

7 October 2021

Provision of Specialist Services to Support Hutt City Council's Kerbside Rubbish and Recycling Collection Procurement

1. Reason for note

1.1 We have received two enquiries regarding the procurement process for specialist consultancy services to support the procurement of kerbside collection rubbish and recycling services, which commenced in October 2019. In line with Council's procurement policy, the procurement activity for specialist consultancy services was a closed tender, i.e. quotes were sought from at least three different vendors/suppliers, in line with the anticipated value of the contract being below \$100,000.

Refer **Appendix 1** Hutt City Council Procurement Policy.

1.2 This note outlines the timeline and approach taken to the procurement of specialist consultancy services. It should be noted that the procurement of kerbside rubbish and recycling collection services undertaken in 2020 is a separate matter and information on this including probity oversight is outlined at

<http://iportal.huttcity.govt.nz/Record/ReadOnly?Query=containerex:%5buri:5414860%5d&Tab=31&Uri=5684052&Page=0>

1.3 In April 2021 a Head of Procurement was established following an organisational design process initiated by the Council's Chief Executive at Council's request, and in support of Council's significant capital programme and development of procurement capability. This was in part driven by the deficiencies and inconsistencies that the Chief Executive had noted with procurement after she started in the role in July 2019.

2. Background

2.1 Recycling and rubbish collection contracts

2.1.1 As at October 2019 Hutt City Council had the same supplier (Waste Management NZ Limited) (WMNZ) in place for refuse and recycling collection since at least 2003. A procurement process for rubbish and recycling services was last undertaken in the 2015 financial year, supported by consultants GHD at the time. Only one supplier, WMNZ, put forward a tender. As a result of that process, the service was re-contracted for a three-year period.

Refer **Appendices 2 and 3**.

2.1.2 Following that period of time, the contracts were rolled over annually, in 2017, 2018, and 2019. The responsibility for these decisions was held within Infrastructure Contracts in the City and Community Services group.

Refer **Appendix 4**.

2.1.3 Responding to a request from HCC to further extend the contract, Waste Management on 7 June 2019 advised that the service was not covering costs due to ageing equipment/increased

maintenance etc. Refer **Appendix 5**. The supplier advised a price variation would need to be agreed to cover the interim period, i.e. until a new supplier was selected or a new contract was negotiated between HCC and WMNZ. Council agreed to the price escalator and the contract extension in mid-2019 to 31 August 2020.

2.1.4 The LTP 2018-2028 had not anticipated any significant services changes or related cost changes. The standard inflation assumptions had been applied for the services.

2.1.5 Council's strategic advisor (who from 1 January 2020 became the Project Manager for the kerbside rubbish and recycling collection implementation project) in conversations with the supplier (WMNZ), had been advised that when agreeing to the first 12 month extension (in 2018) they had made the decision to agree to extend the contract on the understanding that HCC would be negotiating (one on one) a new long term contract with them. The same rationale was applied when the Contracts Manager Solid Waste within the City and Community Services Group asked for the contract to be further extended in 2019 to the end of August 2020.

2.1.6 Direct negotiation of a contract of this magnitude (potentially several million over the contract term) would have been in breach of Council's old and new procurement policy, which requires an open and competitive tender process be undertaken for any contracts above \$100,000 in value.

2.1.7 Following an approach by HCC asking WMNZ to agree to a further contract extension, in order to allow for the completion of a procurement process for the new services, and to align the contract completion with the start of any new service on 1 July 2021, WMNZ sent a letter dated 10 February 2020 outlining its position. Refer **Appendix 6**. Council's Strategic Adviser emailed the Chief Executive on this matter on 6 March 2020 (refer **Appendix 7**) with a report confirming the extension of the contract to 30 June 2021 in order to align with the start of the new service on 1 July 2021, and to allow for the completion of a procurement process for the new services. This was confirmed in a letter to WMNZ on 18 March 2020.

Refer **Appendix 8**.

3. Waste review

3.1 In parallel to the above mentioned contractual arrangements and extensions, and as a result of the 2018/19 waste review¹, Hutt City Council had developed a business case for key changes to its rubbish and recycling kerbside collection approach including a recommendation to move to wheelie bins for rubbish collection and to move to a two-stream system for recycling collection.

3.2 Specialist Consultancy, Morrison Low Ltd was engaged, following a competitive procurement process, to undertake the waste review in 2018. The original contract cost for the waste review was for \$75,000. Actual total costs amounted to \$95,257 as a result of additional work and the provision of advice that arose during the contract term. The waste review costs related to the review of waste management in three areas: kerbside collection, the operation of a resource recovery centre, and domestic hazardous waste. Most of the waste review was undertaken between mid-2018 and mid-

¹ This was a direct consequence of Council approving its Waste Management and Minimisation Plan 2017-23, which included actions to review Council's kerbside service.

2019. \$5,175 in costs to Morrison Low Ltd was incurred after 1 July 2019.² Following consideration of the waste review, a Council decision would have been required regarding the implementation of any of the business case options.

3.3 Jo Miller commenced as Council's Chief Executive in July 2019. On 12 October 2019 a new Mayor and Council were elected. The Mayor had outlined his policy priorities in his manifesto, which included putting the environment first and improving the city's recycling system. In addition, in order to implement Council's preferred waste and recycling option, a procurement process would need to be undertaken.³ Immediately prior to the election, those who would be responsible for procuring the future services appeared to express a view, both to Council and WMNZ, that retention of WMNZ would be advantageous and that they ought to be given an opportunity to present an EOI to Council prior to formulation of a procurement plan.

Refer **Appendix 9**.

Refer **Appendix 10**.

3.4 Following the Corporate Leadership Team meeting the previous day, on 15 October 2019 the Chief Executive wrote to the GM City and Community Services regarding his intention to go to market imminently on a new waste collection contract without consideration of the waste review's findings and recommendations by Council. The manifesto position of the new Mayor was noted in regard to the waste review which would need to report before proceeding to a procurement solution. Procurement was not to proceed without an initial policy decision discussion before presenting options and developing these further with the Mayor and Council. Refer **Appendix 11**.

4. Specialist consultancy services to support Council's process to identify a preferred supplier to deliver the new services

4.1 Procurement process

4.1.1 In order to implement the changes recommended by the waste review, work was required including a procurement process to lead and facilitate the process for procuring a supplier to deliver on the preferred kerbside collection approach including: developing a procurement strategy or plan in line with HCC's procurement policy and the NZ Government Procurement Rules; completing the service delivery review requirements under S17A of the LGA 2002; preparing relevant documentation such as ROIs and RFPs; facilitating the ROI process; supporting the RFP process by answering supplier questions; acting as an independent evaluator and facilitator for the evaluation of proposals and preparing a supplier recommendation report; and preparing contracts based on the procurement outcomes and providing advice during mobilisation.

4.1.2 The process in October 2019 for identifying a preferred consultant to assist in the tender for new rubbish and recycling services was led by Infrastructure Contracts under the GM City and Community Services. There appears to have been no forward planning for procurement processes. The rolling over of the refuse and recycling contracts had been the custom and practice over a number of years. As a result, even though the waste review recommended changes to the kerbside rubbish and recycling collection methodology, and the contract had been rolled over various times,

² Hutt City Council's waste review, carried out by Morrison Low, was completed in July 2019. Morrison Low was then engaged in November 2019 to support the procurement process for the new services. Morrison Low was not engaged by Council in between the completion of the waste review and the commencement of the procurement process.

³ Council was briefed on the results of the waste review on 2 December and the formal report back to Council on the waste review occurred on 10 December 2019.

there was neither a plan, in-house capacity and capability, nor a budget for procuring a service provider to support the waste service tender process.

4.1.3 In October 2019, cost estimates were sought from three parties (in line with HCC's procurement policy at the time, requiring it to seek three quotes for work with an estimated value of up to \$100,000). Two providers, Tonkin & Taylor and Morrison Low came back with a proposal. The third party, GHD, declined to provide a proposal.

4.1.4 Evaluation of the proposals was carried out by the then Manager of Infrastructure Contracts, the newly appointed Solid Waste Contracts Manager, and the Manager Sustainability and Resilience ("the evaluation panel"). Their role was to evaluate the proposals and make a recommendation to the GM City and Community Services. The evaluation process was led by the Manager of Infrastructure Contracts. The GM City and Community Services had the delegation from the Chief Executive for approval of the evaluation panel's recommendations and for awarding the contract/s.

4.1.5 With regard to evaluation, as there was no evaluation criteria or formal evaluation methodology (as no procurement plan had been prepared), the Manager Sustainability and Resilience developed a marking schedule, which was adopted by the other two evaluators to undertake the evaluation.

4.1.6 A preliminary view on this assessment by the three participants produced total scores that were relatively evenly matched, albeit concerns were raised by the Manager, Sustainability and Resilience about differences in marking against the criteria.

4.1.7 Concerns became apparent that the invitees to quote had been given a very short time to do so without the work required being adequately scoped, that quotes were received at different times, that there was a prospect of information being shared, and concerns that the marking criteria had not been applied consistently in evaluation.

4.1.8 Given these concerns and given the GM City and Community Services on leave, the Chief Executive set up a meeting to hear direct from the evaluation panel and staff who had been in attendance at a Resource Consent hearing regarding the Wainuiomata Cleanfill the previous day.

4.1.9 On 6 November 2019 a meeting was called by the Chief Executive with the Resource Consents Team Leader, Senior Advisor to the Chief Executive, and the evaluation panel comprising Divisional Manager Infrastructure Contracts, the Solid Waste Manager and Manager Sustainability and Resilience in attendance. This was to discuss both the representation at the cleanfill hearing and the tender scoring and recommendation. The Chief Executive invited staff to speak openly about both matters. The closeness of the two consultants involved in terms of the marking was noted. The Manager Sustainability and Resilience highlighted the inconsistent scoring undertaken by the panel.

Refer **Appendix 12**.

Refer **Appendix 13**.

4.1.10 The Chief Executive invited the evaluation panel to revisit its deliberations and make recommendations to her. The Chief Executive advised she would exercise the delegation around contract award that had sat with the GM City and Community Services. A recommendation was received from the evaluation panel Chair noting Morrison Low would be the preferred consultant to engage for the whole procurement process (i.e. for procurement services) to ensure that Council's procurement for the new rubbish and recycling services would stand up to scrutiny.

Refer **Appendix 14**.

The Chief Executive accepted the revised recommendation of the panel. Refer **Appendix 15**.

The Chief Executive wrote to the GM City and Community Services about the outcome of the panel's deliberations and matters of process. Refer **Appendix 16**.

4.2 Contract signing

4.2.1 On 25 November 2019 Andrea Blackshaw became the Acting GM City & Community Services as the previous GM was no longer in the role.

4.2.2 On 10 December 2019 the contract for services was signed with Morrison Low & Associates Ltd by the Acting GM City and Community Services. Refer **Appendix 17**.

4.2.3 Although the Acting GM was not the decision-maker in terms of the contract (as she was not in the role at the time) on appointment to the Acting role the delegations to sign contracts were reinstated.

4.2.4 The contract used the standard MBIE template that was in use at the time which was used widely throughout government (GMC for Services template:
<https://www.procurement.govt.nz/procurement/templates/>).

4.3 Performance against contract by the appointed consultancy

4.3.1 The terms and conditions in the contract set minimum reporting requirements. The project team was in more than weekly contact with Morrison Low to scope, plan and carry out the procurement process. Morrison Low delivered on all deliverables, met milestones as per the contract (noting some variation due to the Covid lockdown), responded to all requests promptly, and provided advice as required. Council was satisfied with their performance under this contract.

4.3.2 Note that in terms of assessing the quality of the substantive tender process in 2020 for rubbish and recycling (which Morrison Low facilitated and led) an independent probity advisor from the Ministry of Business, Innovation and Employment - Andrew Howie, Manager Commercial Pool, provided probity advice to Council overseeing the tender process. Whilst in 2019 the probity advisor was not part of the procurement for specialist services, as outlined as per this note, in Andrew Howie's report dated 11 September 2020 he states that the Waste Collection Services evaluation process was carried out in accordance with the Government Procurement Rules and due regard for probity principles. This indicates that Morrison Low's work in facilitating the procurement of the kerbside services had been of very good quality, as it resulted in a robust process and outcome.

Refer **Appendix 18**.

4.4 Fees proposed in tender

4.4.1 Quotes were submitted with prices outlined below. As noted above there was no procurement plan which would have set out the scope. Tonkin Taylor's fee was estimated at between \$50,000 and \$85,000. Morrison Low's fee was estimated at between \$85,000 and \$135,000. Note that a third party was invited to submit a proposal, but did not do so.

4.4.2 Morrison Low was engaged in December 2019 to support Hutt City Council in its procurement process for the new services. The original contract was for \$97,000, albeit actual total costs amounted to \$258,751, as a result of the following:

- additional work in relation to the extension of the then existing kerbside rubbish and recycling contract (not directly related to procurement);
- additional modelling in relation to service options such as the opt-in green waste service (not directly related to procurement);
- additional modelling on the cost of Council purchasing bins vs suppliers owning the bins;
- additional advice and financial modelling regarding the then flagged waste levy increases, and possible Emissions Trading Scheme cost increases;
- carrying out additional work for which there was lack of resourcing internally at Hutt City Council, in relation to the procurement, including the negotiation of the contract with the preferred supplier; and
- additional advice regarding questions arising during the consultation with the public on the options, including regarding illegal dumping and its relationship (if any) to a particular service methodology (not directly related to procurement).

4.4.3 The last payment in relation to the procurement process was made in December 2020. One additional payment of \$2,505 to Morrison Low was incurred on 31 August 2021, in relation to providing advice regarding a variation of the current kerbside contract.

4.4.4 Given the scope increased as highlighted in the bullet points above, costs increased. Regardless of who was awarded the contract, it is very likely that costs would have increased due to the increase in scope and time. This level of extra spend reflected the need for additional work to be undertaken which had not been identified at the time the quotes were sought. Given the increased scope, as highlighted in the bullets above, costs increased proportionately. In addition, the level of extra spend reflected the manner in which quotes were sought with no documented request to those submitting a quote.

Provision of Specialist Services to Support Hutt City Council’s Kerbside Rubbish and Recycling Collection Procurement

Timeline and Appendices	Page
1. Appendix 1 - Hutt City Council Procurement Policy May 2020	3
*this is the current policy approved May 2020, the thresholds are the same as the previous policy that applied at the time	
2. Appendix 2 - Tender Evaluation for Hutt City Collection of Recyclables report from consultants GHD October 2014	11
3. Appendix 3 - Tender Evaluation for Hutt City Collection of Refuse Bags report from consultants GHD October 2014	37
4. Appendix 4 - Previous kerbside contracts 2017, 2018 and 2019.....	
• 14 February 2017	51
• 23 January 2018	52
• 21 June 2019.....	53
5. Appendix 5 - Letter from Waste Management to HCC re: Contract extension for contract No.4138 and 4139 kerbside collection and refuse bags and collection of recyclables dated 7 June 2019	55
6. Appendix 6 - Letter from Waste Management to HCC re contract extension dated 10 February 2020	57
7. Appendix 7 - Email from Strategic Advisor to the Chief Executive dated 6 March 2020, 1.14pm.....	61
8. Appendix 8 - Contract Extension contract 4138 and 4139 Kerbside collection of refuse bags and collection of recyclables dated 18 March 2020	65
9. Appendix 9 - Email from the Manager of Infrastructure Contracts to the GM City and Community Services dated 9 October, 10.58pm	67

10. Appendix 10 - Email from the GM City and Community Service to the Manager of Infrastructure Contracts dated 9 October, 11.27am.....	69
11. Appendix 11 - Email from the Chief Executive to the GM City and Community Services dated 15 October 2019, 6.56am	71
12. Appendix 12 - Email from the Chief Executive to the GM City and Community Services re outcome of meeting dated 6 Nov 2019, 12.48pm.....	73
13. Appendix 13 - Email from the GM City & Community Services to the Chief Executive regarding process dated 6 Nov 2019, 7.35pm.....	75
14. Appendix 14 - Email from the Manager of Infrastructure Contracts to the Chief Executive dated 6 Nov 2019, 1.03pm.....	77
15. Appendix 15 - Email from the Chief Executive to the Manager of Infrastructure Contracts acknowledging this dated 6 Nov 2019, 2.10pm.....	79
16. Appendix 16 - See email from the Chief Executive to the GM City & Community Services responding to comments on process dated 7 Nov 2019, 7.26am.....	81
17. Appendix 17 - Contract for Services Procurement for Hutt City Council's kerbside collection services dated 10 December 2019	83
18. Appendix 18 - HCC – Refuse Recycling RFP – Probity Report 11 September 2020.....	99

PROCUREMENT POLICY



TO BE USED BY ALL EMPLOYEES, CONTRACTORS AND CONSULTANTS WHEN PROCURING GOODS AND SERVICES

Division	Finance
Date created	May 2020
Publication date	May 2020
Review period	Three years
Owner	Chief Financial Officer
Approved by	Corporate Leadership Team

Version	Author	Date	Description
V 1.0	Bradley Cato	01/10/2016	Approved by SLT
V 2.0	Paula Alkema	19/03/2020	Reviewed.
Rev 2.3	Allen Yip	May 2020	Approved by CLT

CONTENTS

1. INTRODUCTION.....	3
2. PURPOSE.....	3
3. COMPLIANCE WITH THE PROCUREMENT POLICY.....	3
4. SCOPE.....	3
5. PROCUREMENT OBJECTIVES.....	4
6. PRINCIPLES OF PROCUREMENT.....	4
7. FINANCIAL THRESHOLDS.....	6
8. ALL OF GOVERNMENT/SYNDICATED/PANEL CONTRACTS.....	6
9. RELATED POLICIES, MANUALS AND GUIDANCE.....	6
10. RELEVANT REFERENCES.....	7

1. INTRODUCTION

Procurement plays an important role in how Hutt City Council (the Council) together with its Council-Controlled Organisation's (CCOs) delivers its strategies and our work towards making the city a great place to live, work and play. Together Council and its CCOs form the Council Group. The Council Group is a major buyer of goods, works and services. The way we plan, source and manage our expenditure and spend public money has an impact in the local economy and can affect the Council Group's performance and reputation.

2. PURPOSE

The purpose of this policy is to ensure that all Council Group procurement occurs within the parameters of public sector policy, rules and guidelines and gives effect to the Council Group's Organisational Procurement Strategy [\[INSERT LINK\]](#). It outlines Council's approach to planning, sourcing and managing our procurement.

This policy set out Council's expectation for how all Council Group procurement activities will be planned and managed.

3. COMPLIANCE WITH THE PROCUREMENT POLICY

This Procurement Policy and the Procurement Guide reflect current Government requirements and international procurement best practice. Inherent in the procurement process are options which allow tailoring to suit individual requirements.

All Council Group employees and, contractors must comply with this policy and the associated Procurement Guide [\[INSERT LINK\]](#) whenever a procurement exercise is undertaken unless there is compelling justification to depart from the procurement process and the reasons are recorded and approved by a person with the appropriate financial delegation to grant an exemption.

This Group policy and the guidelines apply to all CCOs wholly owned by Council.

4. SCOPE

This procurement policy covers all procurement processes entered into by employees, including permanent staff members (full-time and part-time), temporary staff, seconded staff, consultants, contractors and any entity acting as a procurement agent for the Council Group.

This policy does not apply to:

- sub-contracting or sourcing activities undertaken by Council suppliers, unless specifically required under contract
- entering into employment contracts¹
- property transactions, including the lease, sale or purchase of land or buildings.

All procurement processes relating to transport infrastructure works which claim financial assistance from the Waka Kotahi NZ Transport Agency (Transport Agency) must comply with the [Procurement Manual](#) for activities funded through the National Land Transport Programme².

¹ Assistance should be sought from Human Resources with regards to employment contracts.

² Enabled through the joint Hutt City and Upper Hutt City Council Procurement Strategy

5. PROCUREMENT OBJECTIVES

This procurement policy informs Council employees and contractors of the appropriate requirement when undertaking procurement for the Council, with particular consideration to:

- Contributing to the achievement of Council's strategic objectives as expressed in the Organisational Procurement Strategy *[INSERT LINK]*
- Demonstrate best value for money spent
- Demonstrate transparency and accountability in our decision making
- Promote consistency of approach to deliver efficient and continuous improvement
- Deliver broader outcomes
- Develop strategic partnerships with our supply chain.

This policy is not a "how-to" procurement guide. In order to make it easy for Council to comply with this policy and achieve its business outcomes, support and guidance is available through Council's Procurement Guide *[INSERT LINK]* and supporting templates.

6. PRINCIPLES OF PROCUREMENT

The following specific principles apply to all Council Group procurement activities. Each principle is supported by one or more statements that reflect the requirements of Council's procurement guide and the expectations of Council's Leadership Team.

BEST VALUE FOR MONEY

All of our procurement decisions must be justifiable on the basis of best value.

- Before initiating any sourcing process, the criteria by which best value will be determined must be documented, approved and communicated to potential suppliers.
- Procurement planning and decision making must consider potential social, environmental, sustainability, cultural and economic benefits and impacts
- Procurement planning should consider the management of risk associated with any new or modified buildings or structures, equipment, material, services or work processes introduced into the workplace and provide evidence that health and safety issues have been incorporated into purchasing decisions where applicable.
- Procurement decision making should be objective and evidence based wherever possible. More subjective decisions of best value must apply professional and informed judgement, with a record rationale.

TRANSPARENCY AND ACCOUNTABILITY

Our procurement practices must be able to withstand public scrutiny at all times.

- All procurement decisions and resulting contracts are the responsibility of the individual named positions in the delegations matrix
- Procurement processes and decisions must be clearly recorded so they can be reviewed or audited.
- All procurement activities and supplier relationships must be managed with the highest levels of

integrity, in accordance with Council's [Code of Conduct](#)

- The [Conflict of Interest policy](#) applies to all procurement activities and decisions. Formal conflict of interest declaration must be completed by all employees and suppliers directly involved in a procurement activity.

CONSISTENCY OF APPROACH

All procurement activities and decisions must comply with Council's policies, procurement procedures and delegation schedules.

- Compliance with procurement procedures and the financial delegation matrix is mandatory.
- All procurement processes should use Council's endorsed templates and processes.

BROADER OUTCOMES

Council will look to create opportunities and benefits for the City and wider Region by investing in economic, environmental, sustainable and social and cultural outcomes.

- Broader outcomes must be considered when planning all procurement activities.
- Support suppliers that provide cost-effective, environmentally responsible products and services.

SUPPLY CHAIN

Develop strategic partnerships with our supply chain

- Create opportunities for early and proactive engagement with our supply chain to help inform procurement planning
- Develop a pipeline of procurement opportunities to encourage confidence from the supply chain that translates into multiple viable responses to tenders
- All open tenders will be publicly advertised using the local paper and, on the Governments Electronic Tendering Service (GETS)³ website and/or Tenderlink⁴
- Give sufficient response times for suppliers to respond to our requests

PRINCIPLES OF GOVERNMENT PROCUREMENT

Council will apply the [Principles of Government Procurement](#) when procuring goods, works and services, when planning, sourcing and managing our procurement.

- Plan and manage for great results
- Be fair to all suppliers
- Get the right supplier
- Get the best deal for everyone
- Play by the rules

³ GETS is a free online service designed to promote open, fair competition in the New Zealand Government market and meet international trade agreement commitments to provide information about New Zealand Government business opportunities.

⁴ Tenderlink is a commercial e-tendering network used by the public and private sectors.

7. FINANCIAL THRESHOLDS

The Council Group is required to conduct an open tender for contracts for goods and services with a value in excess of \$100,000 NZD or \$500,000 NZD for construction related contracts. These thresholds relate to the total anticipated value of the contract for the full term of the contract (i.e. the aggregated total cost of the contract) e.g. a two-year requirement/relationship with an annual value of \$30,000 would equal a total contract value of \$60,000. Contract values must not be structured or divided at any stage to fall under the thresholds to avoid tendering.

COUNCIL GROUP (EXCL UPL)⁵

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Direct purchase	\$0 - \$20,000	\$0 - \$50,000
Closed tender ⁶	\$20,001 - \$99,999	\$50,001 - \$499,000
Open and competitive tender	>\$100,000	>\$500,000

URBAN PLUS LIMITED⁷

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Selective purchase	\$0 - \$50,000	\$0 - \$50,000
Competitive quotation ⁸	\$50,001 - \$200,000	\$0 - \$200,000
Closed tender ⁸	\$200,001 - \$499,999	\$200,001 - \$499,999
Open tender	>\$500,000	>\$500,000

Before goods are purchased or services are engaged, a purchase order (for direct purchase only) or a written contract must exist.

The financial delegations outlined in the Financial Delegations Matrix *[INSERT LINK]* must be adhered to when conducting any procurement process. All requests to procure goods and services must be authorised by a person holding the appropriate financial delegation for the total life of the contract.

8. ALL OF GOVERNMENT/SYNDICATED/PANEL CONTRACTS

The Council will utilise the [All-of- Government Panels](#), Syndicated Contracts and Council's own panel contracts if there are contracts in place that can meet their needs unless there is a good reason not to.

9. RELATED POLICIES, MANUALS AND GUIDANCE

The following documents should be read in conjunction with this Policy:

- Organisational Procurement Strategy *[INSERT LINK]*
- Procurement Guide *[INSERT LINK]*
- Financial Delegations Policy *[INSERT LINK]*
- [Code of Conduct](#)
- [Conflicts Of Interest](#)
- [Receiving of Gifts Policy](#)
- [Waka Kotahi NZ Transport Agency's Procurement Manual](#)

⁵ Financial thresholds must be followed unless there is an approved exemption

⁶ Quotes to be sought from at least three different vendors / suppliers

- Hutt City Council and Upper Hutt City Council Joint Procurement Strategy *[INSERT LINK]*
- Government Procurement Rules
- Health and Safety Manual *[INSERT LINK]*

10. RELEVANT REFERENCES

Additional reference material can be found through the following websites:

- Office of the Auditor General's Procurement Guide for public entities [2008]
- Ministry of Business, Innovation and Employment's Government Rules of Sourcing [2019]
- State Services Commission's Conflicts of Interest Model Standards
- State Services Commission's Code of Conduct for the State Services



Hutt City Council

Tender Evaluation for Hutt City Collection of Recyclables
Contract Number AD16-4139

October 2014

Table of contents

1.	Project Description	1
2.	Tender Documents	1
3.	Notice to Tenderers	1
4.	Tender and Estimate Prices	1
5.	Alternative Tenders	1
6.	Tender Evaluation	2
7.	Tags / Assumptions	2
8.	Tender Negotiations	2
9.	Tender Anomalies	3
10.	Discussion	3
11.	Recommendation	4
12.	Acceptance.....	5

Table index

Table 1	Tender Prices	1
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Appendices

Appendix A - Tender Opening Form

Appendix B - Waste Management NZ Ltd Conforming and Alternative Tenders

Appendix C - Waste Management NZ Ltd Revised Tender and Conditions

1. Project Description

This Contract is a three year contract for the weekly collection of recyclables from outside all urban and defined rural and central business district areas within the boundaries of the Hutt City Council. It also includes the collection of recyclables from the recycling stations within Hutt City and the maintenance of these sites.

2. Tender Documents

Tender documents were prepared by GHD Ltd and were publicly advertised through E-Tender (Tender-Link Ltd). Documents were available from Monday 8 September 2014.

Tenders closed at 4pm, Friday 3 October 2014. Two tenders were received from Waste Management NZ Ltd in the Tender Box at the Hutt City Council prior to the tenders closing. One of these was a conforming tender and the other was an alternative tender.

The Tender Opening Form is included in Appendix A.

3. Notice to Tenderers

No Notices to Tenderers were issued.

4. Tender and Estimate Prices

A summary of the tenders received from Waste Management NZ Ltd, together with the associated contract period, and the Engineers Estimate are as follows:

Table 1 Tender Prices

Tender	Amount Tendered
Waste Management NZ Ltd – Conforming Tender (3 years)	\$4,181,697.00
Waste Management NZ Ltd – Alternative Tender (7 years)	\$12,003,784.00
Engineer's Estimate (3 years)	\$3,600,000.00

Both of the above tenders from Waste Management NZ Ltd include a Contingency Sum of \$60,000.00 for the contract period of 3 years (\$20,000.00 per year).

The tenders from Waste Management NZ Ltd are included in Appendix B.

5. Alternative Tenders

The alternative tender received from Waste Management Ltd related to the use of 140 litre mobile garbage bins (wheelie bins) for the collection of mixed recyclables and the use of small crates for the collection of glass. This alternative tender involves a significant variation in the programming and method of collecting kerbside recyclables, an increase in the term of the contract, and a substantial increase in the cost of this service.

The alternative tender price in the sum of \$12,003,784.00 submitted by Waste Management NZ Ltd was for a contract period of 7 years to reflect the significant investment by Waste Management NZ Ltd in the purchase of the mobile garbage bins. This is equivalent to a three-year contract price of \$5,144,478.86, which is \$962,781.86 more than their conforming tender in the sum of \$4,181,697.00 for a three-year period. Waste Management NZ Ltd conservatively estimated that their alternative methodology would increase recycling collection volumes by 10%.

Significant investigation and consultation would be required before the use of mobile garbage bins could be considered. As such this alternative tender was considered to be outside of the scope of the tender documents and was excluded from further consideration.

6. Tender Evaluation

Tender evaluation has been carried out in accordance with the tender documents, which was based on the Price-Quality Method of Tender Evaluation.

Given that only one conforming tender was received it was not necessary to grade the attribute information supplied by Waste Management NZ Ltd for the purposes of determining the ranking of their tender. However the tender attribute information supplied by Waste Management NZ Ltd was reviewed to ensure that the minimum requirements were met and that the tender was conforming.

The tender attribute information supplied by Waste Management NZ Ltd was of a good standard. It exceeded the minimum requirements and the tender was considered to be conforming.

The tender evaluation was carried out by John Middleton (HCC) and Steve Mann (GHD). John Middleton is a NZTA Certified Tender Evaluator.

7. Tags / Assumptions

The tender from Waste Management Ltd included three tags relating to insurances and the use of subcontractors and three assumptions.

With the exception of the insurance tags, all other tags were of a minor nature and did not impact on the tender evaluation process.

The insurance tag was queried and the explanation provided by Waste Management Ltd was to the satisfaction of the Principal's Representative, John Middleton.

8. Tender Negotiations

The conforming tender from Waste Management NZ Ltd is 16.2% higher than the Engineer's Estimate and exceeds current budget provisions.

The Conditions of Tendering within the tender document included the following wording:

The Principal reserves the right to:

b) *Negotiate with a tenderer where only one conforming tender is received. Any negotiated price shall not exceed the tender price*

On this basis the Principals Representative, John Middleton, met with Waste Management NZ Ltd to ascertain whether or not there were options for Waste Management NZ Ltd to reduce their tender price.

As a result of these discussions Waste Management NZ Ltd put forward a revised tender price in the sum of \$4,009,954.00 for a period of three years. This tender price is based on some changes to the contract requirements as detailed in the letter from Waste Management NZ Ltd to the Hutt City Council dated 20 October 2014. A copy of this letter and the revised tender price is included in Appendix C.

The changes to the contract requirements are considered to be of a minor nature and it is anticipated these will have no noticeable impact of the level of service provided. However this will be monitored throughout the duration of the contract and adjustments made as deemed necessary.

The revised tender from Waste Management Ltd is 11.4% higher than the Engineer's Estimate.

9. Tender Anomalies

Both the original conforming and alternative tenders submitted by Waste Management Ltd had contract rates submitted against Item 5 of the Schedule of Prices that did not add through to the total tendered price. This issue was addressed during negotiations in respect to the revised tender submitted from Waste Management Ltd.

10. Discussion

Waste Management NZ Ltd (previously Transpacific Industries Group) is the current Hutt City Council recycling contractor who has been undertaking this work to a good standard. Waste Management NZ Ltd is an established and experienced contractor specialising in waste collection and disposal.

11. Recommendation

It is GHD's recommendation that the revised tender from Waste Management NZ Ltd in the sum of \$ 4,009,954.00, excluding GST be accepted for the Hutt City Collection of Recyclables, Contract No. AD16-4139.



.....
Steve Mann
Senior Project Engineer
GHD Ltd

Date: 30 / 10 / 2014



.....
David Crowther
Manager, Roading and Traffic
GHD Ltd

Date: 30 / 10 / 2014

12. Acceptance

We accept GHD's recommendation that the tender from Waste Management NZ Ltd in the sum of \$ 4,009,954.00 excluding GST be accepted for the Hutt City Collection of Recyclables, Contract No. AD16-4139.



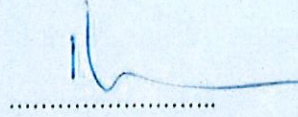
John Middleton

Contracts Manager – Civil

~~Utility Services~~ ROAD & TRAFFIC

HUTT CITY COUNCIL

Date: 3 / 11 / 14



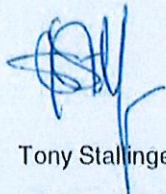
Bruce Sherlock

General Manager

City Infrastructure

HUTT CITY COUNCIL

Date: 3 / 11 / 14



Tony Stallinger

Chief Executive

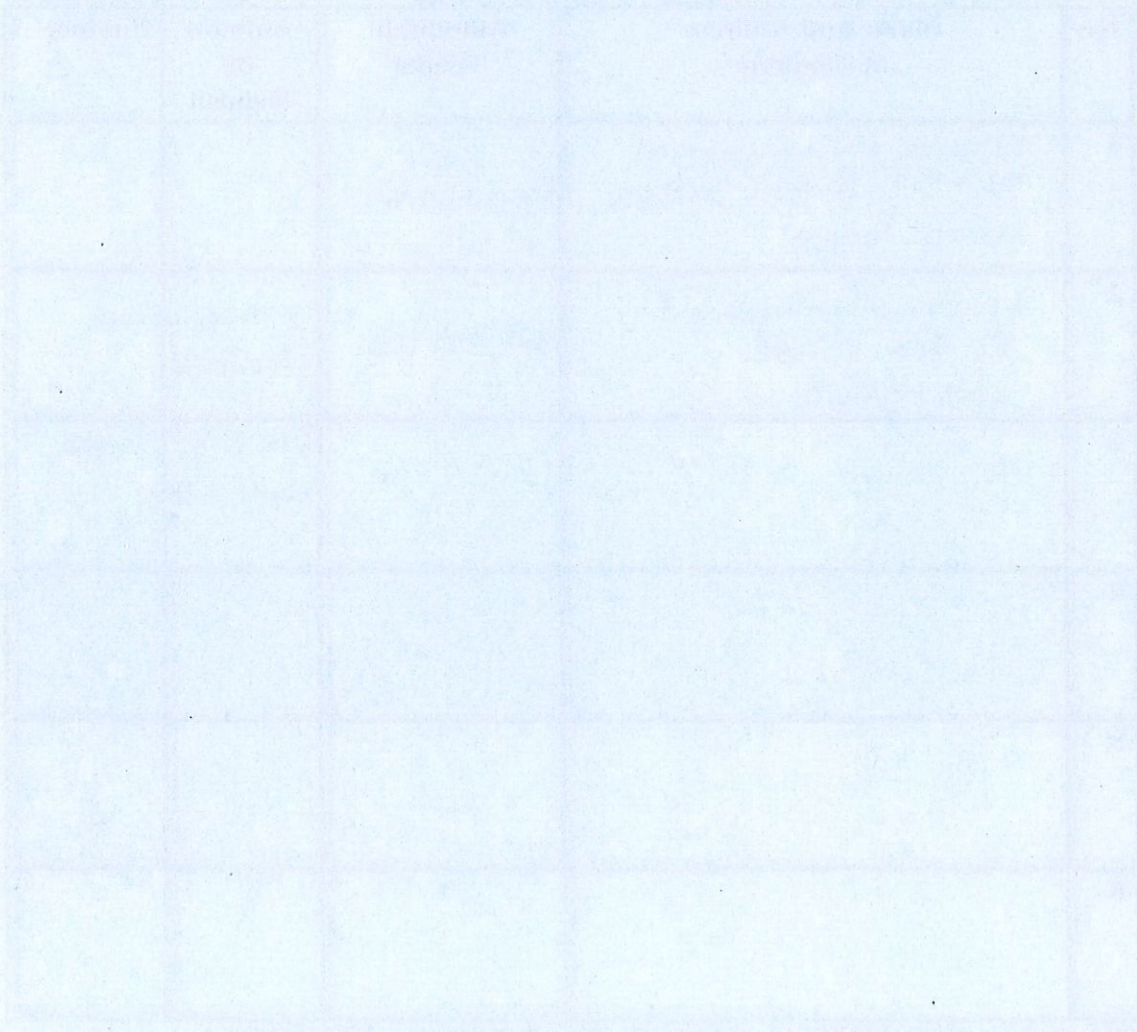
HUTT CITY COUNCIL

Date: 3 / 11 / 14

Copy to: T Stevens, PA to Group Manager Infrastructure Services
Steve Mann (GHD).

Appendices

Appendix A - Tender Opening Form



TENDERS

Tender: Hutt City Collection
of Recyclables 2014

Contract No: 4139

Officer's Estimate: ²\$1m per annum.

Tenders Close: 3:49pm

Envelope 1:
Opened by: _____

Date: 3/10/14

Date: _____

Opened by: Steve Mann
Toni Stevens

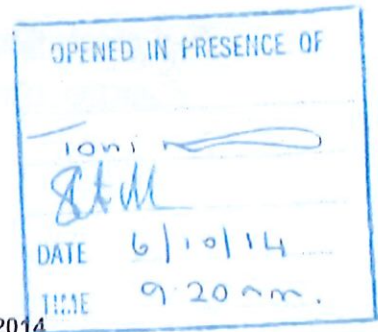
Envelope 2:
Opened by: _____

Date: _____

No	Name and Address of Tenderer	Amount of Tender	Amount of Deposit	Finance
1	Waste management M2 Ltd. PO Box 38383 Winc 5045	\$4,181,697		
2	Waste management PO Box 38383 Winc 5045	\$12,003,784	alternative tender	
3			MRB & Create Collection	
4				
5				
6				

Please mark late tenders with the time and date of receipt and rule line through spaces not used.

Appendix B - Waste Management NZ Ltd Conforming and Alternative Tenders



Form of Tender

Hutt City Collection of Recyclables Contract,-2014

Contact No: AD16-4139

The Chief Executive
Hutt City Council
Private Bag 31912
Lower Hutt

I/we hereby tender for the above contract according to the General Conditions of Contract and the Conditions of Tendering as set out in "Conditions of Contract for Building and Civil Engineering Construction", the Special Conditions of Contract, the Conditions of Tendering, the Drawings, the Specification and other named specifications for the sum of:

CONFORMING PRICE

Four Million, One Hundred and Eighty One Thousand, Six Hundred and Ninety Seven Dollars and .00 cents (\$ 4,181,697.00) GST exclusive

Annexed hereto are a completed Schedule of Prices, Day works schedule and the other information, set out in the schedule to Conditions of Tendering, which is required to be included with this tender.

Dated this 3rd day of October 2014

Tenderer's Signature: Peter Simm
Designation: Wellington Regional Manager
Contractor's Name: Waste Management NZ Limited
Address: 97-99 Port Rd., Seaview, Lower Hutt,
P.O. Box 38383, Wellington Mail Centre 5045
Contact Telephone: (Day) or (Mob) 0274 781 762 Fax 04 568 3558
(Night) Email: psimm@wastemanagement.co.nz

Contractor's GST Registration Number: 94-152-232

Schedule of Prices

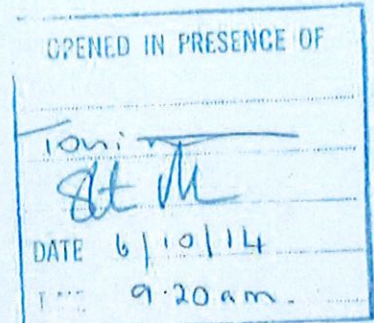
Hutt City Council Collection of Recyclables Contract

Contract No : AD16-4139

Conforming Bid

Item	Description	Unit	Qty	Rate	Amount
1	Establishment, set up and overheads Includes staff and depot facilities, bond and insurances, Quality, Health and Environmental Plans and all other overheads not allowed for elsewhere	LS	1	1,000	1,000
2	Reporting and Quality Includes gathering, collecting, preparing and supplying all data and information as required for audits, reports and payments	Per month	36	400	14,400
3	Partnering and Meetings Includes establishing and maintaining partnering and relationship management processes and meeting attendance	Per month	36	1,500	54,000
4	Kerbside Recycling Collection service as specified including all costs associated with disposal to an appropriate recycle market and disposal of non-recyclable waste (refer to section 7)	Per month	36	91,976	3,311,129
5	Allowance for additional properties	Units of 150 properties per 6 months	6	2,335	
6	Recycling Collection from Recycling Stations Includes all costs associated with disposal to appropriate recycling market (refer to section 8)	Per month	36	12,688	456,768
7	Removal of Rubbish and Keeping Recycling Stations Tidy Includes all disposal fees (refer to section 8)	Per month	36	6,000	216,000

8	Supply of Bins for Recycling Stations (refer to section8)	Per month	36	900	32,400
9	Minor Maintenance of Recycling Station Bins (refer to section 8)	Per month	36	100	3,600
10	Major Maintenance of Recycling Station Bins (refer to section 8)	Per month	36	900	32,400
11	Clothing Bin Collection and Maintenance of Bins (refer to section 8)	Per month	36	0	
12	Contingency Sum	P.S			60,000.00
TOTAL AMOUNT (3 YEARS) EXCLUDING GST					\$4,181,697



Form of Tender

Hutt City Collection of Recyclables Contract,-2014

Contact No: AD16-4139

The Chief Executive
Hutt City Council
Private Bag 31912
Lower Hutt

I/we hereby tender for the above contract according to the General Conditions of Contract and the Conditions of Tendering as set out in "Conditions of Contract for Building and Civil Engineering Construction", the Special Conditions of Contract, the Conditions of Tendering, the Drawings, the Specification and other named specifications for the sum of:

ALTERNATIVE BID – MRB AND CRATE COLLECTION

Twelve Million, Three Thousand, Seven Hundred and Eighty Four Dollars and .00 cents (\$12,003,784.00) GST exclusive

Annexed hereto are a completed Schedule of Prices, Day works schedule and the other information, set out in the schedule to Conditions of Tendering, which is required to be included with this tender.

Dated this 3rd day of October 2014

Tenderer's Signature: Peter Simm
Designation: Wellington Regional Manager
Contractor's Name: Waste Management NZ Limited
Address: 97-99 Port Rd , Seaview, Lower Hutt
P.O. Box 38383, Wellington Mail Centre 5045
Contact Telephone: (Day) or (Mob) 0274 781 762 Fax 04 568 3558
(Night) Email: psimm@wastemanagement.co.nz
Contractor's GST Registration Number: 94-152-232

Schedule of Prices

Hutt City Council Collection of Recyclables Contract

Contract No : AD16-4139

Alternative Bid MRB and Crate Collection

Item	Description	Unit	Qty	Rate	Amount
1	Establishment, set up and overheads Includes staff and depot facilities, bond and insurances, Quality, Health and Environmental Plans and all other overheads not allowed for elsewhere	LS	1	1,000	1,000
2	Reporting and Quality Includes gathering, collecting, preparing and supplying all data and information as required for audits, reports and payments	Per month	84	400	33,600
3	Partnering and Meetings Includes establishing and maintaining partnering and relationship management processes and meeting attendance	Per month	84	1,500	126,000
4	Kerbside Recycling Collection service as specified including all costs associated with disposal to an appropriate recycle market and disposal of non-recyclable waste (refer to section 7)	Per month	84	119,688	10,053,792
5	Allowance for additional properties	Units of 150 properties per 6 months	6	2,958	
6	Recycling Collection from Recycling Stations Includes all costs associated with disposal to appropriate recycling market (refer to section 8)	Per month	84	12,688	1,065,792
7	Removal of Rubbish and Keeping Recycling Stations Tidy Includes all disposal fees	Per month	84	6,000	504,000

	(refer to section 8)				
8	Supply of Bins for Recycling Stations (refer to section 8)	Per month	84	900	75,600
9	Minor Maintenance of Recycling Station Bins (refer to section 8)	Per month	84	100	8,400
10	Major Maintenance of Recycling Station Bins (refer to section 8)	Per month	84	900	75,600
11	Clothing Bin Collection and Maintenance of Bins (refer to section 8)	Per month	84	0	
12	Contingency Sum	P.S			60,000
TOTAL AMOUNT (7 YEARS) EXCLUDING GST					\$12,003,784

Appendix C - Waste Management NZ Ltd Revised
Tender and Conditions



Waste Management

John Middleton

Hutt City Council

Private Bag

Wellington

20 October 2014

AD 16-4139 Hutt City collection of Recyclables

Dear John,

As discussed, I have highlighted the five points that have allowed Waste Management NZ Limited to reduce our original tender pricing (amended copy attached). These five points form part of our agreement and will be included in our tender conditions.

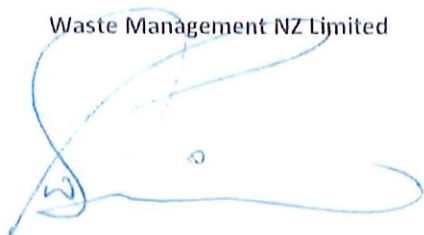
Here are the listed conditions

1. Extension of space for placement of more bins at
 - Wainuiomata
 - Wakefield St
 - Kelson
2. Discussion around Capital expenditure for extra bins if required.
3. Dropping services for glass and plastics from Silverstream landfill
4. Cleaning and maintenance of stations will be undertaken Monday to Saturday between 10 am and 1 pm. Any other servicing will be at a "call out basis"
5. Signage/education and community involvement will be a combined project between WAM and HCC including costs.

Please advise if you have any more questions. I thank you again for your frank and open views and Waste Management NZ Limited look forward to partnering Hutt City Council in this contract and continuing with our current strong relationship.

Yours Sincerely,

Waste Management NZ Limited

A handwritten signature in blue ink, appearing to be 'Peter Simm', written over the printed name.

Peter Simm

Wellington Regional Manager

Form of Tender

Hutt City Collection of Recyclables Contract,-2014

Contact No: AD16-4139

The Chief Executive
Hutt City Council
Private Bag 31912
Lower Hutt

I/we hereby tender for the above contract according to the General Conditions of Contract and the Conditions of Tendering as set out in "Conditions of Contract for Building and Civil Engineering Construction", the Special Conditions of Contract, the Conditions of Tendering, the Drawings, the Specification and other named specifications for the sum of:

CONFORMING PRICE

Four Million, Nine Thousand, Nine Hundred and Fifty-Four Dollars and .00 cents (\$ 4,009,954.00)
GST exclusive

Annexed hereto are a completed Schedule of Prices, Day works schedule and the other information, set out in the schedule to Conditions of Tendering, which is required to be included with this tender.

Dated this 20th day of October 2014

Tenderer's Signature:  Peter Simm
Designation: Wellington Regional Manager
Contractor's Name: Waste Management NZ Limited
Address: 97-99 Port Rd., Seaview, Lower Hutt
P.O. Box 38383, Wellington Mail Centre 5045
Contact Telephone: (Day) or (Mob) 0274 781 762 Fax 04 568 3558
(Night) Email: psimm@wastemanagement.co.nz
Contractor's GST Registration Number: 94-152-232

Schedule of Prices

Hutt City Council Collection of Recyclables Contract

Contract No : AD16-4139

Conforming Bid Version 3

Item	Description	Unit	Qty	Rate	Amount
1	Establishment, set up and overheads Includes staff and depot facilities, bond and insurances, Quality, Health and Environmental Plans and all other overheads not allowed for elsewhere	LS	1	1,000	1,000
2	Reporting and Quality Includes gathering, collecting, preparing and supplying all data and information as required for audits, reports and payments	Per month	36	400	14,400
3	Partnering and Meetings Includes establishing and maintaining partnering and relationship management processes and meeting attendance	Per month	36	1,500	54,000
4	Kerbside Recycling Collection service as specified including all costs associated with disposal to an appropriate recycle market and disposal of non-recyclable waste (refer to section 7)	Per month	36	91,976	3,311,136
5	Allowance for additional properties	Units of 150 properties per 6 months	6	379	2,274
6	Recycling Collection from Recycling Stations Includes all costs associated with disposal to appropriate recycling market (refer to section 8)	Per month	36	9,854	354,744
7	Removal of Rubbish and Keeping Recycling Stations	Per month	36	4,000	144,000

	Tidy Includes all disposal fees (refer to section 8)				
8	Supply of Bins for Recycling Stations (refer to section8)	Per month	36	900	32,400
9	Minor Maintenance of Recycling Station Bins (refer to section 8)	Per month	36	100	3,600
10	Major Maintenance of Recycling Station Bins (refer to section 8)	Per month	36	900	32,400
11	Clothing Bin Collection and Maintenance of Bins (refer to section 8)	Per month	36	0	
12	Contingency Sum	P.S			60,000.00
TOTAL AMOUNT (3 YEARS) EXCLUDING GST					\$4,009,954.00

Disclaimer

This report: has been prepared by GHD for the Hutt City Council and may only be used and relied on by the Hutt city Council for the purpose agreed between GHD and the Hutt City Council.

GHD otherwise disclaims responsibility to any person other than the Hutt City Council arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

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GHD


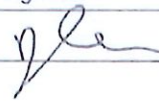
Level 1, Grant Thornton House
215 Lambton Quay
Wellington 6140
T:04 472 0799 F: 04 472 8233 E: wgtnmail@ghd.com

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Document Status

Rev No.	Author	Reviewer		Approved for Issue		
		Name	Signature	Name	Signature	Date
	S Mann	D Crowther		D Crowther		3/11/2014

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1984





Hutt City Council

Tender Evaluation for Hutt City Collection of Refuse Bags
Contract Number AD16-4138

October 2014

Table of contents

1.	Project Description	1
2.	Tender Documents	1
3.	Notice to Tenderers	1
4.	Alternative Tenders	1
5.	Tender Evaluation	1
6.	Tender and Estimate Prices	2
7.	Tags / Assumptions	2
8.	Tender Anomalies	2
9.	Engineer's Estimate.....	2
10.	Discussion	2
11.	Recommendation	3
12.	Acceptance	4

Table index

Table 1 Tender Prices	2
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Appendices

Appendix A - Tender Opening Form

Appendix B - Waste Management NZ Ltd – Tender Price

1. Project Description

This Contract is a three year contract for the weekly collection and disposal of official refuse bags from outside all domestic dwellings and other defined premises within the area administered by the Hutt City Council. It also involves the twice weekly collection of official refuse bags from outside business premises in the central business districts of Lower Hutt, Petone and Wainuiomata.

2. Tender Documents

Tender documents were prepared by GHD Ltd and were publicly advertised through E-Tender (Tender-Link Ltd). Documents were available from Monday 15 September 2014.

Tenders closed at 4pm, Friday 10 October 2014. One tender was received in the Tender Box at the Hutt City Council prior to the tenders closing from Waste Management NZ Ltd.

The Tender Opening Form is included in Appendix A.

3. Notice to Tenderers

No Notices to Tenderers were issued.

4. Alternative Tenders

No alternative tenders were received.

5. Tender Evaluation

Tender evaluation has been carried out in accordance with the tender documents, which was based on the Price-Quality Method of Tender Evaluation.

Given that only one tender was received it was not necessary to grade the attribute information supplied by Waste Management Ltd for the purposes of determining the ranking of their tender. However the tender attribute information supplied by Waste Management was reviewed to ensure that the minimum requirements were met and that the tender was conforming.

The tender attribute information supplied by Waste Management Ltd was of a good standard. It exceeded the minimum requirements and the tender was considered to be conforming.

The tender evaluation was carried out by John Middleton (HCC) and Steve Mann (GHD). John Middleton is a NZTA Certified Tender Evaluator.

6. Tender and Estimate Prices

A summary of the tendered total from Waste Management NZ Ltd (for the contract period of three years) and Engineers Estimate is as follows:

Table 1 Tender Prices

Tender Prices	Amount Tendered
Waste Management NZ Ltd	\$1,657,360.00
Engineer's Estimate	\$1,650,000.00

7. Tags / Assumptions

The tender from Waste Management Ltd included three tags relating to insurances and subcontractors and three assumptions.

With the exception of the insurance tags, all other tags were of a minor nature and did not impact on the tender evaluation process.

The insurance tag was queried and the explanation provided by Waste Management Ltd was to the satisfaction of the Principal's Representative, John Middleton.

8. Tender Anomalies

All rates and extensions were checked after opening the tender price from Waste Management NZ Ltd and the tender was found to be arithmetically correct.

9. Engineer's Estimate

The Engineers estimate is less than 0.5% lower than the tender price of Waste Management NZ Ltd.

10. Discussion

Waste Management NZ Ltd (previously Transpacific Industries Group) is the current Hutt City Council refuse bag collection contractor who has been undertaking this work to a good standard. Waste Management NZ Ltd is an established and experienced contractor specialising in waste collection and disposal.

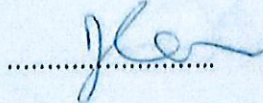
11. Recommendation

It is GHD's recommendation that the tender from Waste Management NZ Ltd in the sum of \$ 1,657,360.00 excluding GST be accepted for the Hutt City Collection of Refuse Bags, Contract No. AD16-4138.



Steve Mann
Senior Project Engineer
GHD Ltd

Date: 31/10/2014



David Crowther
Manager, Rooding and Traffic
GHD Ltd

Date: 31/10/2014

12. Acceptance

We accept GHD's recommendation that the tender from Waste Management NZ Ltd in the sum of \$ 1,657,360.00 excluding GST be accepted for the Hutt City Collection of Refuse Bags, Contract No. AD16-4138.



Colin Lunn

Contracts Manager – Green Assets

~~Utility Services~~ ROAD & TRAFFIC

HUTT CITY COUNCIL

Date: 3 / 11 / 14



Bruce Sherlock

General Manager

City Infrastructure

HUTT CITY COUNCIL

Date: 3 / 11 / 14



Tony Stallinger

Chief Executive

HUTT CITY COUNCIL

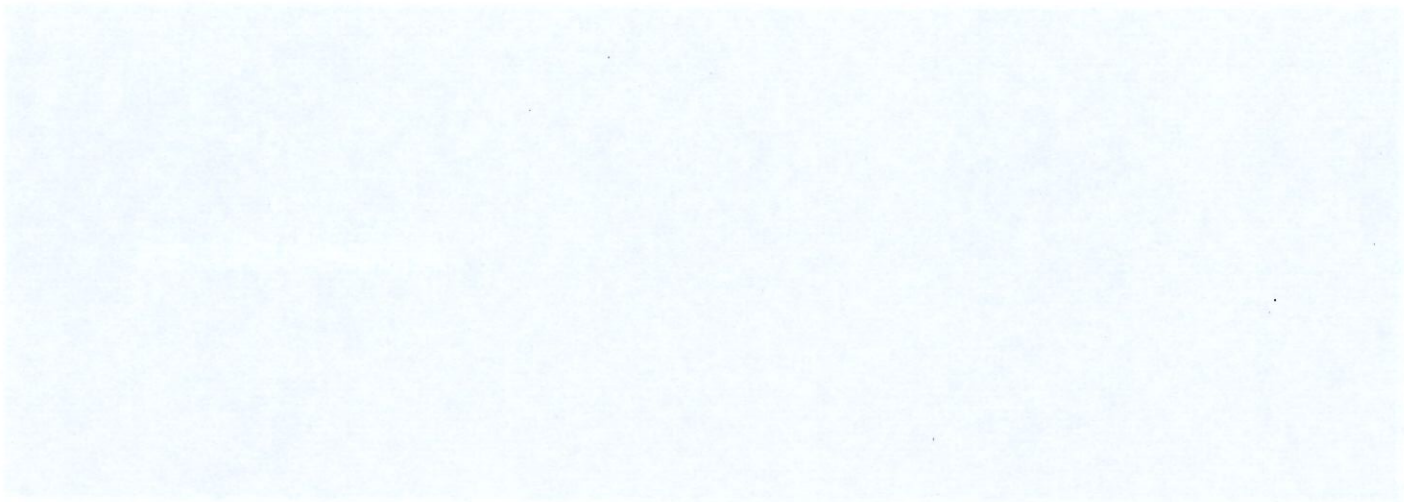
Date: 3 / 11 / 14

Copy to: T Stevens, PA to Group Manager Infrastructure Services
Steve Mann (GHD).

Appendices

Appendix A - Tender Opening Form

Content



TENDERS

Tender: Hutt City
Collection of Refuse
Bags

Contract No: 4.138

Officer's Estimate: \$550,000 per annum

Tenders Close: 4pm

Envelope 1:
 Opened by: _____

Date: 10/10/14

Date: _____

Opened by: John Middleton
Toni Stevens

Envelope 2:
 Opened by: _____

Date: _____

No	Name and Address of Tenderer	Amount of Tender	Amount of Deposit	Finance
1	Waste management Ltd 97-99 Port Rd. Seaview. Hutt.	\$1,657,360.00		
2				
3				
4				
5				
6				

Please mark late tenders with the time and date of receipt and rule line through spaces not used.

Appendix B - Waste Management NZ Ltd – Tender Price

Form of Tender

Hutt City Collection of Refuse Bags Contract,-2014

Contact No: AD16-4138

The Chief Executive
Hutt City Council
Private Bag 31912
Lower Hutt

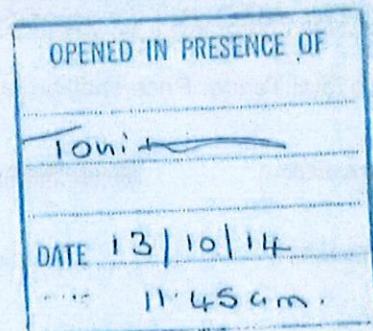
I/we hereby tender for the above contract according to the General Conditions of Contract and the Conditions of Tendering as set out in "Conditions of Contract for Building and Civil Engineering Construction", the Special Conditions of Contract, the Conditions of Tendering, the Drawings, the Specification and other named specifications for the sum of:

One Million, Six Hundred and Fifty Seven Thousand, Three Hundred and Sixty Dollars and 00 cents (\$ 1,657,360.00) GST exclusive

Annexed hereto are a completed Schedule of Prices, Day works schedule and the other information, set out in the schedule to Conditions of Tendering, which is required to be included with this tender.

Dated this 10th day of October 2014

Tenderer's Signature:  Peter Simm
Designation: Wellington Regional Manager
Contractor's Name: Waste Management NZ Limited
Address: 97-99 Port Rd., Seaview, Lower Hutt.
P.O. Box 38383, Wellington Mail Centre 5045
Contact Telephone: (Day) or (Mob) 0274 781 762 Fax 04 568 3558
(Night) Email: psimm@wastemanagement.co.nz
Contractor's GST Registration Number: 94-152-232



Schedule of Prices

HUTT CITY COLLECTION OF REFUSE BAGS - CONTACT AD16-4138

SUMMARY OF PRICES

Refer to 'Section 5 – Basis of Payment' for further description of the scheduled items

Item	Description	Unit	Qty	Rate	Amount
1	Establishment, set up and overheads Includes staff and depot facilities, bond and insurances, Quality, Health and Environmental Plans and all other overheads not allowed for elsewhere	LS	1	1000.00	1000.00
2	Reporting and Quality Includes gathering, collecting, preparing and supplying all data and information as required for audits, reports and payments	Per month	36	0	0
3	Partnering and Meetings Includes establishing and maintaining partnering and relationship management processes and meeting attendance	Per month	36	0	0
4	Refuse Bag Collection Service Carry out refuse bag collection service as specified (payment based on actual number of bags sold)	Estimate 43,000 bags/month	36	\$1.07 (rate per bag)	1,656,360.00
TOTAL AMOUNT (3 YEARS) EXCLUDING GST					\$1,657,360.00

The total Tender Price shall be for the contract period of three years

Contractor: Waste Management NZ Limited.....

Signature: Peter Simm Date: 10th October 2014.....

Disclaimer

This report: has been prepared by GHD for the Hutt City Council and may only be used and relied on by the Hutt city Council for the purpose agreed between GHD and the Hutt City Council.

GHD otherwise disclaims responsibility to any person other than the Hutt City Council arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

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GHD

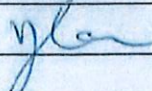
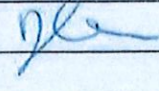
Level 1, Grant Thornton House
215 Lambton Quay
Wellington 6140
T:04 472 0799 F: 04 472 8233 E: wgtmail@ghd.com

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Document Status

Rev No.	Author	Reviewer		Approved for Issue		
		Name	Signature	Name	Signature	Date
0	S Mann	D Crowther		D Crowther		31-10-2014

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Hutt City Council
30 Laings Road
Private Bag 31912
Lower Hutt 5040
New Zealand

www.huttcity.govt.nz

T 04 570 6666
F 04 569 4290

14 February 2017

Sarah Whiteman
Waste Management NZ Ltd
PO Box 38-383
Wellington Mail Centre
LOWER HUTT

John Middleton
Road and Traffic
04-570-6797
john.middleton@huttcity.govt.nz
Our reference: DIV/14/8817

Dear Sarah

Extension of Contract 4139 – Collection of Recyclables

As the 3 year term is about to end on the 31st August 2017, I would like to offer you a further 1 year extension until 31st August 2018 as per the contract documents.

Waste Management's performance of the 3 years of the contract has been excellent so we are keen to continue our relationship with you.

Could you please reply in writing, at your earliest convenience your acceptance or not to this offer.

Yours sincerely

John Middleton
MAINTENANCE CONTRACTS MANAGER

23 January 2018

Sarah Whiteman
Waste Management NZ Ltd
PO Box 38-383
Wellington Mail Centre
LOWER HUTT

John Middleton
Contracts Division
04-570-6797
John.middleton@huttcity.govt.nz
Our reference:DIV/14/7891

Dear Sarah

Further Extension of Contract 4138 & 4139 – Collection of Refuse Bags/Collection of Recyclables

As discussed the first years extension of both the above contracts expires on 31st August 2018. I would like to offer you a further years' extension until 31st August 2019 for both contracts.

As there is some uncertainty around recycling markets and the future around refuse & recycling collection methodologies for both Hutt City Council and Waste Management, it would be prudent for us to work together in exploring options during this period, if you are happy with the extension offer.

Yours sincerely



John Middleton
DIVISIONAL MANAGER – INFRASTRUCTURE CONTRACTS

21 June 2019

Sarah Whiteman
Waste Management NZ Ltd
PO Box 38-383
Wellington Mail Centre
LOWER HUTT

John Middleton
Contracts Division
04-570-6797
john.middleton@huttcity.govt.nz
Our reference: DIV/14/7889

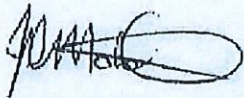
Dear Sarah

Re: Contract extension for Contract no. 4138 & 4139 – Kerbside collection of Refuse Bags/Collection of Recyclables

Thank you for your letter dated 7 June 2019 in reference to Hutt City Councils offer of Contracts 4138 and 4139 Kerbside collection of Refuse Bags and collection of Recyclables extension to 31 August 2020.

Council accepts the conditions outlined in the letter and we look forward to working with Waste Management to provide the best possible value for money service to our customers.

Yours sincerely



John Middleton
DIVISIONAL MANAGER – INFRASTRUCTURE CONTRACTS





07 June 2019

Hutt City Council
Private Bag 31912
Lower Hutt 5040

Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables

Following discussion with Hutt City Council (HCC) Waste Management (WMNZ) understands that HCC are looking to further extend these contracts in order to provide time to re-evaluate possible methodology and service options to be delivered under a future contract.

WMNZ is prepared to undertake a further 12 month extension to the contracts as requested by HCC subject to the following comments and conditions:

WMNZ has now reviewed the current actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

It is also noted that the trucks and equipment used to service this contract was specified to deliver services for the term of the original contract and that this equipment is now working well beyond that expected operational life. This extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however the cost to do so will continue to increase as operating life is further extended.

WMNZ accepts that any historic losses that may have accrued from the provision of service under these contracts were incurred by WMNZ under a tendered pricing structure supplied to HCC by WMNZ. It is accepted and confirmed that any such historic losses incurred by WMNZ are to its care alone and that no recovery of these losses is included in the proposed extension cost increase detailed below. The focus with regard to the extension of current service provision is purely to achieve as close as possible to an operating cost recovery price structure.

We have to date enjoyed a positive and constructive relationship with HCC and see this as being a sound platform from which to propose an option for consideration that WMNZ see as having the potential to provide both a short and long term solution for kerbside collections for HCC.

Provision of 12 month extension, 1 September 2019 to 31 August 2020.

To bring the current contract to a position where WMNZ is just covering the operating cost of providing this service would require an additional \$75,000.00 + GST per month. We note that this will still be just a "break even" position for WMNZ.

To aid HCC in the transition to the increased costs associated with this 12-month contract extension we suggest the following staged approach to implementing the increase in service charges to HCC.

Stage one would be to implement an additional charge of \$25,000.00 per month to HCC for three months effective 1st September 2019.

Stage two would see this additional charge to HCC increase to \$50,000 + GST per month effective 1st December 2019.



Stage three would see a final increase in the additional charge to bring this to \$75,000.00 + GST per month effective 1st March 2020.

As an alternative to the above approach WMNZ suggests that prior to 1 September both parties enter into a process to formally negotiate and agree a modified methodology and price for future kerbside collection contract services.

Effectively WMNZ would remain your service provider and if agreement on price and methodology for a new contract period is reached, then throughout the current contract extension period WMNZ would work to progress the implementation of a new contract methodology.

If HCC is agreeable to this approach WMNZ would hold the incremental increases to HCC and instead work towards a new pricing structure under a chosen methodology.

If no progress has been made prior to 1st September (or sooner if the parties agree) then WMNZ will apply the stage one additional charge as from 1 September 2019.

We look forward to working with HCC to find a solution to waste and recycle collection services that delivers on the targeted requirements of HCC.

A handwritten signature in black ink, appearing to read 'Sarah Whiteman'.

Sarah Whiteman
Wellington Regional Manager
Waste Management NZ Limited
97-99 Port Road, Seaview, Lower Hutt 5010

Roshni Vallabh

From: Sarah Whiteman <SWhiteman@wastemanagement.co.nz>
Sent: Monday, 10 February 2020 12:41 PM
To: Jo Miller
Cc: Bruce Hodgins; David Howie
Subject: WMNZ Contract Extension
Attachments: WMNZ Response Letter for Contract Extension 10.02.2020.docx

Follow Up Flag: Follow up
Flag Status: Completed

Kia ora Jo,

Further to your letter and recent discussion with David Howie please find attached our response for your consideration.

I look forward to meeting you personally in the future and would be happy to answer any questions you may have.

Ngā mihi

Sarah Whiteman
Wellington Regional Manager
Waste Management NZ Limited
97-99 Port Road, Seaview, Lower Hutt 5010
M: +64 27 296 1067 T: +64 4 570 4052 E: swhiteman@wastemanagement.co.nz
www.wastemanagement.co.nz

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10 February 2020

Jo Miller
Chief Executive
Hutt City Council
Jo.miller@huttcity.govt.nz

Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables

Dear Jo,

Following your recent discussion with David Howie, and letter dated 23 December 2019 Waste Management (WMNZ) understands that Hutt City Council (HCC) are looking to further extend these contracts through to 30 June 2021 in order to provide HCC time to run an open and competitive procurement process.

WMNZ has reviewed once again the actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

We have also reviewed the trucks and equipment used to service this contract with view to deliver these services past the initial requested extension period. This equipment is already working well beyond the normally expected operational life. This further extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however, as previously discussed, the cost to do so will continue to increase as operating life is further extended.

Existing Provision of 12 month extension, 1 September 2019 to 31 August 2020.

As per our agreement with HCC in June of 2019 we agreed to a graduated increase in monthly costs which will reach \$75,000 in April 2020 and will continue through at the same amount until 31 August 2020. This will stay in place.

WMNZ is prepared to undertake a further extension until 30 June 2021. To enable us to continue to operate and to maintain a good standard of service delivery for HCC residents, we propose the following:

Provision of extended contract, 1 September 2020 to 30 June 2021.

WMNZ propose to continue with the additional monthly cost of \$75,000 from 1 September 2020 until 31 December 2020. (i.e. No further increase)

From 1 January 2021 the monthly cost will increase by a further \$25,000 through to 31 March 2021.

From 1 April 2021 through to 30 June 2021 a further increase of \$25,000 per month will apply and will run through to 30 June 2021. (Bringing the total additional monthly cost of extensions to \$125,000 for those last three months of service provision.)



Equally with HCC, WMNZ is appreciative of the working relationship that exists between our organisations. You can have confidence that we will continue to be reliable, consistent and do the very best we can for HCC under our current arrangement.

We look forward to the upcoming procurement process and illustrating why WMNZ should be considered as the long-term strategic partner providing waste minimisation and recycling collection services for HCC.

A handwritten signature in black ink, appearing to read 'S Whiteman', written in a cursive style.

Sarah Whiteman
Wellington Regional Manager
Waste Management NZ Limited
97-99 Port Road, Seaview, Lower Hutt 5010

Appendix 7

From: Bruce Hodgins
Sent: Friday, 6 March 2020 1:14 PM
To: Jo Miller
Cc: Jörn Scherzer
Subject: FW: WMNZ Contract Extension

Kia ora Jo.

This is to record the outcome of discussions with WMNZ regarding the offer of extended service at HCC's request and to obtain your approval to accept the offer.

Background

1. The WMNZ offer to extend the contract for a further 10 month maximum period from 1 September 2020 to 30 June 2021, as attached, has an additional cost to Council of \$975,000.
2. This is on top of the \$150,000 to which we have already committed for July/August 2020.
3. This brings the total additional cost to Council of \$1,125,000 for the 2020/21 financial year, compared to budget provision of an additional \$900,000.
4. This is roughly split two-thirds recycling and one-third rubbish.

Discussions

5. I have had dialogue with Sarah Whiteman of WMNZ by telephone and at a meeting earlier this week to further discuss the offer.
6. Sarah advises that the additional costs are solely related to WMNZ's estimate for keeping the fleet of vehicles on the road to service the contract.
7. She also advised that the way the contract is structured, WMNZ would likely incur a \$1M loss for the period. This is in addition to losses of around \$1.5M per year for the past two years.
8. Sarah explained that WMNZ, when agreeing to the first 12 month extension (2 years ago), made the decision on the understanding that HCC would be negotiating (one on one) a new long term contract with them.
9. The same rationale was applied when Bruce Sherlock asked for the contract to be further extended last year to the end of August 2020.
10. The commercial decision was made on each of those occasions to wear the short term loss in favour of the benefits to be gained from a long term alliance and the opportunities that would present.
11. Sarah also pointed out that WMNZ has more to lose (and to gain) with Council's proposed kerbside waste service, in that it has a reasonable % of the private market, which it would lose if it is unsuccessful in the tender process.
12. Sarah indicated that, despite what had been promised in the past, WMNZ understood Council's position in regards to its competitive procurement stance and was committed to ensure the City had a working kerbside service through to 30 June 2021.

13. Sarah made a commitment that if WMNZ is successful in winning the new contract it would work to bring forward kerbside recycling to reduce the additional costs that will be incurred on maintaining the old fleet and give back to Council this saving.

Recommendation

14. I recommend that Council accept the offer of WMNZ as per the attached letter for the following reasons:
 - a. The offer enables Council to have certainty of provision of service which would otherwise carry high reputational and public health risk to Council.
 - b. The offer is not inconsistent with the current extended contract terms being based purely on keeping an ancient fleet in place.
 - c. WMNZ has indicated that it is forecasting to make a substantial loss on the contract by extending it, despite the added monthly charge. I have no reason to doubt this, as work that has been undertaken by our consultants shows that the current contract price is well short of what can be expected for the new contract under current market conditions.
 - d. HCC officers have appeared not to have acted in good faith in the past in its dealings with WMNZ, having created the situation we find ourselves in.
15. That a further \$225,000 be included in the 2020/21 budget to meet the full extent of the contract extension.

Bruce

10 February 2020

Jo Miller
Chief Executive
Hutt City Council
Jo.miller@huttcity.govt.nz

Contract Extension for Contract No. 4138 & 4139 Kerbside Collection of Refuse Bags & Collection of Recyclables

Dear Jo,

Following your recent discussion with David Howie, and letter dated 23 December 2019 Waste Management (WMNZ) understands that Hutt City Council (HCC) are looking to further extend these contracts through to 30 June 2021 in order to provide HCC time to run an open and competitive procurement process.

WMNZ has reviewed once again the actual costs of providing services under the existing contracts and confirms, as previously discussed with HCC, that the current charges do not cover the cost to provide these services.

We have also reviewed the trucks and equipment used to service this contract with view to deliver these services past the initial requested extension period. This equipment is already working well beyond the normally expected operational life. This further extension of operating life creates issues such as decreased reliability and increased maintenance costs. These issues can be mitigated; however, as previously discussed, the cost to do so will continue to increase as operating life is further extended.

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Equally with HCC, WMNZ is appreciative of the working relationship that exists between our organisations. You can have confidence that we will continue to be reliable, consistent and do the very best we can for HCC under our current arrangement.

We look forward to the upcoming procurement process and illustrating why WMNZ should be considered as the long-term strategic partner providing waste minimisation and recycling collection services for HCC.

A handwritten signature in black ink, appearing to read 'Whiteman'.

Sarah Whiteman
Wellington Regional Manager
Waste Management NZ Limited
97-99 Port Road, Seaview, Lower Hutt 5010



Hutt City Council
30 Laings Road
Private Bag 31912
Lower Hutt 5040
New Zealand
www.huttcity.govt.nz
T 04 570 6666
F 04 569 4290

18 March 2020

Sarah Whiteman
Wellington Regional Manager
Waste Management NZ Ltd
97/99 Port Road
Seaview
LOWER HUTT 5010

John Middleton
Infrastructure Contracts
John.Middleton@huttcity.govt.nz
Our reference: DOC/20/25771

Dear Sarah

CONTRACT EXTENSION CONTRACT 4138 AND 4139 KERBSIDE COLLECTION OF REFUSE BAGS AND COLLECTION OF RECYCLABLES

Thank you for your letter dated 10th February 2020, Hutt City Council accepts the conditions Waste Management (WMNZ) have proposed for the extension through to 30 June 2021. These being the existing provision of 12 month extension 1st September 2019 to 31 August 2020, and provision of extended contract, 1st September 2020 to 30 June 2021 as outlined in your letter dated 10th February 2020.

Thank you again for your willingness to provide certainty to Council for delivery of these important services through to 30 June 2021.

Yours sincerely

John Middleton
DIVISIONAL MANAGER,
INFRASTRUCTURE CONTRACTS

Yours sincerely

Jo Miller
CHIEF EXECUTIVE



Roshni Vallabh

From: Matt Reid <Matt.Reid@huttcity.govt.nz>
Sent: Wednesday, 9 October 2019 11:27 AM
To: John Middleton
Cc: Dave Dews
Subject: RE: Refuse and Recycle contracts

Thanks John

1. Agree...WM have been extremely accommodating given our decision to conduct a waste review during the period the WM contract was reaching end of term.
2. I think any presentation to CLT should be offered as part of a formal EOI process.
 - a. Let's try and get this underway asap and involve John in informing any EOI brief. You mentioned getting GHD to help support this?
 - b. We should also get a sign off from CLT re the process so everyone is informed and on the same page re our process.
 - c. Ultimately a final decision here is very likely to be required by Council - probably through the Annual Plan process.
3. I'd be happy to meet with Sarah to discuss current arrangements and outline our process moving forward.

We all agree?

Cheers

Appendix-9

From: John Middleton
Sent: Wednesday, 9 October 2019 10:58 AM
To: Matt Reid
Cc: Dave Dews
Subject: Refuse and Recycle contracts

Hi Matt / Dave

Had another meeting with Sarah Whiteman today and she is appreciative of the need to do an expression of interest.

However both she and David Howie would like to do a bit of a presentation with yourself, Dave, Jo, and me about their proposal.

We must also remember as part of the negotiation for the year extension with Bruce Sherlock and myself, that if there is no traction with them, come around early November they may apply the losses they are making monthly being \$25k per month to start.

Remembering that because John instigated a Waste Review, there was no other option than to extend for a year, W.M could have said no which would have been a disaster for Council, but they worked with us to make sure we averted disaster.

I'm sure Jo would have read John's business case, so would be good for W.M to at least present what they can offer after elections finished, which has enormous financial benefits and environmental advantages,

I think if possible, then Sarah, Matt, Dave, and me should do a plan of attack first.

Not sure if you want to bring up at CLT on Monday, or just have a chat to Jo.

Roshni Vallabh

From: Matt Reid <Matt.Reid@huttcity.govt.nz>
Sent: Wednesday, 9 October 2019 11:27 AM
To: John Middleton
Cc: Dave Dews
Subject: RE: Refuse and Recycle contracts

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 - c. Ultimately a final decision here is very likely to be required by Council - probably through the Annual Plan process.
3. I'd be happy to meet with Sarah to discuss current arrangements and outline our process moving forward.

We all agree?

Cheers

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To: Matt Reid
Cc: Dave Dews
Subject: Refuse and Recycle contracts

To view this email please refer to page 67

Hi Matt / Dave

Had another meeting with Sarah Whiteman today and she is appreciative of the need to do an expression of interest.

However both she and David Howie would like to do a bit of a presentation with yourself, Dave, Jo, and me about their proposal.

We must also remember as part of the negotiation for the year extension with Bruce Sherlock and myself, that if there is no traction with them, come around early November they may apply the losses they are making monthly being \$25k per month to start.

Remembering that because John instigated a Waste Review, there was no other option than to extend for a year, W.M could have said no which would have been a disaster for Council, but they worked with us to make sure we averted disaster.

I'm sure Jo would have read John's business case, so would be good for W.M to at least present what they can offer after elections finished, which has enormous financial benefits and environmental advantages,

I think if possible, then Sarah, Matt, Dave, and me should do a plan of attack first.

Not sure if you want to bring up at CLT on Monday, or just have a chat to Jo.

-----Original Message-----

From: Jo Miller
Sent: Tuesday, 15 October 2019 6:56 AM
To: Matt Reid
Subject: Yesterday's CLT

Hi Matt

I'm asking Marian to put in a one to one for us later this week .

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

One of the things you said you had thought about as a key issue was to go to market imminently on a new waste collection contract.. It is clear that the manifesto position of the new mayor is to do something differently about waste and recycling , with less reliance on land fill. We have a waste review which will need to report before we proceed to a procurement solution . So at our one to one I would like to also discuss where this is at from your point of view please and how you are linking in with Jörn and Jenny. We will not go ahead to procurement without an initial policy discussion as clt before presenting options and developing further with Mayor and council .

[REDACTED]



Thanks Matt , Jo

Ngā mihi nui
Jo Miller
Chief Executive

Hutt City Council, 30 Laings Road,, Private Bag 31912, Lower Hutt 5010, New Zealand
T04 570 6773 M 027 213 7550
Wwww.huttcity.govt.nz
Follow me on Twitter : @jomillernz

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Appendix 12

From: Jo Miller

Sent: Wednesday, 6 November 2019 12:48 PM

To: Matt Reid

Cc: Dave Dews; Jörn Scherzer; John Middleton; Brent Kibblewhite; Helen Oram; Lyndon Allott; Caryn Ellis; Parvati Rotherham

Subject: Re: Combined scores Evaluating Kerbside Procurement

Thanks to John , Jörn & Dave for meeting with me just now as the evaluation panel . We also heard from Parvati abs Caryn about yesterday's hearing . I understood from the panel that before we met today , the two leading contenders for this vital piece of change work we need to do were fairly matched . In view of the latest information yesterday , which whilst making no judgment on the professionalism of the parties concerned, does affect the credibility of our community engagement in the future , the panel were happy to recommend to me on balance that Morrison Low should support us in work and we will contract with them accordingly .

Massive thanks to the panel for convening so quickly and for their thoughtful and considered advice . Thanks to John who is writing up our deliberations.

Thanks Jo

Ngā mihi nui

Jo Miller

Chief Executive

Hutt City Council, 30 Laings Road,, Private Bag 31912, Lower Hutt 5010, New Zealand

T 04 570 6773 M 027 213 7550

W www.huttcity.govt.nz

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Appendix 13

On 6/11/2019, at 7:35 PM, Matt Reid <Matt.Reid@huttcity.govt.nz> wrote:

Kia ora Jo

I respect your authority to overturn my decision.

For transparency some key points that informed my earlier decision:

1. The T and T proposal was \$50k to \$80k. The lead consultant is Wellington based.
2. Morrison proposal was \$80k to \$120k. The lead consultant is Auckland based.
3. The above are significant differences and not fair matches. In price alone the potential variation risk is up to \$70k.
4. They are fairly matched in quality of personnel, experience and approach.
5. Through this process HCC needs to take a broad view of refuse and recycling beyond just collection. I.e. consideration of where it ends up including at landfill. T and T are significantly advantaged here given their knowledge of our landfill, it's management and local operators.
6. T and T's involvement in the cleanfill application is an entirely separate process and professional engagement.
7. The team followed a very appropriate, robust and transparent procurement process for a contract of this size.

Thanks

Matt

Sent from my Samsung Galaxy smartphone.

Appendix 14

On 6/11/2019, at 1:03 PM, John Middleton <John.Middleton@huttcity.govt.nz> wrote:

Hi Jo

Jo Miller, Dave Dews, Jorn Scherzer, and Caryn Ellis met this morning to discuss submissions for the procurement process of kerbside recycling and refuse collections.

Due to the closeness of the two consultants involved being Tonkin Taylor and Morrison Low, there was a robust discussion between all to ensure we made the right decision as to who would deliver the requirements in a professional and timely manner.

A consensus was agreed that Morrison Low would be the preferred consultant to engage for the whole procurement process.

Kind Regards

John

Appendix 15

From: Jo Miller
Sent: Wednesday, 6 November 2019 2:10 PM
To: John Middleton
Cc: Dave Dews; Jörn Scherzer; Caryn Ellis; Marian Donaldson
Subject: Re: Evaluation of Procurement Strategies

Thank you John , very helpful
Note . Jo

Ngā mihi nui

Jo Miller
Chief Executive

Hutt City Council, 30 Laings Road,, Private Bag 31912, Lower Hutt 5010, New Zealand
T 04 570 6773 **M** 027 213 7550
W www.huttcity.govt.nz

Follow me on Twitter : [@jomillernz](https://twitter.com/jomillernz)



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Appendix 16

From: Jo Miller
Sent: Thursday, 7 November 2019 7:26 AM
To: Matt Reid
Subject: Re: Combined scores Evaluating Kerbside Procurement

Thank you Matt

I don't particularly want to correspond with you on leave , but believe I must respond to you on what you've set out below .

1. The panel of Dave , John & Jörn met with me yesterday . In the context of all that was set out, they changed their recommendation and I was happy to support that .
2. Also for transparency, we discussed location of contractors - this wasn't an issue the panel determined . We discussed price . M& L price included support around tender evaluation - TT didn't ,(and panel advised this was vitally needed by HCC) therefore price differential the panel concluded was not significant and I concur . Skills experience etc was close , and the panel had mixed views as to whom was top .
4. The panel (and I) are clear about the wider context of waste management and concluded again this was an even match.
5. Whilst of course Cleanfill is separate as you say , the panel were clear of the need to start on a major policy & change issue which the new council have as a priority in such a way that commands community & organisational confidence. Unfortunately , actions around Cleanfill over the last few days for which you've acknowledged responsibility and indeed fully stand by as per your email to many (though they came as a complete surprise to me and your key colleagues involved in this matter) means that the risk of failing to command community confidence posed a significant risk . The panel reviewed their advice in that context .
6. We have a council that is clear in its desire for policy change around waste & clear in its desire to take communities with them. There is a need to rebuild trust in our communities after recent debacles in Naenae, Queen Street Reserve and poor handling of Cleanfill from the applicant pre consultation point of view for example . All of which have played out very publicly . My two month review as you know highlighted that senior managers themselves acknowledged the need to do something very different alongside our communities rather than the perceived " stitched up, deal

done “ type approach . I’m pleased that the panel were able to see this key risk and review their considerations accordingly .

7 . I note your assertion that “ The team followed a very appropriate, robust and transparent procurement process for a contract of this size. “ I’m assuming (and if I’m wrong in my assumption I apologise) am implied rebuke to me here in the decision I made yesterday after hearing from the panel . I would be interested to know your standards of very robust etc , as one panel member was clear about a significant lack in the very standards you claim , and would say that clear evaluation criteria only came about at his insistence and with his intervention . That panel member , who had no long-standing relationship with either contractor had ML on top after the evaluation which he inserted into the process & which no doubt made it robust .

To conclude , I’m satisfied that the reconvening of the panel , open discussion and deliberation by the panel making a recommendation which I support and have decided upon is transparent , appropriate and fair .

John M has written up a note and is proceeding accordingly .

Thanks Jo

Ngā mihi nui

Jo Miller
Chief Executive

Hutt City Council, 30 Laings Road,, Private Bag 31912, Lower Hutt 5010, New Zealand
T [04 570 6773](tel:045706773) M [027 213 7550](tel:0272137550)
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Contract for Services

Procurement for Hutt City Council's kerbside collection services

The Parties

Hutt City Council (Buyer)

30 Laings Road, Private Bag 31912, Lower Hutt 5040, New Zealand

and

Morrison Low & Associates Ltd (Supplier)

Level 1, 8 Lion Place, Newmarket, Auckland 1023

The Contract

Agreement

The Buyer appoints the Supplier to deliver the Services described in this Contract and the Supplier accepts that appointment. This Contract sets out the Parties' rights and obligations.

The documents forming this Contract are:

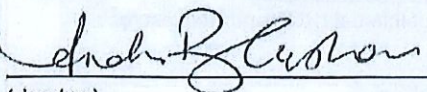
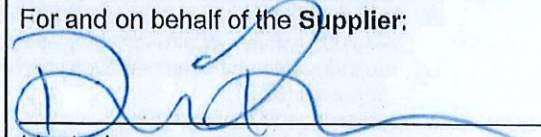
- | | |
|---|------------|
| 1. This page | Page 1 |
| 2. Contract Details and Description of Services | Schedule 1 |
| 3. Standard Terms and Conditions | Schedule 2 |
- GMC Form 2 SERVICES | Schedule 2 (2nd Edition) available at: www.procurement.govt.nz
4. Any other attachments described at Schedule 1.

How to read this Contract

- Together the above documents form the whole Contract.
- Any Supplier terms and conditions do not apply.
- Clause numbers refer to clauses in Schedule 2.
- Words starting with capital letters have a special meaning. The special meaning is stated in the Definitions section at clause 17 (Schedule 2).

Acceptance

In signing this Contract each Party acknowledges that it has read and agrees to be bound by it.

For and on behalf of the Buyer :		For and on behalf of the Supplier :	
			
(signature)		(signature)	
name:	Andrea Blackshaw	name:	Dan Bonifant
position:	Acting GM City and Community Services	position:	Director
date:	10/12/19	date:	10/12/19

Schedule 1

Contract Details and Description of Services

Start Date	18 November 2019	Reference Schedule 2 clause 1	
End Date	31 July 2020	Reference Schedule 2 clause 1	
Contract Managers Reference Schedule 2 clause 4	Buyer's Contract Manager	Supplier's Contract Manager	
	Name:	Dave Dews	Alice Grace
	Title / position:	Manager Solid Waste Contracts	Senior Consultant
	Address:	30 Laings Road, Private Bag 31912, Lower Hutt 5040, New Zealand	Level 1, 8 Lion Place, Newmarket, Auckland
	Phone:	+64 21 686 749	+64 9 523 0122
	Email:	Dave.dews@huttcity.govt.nz	a.grace@morrisonlow.com
Addresses for Notices Reference Schedule 2 clause 14	Buyer's address	Supplier's address	
	For the attention of:	as above for Contract Manager	Alice Grace
	c.c. Contract Manager	as above	as above
	Delivery address:	as above	as above
	Postal address:	as above	PO Box 9126, Newmarket, Auckland 1149
	Email:	as above	a.grace@morrisonlow.com
Description of Services			
Context			
<p>Hutt City Council has developed a business case for key changes to its refuse and recycling kerbside collection approach, including moving to bins for refuse collection, and moving to a two-stream system for recycling collection (see DOC/19/114167).</p> <p>In order to implement the recommended changes, further work is required, including consultation with the community on their support for the recommended options, and also undertaking a procurement process to identify suppliers that can deliver on the chosen approach.</p>			
Description of Services			
The work required is as follows:			
<ul style="list-style-type: none"> - Lead and facilitate the process for procuring a supplier to deliver on the preferred kerbside collection approach, including <ul style="list-style-type: none"> o developing a procurement strategy or plan in line with Hutt City Council's procurement policy and the NZ Government's Procurement Rules (4th Edition) o completing the service delivery review requirements under Section 17A of the Local Government Act 2002 (where not already completed as part of the final business case) o preparing relevant documentation such as Registration of Interest (ROI) and Request for Proposals (RFP) o facilitating the ROI process o supporting the RFP process by answering supplier questions o acting as an independent evaluator and facilitator for the evaluation of proposals, and preparing a supplier recommendation report o preparing contracts based on the procurement outcomes, and providing advice during mobilisation 			

Deliverables			
Deliverable	Performance Standards	Due date	Estimated Fee (exc GST)
Procurement strategy/plan (including where relevant s17A analysis if not already completed as part of the final business case)	Client acceptance of documents	13 December 2019	\$27,000
Completed ROI documentation and process support. Deliverables: ROI, Supplier Briefing Notes	Client acceptance of documents	ROI 16 December 2019 Supplier Briefing Notes 15 January 2020	\$5,000
RFP documentation developed. Deliverables: RFP, Response Schedule, Pricing Schedule, draft Conditions of Contract, General Specification and Service Specifications	Client acceptance of documents	28 February 2020	\$25,000
RFP support	Client acceptance	31 May 2020	\$5,000
Proposal evaluation, negotiation and award	Client acceptance	30 June 2020	\$30,000
Contract finalisation	Client acceptance of documents	15 July 2020	\$5,000
Total (exc GST)			\$97,000

Supplier's Reporting Requirements Reference Schedule 2, clause 5	Report to:	Type of report	Due date
	Contract Manager	Email or phone updates on progress of work (fortnightly)	From 18 November 2019

CHARGES: The following section sets out the Charges. Charges are the total maximum amount payable by the Buyer to the Supplier for delivery of the Services. Charges include *Fees*, and where agreed, *Expenses* and *Daily Allowances*. The Charges for this Contract are set out below.

Fees Reference Schedule 2, clause 3	
	<p>The Supplier's fee for the Services is \$97,000, excluding GST.</p> <p>The Supplier will track progress and actual Fees on a regular basis and provide monthly updates against the Deliverables and estimated Fees listed in the Deliverables table above.</p> <p>The Supplier's proposal for the Section 17A Review (attached) provides a detailed methodology for this work.</p> <p>The Supplier's proposal for the waste services procurement (attached) provides an indicative proposal for the work. The Supplier will provide a more detailed breakdown of the methodology at the commencement of each phase of work (and associated Deliverable).</p>

<p>Expenses Reference Schedule 2 clause 3</p>	<p>Actual and reasonable — general Expenses</p> <p>The Buyer will pay the Supplier's actual and reasonable Expenses (including agreed travel and incidentals) incurred in delivering the Services, provided that:</p> <ol style="list-style-type: none"> the Buyer has given prior written consent to the Supplier incurring the Expense the Expense is charged at actual and reasonable cost, and the claim for Expenses is supported by GST receipts. 									
<p>Invoices Reference Schedule 2 Subject to clauses 3 and 11.7</p>	<p>The Supplier shall send the Buyer an invoice at the end of each month for work completed in the month to deliver the relevant documents and procurement support.</p>									
<p>Address for invoices Reference Schedule 2 clause 3</p>	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="483 725 738 779"></th> <th data-bbox="738 725 1372 779">Buyer's address</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 779 738 824">For the attention of:</td> <td colspan="2" data-bbox="738 779 1372 824">Dave Dews</td> </tr> <tr> <td data-bbox="483 824 738 898">Email:</td> <td colspan="2" data-bbox="738 824 1372 898">Dave.dews@huttcity.govt.nz</td> </tr> </tbody> </table>			Buyer's address	For the attention of:	Dave Dews		Email:	Dave.dews@huttcity.govt.nz	
		Buyer's address								
For the attention of:	Dave Dews									
Email:	Dave.dews@huttcity.govt.nz									
<p>Insurance Reference Schedule 2 Clause 8.1</p>	<p>INSURANCE: (clause 8.1 Schedule 2)</p> <p>It is the Supplier's responsibility to ensure its risks of doing business are adequately covered, whether by insurance or otherwise. The Buyer does not require any specific insurance under this Contract.</p>									
<p>Changes to Schedule 2 and additional clause/s</p>	<p>Schedule 2 of this Contract is amended as follows:</p> <p>Replace Clause 12.2 with the following clause:</p> <p>Intellectual property prepared or created by the Consultant in carrying out the Services ("New Intellectual Property") shall be jointly owned by the Client and the Consultant. The Client and the Consultant hereby grant to each other a royalty-free license in perpetuity to copy or use New Intellectual Property. The ownership of data and factual information collected by the Consultant and paid for by the Client shall, after payment by the Client, lie with the Client. The Consultant does not warrant the suitability of New Intellectual Property for any purpose other than the Services or any other use stated in the Agreement.</p>									
<p>Attachments Reference 'Contract documents' described at Page 1</p>	<ul style="list-style-type: none"> Morrison Low & Associates Ltd email "proposal for waste services Section 17A review" from Thursday 24th October 2019 (3:18pm) Morrison Low & Associates Ltd email "indicative proposal for waste services procurement" from Tuesday, 29th October 2019 (3:02pm) 									

Schedule 2

Standard Terms and Conditions - Services

1. Length of Contract

- 1.1 This Contract starts on the Start Date. Services must not be delivered before the Start Date.
- 1.2 This Contract ends on the End Date unless terminated earlier.

2. The Services

Both Parties' obligations

- 2.1 Both Parties agree to:
 - a. act in good faith and demonstrate honesty, integrity, openness and accountability in their dealings with each other
 - b. discuss matters affecting this Contract or the delivery of the Services, whenever necessary
 - c. notify each other immediately of any actual or anticipated issues that could:
 - i. significantly impact on the Services or the Charges
 - ii. receive media attention, and
 - d. comply with all applicable laws and regulations.

Buyer's obligations

- 2.2 The Buyer must:
 - a. provide the Supplier with any information it has reasonably requested to enable the delivery of the Services
 - b. make decisions and give approvals reasonably required by the Supplier to enable delivery of the Services. All decisions and approvals must be given within reasonable timeframes, and
 - c. pay the Supplier the Charges for the Services as long as the Supplier has delivered the Services and invoiced the Buyer, all in accordance with this Contract.

Supplier's obligations

- 2.3 The Supplier must deliver the Services:
 - a. on time and to the required performance standards or quality set out in Schedule 1 or reasonably notified by the Buyer to the Supplier from time to time
 - b. within the amounts agreed as Charges, and
 - c. with due care, skill and diligence, and to the appropriate professional standard or in accordance with good industry practice as would be expected from a leading supplier in the relevant industry.
- 2.4 The Supplier must:
 - a. ensure that its Personnel have the necessary skills, experience, training and resources to successfully deliver the Services
 - b. provide all equipment and resources necessary to deliver the Services, and

- c. comply with the *Standards of Integrity and Conduct* issued by the State Services Commission (see www.ssc.govt.nz) and any other relevant codes of conduct listed in Schedule 1 or notified by the Buyer to the Supplier from time to time.
- 2.5 Where an Approved Personnel has been authorised by the Buyer in Schedule 1, the Supplier must use the Approved Personnel in delivering the Services. The Supplier must obtain the Buyer's prior written approval if it wishes to change any Approved Personnel.
- 2.6 If the Supplier is at the Buyer's premises, the Supplier must observe the Buyer's policies and procedures, including those relating to health and safety, and security requirements. The Buyer must tell the Supplier what the relevant policies and procedures are, and either give the Supplier a copy of them or provide an internet link.
- 2.7 If the nature of the Services requires it, the Supplier will deliver Services:
- a. in a manner that is culturally appropriate for Māori, Pacific and other ethnic or indigenous groups, and
 - b. that respects the personal privacy and dignity of all participants and stakeholders.

3. Charges and payment

Charges & invoices

- 3.1 The Charges are the total maximum amount payable by the Buyer to the Supplier for delivery of the Services. Charges include Fees and, where agreed, Expenses and Daily Allowances.
- 3.2 The Supplier must provide valid tax invoices for all Charges on the dates or at the times specified in Schedule 1. The Buyer has no obligation to pay the Charges set out on an Invoice, which is not a valid tax invoice. A valid tax invoice must:
- a. clearly show all GST due
 - b. be in New Zealand currency or the currency stated in Schedule 1
 - c. be clearly marked 'Tax invoice'
 - d. contain the Supplier's name, address and GST number, if the Supplier is registered for GST
 - e. contain the Buyer's name and address and be marked for the attention of the Buyer's Contract Manager or such other person stated in Schedule 1
 - f. state the date the invoice was issued
 - g. name this Contract and provide a description of the Services supplied, including the amount of time spent in the delivery of the Services if payment is based on an Hourly Fee Rate or Daily Fee Rate
 - h. contain the Buyer's contract reference or purchase order number if there is one
 - i. state the Charges due, calculated correctly, and
 - j. be supported by GST receipts if Expenses are claimed and any other verifying documentation reasonably requested by the Buyer.

Payment

- 3.3 If the Buyer receives a valid tax invoice on or before the 3rd Business Day of the month, the Buyer must pay that tax invoice by the 20th calendar day of that month. Any valid tax invoice received after the 3rd Business Day of the month will be paid by the Buyer on the 20th calendar day of the month following the month it is received. The Buyer's obligation to pay is subject to clauses 3.2, 3.4 and 11.10.
- 3.4 If the Buyer disputes a tax invoice or any part of a tax invoice that complies with clause 3.2, the Buyer must notify the Supplier within 10 Business Days of the date of receipt of the tax invoice. The Buyer must pay the portion of the tax invoice that is not in dispute. The Buyer may withhold payment of the disputed portion until the dispute is resolved.

4. Contract management

Contract Manager

- 4.1 The persons named in Schedule 1 as the Contract Managers are responsible for managing the Contract, including:
- a. managing the relationship between the Parties
 - b. overseeing the effective implementation of this Contract, and
 - c. acting as a first point of contact for any issues that arise.

Changing the Contract Manager

- 4.2 If a Party changes its Contract Manager it must tell the other Party, in writing, the name and contact details of the replacement within 5 Business Days of the change.

5. Information management

Information and Records

- 5.1 The Supplier must:
- a. keep and maintain Records in accordance with prudent business practice and all applicable laws
 - b. make sure the Records clearly identify all relevant time and Expenses incurred in providing the Services
 - c. make sure the Records are easy to access, and
 - d. keep the Records safe.
- 5.2 The Supplier must give information to the Buyer relating to the Services that the Buyer reasonably requests. All information provided by the Supplier must be in a format that is usable by the Buyer, and delivered within a reasonable time of the request.
- 5.3 The Supplier must co-operate with the Buyer to provide information immediately if the information is required by the Buyer to comply with an enquiry or its statutory, parliamentary, or other reporting obligations.
- 5.4 The Supplier must make its Records available to the Buyer during the term of the Contract and for 7 years after the End Date (unless already provided to the Buyer earlier).
- 5.5 The Supplier must make sure that Records provided by the Buyer or created for the Buyer, are securely managed and securely destroyed on their disposal.

Reports

- 5.6 The Supplier must prepare and give to the Buyer the reports stated in Schedule 1, by the due dates stated in Schedule 1.

6. The contractual relationship

Independent contractor

- 6.1 Nothing in this Contract constitutes a legal relationship between the Parties of partnership, joint venture, agency, or employment. The Supplier is responsible for the liability of its own, and its Personnel's, salary, wages, holiday or redundancy payments and any GST, corporate, personal and withholding taxes, ACC premiums or other levies attributable to the Supplier's business or the engagement of its Personnel.

Neither Party can represent the other

- 6.2 Neither Party has authority to bind or represent the other Party in any way or for any purpose.

Permission to transfer rights or obligations

- 6.3 The Supplier may transfer any of its rights or obligations under this Contract only if it has the Buyer's prior written approval. The Buyer will not unreasonably withhold its approval.

7. Subcontractors

Rules about subcontracting

- 7.1 The Supplier must not enter into a contract with someone else to deliver any part of the Services without the Buyer's prior written approval. In selecting an appropriate Subcontractor the Supplier must be able to demonstrate value for money.

The Supplier's responsibilities

- 7.2 The Supplier is responsible for ensuring the suitability of any Subcontractor and the Subcontractor's capability and capacity to deliver that aspect of the Services being subcontracted.
- 7.3 The Supplier must ensure that:
- a. each Subcontractor is fully aware of the Supplier's obligations under this Contract, and
 - b. any subcontract it enters into is on terms that are consistent with this Contract.
- 7.4 The Supplier continues to be responsible for delivering the Services under this Contract even if aspects of the Services are subcontracted.

8. Insurance

Where insurance is a requirement

- 8.1 It is the Supplier's responsibility to ensure its risks of doing business are adequately covered, whether by insurance or otherwise. If required in Schedule 1, the Supplier must have the insurance specified in Schedule 1 and the Supplier must:
- a. take out insurance, with a reputable insurer, and maintain that insurance cover for the term of this Contract and for a period of 3 years after the End Date, and
 - b. within 10 Business Days of a request from the Buyer provide a certificate confirming the nature of the insurance cover and proving that each policy is current.

9. Conflicts of Interest

Avoiding Conflicts of Interest

- 9.1 The Supplier warrants that as at the Start Date, it has no Conflict of Interest in providing the Services or entering into this Contract.
- 9.2 The Supplier must do its best to avoid situations that may lead to a Conflict of Interest arising.

Obligation to tell the Buyer

- 9.3 The Supplier must tell the Buyer immediately, and in writing, if any Conflict of Interest arises in relation to the Services or this Contract. If a Conflict of Interest does arise the Parties must discuss, agree and record in writing whether it can be managed and, if so, how it will be managed. Each Party must pay its own costs in relation to managing a Conflict of Interest.

10. Resolving disputes

Steps to resolving disputes

- 10.1 The Parties agree to use their best endeavours to resolve any dispute or difference that may arise under this Contract. The following process will apply to disputes:
- a. a Party must notify the other if it considers a matter is in dispute
 - b. the Contract Managers will attempt to resolve the dispute through direct negotiation
 - c. if the Contract Managers have not resolved the dispute within 10 Business Days of notification, they will refer it to the Parties' senior managers for resolution, and
 - d. if the senior managers have not resolved the dispute within 10 Business Days of it being referred to them, the Parties shall refer the dispute to mediation or some other form of alternative dispute resolution.
- 10.2 If a dispute is referred to mediation, the mediation will be conducted:
- a. by a single mediator agreed by the Parties or if they cannot agree, appointed by the Chair of LEADR NZ Inc.
 - b. on the terms of the LEADR NZ Inc. standard mediation agreement, and
 - c. at a fee to be agreed by the Parties or if they cannot agree, at a fee determined by the Chair of LEADR NZ Inc.
- 10.3 Each Party will pay its own costs of mediation or alternative dispute resolution under this clause 10.

Obligations during a dispute

- 10.4 If there is a dispute, each Party will continue to perform its obligations under this Contract as far as practical given the nature of the dispute.

Taking court action

- 10.5 Each Party agrees not to start any court action in relation to a dispute until it has complied with the process described in clause 10.1, unless court action is necessary to preserve a Party's rights.

11. Ending this Contract

Termination by the Supplier

- 11.1 The Supplier may terminate this Contract by giving 20 Business Days Notice to the Buyer, if the Buyer fails to pay Charges that are properly due, and are not in dispute under clause 3.4. The Charges must be overdue by 20 Business Days and the Supplier must have first brought this to the Buyer's attention in writing within this period.
- 11.2 At any time during the term of this Contract the Supplier may notify the Buyer that it wishes to terminate this Contract by giving 20 Business Days Notice. The Buyer will, within 20 Business Days following receipt of the Supplier's Notice, notify the Supplier whether, in its absolute discretion, it consents to the Supplier's Notice of termination. If the Buyer:
- a. consents, the Contract will be terminated on a date that is mutually agreed between the Parties, or
 - b. does not consent, the Contract will continue in full force as if the Supplier's Notice of termination had not been given.
- 11.3 The Supplier may also terminate this Contract under clause 11.9.

Termination by the Buyer

- 11.4 The Buyer may terminate this Contract at any time by giving 20 Business Days Notice to the Supplier.
- 11.5 The Buyer may terminate this Contract immediately, by giving Notice, if the Supplier:
- a. becomes bankrupt or insolvent
 - b. has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed
 - c. becomes subject to any form of external administration
 - d. ceases for any reason to continue in business or to deliver the Services
 - e. is unable to deliver the Services for a period of 20 Business Days or more due to an Extraordinary Event
 - f. requires the supply of Services within the period of an Extraordinary Event
 - g. is in breach of any of its obligations under this Contract and the breach cannot be remedied
 - h. repeatedly fails to perform or comply with its obligations under this Contract whether those obligations are minor or significant
 - i. does something or fails to do something that, in the Buyer's opinion, results in damage to the Buyer's reputation or business
 - j. has a Conflict of Interest that in the Buyer's opinion is so material as to impact adversely on the delivery of the Services or the Buyer, or
 - k. provides information to the Buyer that is misleading or inaccurate in any material respect.

Termination by a Party if a breach has not been remedied

- 11.6 If a Party fails to meet the requirements of this Contract (defaulting Party) and the other Party (non-defaulting Party) reasonably believes that the failure can be remedied, the non-defaulting Party must give a Notice (default Notice) to the defaulting Party.
- 11.7 A default Notice must state:
- a. the nature of the failure
 - b. what is required to remedy it, and
 - c. the time and date by which it must be remedied.
- 11.8 The period allowed to remedy the failure must be reasonable given the nature of the failure.
- 11.9 If the defaulting Party does not remedy the failure as required by the default Notice, the non-defaulting Party may terminate this Contract immediately by giving a further Notice.
- 11.10 If the Buyer gives a default Notice to the Supplier, the Buyer may also do one or both of the following things:
- a. withhold any payment of Fees due until the failure is remedied as required by the default Notice, and or
 - b. if the failure is not remedied as required by the default Notice, deduct a reasonable amount from any Fees due to reflect the reduced value of the Services to the Buyer.

Supplier's obligations on termination or expiry of this Contract

- 11.11 On giving or receiving a Notice of termination, the Supplier must:
- a. stop providing the Services
 - b. comply with any conditions contained in the Notice, and

- c. immediately do everything reasonably possible to reduce its losses, costs and expenses arising from the termination of this Contract.
- 11.12 On termination or expiry of this Contract, the Supplier must, if requested by the Buyer, immediately return or securely destroy all Confidential Information and other material or property belonging to the Buyer.

Consequences of termination or expiry of this Contract

- 11.13 The termination or expiry of this Contract does not affect those rights of each Party which:
- a. accrued prior to the time of termination or End Date, or
 - b. relate to any breach or failure to perform an obligation under this Contract that arose prior to the time of termination or End Date.
- 11.14 If this Contract is terminated the Buyer:
- a. will only be liable to pay Charges that were due for Services delivered before the effective date of termination, and
 - b. may recover from the Supplier or set off against sums due to the Supplier, any Charges paid in advance that have not been incurred.

Handing over the Services on termination or expiry of this Contract

- 11.15 The Supplier will, within 10 Business Days of the End Date, provide all reasonable assistance and cooperation necessary to facilitate a smooth handover of the Services to the Buyer or any person appointed by the Buyer.
- 11.16 If the Parties agree, the Supplier will provide additional assistance to support any replacement supplier to deliver the Services. This support may be for a period of up to 3 months from the date of termination and at a reasonable fee to be agreed between the Parties, based on the Fees and Expenses stated in this Contract.

12. Intellectual Property Rights

Ownership of Intellectual Property Rights

- 12.1 Pre-existing Intellectual Property Rights remain the property of their current owner.
- 12.2 New Intellectual Property Rights in the Deliverables become the property of the Buyer when they are created.
- 12.3 The Supplier grants to the Buyer a perpetual, non-exclusive, worldwide and royalty-free licence to use, for any purpose, all Intellectual Property Rights in the Deliverables that are not owned by the Buyer. This licence includes the right to use, copy, modify and distribute the Deliverables.

Supplier indemnity

- 12.4 The Supplier warrants that it is legally entitled to do the things stated in clause 12.3 with the Intellectual Property Rights in the Deliverables.
- 12.5 The Supplier warrants that Pre-existing and New Intellectual Property Rights provided by the Supplier and incorporated in the Services and Deliverables do not infringe the Intellectual Property Rights of any third party.
- 12.6 The Supplier indemnifies the Buyer in respect of any expenses, damage or liability incurred by the Buyer in connection with any third party claim that the delivery of the Services or Deliverables to the Buyer or the Buyer's use of them, infringes a third party's rights. This indemnity is not subject to any limitation or cap on liability that may be stated elsewhere in this Contract.

13. Confidential Information

Protection of Confidential Information

- 13.1 Each Party confirms that it has adequate security measures to safeguard the other Party's Confidential Information from unauthorised access or use by third parties, and that it will not use or disclose the other Party's Confidential Information to any person or organisation other than:
- a. to the extent that use or disclosure is necessary for the purposes of providing the Deliverables or Services or in the case of the Buyer using the Deliverables or Services
 - b. if the other Party gives prior written approval to the use or disclosure
 - c. if the use or disclosure is required by law (including under the Official Information Act 1982), Ministers or parliamentary convention, or
 - d. in relation to disclosure, if the information has already become public, other than through a breach of the obligation of confidentiality by one of the Parties.

Obligation to inform staff

- 13.2 Each Party will ensure that its Personnel:
- a. are aware of the confidentiality obligations in this Contract, and
 - b. do not use or disclose any of the other Party's Confidential Information except as allowed by this Contract.

14. Notices

Delivery of Notices

- 14.1 All Notices to a Party must be delivered by hand or sent by post, courier, fax or email to that Party's address for Notices stated in Schedule 1.
- 14.2 Notices must be signed or in the case of email sent by the appropriate manager or person having authority to do so.

Receipt of Notices

- 14.3 A Notice will be considered to be received:
- a. if delivered by hand, on the date it is delivered
 - b. if sent by post within New Zealand, on the 3rd Business Day after the date it was sent
 - c. if sent by post internationally, on the 7th Business Day after the date it was sent
 - d. if sent by courier, on the date it is delivered
 - e. if sent by fax, on the sender receiving a fax machine report that it has been successfully sent, or
 - f. if sent by email, at the time the email enters the recipient's information system as evidenced by a delivery receipt requested by the sender and it is not returned undelivered or as an error.
- 14.4 A Notice received after 5pm on a Business Day or on a day that is not a Business Day will be considered to be received on the next Business Day.

15. Extraordinary Events

No fault if failure due to an Extraordinary Event

- 15.1 Neither Party will be liable to the other for any failure to perform its obligations under this Contract where the failure is due to an Extraordinary Event.

Obligations of the affected Party

- 15.2 A Party who wishes to claim suspension of its obligations due to an Extraordinary Event must notify the other Party as soon as reasonably possible. The Notice must state:
- a. the nature of the circumstances giving rise to the Extraordinary Event
 - b. the extent of that Party's inability to perform under this Contract
 - c. the likely duration of that non-performance, and
 - d. what steps are being taken to minimise the impact of the Extraordinary Event on the delivery of Services.

Alternative arrangements requiring immediate termination

- 15.3 If the Buyer, acting reasonably, requires the Services to be supplied during the period affected by an Extraordinary Event, then despite clause 15.4, the Buyer may terminate this Contract immediately by giving Notice.

Termination of Contract

- 15.4 If a Party is unable to perform any obligations under this Contract for 20 Business Days or more due to an Extraordinary Event, the other Party may terminate this Contract immediately by giving Notice.

16. General

Changes to this Contract

- 16.1 Any change to this Contract is called a Variation. A Variation must be agreed by both Parties and recorded:
- a. in writing and signed by both Parties, or
 - b. through an exchange of emails where the authors have delegated authority to approve the Variation.

This is the entire Contract

- 16.2 This Contract, including any Variation, records everything agreed between the Parties relating to the Services. It replaces any previous communications, negotiations, arrangements or agreements that the Parties had with each other relating to the Services before this Contract was signed, whether they were verbal or in writing.

Waiver

- 16.3 If a Party breaches this Contract and the other Party does not immediately enforce its rights resulting from the breach that:
- a. does not mean that the Party in breach is released or excused from its obligation to perform the obligation at the time or in the future, and
 - b. does not prevent the other Party from exercising its rights resulting from the breach at a later time.

New Zealand law, currency and time

- 16.4 This Contract will be governed and interpreted in accordance with the laws of New Zealand. All money is in New Zealand dollars, unless Schedule 1 specifies a different currency. Dates and times are New Zealand time.

Publication of information about this Contract

- 16.5 The Supplier may disclose the existence of this Contract but must obtain the Buyer's prior written approval before making reference to the Buyer or this Contract in its publications, public statements, promotional material or promotional activities about this Contract.
- 16.6 Each Party undertakes not to post on websites or social networking sites and not to publicly display objectionable or derogatory comments about the Services, this Contract, each other or any of its Personnel and to ensure that its Personnel do not do so.

Signing the Contract

- 16.7 The date of execution is date this Contract is signed. This Contract is properly signed if each Party signs the same copy, or separate identical copies, of Page 1. If this Contract is signed on two separate dates or separate copies are signed, the date of execution is the later of the two dates. Where separate copies are signed the signed copy can be the original document, or a faxed or emailed copy.

No poaching

- 16.8 During the term of this Contract and for a period of 6 months after the End Date neither Party shall, without the other's written consent, deliberately solicit for employment or hire any person who is or has been employed by the other and involved in the delivery of the Services. This does not apply where a person has responded to a legitimate advertisement.

Clauses that remain in force

- 16.9 The clauses that by their nature should remain in force on expiry or termination of this Contract do so, including clauses 5 (Information management), 8 (Insurance), 10 (Resolving disputes), 11 (Ending this Contract), 12 (Intellectual Property Rights), 13 (Confidential Information), 16 (General) and 17 (Definitions).

Precedence

- 16.10 If there is any conflict or difference between the documents forming this Contract (as stated on Page 1) then the order of precedence is:
- a. a Variation agreed between the Parties under clause 16.1
 - b. Schedule 1
 - c. any Attachment to Schedule 1
 - d. Schedule 2.

17. Definitions

- 17.1 When used in this Contract the following terms have the meaning beside them:

Attachment Any supplementary document named in Schedule 1 as an Attachment to this Contract.

Approved Personnel A person who is engaged by the Supplier to deliver the Services and is named in Schedule 1. The Supplier must use this person in the delivery of the Services and cannot change them without first obtaining the Buyer's written approval.

Business Day A day when most businesses are open for business in New Zealand. It excludes Saturday, Sunday, and public holidays. A Business Day starts at 8.30am and ends at 5pm.

Buyer The Buyer is the purchaser of the Services and is named as the Buyer on page 1 of this Contract for the purposes of this Contract.

Charges The total amount payable by the Buyer to the Supplier as stated in Schedule 1. The Supplier's Charges include Fees and any Expenses and Daily Allowances stated in Schedule 1. Charges are payable on successful delivery of the Services provided a valid tax invoice has been submitted.

Confidential Information Information that:

- a. is by its nature confidential
- b. is marked by either Party as 'confidential', 'in confidence', 'restricted' or 'commercial in confidence'
- c. is provided by either Party or a third party 'in confidence'

- d. either Party knows or ought to know is confidential, or
- e. is of a sensitive nature or commercially sensitive to either Party.

Conflict of Interest A Conflict of Interest arises if a Party or its Personnel's personal or business interests or obligations do or could conflict or be perceived to conflict with its obligations under this Contract. It means that its independence, objectivity or impartiality can be called into question. A Conflict of Interest may be:

- a. actual: where the conflict currently exists
- b. potential: where the conflict is about to happen or could happen, or
- c. perceived: where other people may reasonably think that a person is compromised.

Contract The legal agreement between the Buyer and the Supplier that comprises Page 1 (the front sheet), Schedule 1, this Schedule 2, any other Schedule, and any Variation and Attachment.

Contract Manager The person named in Schedule 1 as the Contract Manager. Their responsibilities are listed in clause 4.1

Daily Allowance An allowance to cover accommodation, meals and incidentals for the Supplier's Personnel if they are required, in order to deliver the Services or to travel overnight away from their normal place of business. The amount of any Daily Allowance must be agreed to in Schedule 1. A Daily Allowance is similar to a per diem.

Daily Fee Rate If the Supplier's fee rate is expressed as a Daily Fee Rate this is the fee payable for each day spent in the delivery of Services. A day is a minimum of 8 working hours.

Deliverables A tangible output resulting from the delivery of the Services as stated in Schedule 1. A deliverable may be a document, a piece of equipment, goods, information or data stored by any means including all copies and extracts of the same.

End Date The earlier of the date this Contract is due to end as stated in Schedule 1, the date of termination as set out in a Notice of termination or any other date agreed between the Parties as the date the Contract is to end.

Expenses Any actual and reasonable out-of-pocket costs incurred by the Supplier in the delivery of the Services and agreed to in Schedule 1.

Extraordinary Event An event that is beyond the reasonable control of the Party immediately affected by the event. An Extraordinary Event does not include any risk or event that the Party claiming could have prevented or overcome by taking reasonable care. Examples include:

- a. acts of God, lightning strikes, earthquakes, tsunamis, volcanic eruptions, floods, storms, explosions, fires, pandemics and any natural disaster
- b. acts of war (whether declared or not), invasion, actions of foreign enemies, military mobilisation, requisition or embargo
- c. acts of public enemies, terrorism, riots, civil commotion, malicious damage, sabotage, rebellion, insurrection, revolution or military usurped power or civil war, or
- d. contamination by radioactivity from nuclear substances or germ warfare or any other such hazardous properties.

Fees The amount payable to the Supplier for the time spent in delivery of the Services calculated on the basis stated in Schedule 1, excluding any Expenses and Daily Allowances.

GST The goods and services tax payable in accordance with the New Zealand Goods and Services Tax Act 1985.

Hourly Fee Rate If the Supplier's fee rate is expressed as an Hourly Fee Rate this is the Fee payable for each hour spent delivering the Services.

Intellectual Property Rights All Intellectual Property Rights and interests, including copyright, trademarks, designs, patents and other proprietary rights, recognised or protected by law.

Milestone A phase or stage in the delivery of Services resulting in a measurable output. Payment of Fees is usually due on the satisfactory delivery of a Milestone.

New Intellectual Property Rights Intellectual Property Rights developed after the date of this Contract and incorporated into the Deliverables.

Notice A formal or legal communication from one Party to the other that meets the requirements of clause 14.

Party The Buyer and the Supplier are each a Party to this Contract, and together are the Parties.

Personnel All individuals engaged by either Party in relation to this Contract or the delivery of Services. Examples include: the owner of the business, its directors, employees, Subcontractors, agents, external consultants, specialists, technical support and co-opted or seconded staff. It includes Approved Personnel.

Pre-existing Intellectual Property Rights Intellectual Property Rights developed before the date of this Contract. It does not cover later modifications, adaptations or additions.

Records All information and data necessary for the management of this Contract and the delivery of Services. Records include, but are not limited to, reports, invoices, letters, emails, notes of meetings, photographs and other media recordings. Records can be hard copies or soft copies stored electronically.

Services All work, tasks and Deliverables, including those stated in Schedule 1, that the Supplier must perform and deliver under this Contract.

Schedule An attachment to this Contract with the title 'Schedule'.

Start Date The date when this Contract starts as stated in Schedule 1.

Subcontractor A person, business, company or organisation contracted by the Supplier to deliver or perform part of the Supplier's obligations under this Contract.

Supplier The person, business, company or organisation named as the Supplier on page 1. It includes its Personnel, successors, and permitted assignees.

Variation A change to any aspect of this Contract that complies with clause 16.1.



11 September 2020

Jörn Scherzer
 Manager Sustainability and Resilience
 Hutt City Council,
 30 Laings Road,
 Lower Hutt 5040

Dear Jörn,

Probity Assurance -Request for Proposal for Waste Collection Services

Introduction

A Request for Proposal (RFP) for the provision of refuse, recycling and potentially green waste collection services (the Services, Table 1) was released by Hutt City Council (HCC or Council) on 20 February 2020.

The RFP covered two kerbside waste collection contracts. These contracts could be awarded to different contractors or the same contractor. Participants had the opportunity to offer bundle discounts if they were awarded both Contract 1 and Contract 2.

This procurement was undertaken as a single-stage RFP in accordance with the Procurement Plan approved by HCC. The objective of the procurement was to select one or more proposals for further negotiation to agree an 8+2 year contract for the provision of the Services. The closing date for the RFP was 8 April 2020 but was extended until 3 June 2020 due to the national Covid-19 lockdown.

Background

HCC requested probity assurance and support from MBIE's Commercial Pool part of the NZ Government Procurement Branch to assist with oversight during the RFP evaluation and interview stage.

The Commercial Pool's involvement began in early May 2020 and the primary contact and reviewer was Andrew Howie, Manager Commercial Pool.

The role of the probity advisor was to:

- Brief the evaluation panel on their roles and responsibilities during the evaluation
- review any Conflicts of Interest
- Attend evaluation meetings and presentations to attest they were conducted on a fair and equitable basis for all RFP respondents
- Confirm the evaluations and moderation were conducted in accordance with the RFP evaluation criteria
- Confirm the evaluation report fairly reflects the evaluation meetings, decisions, assessments and recommendation
- Ensure appropriate records and assessment of probity compliance are completed
- Provide advice during the evaluation process, if called upon.

This report summarises the probity assurance of the procurement evaluation process.

Opinion

In our opinion the Waste Collection Services evaluation process was carried out in accordance with:

- the Government Procurement Rules 4th edition
- the Hutt City Evaluation Plan (note: we did not review the Procurement Plan)
- the Waste Collection Services RFP 20/2/20
- due regard for probity principles.

HCC's Responsibilities

HCC is responsible for compliance with its own Procurement Policy and Practices and whilst not required to, HCC signalled an intention to comply with Government Procurement Rules 4th edition, ensuring a good procurement process was followed.

Review of Findings

During our review of the evaluation process, we note the following.

1. HCC Consultation process

HCC ran a public consultation process to understand the public view of how recycling and refuse should be collected.

The RFP evaluation was completed prior to the conclusion of the consultation process.

HCC and the Panel were fully aware of the complexity of having the procurement process occurring ahead of the public consultation process being completed. This was well documented at the start of the process.

The objective for the RFP process was always to select a preferred supplier for each collection option, and 'park' the panel's selection/recommendation until after the public consultation process was complete.

Both processes were well considered and significant care was taken to ensure the consultation and RFP were kept separate and there was no interference or 'cross-over' which could have coloured the procurement process.

I am satisfied that the procurement process was not compromised by the concurrent consultation process.

Following the consultation and HCC's final decision about how they want to deliver waste collection services, the panel will reconvene and confirm that their recommendation meets the HCC directive. Until that time, the

preferred supplier for each option, how they will deliver the service, and the costs involved, will be kept confidential and will not be released.

2. Evaluation Plan

The Evaluation Plan provided an in-depth overview of the procurement process to be conducted and emphasised how the probity would be managed throughout the process. It outlined the process and criteria well, however it was suggested that more detail could be added around the process for assessing the price component (for clarity). This detail was subsequently added.

The closing date for the RFP was 8 April 2020 but was extended until 3 June 2020 due to the national Covid-19 lockdown.

The Probity advisor briefed the evaluation Panel on 4/6/20 along with the Panel Chair and outlined the probity expectations during the evaluation.

3. Request for Proposal (RFP)

The RFP documentation was publicly released through the Government Electronic Tendering Service (GETS) on 20 February 2020.

The RFP and the response form were in accordance with good procurement practice.

4. RFP closing

The closing date for the RFP was 2pm 3 June 2020.

The Evaluation Administrator confirmed that there were six compliant proposals received and one non-compliant proposal. Six proposals progressed for evaluation and we confirmed that Sulo NZ was disqualified from continuing any further as their proposal was for the supply of bins only.

All compliant proposals were checked by Morrison Low and distributed to the evaluation panel. The price information was not distributed.

5. Conflict of Interest declarations

The Probity advisor briefed the Evaluation Panel on 4/6/20 and was provided a copy of all Conflict of Interest (COI) Declarations. It was recognised that whilst there were no actual COI's declared it would be prudent for Evaluators to acknowledge any current or previous interactions with potential bidders (for completeness). The probity reviewer had individual conversations around the probity expectations and what was required when completing the COI declaration. Once the RFP had closed updated COI forms were submitted and reviewed. Those evaluators who raised a perceived conflict had an appropriate conflict management plan agreed.

Note that during the RFP period and evaluation John Middleton, Manager Infrastructure Contracts who was responsible for the management of current provider of waste collection services removed himself from any day-to-day interactions and the Evaluation Panel were comfortable that this was the right decision and provided appropriate separation for John to be able to independently review all proposals.

In our opinion, the identification and management of conflicts of interest was carried out in accordance with good probity practice.

6. RFP Evaluation process

- a. We attended the moderation meeting on 17 June 2020
- b. It was agreed that in fairness to all shortlisted parties, presentations would all be via video conference (not face to face) as some respondents were unable to travel due to Covid-19 restrictions.
- c. We attended all shortlisted provider presentations on 22 & 23 June 2020 in a probity advisory and assurance capacity. All shortlisted providers were provided the same agenda items to discuss at the presentations together with some specific clarification questions. All respondents were allocated the same amount of time.
- d. We attended the final evaluation moderation meeting (non-price) on 30 June 2020 in a probity advisory and assurance capacity, and confirmed that the shortlist and ranking was completed in accordance with the evaluation plan.
- e. We attended the Panel Evaluation meeting (Price) on 1 July 2020, and confirmed the process for shortlisting respondents for a further (price) clarification meeting.
- f. We attended the Price clarification meetings on 9 July 2020 (3 meetings).
- g. We attended the final evaluation panel meeting via video conference, and following the moderation discussion and review, the panel confirmed the preferred respondent. The panel agreed (as detailed in the RFP) that the preferred respondent would remain confidential until after the HCC consultation process had been concluded, as would the notification of unsuccessful respondents.

It is our opinion that evaluation, moderation meetings, and shortlisted provider presentations, were conducted on a fair and equitable basis for all RFP respondents and consistent with the documented evaluation plan.

7. Evaluation report

In our opinion the evaluation report provides an accurate reflection of the assessments, decisions and recommendations made by the evaluation panel members.

8. Record keeping to meet probity compliance (documentation)

All records, documentation, spreadsheets have been compiled and kept by the RFP administrators, Morrison Lowe.

9. Closing comments

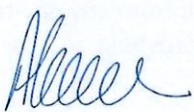
In our opinion, we are satisfied the probity of the evaluation moderation meetings and supplier presentations were conducted in a robust and transparent manner ensuring all respondents were treated fairly in the assessment against the criteria set out in the Evaluation Plan.

We have reviewed the Evaluation Report 24 August 2020 and confirm that it is an accurate record of the process and the recommendation is consistent with the process.

We are not aware of any outstanding probity issues.

The issuance of this report completes the work of the Independent Probity Officer on the RFP – **Waste Collection Services**. If you have any queries, please do not hesitate to contact me on 029 771 2125.

Yours sincerely,



Andrew Howie
Manager, Commercial Pool
NZ Government Procurement