

POLICY FOR NEW FORMAL COUNCIL RELATIONSHIPS

Introduction

This Policy sets out a six step process for Council and other parties to follow, when considering whether to enter into a new formal relationship. The Policy is accompanied by a set of guidelines, which provide detailed questions and issues to be addressed within each of the six steps. The Policy is not intended to be an obstacle to developing formal relationships, but to help Council and other organisations to make informed decisions about the need, nature and structure for those relationships.

Strategic context

Council regularly forms relationships with other parties to further its strategic objectives and deliver major projects. Many of these relationships have been in existence for some time and are working extremely well. However, when developing any significant new relationship, and particularly one which involves creating a new entity such as a Charitable Trust, Council and other parties need to ensure that Local Government Act 2002 requirements and best practice relating to good decision making and governance are followed. This means reflecting the Office of the Auditor General's (OAG) principles of good governance, involving:

- A clearly defined purpose.
- An effective governing body or agreement.
- Clear roles and responsibilities for all parties.
- An accountable entity.
- An accountable Council.

As part of this, Council decision makers must have full information on proposals, be clear what is expected from the Council over time, both in financial and non-financial terms, identify any conflicts of interest and be able to give clear reasons as to why it wishes to enter into a new formal relationship or not. Significant relationships and new governance structures should also align with the Council's Long Term Council Community Plan.

Policy objectives

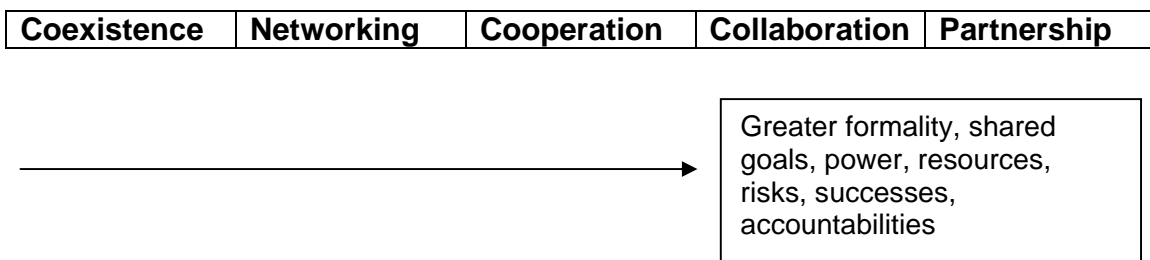
The aim of this policy is to ensure consistency and rigour when assessing the quality, relevance and alignment of proposals involving Council entering into a formal relationship with another party. Specific policy objectives are:

- To support Council decision makers to form relationships and governance arrangements that will further Council’s strategic objectives and vision of a more sustainable city.
- To support Council decision makers to take a fair and consistent approach to forming new relationship arrangements.
- To reflect best practice in Council’s decision making regarding relationship building and new governance arrangements.
- To meet the relevant requirements of the 2002 Local Government Act.
- To clarify for external parties the factors Council will consider when making a decision to enter into a new formal relationship.

Scope of policy

Council relationships operate on a continuum, from coexistence and awareness of other parties, to formal partnerships involving significant Council funding, and/or a new entity such as a Trust or Incorporated Society.

Relationship continuum

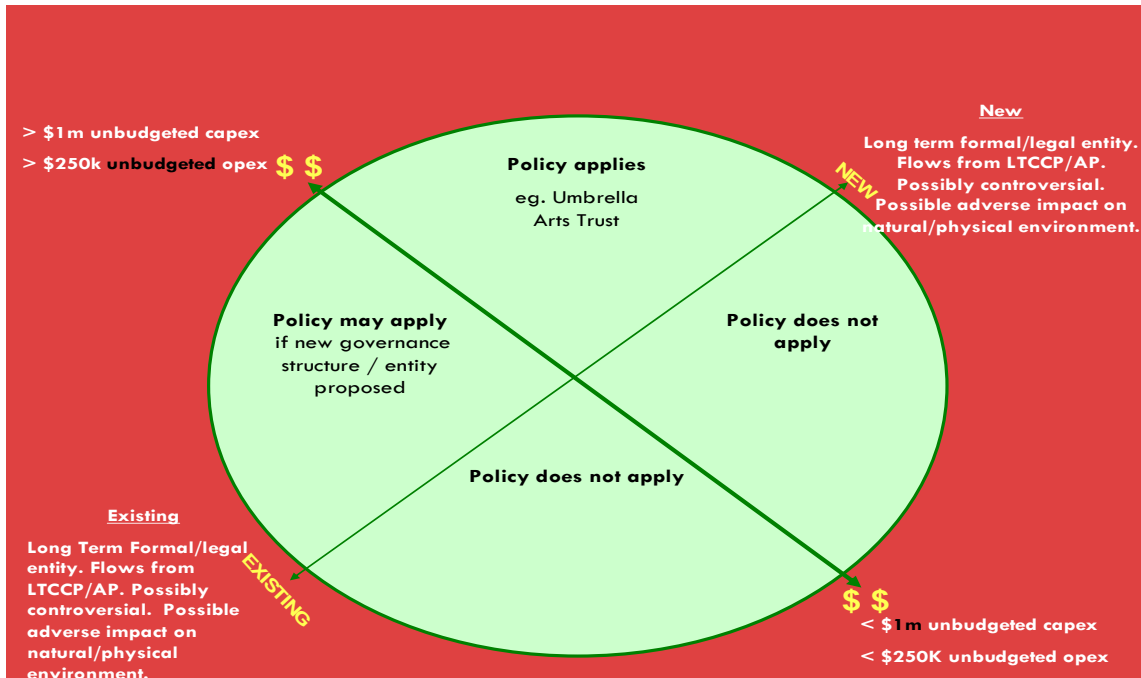


This policy will apply when Council is deciding whether to enter into a formal relationship with another party that involves the following:

- Significant Council funding and resourcing (see Council’s Policy on Significance); and
- An ongoing commitment from Council; and
- Creating a new entity or governance structure.

Criteria for consideration under Council’s Policy on Significance include, but are not limited to: (see diagram below)

- The extent to which the relationship flows directly from a decision already made in the Council’s Long Term Community Plan or Annual Plan.
- Magnitude of net cost to Council (more than \$1,000,000 in unbudgeted capital expenditure or more than \$250,000 in unbudgeted annual operating costs).
- Likelihood of adverse impact on the physical & natural environment
- The extent to which the proposal may be controversial.



Council partnerships with the private sector, commercial contracts for goods and services and the setting up of council controlled organisations are covered under separate policies.

Six step process

Whenever Council is considering entering into a relationship with another party that involves the above criteria, the following six step process shall be followed, and implemented through the Relationships Policy Guidelines.

1. Clarification of the proposal.
2. Analysis of the proposal.
3. If supported, how best to deliver the proposal.
4. Set up phase for approved mechanism.
5. Implementation phase.
6. Ongoing monitoring and reporting.

Adherence to this process should be clearly documented.