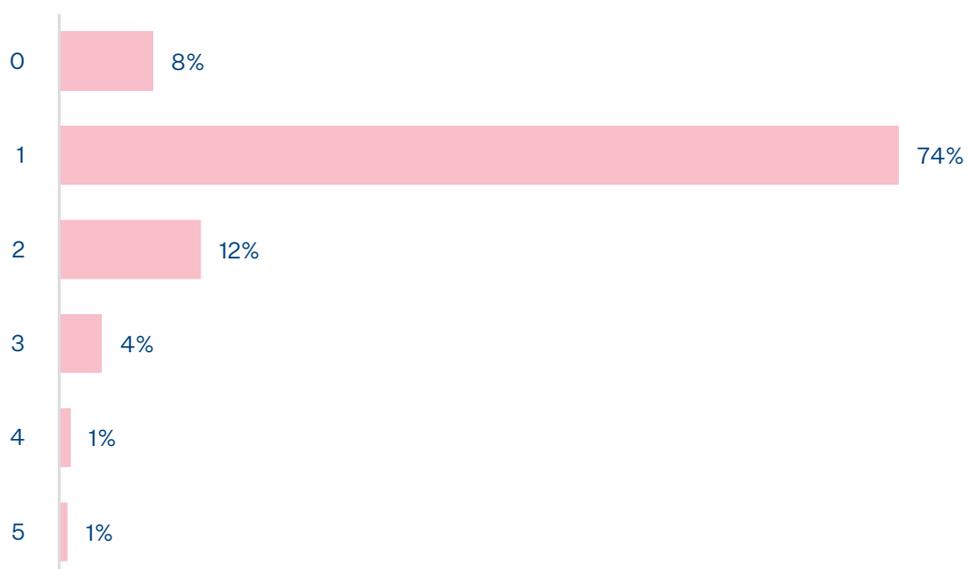
Figure 5 Income Spread of Respondents.

Current usage of rubbish bags among residents



Most Wellington City residents have at least one Council rubbish bag they put out on the kerbside for collection each week (Figure 6). Worthy of note, residents between the age of 18 to 24 years, residents with household incomes between \$50,000–\$75,000, and residents living in apartments in the Central Business District (CBD) are more likely to have at least three Council rubbish bags for kerbside collection each week.

Figure 6 Number of bags put out for collection.



There's an appetite for half-sized bags

4

When asked whether a half-size Council rubbish bag would be useful to them if made available, just over half of residents surveyed feel that the half-size bag would be useful (Table 1). Although not statistically significant, most residents in the 18-24 and 45-64 age groups, residents with household incomes under \$25,000, and residents living in apartments in the CBD do not agree that the half-size bags will be of use. Based on the prior research, we find that apartment dwellers in the CBD will tend to use higher volumes of bags due to limited access to other waste disposal mechanisms.

Response	Proportion	n
Yes	53%	214
No	47%	188

Across all responses, residents were asked to provide a reason why they answered yes or no. Below is a summary of the themes and sub-themes that emerged from the coding of the open-ended responses.

Residents who agree that half-size bags will be useful:

Theme	Sub-themes
The volume of rubbish generated (82%)	<ul style="list-style-type: none"> A smaller bag would be ideal because some households do not generate enough waste to fill a standard size bag; therefore, a smaller bag would meet their needs. Because they do not generate waste frequently, some residents feel that it takes time to fill the standard size bags (approximately 1-2 weeks) instead of having a small bag that is easier and quicker to fill. Half-size bags are also favoured by residents who recycle their waste or compost their food waste resulting in lower volumes of waste and a lesser need for standard-sized bags.
Expected benefits of half-size bags (13%)	<ul style="list-style-type: none"> Residents in support believe a half size bag will lead to cost savings due to its smaller size. Expectations are that smaller bags will reduce wastage arising from people putting out unfilled bags.
General approval of half-size bags (7%)	<ul style="list-style-type: none"> Some residents approve of the half-size bags because they generally believe it will be a benefit with no further specification provided.

Residents who disagree that half-size bags will be useful:

Theme	Sub-themes
The volume of rubbish generated (73%)	<ul style="list-style-type: none"> • A smaller bag would not be ideal because some households generate large volumes of waste and thus need standard-sized bags. Such households have higher volumes of waste because they large households, or their behaviours lead to more waste. • To fit their needs, some residents expect WCC to offer larger bags than smaller ones. The perception among some residents is that half-size bags would be insufficient. • Other residents believe half-size bags are unnecessary as they would wait until the standard size bag is full, which will take slightly longer but is still okay.
Maintain the status quo (9%)	<ul style="list-style-type: none"> • Some residents do not want the Council to change rubbish bag services from what they currently are as they feel the existing bag sizes are adequate.
General disapproval of half-size bags (7%)	<ul style="list-style-type: none"> • Other residents generally do not approve of the half-size bag mostly because they perceive smaller bags offer false economies.

How much is too much for half size?

5

Residents who agreed that half-size bags would be useful we asked how much they would be willing to pay for the half-size bags. Table 2 provides a summary of the different categories presented in the survey.

Category		Proportion (%)	n
A	\$2.10	21%	46
B	\$2.25	5%	10
C	\$2.40	2%	5
D (Other)*	\$1.50	71%	153
NET		100%	214

*The value for 'Other' is the average of all options entered.

Categories A to C represents the pricing options stipulated by WCC. However, most residents prefer pricing outside the \$2.10 to \$2.40 range (shown in the 'Other' category). From the above, the expectation is that the price for the half-size bags should be well below the price points being contemplated by the Council.

For each pricing category, respondents were asked to explain why they had selected that price point. Below is the summary by category:

Reason	\$2.10	\$2.25	\$2.40	Other Price	NET
Half size - Half price	4%	0%	20%	48%	36%
Should be cheaper	39%	10%	20%	20%	24%
The price I gave is reasonable	30%	80%	60%	12%	21%
A little over half the price	2%	0%	0%	11%	8%
It is costly	11%	0%	0%	5%	6%
Pay nothing	4%	0%	0%	1%	2%
Other	2%	10%	0%	2%	2%
Don't Know	7%	0%	0%	1%	2%

The top reasons across all categories include:

- The expectation that if it is half the size, it should be half the price, particularly among residents who fall into the 'Other' price category.
- The expectation that smaller bags should, in general, be cheaper.
- Residents' perception that the price they have selected or provided is reasonable for a half size bag.



RESEARCH FIRST

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PROCUREMENT STRATEGY

Purpose

1. This report asks the Strategy and Policy Committee to adopt the proposed Wellington City Council 2021 Procurement Strategy that has been submitted for consideration.

Summary

2. Development of a procurement strategy is one of the Chief Executive's key performance indicators.
3. Following a presentation to Councillors by the Commercial Partnerships team on 22 October 2020 and subsequent individual meetings with Councillors, a procurement strategy has been developed and is now presented.
4. The proposed strategy focuses on the key objectives, principles and values that will be achieved, with an emphasis on the balance between good outcomes (particularly those related to broader cultural, social, economic and environmental outcomes), good quality, good value and good management.

Recommendation/s

That the Strategy and Policy Committee:

1. Receive the information.
2. Adopt the proposed 2021 Wellington City Council Procurement Strategy.
3. Note that a report-back on progress in implementing the Procurement Strategy will occur in September 2021.

Background

5. Following several reviews and audits in recent years, a consistent message has been that the Council needs to develop an organisation-wide procurement strategy that is based on a single set of principles consistent with those in the Procurement Policy, that all procurement activity can be rooted in.
6. Development of a procurement strategy is one of the Chief Executive's key performance indicators.
7. Following a presentation to Councillors by the Commercial Partnerships team on 22 October 2020 and subsequent individual meetings with Councillors, a procurement strategy has been developed and is now being presented to Councillors.
8. The proposed strategy focuses on the key objectives, principles and values that will be achieved, with an emphasis on the balance between good outcomes (particularly those related to broader cultural, environmental, social and economic outcomes), good quality, good value and good management.

9. The strategy is supported by an internal implementation plan.
10. The implementation plan includes the establishment of a sub-working group of councillors focussed on the Council's programme of procurement activity. Based on previous interactions we understand that the councillors indicated for this group are Councillors Day, Foon, Calvert and Matthews.
11. Once implemented, the Council will:
 - Have clear objectives and principles for its procurement and commercial activities, that will be aligned with the Council's values, strategic objectives and strategic policies, including Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plan and Annual Plans. These will also support the Council's commitments to:
 - o the Health and Safety Workplace Act 2015
 - o Māori, including under Te Tiriti o Waitangi / The Treaty of Waitangi
 - o Sustainability, including under Te Atakura / First to Zero
 - o Local and regional opportunities, including under the Economic Development Strategy.
 - Have increased focus on achieving the right balance of good quality, good outcome, good price and good management through the life of the asset or contract, with increased focus on better cultural, environmental, social and economic wellbeing outcomes;
 - Enable and encourage procurement and commercial practices that maximise good public value, that are effective and efficient, and that are fit for purpose for the value, complexity and risk of what is being procured or managed;
 - Review and refine the procurement and policy procedures framework to champion and enable good practice procurement and commercial management;
 - Increase procurement and commercial capability and capacity to proactively enable and support the delivery of activities related to Wellington City Council's initiatives and objectives that involve external suppliers; and
 - Enhance the satisfaction of our stakeholders, our staff, and our suppliers.

Discussion

12. WCC purchases a significant volume and variety of goods and services ranging in scope from major contracts for civil works, large maintenance contracts, land, building and art acquisitions to small items such as office supplies and minor equipment, with external expenditure of over \$500m per annum.
13. It is estimated that every \$3.4m in cost reductions achieved potentially equates to a 1% reduction in rates.
14. A previous review from Audit NZ noted:

"Our expectation is for a procurement strategy to address:

- *the **strategic direction** for the public entity's procurement activities that **align with the entity's strategic direction**;*

- *key planning **initiatives for the procurement function**;*
 - *planning and decision making for the future, reliant on **evidence-based analysis**;*
 - *a communication strategy for **engagement with suppliers** and key stakeholders;*
 - *roles and responsibilities in the entity (**governance**); and*
 - *a framework for **monitoring and reviewing** existing arrangements.”*
15. The strategy presented acknowledges that that some of these factors still need to be established, embedded, or matured within in the Council; hence the reason for a staggered implementation approach with regular checkpoints.
16. Noting the need to also focus on best value and effective and efficient processes, the strategy also reflects commitments that the Council will aim to achieve broader strategic outcomes. This means procurement will wherever appropriate champion and/or support wider social, economic, cultural and environmental wellbeing outcomes that go beyond the immediate purchase of goods, services, and infrastructure. Tangible benefits for the local community, economy and environment will be delivered.

Options

17. Three options have been considered:

Option 1: Approve the procurement strategy

Recommended.

Pros: Best positions the Council to achieve tangible progress on broader outcomes, to reduce business risks, increase effectiveness and optimise value from available budgets, through improved visibility and better planning.

Acts promptly in business environment where there are increased risks related to service and goods supply chains and supplier capacity and to immediate pressures on budgets.

Recently approved changes to Commercial Partnerships team will provide capacity and capability to progress implementation of the strategy in a timely fashion.

Cons: Will requires effort, focus and will to progress. Will result in changes that need to be made in and across the business.

Option 2: Delay proceeding, or extend implementation timeframe

Not recommended

Pros: Once initiated, Council will be able to accelerate progress on broader outcomes, reducing business risks, increasing effectiveness and optimising value from available budgets.

Recently approved changes to Commercial Partnerships team can be embedded as part of an extended implementation timeframe, with increased capability as new team's knowledge grows.

Cons: Does not address current risks and challenges associated with limited budgets, at risk service and supply chains. Perpetuates transactional procurement for a longer period. Will still require effort, focus and will to progress. Will result in changes that need to be made in and across the business albeit in a different (longer) timeframe.

Option 3: Do not proceed with the procurement strategy.

Not recommended

Pros: Council is undergoing significant change in other areas, and not proceeding with a Procurement Strategy reduces additional burden. Improvement in procurement and commercial practice can be introduced organically over extended period.

Cons: Does not address current risks and challenges associated with limited budgets, at risk service and supply chains, and procedures that are not fit for purpose. Does not address current issues of visibility and data, and perpetuates transactional procurement for a longer period. Changes will take longer to progress.

Next Actions

18. If adopted, the implementation of the Procurement Strategy will commence with reviews to occur as follows:
- In September 2021, the Procurement Strategy will be reviewed with a focus on the progress of the strategy implementation and an updated strategy for the October 2021 to September 2022 period.
 - In September 2022, the strategy will be further reviewed and updated with a view to integrating it into the Council's triennial review cycle.
 - A further review is scheduled for September 2025.

Attachments

Attachment 1. [Proposed Wellington City Council Procurement Strategy](#) [↕](#) Page 36

Author	Jason Stace, Commercial Consultant
Authoriser	Sara Hay, Chief Financial Officer

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable

Treaty of Waitangi considerations

Adoption of the proposed Procurement Strategy will support better engagement with mana whenua and maata waka to identify and deliver strategic opportunitys through Council's procurement activity that positively benefit all parties.

Financial implications

Improvement commercail capability and acumen will deliver cost savings and improved value for money.

Policy and legislative implications

Not applicable

Risks / legal

Not applicable

Climate Change impact and considerations

The need to respond to climate change is a key driver of the development of the Procurement Strategy, enabling procurement activity to be leveraged to have a positive impact on climate change.

Communications Plan

Not applicable

Health and Safety Impact considered

Not applicable

February 2021
**Procurement
Strategy**

Next review date - September 2021



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1. Introduction

Every year Wellington City Council spends over \$500m on external suppliers to help the Council run its operations and deliver its projects. This includes a wide range of works, goods and services across all Council functions that together enable the delivery of community infrastructure, facilities and services for the residents of Wellington.

The Council has a responsibility to ensure **good public value** when it is engaging external suppliers, especially where they are critical to achieving our long-term city outcomes. Effective spend with these suppliers positively impacts how we can stretch our budgets and ultimately will impact rates.

Amid these challenging times, now more than ever we must also ensure that procurement is an enabler to advance the **long-term wellbeing of our communities**. This in turn supports our communities to create a more **productive, sustainable and inclusive economy** for Wellington.

Therefore, we must:

- select and engage the right suppliers, goods and assets at the right quality and right price to ensure **good public value** and to achieve the **wider social, economic, cultural and outcomes**
- manage the contracts and relationships we have with suppliers, particularly our strategic suppliers, so that both we and they **deliver what has been promised**, that **risks are identified and managed** effectively for us both, and that we continue to identify and obtain improvements through the life of the contracts
- ensure procurement and commercial activities are aligned with and enable the Council's values, strategic objectives and strategic policies. These include Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans, as well as (but not limited to) supporting the Council's commitments to:
 - the Health and Safety Workplace Act 2015
 - Māori, including under Te Tiriti o Waitangi/ The Treaty of Waitangi
 - Sustainability, including under Te Atakura/ First to Zero
 - Local and regional opportunities, including under the Economic Development Strategy.
- champion and apply procurement and commercial management practices that maximise good public value, are effective and efficient, and are **fit for purpose** for the value, complexity and risk of what is being procured or managed, and
- **enhance the satisfaction** of our stakeholders, our staff and our suppliers.

This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives, in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.

2. Purpose, outcomes and objectives

2.1 Purpose

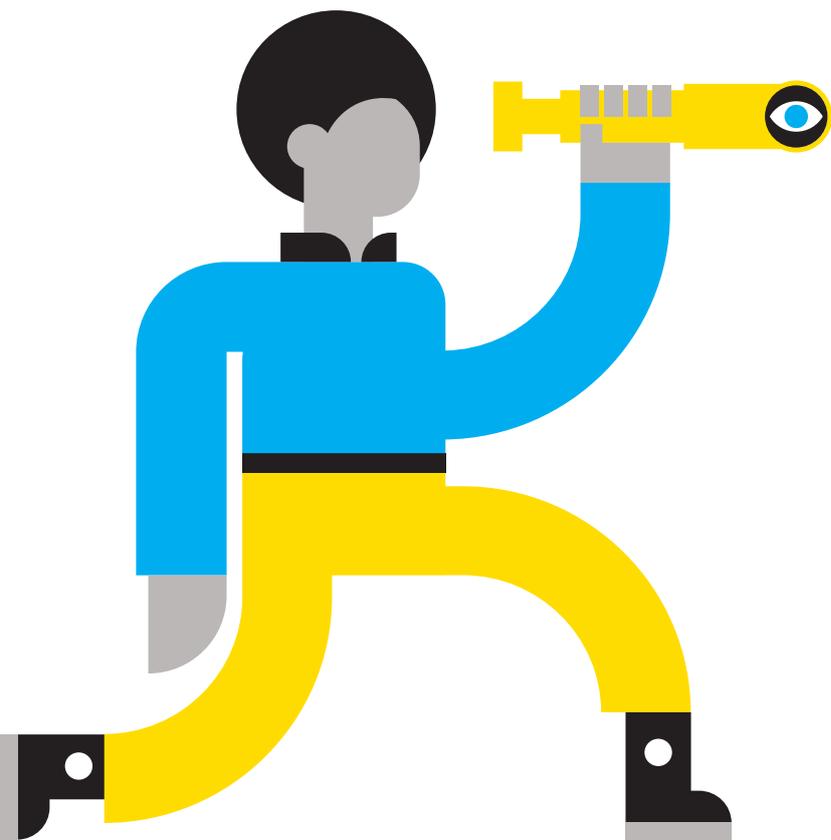
This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.

2.2 Context

The strategy guides and is supported by the Council's policies and procedures framework that is applied across all Council procurement and commercial activities in alignment with the Council's vision, strategic priorities and community outcomes.

In particular the Council will ensure that its procurement and commercial activities are aligned with and enable the delivery of Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans.

The strategy is also informed by and seeks to align with the Government Rules for Procurement (4ed, 2019, published by the Ministry of Business, Innovation and Employment (MBIE)) and the New Zealand Transport Authority (NZTA) Procurement Manual.



2.3 Strategic objectives

As set out in the current Long-term Plan, the Vision to benefit Wellington City is to achieve the following four long term city outcomes:

- **People-centred city** – People are the city's greatest asset. Wellington's shape and character will continue to reflect the people who live in, work in, and visit the city. The city will be healthy, vibrant, affordable, accessible and resilient, with a strong sense of identity and place.
- **Eco city** – Developing Wellington as an eco-city means proactively responding to environmental challenges and managing the transition to becoming a low carbon city. It is important that Wellington takes an environmental leadership role as the capital city of clean and green Aotearoa New Zealand. Our many natural assets give the city a head start and opportunities as part of a green economy.
- **Connected city** – Wellington is a connected city, with easy access to regional, national and global networks. Connections are physical, allowing for ease of movement of people and goods; virtual, in the form of world-class ICT infrastructure; and social, enabling people to connect with each other and their communities.
- **Dynamic central city** – Wellington is a city with a dynamic centre, a place of creativity, exploration and innovation. The central city will be a vibrant and creative place, helping Wellington to offer the lifestyle, entertainment and amenity of a much bigger city. The city centre will continue to drive the regional economy.

2.4 Procurement objectives

Through this strategy, the Council will undertake procurement activity in line with the following principles:

Objectives	Description
Best value Aroha We act with the best of intent	Get the best possible outcomes over the whole of life of the asset, services or works, by striking the right balance of good outcomes, good quality and good price and good management.
Fit for the future Tika We do what is right	Tangible social, economic, cultural and environmental wellbeing outcomes are achieved through procurement that go beyond the immediate purchase of goods, services and infrastructure.
Effective and efficient processes Whakapai ake We are always improving	Processes are fit for purpose, user friendly and intuitive. They balance being effective and efficient with our responsibilities as prudent custodians of public money.
Risks are identified and managed Kaitiakitanga We are guardians	Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet our legislative obligations as a governing local authority. We are risk aware, not necessarily risk averse.
Positive feedback from stakeholders, suppliers and staff He tangata, he tangata, he tangata We put people at the heart of what we do	Our stakeholders seek us out because we add value to them; our suppliers choose to work with us and we are an employer of choice for our staff.

2.5 Scope

The 2021 Procurement Strategy is owned by Wellington City Council's Chief Executive and Chief Financial Officer.

Responsibility for implementation and future review of the strategy lies with the Manager, Commercial Partnerships.

The strategy is mandatory for all Council procurement and applies to Council Controlled Organisations (CCOs).

The strategy has the capability to incorporate any future Councillor directives and priorities.

2.6 Legislative framework

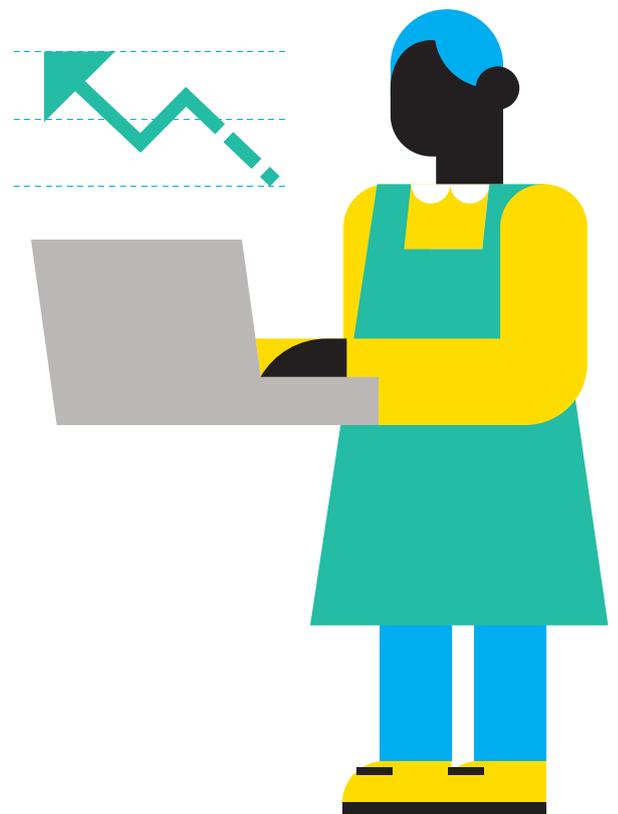
The principal legislative guidance for procurement is based on Section 10 of the Local Government Act 2002, recently amended in the Local Government (Community Well-being) Amendment Act 2019. The purpose statement is "to enable democratic local decision-making and action by, and on behalf of communities and to promote the social, economic, environmental and cultural well-being of communities in the present and for the future".

The procurement processes will support Council's commitment to Maori including responsibilities under Te Tiriti o Waitangi / The Treaty of Waitangi and its broader legal obligations as described in the Local Government Act 2002.

2.7 Monitoring

Procurement and commercial activities will be monitored to ensure the objectives of the procurement strategy across the various stages of the supplier lifecycle (planning, sourcing, engagement, management and review) are achieved.

The procurement strategy will be reviewed every three years to ensure continued alignment to the Council's strategic objectives, values and policies as they evolve and are updated.



3. Procurement principles

3.1 Best value

Aroha - we act with the best of intent

Best value is about getting the best possible outcome over the whole of life of the asset, services or works, by striking the right balance of good outcome, good quality, good price and good management.

Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve value for money.

Commercial performance is at the heart of driving value for money. Council will endeavour to take a whole of life or total cost of ownership approach to commercial outcomes and to optimising the use of goods and assets.

To develop strong, commercially driven business partnerships, we will develop and apply business acumen and commercial awareness in what we do.

Business acumen will be delivered by:

- ensuring procurement strategies and desired outcomes are clearly aligned with Council's goals and objectives, and based on tangible benefits
- ensuring decisions are positioned to achieve desired outcomes
- growing understanding of and leveraging the different parts of the organisation and how they work together
- enabling results that bring commercial benefits on a whole of life or total cost of ownership approach where the Council optimises the use of goods and assets.

Commercial awareness will focus on:

- using sound financial logic to influence business direction
- optimising commercial outcomes through sourcing and strategic negotiation skills
- keeping up to date with commercial developments within the industry.

3.2 Fit for the future

Tika - we do what is right

Tangible social, economic, cultural and environmental wellbeing outcomes can be achieved through well-designed procurement processes and consideration that go beyond the immediate purchase of goods, services and infrastructure.

Procurement and commercial management practices provide key opportunities to maximise value for money and quality services delivery, as well as deliver tangible benefits for the local community, economy and the environment.

Wherever appropriate, procurement initiatives will support and/or champion broader strategic outcomes (whether in the short, medium or long term) related to:

- **Health and safety** - Council is committed to reducing and where possible removing the risk of harm to its employees, contractors, volunteers, and the public, as reflected in our Health and Safety Statement of Commitment 2019 and to reflect our responsibilities as a PCBU under the Health and Safety Act 2015. The Council's procurement and commercial activities will ensure that Health and Safety requirements and targets are robustly considered and managed.
- **Cultural equity** - Council shall encourage procurement decisions that actively seek to foster careers, job security, embrace diversity, cultural aesthetics, and better outcomes for Māori, Pasifika and other targeted communities. Council is committed to engaging with iwi in a manner that is increasingly positively regarded by iwi.
- **Environmental sustainability** - as the Council strives to become a Zero Carbon Capital and achieve net zero emissions by 2050, procurement decisions that have a positive impact on the natural environment and biodiversity are encouraged. This includes prudent use of natural resources, minimisation of waste or hazardous substances, and efforts to reduce carbon or Greenhouse Gas emissions. In particular, strategies for spend related to energy, fleet and waste will reflect our forward approach to environmental sustainability.

- **Supporting local and regional businesses** – including actively seeking opportunities for social enterprises and not-for-profit entities to participate in Council contracts. This may include specific consideration of how such organisations contribute to the vibrancy and sustainability of the local economy, support job or market growth, and engagement with.
- **Social equity** – the Council shall encourage procurement decisions that actively seek benefits to the community in terms of social wellbeing, social cohesion, capital and inclusion, equal opportunities and participation. Council remains committed to the Living Wage being a requirement in our contracts for regular and ongoing core services provided to Council, and to maintaining our Living Wage Aotearoa New Zealand accreditation status.
- **Innovation** – Council will encourage innovative processes, services and outcomes, as pathways to evolve into the future. Procurement will seek deliver significant additional value through planning, researching and analysing opportunities to source new solutions that meet our needs. Innovative ideas from the market will be sought in the form of new products or services and we will be open to new ways of working – these are key to enabling achieving our objectives. Innovation will be an active part of supplier relationship management, particularly with strategic and business critical suppliers.

These dimensions will be considered in procurement and commercial activities to determine where a difference can be made, including when undertaking procurement planning, cost benefit analyses, weighted attribute assessments of proposals from suppliers and through the contract lifecycle with commercial partner.

3.3 Effective and efficient processes

Whakapai ake – we are always improving

Processes are used that are fit for purpose, user friendly and intuitive. They balance being effective and efficient with meeting our responsibilities as guardians of ratepayer money.

For suppliers, this will mean unnecessary barriers to engaging on Council opportunities are removed. For staff, it will be easy to do the right thing.

Council's data, tools, systems and processes will enable procurement to be effective and efficient, and to continuously improve how we work and the outcomes we achieve. This will include better planning, preparation, execution and management of procurement and commercial activities, and achieving improved outcomes and transparency of significant contracts across Council.

3.4 Risks are identified and managed

Kaitiakitanga – we are guardians

Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet and our legislative obligations as a governing local authority.

Importantly, good procurement is being risk aware and managing risk well, not necessarily risk averse.

3.5 Positive feedback from stakeholders, suppliers and staff

He tangata, he tangata, he tangata We put people at the heart of what we do

Our **stakeholders** will seek out procurement and commercial involvement because it adds value to them; suppliers choose to work with the Council as a preferred client and the Council is an employer of choice.

Council attracts, develops and retains the best **staff** with appropriate levels of skill, competency and experience to deliver its procurement and commercial requirements.

To attract and retain procurement expertise, Council offers a diverse portfolio of procurement projects, differing procurement models and interesting community focussed work, which is not normally available through private sector activities.

Targeted learning, development and mentoring of our procurement and commercial staff is encouraged through individual personal development plans. For purposes of standardisation and best practice, procurement skills and competency development are aligned (where appropriate) with:

- The Ministry of Business, Innovation and Employment (MBIE) as the lead agency for procurement capability development in the public sector in New Zealand
- The Chartered Institute of Procurement and Supply (CIPS) who lead global excellence in procurement and supply
- The New Zealand Transport Agency as a key funder of our activities
- Sharing of procurement specific intellectual property throughout the Local Government Procurement Manager network
- New Zealand and international procurement best practice in both public and private sectors.

Operating budgets define the number of employees and skill classification that can be employed, and Human Resources policies determine the remuneration levels.

The Council is committed to working with its **suppliers** to deliver a safe, fair, sustainable and responsible approach to business. Terms and expectations are made available to current and prospective suppliers via an accessible, user-friendly, on-line portal. Suppliers are expected to acknowledge and comply with the Council's Supplier Code of Conduct¹ as part of their relationship with the Council. This code sets out the minimum expectations from suppliers and their extended supply chain, to help the Council to deliver on its sustainable sourcing outcomes. Terms of Trade also set out expectations on how the Council conducts business with its suppliers, including a commitment to making payments to suppliers in a timely manner, providing they adhere to the requirements set out in the standard terms of trade when using the electronic P2P process.



¹ Currently under development, 2020

Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

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