

# Whakatāne District Council

## Transport Procurement Strategy 2025

### *Te Pukapuka Aratohu Whiwhinga Rawa o Te Kaunihera ā-rohe o Whakatāne*

*Version 1.3 (Final) – May 2025*

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## DOCUMENT MANAGEMENT

The Whakatāne District Council's (Council) Procurement Manual is owned and managed by the Procurement and Risk Team.

Council's Transportation Team manage the review and updating of the Transport Procurement Strategy to ensure alignment with the NZ Transport Agency Waka Kotahi Procurement Manual requirements.

## DOCUMENT CONTROL

Name	Author	Role	Details
Version 1.0	Dave Wathall	Team Leader – Capital Projects	WDC Internal review: Transport Team Leaders and Procurement and Risk Manager
Version 1.1	Dave Wathall	Team Leader – Capital Projects	Draft for WDC executive team, Economic Development Manager and NZ Transport Agency Waka Kotahi review
Version 1.2	Dave Wathall	Team Leader – Capital Projects	Update following meeting with and guidance received from Alistair Harbrow, Procurement Consultant, NZ Transport Agency Waka Kotahi
Version 1.3	Dave Wathall	Team Leader – Capital Projects	Final Version

## Reviewed by

Name	Date	Position
Ann-Elise Reynolds	Position	Document Owner: Manager Transportation
	Date	20-08-2025   2:16 PM NZST
	Signature	
Ingrid McNiven	Position	Reviewer: Procurement and Risk Manager
	Date	20-08-2025   2:20 PM NZST
	Signature	<i>Ingrid McNiven</i>
David Bewley	Position	Approved by: General Manager Planning, Regulatory and Infrastructure
	Date	20-08-2025   5:57 PM NZST
	Signature	

## ENDORSEMENTS

### NZ Transport Agency Waka Kotahi Endorsement

NZ Transport Agency Waka Kotahi endorses the following:

- The Transport Procurement Strategy, as described within this document, for activities undertaken using Transport Agency funds.
- Whakatāne District Council's continued use of the advanced method of procurement, Supplier Panels for Transportation projects/contracts – Contract 24-108: Supplier Panel for Roading Related Activities and increases its procurement cap from \$1,000,000 to \$2,000,000 when procuring through these Supplier Panels.
- Whakatāne District Council's use of a variation to Contract 24-108: Supplier Panel for Roading Related Activities to permit direct appointments up to a value of \$200,000 and closed contest procurement for contracts up to a value of \$500,000, providing flexibility to support local businesses and ensure economic stability.
- Whakatāne District Council's continued use of a variation to the Procurement Manual to allow a 10-year maximum term (4+3+3 years) for the sealed road resurfacing term service contract. The WDC 21-026 contract has just entered its first +3 (2024-27) extension period.

Endorsed by NZ Transport Agency Waka Kotahi – Refer endorsement letter.		
Name		
	Position	
	Date	
	Signature	

44 Bowen Street  
Pipitea  
Wellington 6011

10 July 2025

Ann-Elise Reynolds  
Whakatane District Council

Dear Ann-Elise

**Endorsement of the Whakatane District Council Transport Procurement Strategy 2025 – 2028**

This letter confirms NZTA endorsement of the Whakatane District Council Transport Procurement Strategy 2025 – 2028. This endorsement will expire on 10 July 2028.

Please contact me should you have any queries regarding this matter.




Regards



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## Whakatāne District Council Endorsement

Whakatāne District Council (Council) endorses this Procurement Strategy and adopts it into the Procurement Manual as the mandatory guide for all Council procurement activity.

Endorsed by Whakatāne District Council.		
Name	Date	Position
Ann-Elise Reynolds	Position	Document Owner: Manager Transportation
	Date	20-08-2025   2:16 PM NZST
	Signature	
Ingrid McNiven	Position	Reviewer: Procurement and Risk Manager
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	Date	22-08-2025   7:54 AM NZST
	Signature	

## SUMMARY

### INTRODUCTION

The Ministry of Business Innovation and Employment (MBIE) define procurement as the process of acquiring goods, works and services. For Whakatāne District Council's (Council's) transport department, this means delivering the outcomes from the Long- Term Plan (LTP), the objectives from the Infrastructure Strategy and outputs from the Activity/Asset Management Plans (AMPs). The procurement process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. This strategy outlines the approach to be taken by buyers within Council to obtain maximum value for money from everything we buy and all the services we provide to the community.

This transport procurement strategy (The Strategy) is key to the successful delivery of Council's Vision, Purpose, Corporate Objectives and Desired Outcomes and makes a commitment that all of Council's procurements:

- Are conducted in accordance with the Land Transport Management Amendment Act 2003 for all New Zealand Transport Agency Waka Kotahi (NZTA) funded/co-funded activities,
- Contribute to the Local Government (Community Well-being) Amendment Act 2019, which provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach,

Council is committed to delivering its procurement to align with the following strategic objectives:

- **Ensure value for money:** To continuously improve the Council's procurement performance by balancing the needs of the community with financial responsibility,
- **Improve ease of doing business:** To enable rather than inhibit Council operations; to reduce the cost and improve the quality and timeliness of the procurement process; and to foster a diverse, innovative, and competitive supplier market,
- **Build capability:** To provide leadership, and improve procurement competency among Council staff, and to ensure good practice examples are identified and applied consistently across the organisation,
- **Encourage sustainability:** To meet procurement needs in a way that achieves value for money on a whole of life basis, is responsive to the community's environmental expectations and contributes to the long-term well-being of the community,
- **Consider partnering and collaboration:** To identify opportunities for working with others, both public and private sector, in order to widen the scope for maximising purchasing power, identifying innovation and delivering value for money,
- **Maintain effective control:** To ensure that current and future procurement activities are planned, monitored, and reviewed effectively; and to ensure high levels of staff purchasing compliance.



This strategy covers procurement matters for Council's Transport activities co-funded by NZTA, including procurement of physical works and professional services. Procurement for all of Council's other activities is covered under Council's Procurement Manual.

Council will spend approximately \$57M on transport related activities (capital/ renewals and maintenance) for the next three years. 65% (being the current Funding assistance Rate (FAR)) comes from the National Land Transport Fund (NLTF) for the majority of this spend. This Transport Procurement Strategy (Strategy) has been developed to ensure Council delivers the desired outcomes expected from this investment and to also meet the funding requirements of NZTA.

## **PURPOSE**

The purpose of this document is to set out Council's procurement strategy for the next three (3) years. This Strategy sets out the strategic approach Council is taking to procuring its transport work and services. This includes the best practice procurement methods that will enable strategic outcomes to be achieved.

This is a dynamic strategy, and it will not be realised in a linear fashion. Success will be reliant upon mutually beneficial collaboration across all who participate in the transport environment including policy, procurement and delivery teams.

This Strategy demonstrates how Council procurement will:

- Support the delivery of Council's strategic priorities,
- Enhance public value for money outcomes,
- Improve the efficiency and effectiveness of procurement procedures and processes, including increasing capability,
- Continuation of effective relationships with suppliers,
- Manage procurement risk and reputation,
- Improve strategic procurement planning.

The strategy has been developed in line with guidance from:

- The Ministry of Business, Innovation and Employment (MBIE) Government Procurement Rules (4th edition)
- The NZ Transport Agency Procurement Manual for activities funded through the National Land Transport Fund (5th revision)
- The Whakatāne District Council Procurement Policy, 2024.

The strategy also reflects:

- Procurement best practice,
- The Government Policy Statement on land transport 2024 (GPS 2024)

## STATEMENT OF SUCCESS

This Procurement Strategy is successful when:

1. Procurement processes are implemented consistently and achieve the desired strategic objectives.
2. It is applied consistently to all procurements.
3. It delivers contracts that contribute well to our community outcomes and the expected level of service for activities as defined in our 10-year Plan.
4. It delivers best value to the district for the money spent.
5. It becomes a continually improving and sustainable system, eliminating resource and time waste, becoming continually better, faster, and more economical.
6. It enables a land transport system to deliver the right transport activities, at the right level of service, for the best value, as described in the GPS 2024.

## OWNERSHIP AND REVIEW

This strategy has been endorsed by Council and NZTA and, to ensure alignment with the NZTA Procurement Manual, is managed, reviewed, and updated by Council's Transportation Team. The Council's Procurement Manual is owned and managed by the Procurement and Risk Team. To ensure alignment with Council's Procurement Manual, this strategy is also reviewed by Council's Procurement and Risk Manager.

The 3-yearly review cycle ensures the strategy encompasses prevailing market conditions, shifts in methodologies and procurement approaches, and Council's wider strategic priorities, alongside the risk appetite to achieve those priorities.

# **PART 1**

## **TRANSPORT PROCUREMENT STRATEGY**

## 1 PROCUREMENT

### 1.1 WHAKATĀNE DISTRICT COUNCIL

#### 1.1.1 Long Term Plan (LTP) and Community Outcomes

Council plays a crucial role in the Whakatāne District by providing essential services and recreational opportunities that people use every day. Council delivers more than 30 different services and manages around \$1.4 billion worth of community assets.

Council's LTP details the levels of service, performance measures and funding requirements for the next 10-year period. Strategic procurement planning will be conducted in accordance with the objectives of the LTP and subsequent Annual Plans along with associated plans and strategies eg: Infrastructure Strategy, Asset Management Plans & Activity Plans.

Council's vision of 'more life in life' is for communities to flourish, fulfil their potential and live life to its fullest. It recognises that the Whakatāne district offers a great quality of life – that our district is a great place to live, work, play, raise a family, and do business. Council's Vision and Strategic Priorities are the link between the LTP and the Procurement Strategy, they are used to derive the procurement objectives and outcomes set out further below.

#### Council's Vision Statement:

*More life in life*

*Working together to make living better for our communities, now and in the future*



*Strong, resilient Council organisation focused on continuous improvement*

**Figure 1: Council's Vision of 'more in life'.**

### Council's Strategic Priorities:

The following priorities have been identified as the things we need to focus on most to act on our 'More life in life' vision.



**Figure 2: Council's Five Key Priorities.**

#### 1.1.2 Strategic Context

Council uses procurement to acquire goods, works and services provided by or for the Council. Procurement covers every aspect of the procurement cycle from determining and specifying the needs of the service through the Long-Term Plan and/or Annual Plan, through to the acquisition and delivery of goods and services as well as the relationship management of the supplier(s) involved. Procurement can range from a simple and low risk purchase through to some very complex and high-risk activities.

Council is committed to leveraging its purchasing power to generate social and public value beyond the value of the goods, services or works being procured.

*The strategic objective of the Transport Procurement Strategy is to set in place a system that effectively, consistently, and efficiently supports Council staff in procuring the right services to achieve best value for money, sustainable development and wellbeing of the district and the community.*

Achieving strategic procurement outcomes involves setting strategic priorities and direction. Following a structured approach to procurement planning will result in, robust objective analysis that informs the best methodology to approach the market and achieve optimal procurement outcomes. All of this ensures that resources – time, money, and people – will be effectively allocated and successfully utilised.

Council's Infrastructure Strategy outlines how Council intends to manage infrastructure assets over the next 30 years and details the challenges we face over the coming years. The importance of wise investment choices makes it clear that Council needs to ensure that we balance affordability with the delivery of essential services and prioritisation of critical improvements that will enhance our district and help achieve our vision and communities' aspirations.

### **1.1.3 Challenges**

The procurement environment within which the Council operates presents a range of **challenges**:

- Affordability
- Constrained resources and funding,
- Escalating costs are reducing the scope of work that can be accomplished within fixed budgets,
- Ageing infrastructure,
- Increasing customer expectations,
- Overcoming resistance from the public, especially when projects involve disruptions or significant changes to existing infrastructure or services,
- Balancing the diverse interests and priorities of our iwi partners, key stakeholders, and local suppliers,
- Constraints in local supplier markets, resources and skill sets,
- Competition from other local government authorities and the private sector with similar procurement demands and programmes,
- High demand for infrastructure and commercial construction services across Aotearoa,
- Responding to Government's expectations on how Council should conduct its procurement activities to achieve public value and broader outcomes,
- Changing Health and Safety legislation and WorkSafe guidelines and rules,
- Responding to changing Government direction in the management of core infrastructure activities such as three waters and transport,
- Keeping up with rapid advancements in transport technology and integrating these into existing Council systems,
- Managing the impacts of climate change, such as an increased frequency of extreme weather events, on transport infrastructure.
- Navigating the challenge of achieving climate goals and greener solutions while maintaining cost efficiency.
- Progressing road safety improvements in a dynamic funding environment, that requires considered trade-offs between infrastructure upgrades, regulatory reforms or maintaining current conditions.

### **1.1.4 Opportunities**

The procurement environment within which the Council operates presents a range of **opportunities**:

- Economic development through supporting local suppliers,
- Increasing the capability and capacity of local Contractors,
- Improvement of service delivery through procurement by improving the planning and management stages,
- New ways and innovative practices to enable us to deliver our services more cost effectively,
- Collaborative working with our iwi partners, key stakeholders, and local suppliers,
- Delivering “Broader Outcomes” to the community,
- Designing resilient transportation infrastructure to better withstand the impacts of climate change, such as extreme weather events,
- Planning transport infrastructure to accommodate future growth,
- Enhancing Public and Alternate Transport Systems by improving connectivity and modernising our systems,
- Reducing deaths and serious injuries by incorporating safety measures into transport projects,
- Integration of environmentally friendly practices into transport projects to align with national climate goals,
- Promoting active transport such as cycling and walking and providing safer routes for those that choose active transport modes,
- Aligning Council transport projects with national transport and infrastructure policies and staying ahead of regulatory changes to ensure all procurement activities comply with current legislation and guidelines,
- Leveraging National Funding by utilising funding opportunities provided by NZTA and other national programs to finance transport projects,
- Leveraging National Support by benefiting from technical support and expertise offered by NZTA in planning, implementing, and managing transport projects.

## **1.2 NEW ZEALAND GOVERNMENT PROCUREMENT**

Achieving ‘Value for Money’ for our rate payers and our NZTA funding partner via robust tendering processes.

### **1.2.1 New Zealand Government Procurement (NZGP) Rules**

The NZGP rules aim to support sustainable and inclusive procurement through the promotion of good practice for procurement planning, approaching the supplier community and contracting. Council is encouraged to follow the Rules even though it is not mandatory to use them. NZTA, as a government department, must abide by these rules and therefore where Council is procuring using NZTA funds, there is an obligation that Council also follows them.

The Rules focus mainly on the process of sourcing — sourcing covers:



- Procurement planning,
- Market research,
- Approaching the market,
- Evaluating responses,
- Negotiating and awarding contracts.

These Rules also align with the Government's expectations that procurement can be leveraged to achieve broader outcomes. They focus on promoting public value and include explicit requirements for agencies to incorporate or consider the priority outcomes as part of their procurement opportunities.

The priority outcomes are:

- Increasing New Zealand businesses' access to government procurement,
- Increasing the size and skill level of the domestic construction sector workforce,
- Improving conditions for workers in government contracts, and
- Supporting the transition to a zero net emissions economy and assist the Government meet its goal of significant reduction in waste.

### **1.2.2 New Zealand Government Procurement Principles**

NZGP is shaped by five principles and supported by the Government Procurement Rules. NZGP consider the principles to be their overarching values. They apply to all government procurement and are intended to provide the foundations of good procurement practice.

The five principles are:

- 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.

### **1.2.3 New Zealand Government Procurement Legislation & Policy**

#### **Land Transport Management Act (LTMA)**

The management and operation of the transport activity of Council is required to comply with the requirements of the LTMA. There are many requirements that are developed by NZTA and Ministry of Transport (MOT) as part of their responsibilities under this legislation and one such document is the NZTA Procurement Manual.

A large portion of Council's funding for transportation activities is assisted by the New Zealand Transport Agency (NZTA). Section 20 of the LTMA sets out the requirements for the NZTA to approve activities for funding from the National Land Transport Fund (NLTF). Council receives funding from this fund through a transport disbursement account, and expenditure from this account must be made



with an approved procurement procedure. Section 25 of the LTMA further requires that an approved organisation (Council in this case) design its procurement procedures to obtain best value for money spent.

### Local Government Act (LGA)

Overriding everything that Council does, including in the area of Transportation, is the purpose of local government which is:

- To enable democratic local decision-making and action by, and on behalf of, communities, and
- To promote the social, economic, environmental and cultural well-being of communities, in the present and for the future.

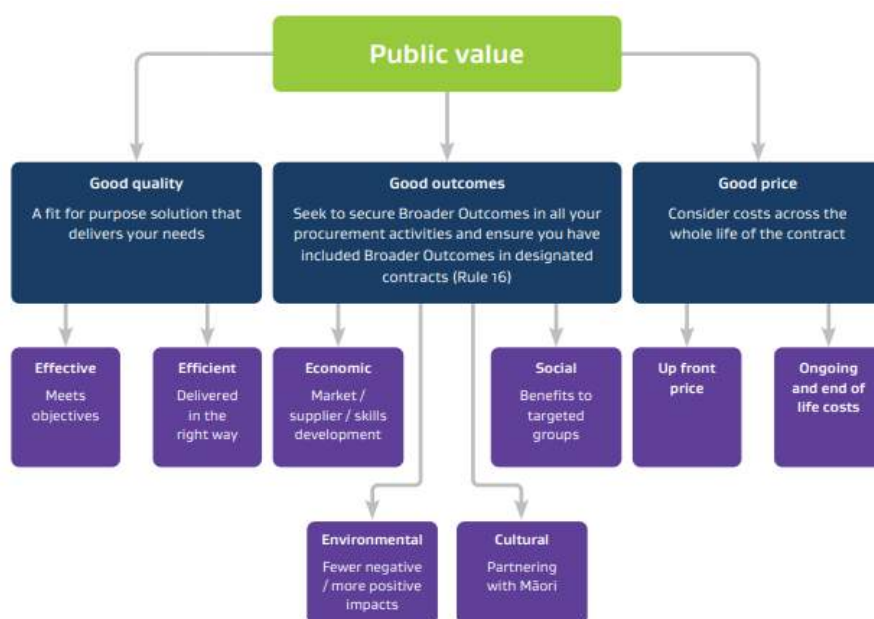
(Section 10, Local Government Act 2002)

Section 14 1(f) of the LLGA 2002 states: a local authority should undertake any commercial transactions in accordance with sound business practices.

Section 17a of the LGA requires Council to review the cost of effectiveness of current arrangements for meeting the needs of the community for good quality infrastructure, local public services and performance of regulatory functions. The intent of Section 17a is to encourage collaborative dealings and cost efficiencies in Local Government services.

### 1.2.4 Public Value

MBIE's, Government Procurement Rules, Rules for sustainable and inclusive procurement 2019, document explains that "Procurement also covers proactively managing supplier and other key stakeholder relationships throughout the sourcing process and for the duration of the contract. This continues to develop the supplier and drives public value through ongoing efficiency and effectiveness gains". Council places a strong focus towards following the Public Value Guide provided by MBIE and illustrated below.



**Figure 3: Public Value Guide, extracted from MBIE's Government Procurement Rules, 4th Edition 2019.**  
Whakatāne District Council  
Transport Procurement Strategy

### 1.2.5 Broader Outcomes

NZGP expect that government procurement is used to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services. NZGP define broader outcomes as: *“The secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural, or economic benefits, and will deliver long-term public value for New Zealand.”*

The Government Procurement Rule 16 requires Council to consider and incorporate, where appropriate, *Broader Outcomes* when purchasing goods, services or works. *Broader Outcomes* are designed to provide Public Value from government procurement, and they can realise environmental, social, economic, or cultural benefits. *Broader Outcomes* require you to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment, and the economy.

Broader Outcomes align well with Council’s Community Outcomes. They encourage increasing access for NZ businesses, workforce skills and development training, supporting the procurement of low-waste and low-emissions goods and services and ensuring compliance with employment standards and health and safety requirements. Using the *Broader Outcomes* principles and lining these up with our Community Outcomes means that as a Council we will ensure that our procurement is helping to stimulate the Whakatāne District economy, supporting local employment, and ensuring that local benefit is achieved from how we deliver our services. It also supports us in creating *“More Life in Life”* in the Whakatāne district.

[Council’s Procurement Policy](#) was updated and adopted in May 2025. This Policy outlines how the Council defines broader outcomes, along with detailed plans for achieving them.

As far as reasonably practicable, the Council aims to achieve the following broader outcomes through its procurement activities:



Within procurement processes Council will look to achieve Broader Outcomes in these areas by allowing for criteria with weightings in the bid assessment process. The Broader Outcomes criteria

and weightings will be determined alongside the financial and non-financial criteria in accordance with internal operating processes and approval delegations. The Broader Outcomes criteria and weightings will vary between procurement plans depending on the nature of the procurement. Most commonly this will be where it is in conjunction with a partner agency such as the New Zealand Transport Agency or where the nature of the procurement determines that an outcome cannot be achieved, for example local employment may not be a criterion, when no local service providers exist.

### **1.2.6 Procurement for the future**

NZGP is committed to delivering better outcomes for New Zealand and this includes their 'Procurement for the future programme'. The strategy for this programme is that "Government procurement needs to be fair, transparent, inclusive, and efficient, delivering more value to New Zealanders while responding to changing government priorities". NZGP explains that "We can use government procurement to drive change. These changes include supporting climate change goals, working with a more diverse range of businesses and improving conditions and wages for workers."

Another focal point of NZGP's procurement for the future programme is unlocking value by "Creating smart and accessible practices that make it easier for everyone to do their mahi. NZGP want agencies to be able to make good procurement decisions and deliver their solutions quickly."

## **1.3 COUNCIL'S RELATIONSHIP WITH CENTRAL GOVERNMENT**

### **1.3.1 Government Policy Statement for Land Transport (GPS)**

The Government has released the GPS on Land Transport 2024. The GPS sets out the Government's land transport priorities and strategic objectives including:

- What it expects to be achieved from its investment in land transport through the NLTF
- What it expects to be achieved from its direct investment in land transport
- How much funding will be provided and how the funding will be raised
- How it will achieve its outcomes and priorities through investment in certain areas, known as "activity classes" (e.g. the maintenance of state highways or road policing)
- A statement of the Minister's expectations of how NZTA gives effect to this GPS.

The GPS sets out the Government's priorities for expenditure from the NLTF and how Crown funding complements that investment. It also provides direction to local government, KiwiRail and NZTA on the type of activities that should be included in Regional Land Transport Plans (RLTP), the Rail Network Investment Programme (RNIP) and the National Land Transport Programme (NLTP) respectively.

Guided by the GPS strategic priorities, NZTA supports local government to create quality RLTPs which NZTA uses to create the NLTP.

As the largest co-funder of NLTP projects, local government has an essential role in building strong, evidence-based projects and programmes for investment. This work is supported by the role of regional Council's, territorial authorities and unitary Council's in leading long-term planning for their area.

### **1.3.2 New Zealand Transport Agency Waka Kotahi (NZTA)**

## **NZTA Infrastructure Procurement Strategy (IPS)**

The NZTA IPS 2023 focuses on 5 key strategic areas to enhance the planning and delivery of infrastructure procurement portfolios:

1. Be an intelligent Client,
2. Plan for strategic procurement,
3. The importance of evolving their procurement practices,
4. Protecting healthy markets,
5. Partner for strategic commercial outcomes.

The strategy aims to strengthen procurement practices, foster strategic partnerships, and introduce innovative approaches to achieve improved outcomes. The IPS provides a clear pathway and commitment for continuous change and modernisation of procurement capability and approaches, reflecting best practice and considering the dynamics of the New Zealand infrastructure market and the needs of its participants, including delivering on government directives.

### **NZTA Procurement Manual**

The NZTA Procurement Manual contains procurement procedures approved by NZTA under s25 of the Land Transport Management Act 2003 (LTMA). The approved procurement procedures in this manual are available for use by Council. Council can use the procurement procedures contained in the manual, subject to any conditions imposed by NZTA under the LTMA, to purchase the outputs (goods and services) required to deliver activities funded under s20.

To ensure compliance and stringent tendering processes are adhered to, Council uses at least one Qualified Tender Evaluator on all Transport Tender reviews. Council has access to both inhouse staff members trained to this standard, as well as external consultants/contractors to assist if needed.

The procurement procedures contained in the manual are equivalent to the GPR as they apply when NLTF monies are being invested. NZTA requires Council to have a procurement strategy that documents our long-term integrated approach to the procurement of transport sector activities funded under s20 of the LTMA. This is expected to assist Council in complying with the procurement procedures set out in the manual.

If Council wish to use any advanced components specified in the manual, we must obtain written approval from NZTA under s25 of the LTMA. In using the approved procurement procedures, Council must follow the rules set out in the manual, unless NZTA has approved specific variations.

Council currently uses an advanced procurement method for some transport works by way of a Supplier Panel. Council also has a resurfacing contract that exceeds the normal 5year maximum term, being a 4+3+3 year contract. Specific approvals for both these procurement methods is included in the NZTA endorsement of this Procurement Strategy.

## **1.4 HEALTH AND SAFETY**

Council recognises its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such requires all its suppliers to take practical steps to ensure safe work practices are employed. Council requires all its suppliers to comply with these requirements also recognising that in a contracting chain there are shared responsibilities under HSWA to consult, cooperate and coordinate activities with supplier and contractors.

Council will accept contractors that hold a health and safety pre-qualification with an accredited provider which ensures that the contractors are operating with effective health and safety management systems. Our preferred pre-qualification scheme is SHE pre-qual, although we accept pre-qualification from alternate accredited pre-qualification providers.

There is also the opportunity to scrutinise suppliers' site/contract specific Health and Safety Plans and work methodologies during the procurement process to ensure Health and Safety is front of mind for the delivery of work packages. Nominated contract staff and their expected hours are also considered during the tender process to ensure work is appropriately supervised and this can identify any concerns around fatigue and potential for serious harm incidents.

Health and Safety Management provides for goal setting, planning, and measuring performance, and is woven into the fabric of Council. Council's Health and Safety Management is based around the following framework:

- Plan: establish the activities, outcomes, and processes necessary to deliver results in accordance with Council's Health and Safety Framework and the organisational strategic imperatives
- Do: implement the processes and deliver the outcomes
- Check: monitor and measure processes against the health and safety policy, outcomes, legal and other requirements, and report the results
- Act: take actions to continually improve health and safety performance.

Council is also currently undertaking significant improvements across all H&S systems. The launch of Whakaora is the first project launched to implement the new H&S Strategy. Whakaora literally means to revive and restore to health. Whakaora will create a more consistent, Council-wide approach to safety. The first three priority areas includes: Governance/Roles & Responsibilities, Risk Management and Contractor Management.

## **1.5 CLIMATE CHANGE RESPONSE**

Council acknowledges the role it needs to adopt to respond to climate change. In 2019, Council adopted a set of climate change principles, which provide the foundation for our climate change response. The Whakatāne District is already vulnerable to natural hazards including slips, flooding, and coastal erosion and the negative impact of climate change is likely to make the consequences of these hazards and events worse.

In 2017, Council signed the New Zealand Local Government Leaders' Climate Change Declaration which sets out seven principles to provide guidance for decision-making on climate change. We have adopted a version of these principles, along with some additional guiding statements, to ensure that climate change is considered in all our decision-making.





**Figure 4: The Seven Principles of New Zealand Local Government Leaders' Climate Change Declaration.**

A fundamental mechanism for implementing our Climate Change Strategy and Action Plans, is to underpin our procurement practices and decision making with our Climate Change principles. In doing so, this also allows us to use procurement to contribute to the Local Government (Community Well-Being) Amendment Act 2019 and the Government Procurement Rules Broader Outcomes.

## **1.6 COUNCIL'S STRATEGIC PLANNING FRAMEWORK**

### **Documents that guide Council**

There are a number of key guiding documents which set the scene and direction, for the future of Council's procurement activities. These include:

- The Long-Term Plan (LTP) – Our long-term plans set the Council's strategic direction for a 10-year period.
- Council's 2024-54 Infrastructure Strategy.
- Council's 2024-34 Transport Activity Management Plan
- Council's Procurement Policy – The policy that details the rules of Procurement for the Council.
- Annual Plan Updates
- Annual Reports – A key document that compares our performance for the year against the forecast in the Annual Plan.

- Procurement Guidance for Public Entities – produced by the Office of the Auditor General, this document provides good practice guidance for public entities to procure goods or services.
- Our District Plan
- Reserve Management Plans – A plan that sets out how we intend to develop, maintain and protect our reserves.

## 2 PROCUREMENT PROGRAMME AND DELIVERY

### 2.1 PROCUREMENT PROGRAMME

Roading related procurement accounts for a significant proportion of all Council contracted procurement and is subject to additional governance and reporting requirements from NZTA. Accordingly, Council has this Procurement Strategy with particular emphasis on transport procurement. This strategy aligns with Council's overall Procurement Policy and Procurement Manual.

The Council Transport network is made up of the following assets:

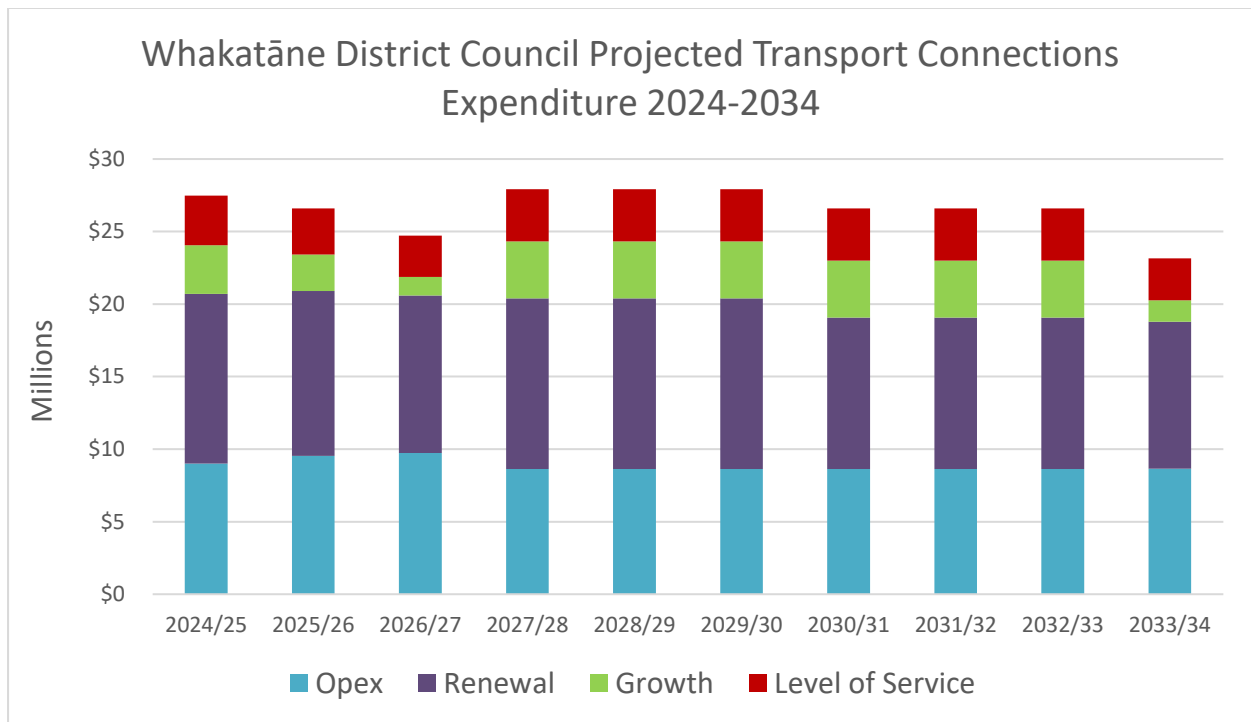


**Figure 5: Council's Transport Connections Assets.**

Council provides and manages a safe, integrated, and efficient transport system for the Whakatāne district including provision for private vehicles, freight, public transport, walking, cycling and pedestrians. These activities aim to provide a safe, reliable, and sustainable transport system that is accessible to everyone, and that caters to a variety of transport choices including pedestrians, cyclists, and the mobility impaired. Council aims to deliver a well-functioning transport system that keeps people and places connected, supports a vibrant economy, and allows for the efficient day-to-day running of communities.

The forecast 10-year spend as proposed in the 2024/34 Transportation Activity Management Plan is shown in Figure 6: Council's Transport Connections projected total spend to 2034.





**Figure 6: Council's Transport Connections projected total spend to 2034.**

The transport maintenance and renewal programme affords Council the opportunity to optimise assets, where appropriate, and to support Council's environmental protection and climate change initiatives. Council works closely with NZTA on the future planning and investment of the transport system, including the continued monitoring of population growth and development demands.

National coalition Government's redirection of the 2024 GPS on Land Transport, and NZTA's subsequent allocation of the National Land Transport fund for 2024-27 heavily impacted the projected spend for Transport Connections. In particular for the 2024-27 period, projected spend associated with footpath maintenance and renewals have been reduced to ~30%, maintenance and renewals associated with our Special Purpose Roads has been reduced to ~70% and many Transport Planning activities and projects associated with Growth or Level of Service Improvements have been paused until the 2027 LTP review.

## **2.2 VALUE FOR MONEY**

MBIE's public value guide and NZTA's Procurement manual both provide guidance on value for money. Council views value for money as buying goods, works and services with the lowest whole of life costs, that is fit for purpose and meets the required specification and quality requirements. Council's procurement practices ensure that value for money is not driven by simply accepting the lowest price and that value for money decisions are made through the assessment of evidence-based selection criteria that support wise investment choices.

Procurement planning is undertaken to assess the scale, timing, and complexity of work programmes, and consideration is given to whether projects would provide better value for money to Council (and our co-funders) as one large contract or multiple smaller contracts.

The work programmes of other Council departments are reviewed to identify any possible synergies that may add further value to the delivery of Council work. The capacity, capability and availability of the local supplier market is also taken into account before we prepare appropriately sized work packages that are expected to deliver optimum value for money to the wider Whakatāne District community, balanced by recognition of the importance of providing sufficient contract opportunities to the districts contracting community.

Council procurement has matured and there is now an organisational understanding that a philosophy driven by lowest price is not the true test of value for money. A competitive procurement process is achieved through a combination of supplier attributes whilst maintaining a certain level of price tension. Strong supplier relationships and effective contract management practices are other methods and tools that can significantly enhance value for money. Collaborative partnerships with suppliers lead to improved performance, innovation, and cost efficiencies and the use of performance measures can ensure that suppliers are meeting expectations and delivering continuous improvements. Council's supplier panel agreement has proven an effective model to attract new suppliers and enhance relationships with capable and reliable suppliers leading to stability in service delivery.

## **2.3 PROGRAMME DELIVERY**

Section 1 on this document sets out Council's objectives for the procurement of transport works and services. Specific strategies the Council use to achieve these objectives include:

- Using the WDC 24-108 Supplier Panel Agreement to deliver most physical work activities.
- Regular consultation and engagement with local industry groups.
- Providing suppliers with greater flexibility in construction periods.
- Programming work over a 3-year LTP period rather than constraining ourselves to annual programmes.
- Early engagement with suppliers on high risk or high complexity projects.
- Improving the quality of our request for tender documentation to make it easier for tenderers to understand what is expected of them and price the work accordingly.
- Increase the capability of the in-house infrastructure team and the practices and processes we use.
- The establishment of an Infrastructure Project Management Office (PMO).
- Monitoring and measuring the performance of ourselves and our suppliers.

Council recognises that a critical factor in achieving best public value is having the capability and capacity to successfully deliver the procurement programme. The Transportation department has highly experienced staff with a very good track record of managing procurement processes. Council continues to grow this in-house professional services capability and competency resource to support the delivery of the transport programme and is supported by local and nationwide (external) specialists as required. The transportation related items in the procurement strategy will be incorporated within the Council wide Procurement Manual.

As a rule, Transport related physical works are procured using contracts assessed by a combination of both quality and price. GETS procured contracts follow the NZTA Price Quality Method (PQM) method

and the initial stage of the supplier panel method evaluates quality and then price is introduced on a case-by-case basis. Each contract is assessed on its individual merits and the method of supplier selection will ultimately be determined and approved through the procurement plan process.

Each Council activity is assessed against the following 3 key criteria to select the appropriate method of contract delivery:

**1. Scale:**

Scale has a significant bearing on procurement due to the capacity constraints of the local supplier market and their ability to provide the resources required to complete the job. Large maintenance packages of work that were traditionally delivered by tier 1 suppliers are now unbundled and delivered through the 24-108 Supplier Panel - predominantly by local suppliers. All work packages are presented to the market in a way that balances value for money and local supplier participation.

**2. Risk:**

Risk is an important factor in the selection of a delivery model, in particular, how the risk should be allocated, and which party can best manage the risk. Appropriate risk allocation and management can both mitigate the risk and reduce the associated costs.

**3. The supplier market:**

The quality and availability of suitable suppliers has a bearing on the potential contract delivery method and the scope of tender packages. Fortunately, the Whakatane District and Bay of Plenty Region are both well served with a healthy, competitive, and capable contracting industry. Council will continue to foster good relationships with the contracting and consulting industries through consultation and early communication of proposed work and a collaborative approach to contract delivery.

Other criteria assessed include:

**4. Complexity**

Complexity can directly influence the allocation of risks, responsibilities, and resources. Complex projects often involve multiple stakeholders, intricate technical requirements, and higher uncertainty, necessitating a delivery model that can effectively manage these challenges.

**5. Timing**

An assessment of the proposed timing of work package can ensure that the contract delivery model can accommodate the project's timeline whilst providing flexibility for delivery. Timing can influence the allocation of resources, coordination of activities, and management of dependencies between different work packages.

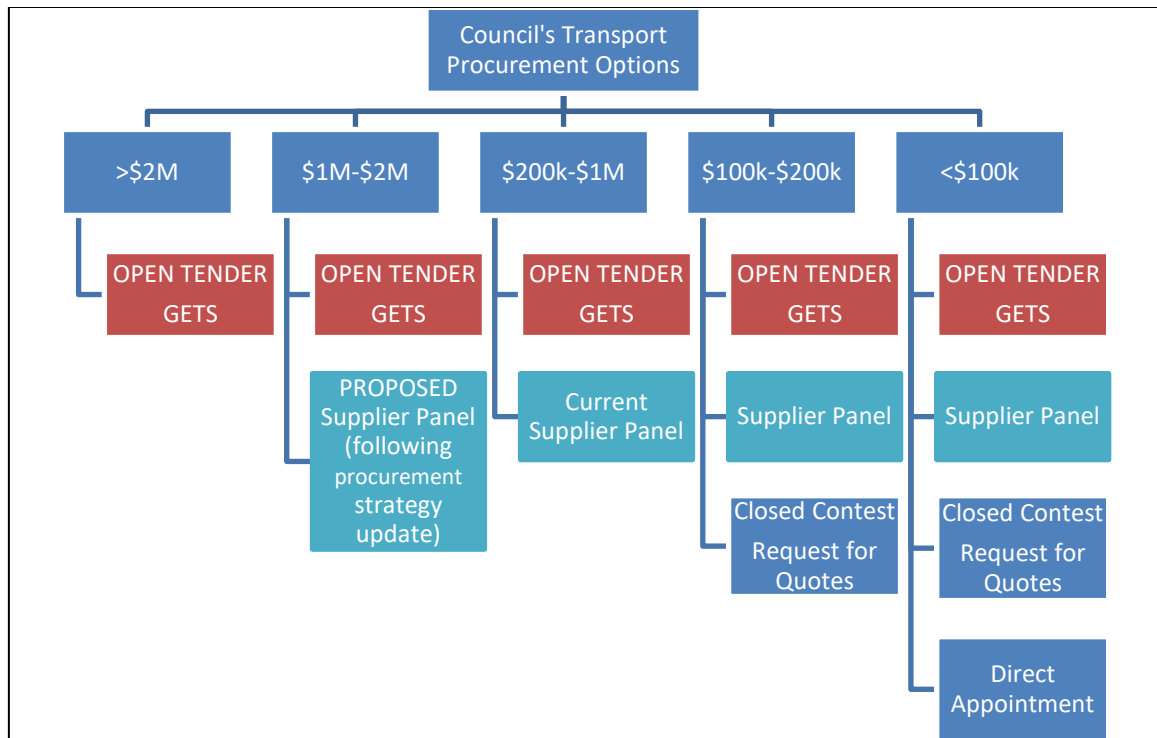
**6. Potential for innovation**

Allowing for the potential for innovation in a work package can enable flexibility, creativity, and collaboration within the work. Evaluating the potential for innovation can foster

environments conducive to innovative solutions and support collaborative efforts which will enhance the project's value and impact.

## 2.4 DELIVERY MODELS

The Procurement Selection method for all NZTA Funding Assisted programmes is carried out in accordance with the NZTA Procurement Manual and NZTA approved methods. This is illustrated in the Figure 7: Council's Transport Procurement Options.



**Figure 7: Council's Transport Procurement Options**

### 2.4.1 Direct Appointment

Unlike open tenders or other competitive procurement methods, a Direct Appointment does not involve a bidding process. The supplier is chosen based on predetermined criteria.

Direct appointment is generally reserved for exceptional cases and is not the preferred method for most procurement activities. It is used when a competitive process is impractical, or would be detrimental to the outcomes sought for the procurement, or where the direct engagement of a specific supplier creates the greatest benefits such as whole of life value for money, timely delivery, or specialist work.

A Direct Appointment involves selecting a supplier without a competitive process and is typically only allowed under specific exceptional circumstances, such as:

- Urgency - The need for immediate action that cannot accommodate the timeline of an open tender process.
- Unique Expertise: Only one supplier possesses the unique expertise, or capabilities required for the package of work.

- Experience with a supplier who has consistently demonstrated high performance in directly relevant work or completed work that is closely connected to the new work.

The chosen supplier is typically identified based on criteria such as:

- Proven track record and past performance.
- Technical expertise and experience relevant to the work.
- Capacity to deliver within the required timeframe and scope.

To ensure value for money is achieved without the competitive pricing element, costs or rates are agreed upfront and compared with recent market rates for similar activities that have been through a competitive pricing process.

## **2.4.2 Closed Contest – Request for Quotes**

A "Closed Contest - Request for Quotes" (RFQ) is a permitted procurement option for transport work that has a value of <\$200k and typically involves inviting a select group of suitable suppliers to submit quotes for a specific package of work or contract. The selection of invitees is based on their relevance, capability, and the specific requirements of the work package. Even though the process involves a closed group of suppliers, the procurement process maintains transparency and fairness with all invited suppliers receiving the same information and are given equal opportunity to submit a quote. The use of the closed contest method is thoroughly documented to ensure compliance with Council's and NZTA's procurement manuals and this strategy. Adherence to the rules set out in these manuals ensures that the procurement process is conducted fairly, transparently, and efficiently while securing the best value for money for Council projects.

For the closed contest method to be used for transport work that has a value of >\$200k justification must be given due to exceptional circumstances, such as:

- A limited number of capable suppliers with specialized skills or experience.
- Urgency that does not allow for the longer timelines associated with open tenders.
- Experience with a set of suppliers who have consistently demonstrated high performance in directly relevant work.

## **2.4.3 Supplier Panel**

In 2019, with support and approval from NZTA, Council established a Transportation Physical Works Supplier Panel – Contract WDC 19-024. This panel framework agreement has recently been updated (and endorsed by NZTA) and is now managed under Contract WDC 24-108: Supplier Panel, Rooding Related Contract Services. Contract 24-108 will be in place from 1 July 2024 until 30 June 2027.

The Supplier Panel model uses a two-stage process of appointing suppliers to the panel, and then issuing request for tenders (RFTs) to relevant activity panels for pricing. Lower value tasks may be allocated to a preferred panel member by **direct appointment** or through a **closed contest** process involving at least three panel members. This does not imply an exclusive arrangement between Council and the panel members, Council maintain the flexibility to invite suppliers outside of the panel to tender for work through the GETS process (see 2.4.4).

Procurement is typically delivered through the Supplier Panel (where appropriate as set out in the Supplier Panel Contract WDC 24-108) and using tender methods such as Price Quality or Lowest Price Conforming. Other delivery models such as design and implement, shared risk etc, may be used when appropriate but are not common. *Note: The Shared Risk delivery model is an advanced model and requires specific approval from NZTA under their Procurement Manual, section 10.5 Advanced Procurement Components.* If this model was desired for use in any future procurements, Council would first seek approval from NZTA to use this method.

#### **2.4.3.1 Variation to Contract WDC 24-108: Supplier Panel for Roading Related Activities**

In response to ongoing and potential future funding uncertainties, Whakatāne District Council intends to adopt a more flexible procurement approach to safeguard its local contractor base and ensure continuity in project delivery and resource base. While Council remains committed to the principles of fairness, transparency, and value for money as outlined in the NZTA Procurement Manual, the Council acknowledges that strict adherence to these guidelines may not always align with its strategic priorities, particularly during periods of economic volatility and instability.

To enhance responsiveness and resilience, the Council has sought endorsement from NZ Transport Agency Waka Kotahi to increase the thresholds for Direct Appointment and Closed Contest under Contract WDC 24-108 from \$100,000 and \$200,000 to \$200,000 and \$500,000 respectively. Where procurement decisions deviate from the parameters of Contract WDC 24-108, appropriate justifications will be provided. However, Council believes that empowering our staff to make these decisions at a situational level, rather than on a contract-by-contract basis, will enable us to respond more effectively to local market conditions.

Council has also sought endorsement from NZ Transport Agency Waka Kotahi to increase the overall threshold for Supplier Panel procurements from \$1,000,000 to \$2,000,000. This increase in threshold will provide continued improved use of the panel framework, providing transactional efficiency, allowing for significant cost escalations and the increase in Low Cost Low Risk Activity Cap since the Panel's inception, wider access to works and flexibility of the panel. To ensure new suppliers that may now have an interest in the Panel with these increased thresholds, have the ability to tender for works, a notice will be published on GETS advising of this amendment. The Council's Supplier Panel is an open Panel so new suppliers can apply to join at any time.

Council staff, who maintain regular engagement with local suppliers and have direct insight into supplier performance, are well-positioned to balance regulatory compliance with the strategic imperative of supporting local economic development and broader community outcomes.

In the context of Whakatāne District's smaller market, local suppliers are particularly vulnerable during economic downturns, especially when larger, national firms enter the market with the ability capacity to undercut pricing. This dynamic could result in the permanent loss of local suppliers, weakening the district's economic resilience. By incorporating greater flexibility into its procurement processes, particularly in times of economic strain, Council aims to protect the viability of local contractors, promote long-term market sustainability, and preserve the economic stability essential to infrastructure investment and development.

### 2.4.3.2 Supplier Panel Activities

The preferred delivery method for all roading activities up to \$1M is use of the Supplier Panel, with the exception of specialist activities. Figure 8: WDC 24-108: Supplier Panel names and associated activities, sets out the eight different supplier panels and the activities each panel relates to.

<b>Panel 1</b>	<b>Sealed Pavements - Capital</b>	<b>Panel 2</b>	<b>Sealed Pavements - Maintenance</b>
	<ul style="list-style-type: none"> <li>Pavement Rehabilitation</li> <li>Road Improvements and Construction</li> <li>Seal Extensions</li> </ul>		<ul style="list-style-type: none"> <li>Routine pavement maintenance</li> </ul>
<b>Panel 3</b>	<b>Paths and Kerbing</b>	<b>Panel 4</b>	<b>Minor Structures and Railings</b>
	<ul style="list-style-type: none"> <li>Footpaths</li> <li>Cycleways</li> <li>Unsealed Pathways</li> <li>Vehicle/Pram Crossings</li> <li>Kerb and Channel</li> <li>Dish channel</li> </ul>		<ul style="list-style-type: none"> <li>Guardrail/Barrier Installation</li> <li>Minor Bridge Maintenance</li> <li>Minor Retaining Wall Maintenance</li> </ul>
<b>Panel 5</b>	<b>Structures</b>	<b>Panel 6</b>	<b>Earthworks</b>
	<ul style="list-style-type: none"> <li>Large Culvert replacement/ upgrades</li> <li>Underpasses</li> <li>Box Culverts</li> <li>New Retaining Walls</li> <li>MSE Walls</li> <li>Sheet piling</li> <li>Gabion Walls</li> </ul>		<ul style="list-style-type: none"> <li>Bulk earthworks – cut/fill.</li> <li>Bank cutting.</li> </ul>
<b>Panel 7</b>	<b>Drainage Maintenance</b>	<b>Panel 8</b>	<b>Environmental</b>
	<ul style="list-style-type: none"> <li>Drain cleaning.</li> <li>Culvert Flushing</li> <li>Small Culvert Replacements/ upgrades</li> <li>Minor gabion/rip rap work</li> </ul>		<ul style="list-style-type: none"> <li>Tree Felling</li> <li>Tree Trimming</li> <li>High Trimming</li> </ul>

***Figure 8: WDC 24-108: Supplier Panel names and associated activities***



### 2.4.3.3 Roothing Activities Typically Excluded from the Supplier Panel

Roothing Activities Typically Excluded from the Supplier Panel include:

Contract/Activity Name	Contract No.	Start Date	End Date	Comment
Professional Services (Consultants) Various	N/a	N/a	N/a	Excluded from the Panel as the approved values for Direct Appointment and Closed Contest adequately cover most consultant engagements required. Where consultant work exceeds \$200,000 or is high risk/complex Council utilise the open tender model. Due to the irregular occurrence of this work and specific nature of the work our current practices provide the outcomes we require.
Street Sweeping Contract	21-018	1/12/20	30/11/25	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Sealed Road Resurfacing	21-026	1/7/20	30/6/27	The initial 4-year term of the WDC 21-026 Road Resurfacing Contract was extended from July 2024 until 2027. Fulton Hogan performed well in their first 4-year term and enhanced their relationship with Council. Council frequently seek advice and support from FH for other resurfacing work outside of this contract. FH provide support to the Whakatāne airport and Council's Transport general maintenance works and have successfully been delivered through this contract. The Whakatāne district does not have a Whakatāne based resurfacing contractor who has the experience or capability to deliver a programme of work on this scale. FH are local to the Eastern Bay and employ staff from the Whakatāne and neighbouring districts.
Rural Vegetation Contract	23-006	1/10/22	30/06/28	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Road marking contract	23-008	1/09/23	30/6/28	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Unsealed road maintenance contract	23-015	1/11/22	30/6/27	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Streetlight Maintenance	23-044	1/07/23	30/06/28	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review.



				The contract will be a measure and value contract with a contract term of no more than 5 years.
Cyclic Maintenance	24-081	1/10/24	30/09/29	New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Signs Maintenance	TBC			New Contract to be tendered through GETS using, Price Quality Method – Simple in accordance with this Procurement Strategy and will be subject to a Section 17A review. The contract will be a measure and value contract with a contract term of no more than 5 years.
Incident Response (Various contractors)	Generally, through existing Contracts	N/A	N/A	Excluded from the Panel as the work is of emergency or urgent that requires an immediate response. Competitively agreed rates are used on a dayworks basis. Whakatāne has a range of capable and well-resourced local contractors to service this activity. Coincidentally, most of these suppliers are also on the Supplier Panel.

***Figure 9: Roading Activities Typically Excluded from the Supplier Panel***

Work packages are developed based on specialisation, geography, size and term with the primary objectives of achieving value for money and encouraging competition. Our experience to date has shown our approach to be very successful in meeting these objectives.

#### **2.4.3.4 Emergency Unplanned Procurement**

Our transport network, like many others across New Zealand is subject to weather events of varying size and frequency. Due to the emergency nature of responding to these events, planned procurement at the time is not feasible. We do however put plans in place during times of calm, to ensure we are ready to respond when these events occur.

As stated above, we do not include Incident Response (Emergency Unplanned Procurement) in our Supplier Panel due to the urgent nature of undertaking the work. Coincidentally, most suppliers used for incident response are also on the Supplier Panel. We manage this procurement through provision of a reasonable base of local resources, set up to assist in this type of response. Procurement of these services are undertaken either through existing contracts with these suppliers, and/or through Direct Appointments.

Competitively agreed rates are used on a dayworks basis to ensure value for money, with close oversight and engagement between the contractors and our inhouse Transport Operations team. Contractors are engaged for works based on applicable skill sets, resource, location proximity to established sites or yards, and ensuring balanced allocations to the various available contractors. This ensures the local resource base remains healthy and sustainable, enabling us to respond to large scale events when they occur. This was evident through our significant 2017 Debbie and Cook Cyclones where damage was network-wide and it required a significant range and capacity of resources to be able to regain safe access across our communities and network.

To ensure value for money, transparency and continuous improvement, post procurement checks are undertaken to continuously review this process and ensure fit for purpose outcomes are being delivered.

#### 2.4.4 New Zealand Government Electronic Tenders Service (GETS)

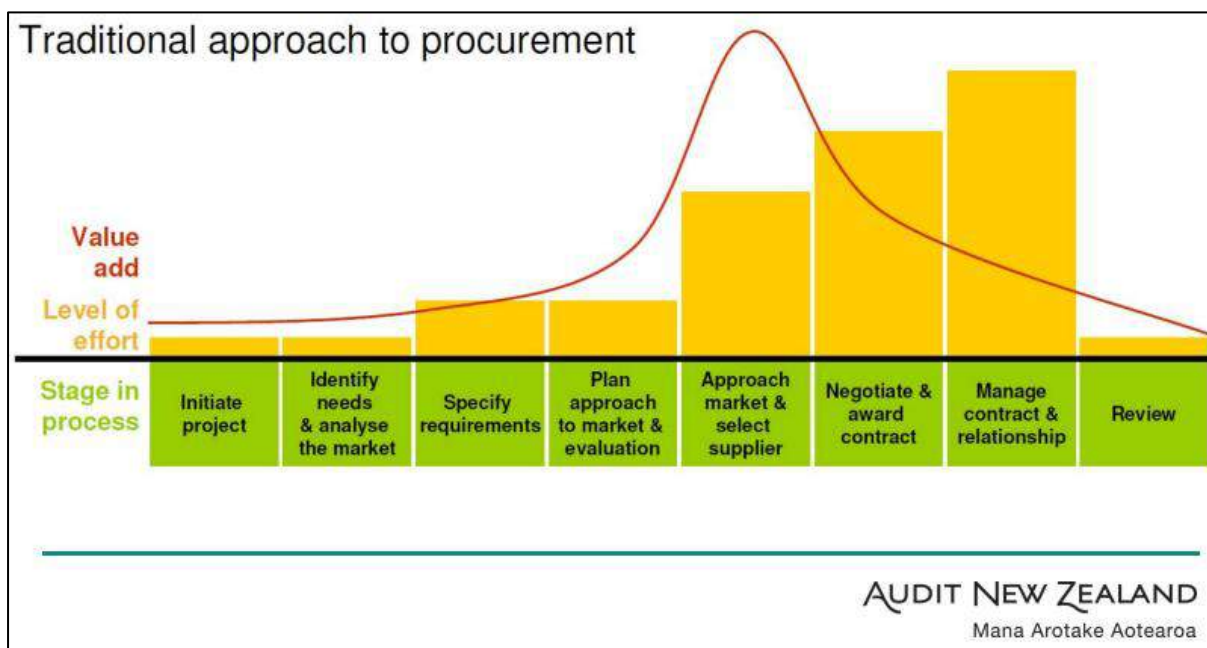
GETS is the Government Electronic Tender Service and is designed to promote open, fair competition in the New Zealand government market. Council's larger and/or more complex contracts are generally advertised through GETS. Suppliers registered with GETS can view details and respond to advertised opportunities and receive notifications of new listings in areas of interest to their business.

### 2.5 EVIDENCE OF COUNCIL'S CONTINUOUS IMPROVEMENT

Strategic procurement: Council is transitioning to procurement which focuses on the planning and managing phases of the procurement lifecycle. By taking a staged strategic procurement process, consistent with the MBIE Procurement Lifecycle, with a focus on planning and supported by robust analysis, optimal procurement outcomes will be delivered.

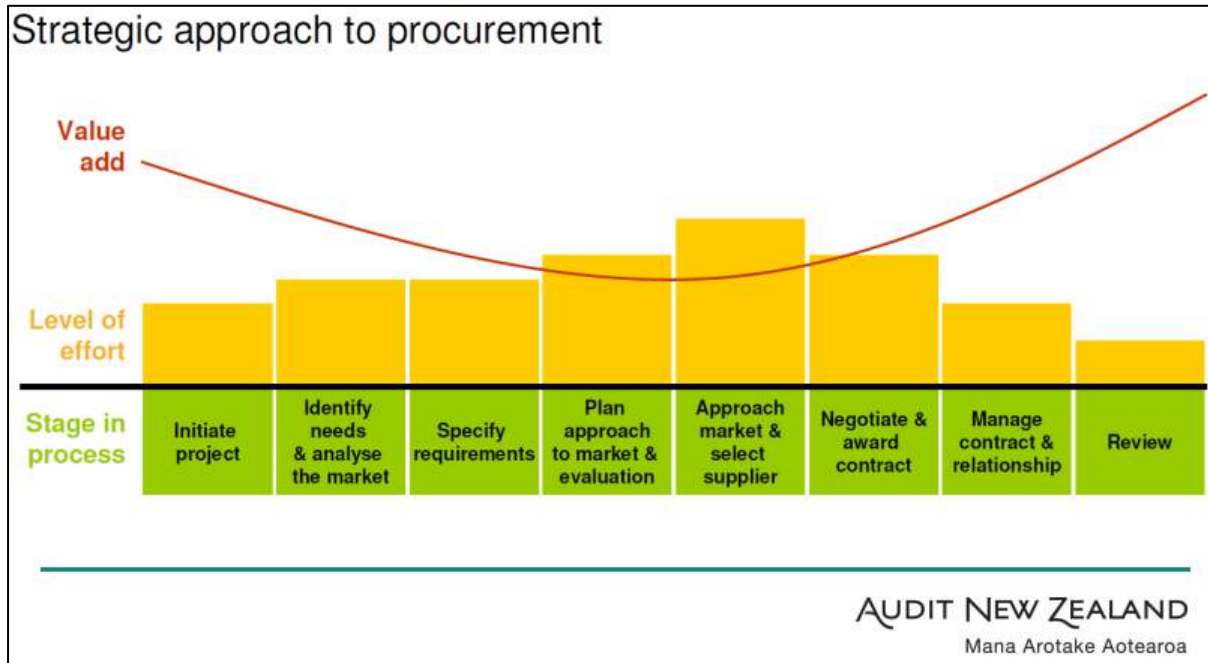
There are several differences in the methodology and execution between the traditional and strategic approaches to procurement. A traditional approach views procurement as an administrative function for buying goods and services whereas the strategic approach involves understanding the importance of procurement to Council achieving our strategic goals.

Figure 10: Audit New Zealand's Traditional Approach to Procurement diagram highlights that in a traditional procurement approach, the level of effort intensifies during the approach the market stage. Insufficient effort in the planning stages often necessitates increased effort in contract and relationship management stages. Another key takeaway from the diagram is that a lack of effort during the review stage can result in missed opportunities to improve that could have been identified through a robust lessons-learned process.



**Figure 10: Audit New Zealand's Traditional Approach to Procurement diagram**

Figure 11: Audit New Zealand’s Strategic Approach to Procurement diagram illustrates the significant value added when effort is focussed on the planning stages. A focus on relationship development and management can lead to less time needed to resolve issues and more time can be committed to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. The strategic approach delivers greater value.



**Figure 11: Audit New Zealand’s Strategic Approach to Procurement diagram**

Smart Buyer Principles: By adopting the Road Efficiency Group (REG) Smart Buyer Principles Council can expect to deliver smarter investments and enhance our resource management. The Smart Buyer principles align with the strategic approach to procurement with a strong focus on effective planning and relationship building through stakeholder collaboration. REG provide a Smart Buyer Principles Assessment Tool which has been used to evaluate Council’s current position. Council’s current Smart Buyer score sits within the ‘Limited’ range that indicates we have limited capability to maximise the value created from being a smart buyer. This score suggests that there is significant room for improvement, however, acknowledging this is crucial for identifying improvement opportunities and benchmarking progress. The Road Efficiency Group (REG) Smart Buyer principles are new, and the assessment tool sets the stage for growth and development which will lead to more effective and efficient procurement practices and personnel.

## Smart Buyer Principles Assessment Tool

This assessment is based on the Smart Buyer Principles identified in the Road Maintenance Task Force Report. That statement of principles is included at the end of this document. Score the following by ticking the appropriate box - (1) Disagree to (5) Strongly Agree

*Whenever you score yourself "4 or 5" think of an example you can use to justify your score to an independent auditor*

Assessment statement	Score				
	1	2	3	4	5
<b>Our Organisation</b>					
1. Fully understands the different contracting models available			✓		
2. Holds meetings that updates the contracting industry on the forward works programme and any changes it is taking in approach and proactively engages with the contracting industry to ensure that gains optimal value out of any changes being implemented			✓		
3. Has sufficient robust data (or is in the process of gathering robust data) on our networks that enables optimal integrated decision-making			✓		
4. Has access to expertise that fully enables best use of the data available			✓		
5. Is open to alternative solutions to those proposed in the contract documents		✓			
6. Understands risk and how to allocate and manage it		✓			
7. Has a Council that is prepared to pay more now to achieve a lower whole of life cost			✓		
8. Actively pursues value for money & does not always award contracts to the lowest price				✓	
9. Is able to manage supplier relationships / contracts to ensure that expenditure is optimal and sustains infrastructural assets at appropriate levels of service			✓		
10. Supports ongoing skill and competency training and development for its staff				✓	
11. Actively participates in gatherings to share and gain knowledge within the sector			✓		
12. Is effective in keeping up with best practice in procurement including best practice RFP / contract documentation				✓	
13. Regularly seeks and receives candid feedback from suppliers on its own performance as a client and consistently looks to improve its performance	✓				
14. Explores opportunities for collaboration by either sharing in-house resources with neighbours, or by procuring together or tendering together. That exploration could be through an LGA s17A evaluation of transport function delivery options.			✓		
Number of ticks in each column	1	2	8	3	
Multiplying factor	x1	x2	x3	x4	x5
Total Score in Column	1	4	24	12	
<b>Total Score</b>	<b>41</b>				

**Score: Interpretation**

65 to 70: **A smart buyer:** Our organisation is a smart buyer. We help to minimise rate increases by maximising the value created for our community

55 to 64: **Developing:** Our organisation has embraced the principles of being a smart buyer but can still create further improved value for our communities

30 to 54: **Limited:** Our organisation currently has limited capability to maximise the value created from being a smart buyer

0 to 29: **Basic:** Our organisation is focused on tender process and compliance. We have not developed the capability to realise any of the value created for our community from being a smart buyer

**Figure 12: Council's current Smart Buyer Assessment score**

In-House Professional Service Delivery. Council continues to increase the capability and capacity of our in-house professional services team. This team currently covers Network Operations, Strategy and Asset Management, Capital Works, and Roading Administration. The decision to bring in-house capability and capacity has brought a wealth of knowledge, skill and resource to the organisation and supports a succession planning philosophy, as well as providing these services at a lower cost. An external review of the in-house service delivery has been undertaken by Resolve Group, with the findings reinforcing the positive impact this move has had. The team looks for continuous improvement opportunities and implements improvement initiatives as and when they present themselves.

Learnings from Previous Transportation Contracts:

- All-encompassing contracts have proved unsuccessful in the Whakatāne District. It monopolises the market, disconnects the client from the resource on the ground through multiple layers of subcontractors, and has regularly been underpriced, creating contract delivery and client/supplier relationship issues.
- Having activity-based term contracts has proved successful. Network ownership from the contractor has increased as they focus on their primary business activities, generally the contracts have been more appropriately priced, and there are good connections between client, contract management staff and resource on the ground. For resource/skill specific maintenance activities (such as line marking, street sweeping, cyclic patrol etc.) activity-based, term contracts continue to be considered.
- The Transport team have committed to increasing their efforts in conducting formal performance evaluations of their suppliers. In previous years, performance has been monitored but a formal process and structure for documenting this process has been absent. The primary purpose of the performance evaluation assessments is not to penalise poor performance but to drive continuous improvement and maintain a high quality of workmanship.

From August 2024, upon completion of each package of work, completed through the supplier panel or GETS, a Performance Evaluation Assessment will be completed by Council focusing on the following criteria:

1. Safety Performance.
2. Quality of Workmanship.
3. Timeliness and Schedule Adherence.
4. Cost Management.
5. Stakeholder Communication and Engagement.
6. Environmental Sustainability.
7. Innovation and Continuous Improvement.
8. Contractual Compliance.
9. Community Impact.
10. Regulatory Compliance.

Delivery of work through the Supplier Panel Delivery Method continues to result in successful outcomes. An initial lessons-learned review and use of the Road Efficiency Group (REG) Delivery Model

Selection Guidelines, the Supplier Panel was selected as Council's preferred procurement delivery method and was implemented in January 2019. NZTA approval to continue to use the panel agreement for up to 6 years was received in June 2024. Notable successes of the panel include:

- Better utilisation of the local resource base,
- Improved efficiencies (time, resource and cost) for suppliers and Council,
- Improved collaboration with suppliers in terms of design, delivery, risk sharing and innovations, and
- Ability to select the best supplier who can deliver successful outcomes, at a fair price whilst meeting the expectations of Council and the community.

Further Improvement Items:

Council intends to embed a process to publish all transport related procurements. This information would include the method of procurement: direct appointment, closed contest, open supplier panel, or GETS, the value and term of the procurement, the successful supplier and the number of suppliers involved in the procurement. The intention is further increase transparency of transport procurements and allow an overview of procurement allocations per various suppliers. Details of this process are yet to be finalised internally to ensure achievable and meaningful information is supplied to the sector, whilst continuing to maintain commercial sensitivity.



### 3 PROCUREMENT ENVIRONMENT

#### 3.1 ANALYSIS OF SUPPLIER MARKET

##### 3.1.1 Supplier Overview

Participating Tenderers for Transport Contracts (since 1 July 2021)	
Contractor	Located
Ash and Oaks	Whakatāne
Arbmen	Rotorua
BDE	Whakatāne
BW Caulfield Ltd	Whakatāne
Coastline Markers Ltd	Hamilton
Combined Road and Traffic Services Ltd	Rotorua
Conspec Construction Ltd	Tauranga
Crossroad Construction	Whakatāne
Concrete Structures NZ Ltd	Hamilton
Delta Contracting 2012 Ltd	Opotiki
DF Bockman Contracting	Whakatāne
Directonz	Whakatāne/Auckland
Downer	Hamilton
Fulton Hogan Ltd	Rotorua and Tauranga
HEB	Hamilton
Higgins Contractors BOP Ltd	Mt Maunganui
Horizon	Whakatāne
Hubbard Contracting	Kawerau
Intergroup	Auckland
JRK	Whakatāne
Kiwiwaste	Whakatāne
Mac Civil	Whakatāne
Mahy Crane Hire	Whakatāne
Mark Roads Ltd	New Plymouth
McLeod Drainage	Whakatāne
Pinnacles Civil Consultants	Waihi
PPS Fencing	Hamilton
Roadmarkers NZ Ltd	Hamilton
Robinson Contractors Ltd	Whakatāne/Rotorua
Roadsafe Traffic Management	Whakatāne
Romanes Construction Ltd	Tauranga
Services South East (NZ) Ltd	Gisborne
Spraymarks	Tauranga

Participating Tenderers for Transport Contracts (since 1 July 2021)	
Contractor	Located
Superior Excavation	Whakatane
Tracks Concrete	Whakatāne
Unicus Ltd	Tauranga
Waiotahi Contractors	Whakatāne
Whakatāne Grader Services	Whakatāne
Wilson Bros Earthmovers	Whakatāne
WSP Consultants	Whakatāne

***Figure 13: Active Tenderers for Transport Contracts (since 1 July 2021)***

The past four years have shown a small increase in the number of suppliers showing an interest in Council's Transport contracts/packages of work. The ongoing use of the Supplier Panel has helped maintain a good level of competitiveness in the supplier market and GETS is well used for more complex packages of work. A variable scale of work packages managed through the panel has created opportunities for suppliers of all sizes both local and national to become involved in Council procurement. Internal administration processes for tender preparation, advertising, evaluation, and contract award are proficient, particularly for land transport projects and there have been no significant issues or difficulties arising from recent tenders within this area.

### **3.1.2 Local Supplier Capability**

The current supplier pool within the Whakatāne District and wider Bay of Plenty is robust and diverse, providing a wide range of technical capabilities and expertise that align well with the needs of our transport-related projects. The local market includes a mix of well-established contractors, skilled in many key areas of road maintenance, renewal and improvement. These suppliers have demonstrated their ability to deliver projects of varying scales and complexities, ensuring that we can meet our objectives efficiently and with a high standard of quality. As a result, we are confident that the existing supplier base is adequately equipped to support the organisation's broad project requirements while also offering flexibility to accommodate any emerging challenges.

Apart from our long-term resurfacing contract, the national tier 1 contractors (e.g. Downer, Fulton Hogan, Higgins, HEB, etc.) generally do not show much interest in Council's procurement opportunities. Larger local suppliers and partnerships between local suppliers are continuing to successfully deliver all sizes and complexities of Council work. This was proven through the recent completion of the Landing Road Roundabout Renewal and Upgrade and the Peace Street drainage improvement works.



### **3.1.3 Supplier Relationships and Market Perception**

The transport department maintains strong, positive relationships with its key suppliers, which has been a critical factor in the successful delivery of our projects. Relationship building is central to Council's approach, ensuring open communication, mutual trust, and collaboration. We recognise that maintaining these connections is essential not only for current success but also for creating an environment that encourages innovation and responsiveness to project needs. Moving forward, we will continue to prioritise relationship-building efforts, understanding that a positive reputation with suppliers contributes to encouraging healthy competition and attracts high-quality suppliers, ultimately enhancing the overall performance and value of our procurement activities.

## **4 IMPLEMENTATION AND IMPROVEMENT**

### **4.1 Contractor Management**

Our current contract management processes and preferred delivery models are yielding positive results. The anticipated increase in inhouse time commitments associated with managing multiple smaller contracts through the supplier panel and activity-based term contracts, is being balanced by the strengthened relationships between clients and contractors. The time commitment has always existed, but it previously sat within the bundled large-scale contracts, whereas now it sits inhouse with the Council. We have observed an improvement in supplier performance, with a greater proportion of contracts meeting or exceeding the agreed-upon performance expectations. To support this progress, a more detailed tool for monitoring and measuring contractor performance has been incorporated into the updated supplier panel agreement. This indicates that our approach to contract management is fostering strong and productive relationships with our suppliers.

### **4.2 Progress Towards Defining KPIs and Establishing Baselines**

Although this strategy highlights the benefits, challenges, and opportunities of our procurement approach, we acknowledge that we have not yet fully established key performance indicators (KPIs) to measure these claims. As Council transitions into a more data-driven and outcomes-focused organisation, we are planning to actively work towards creating meaningful KPIs that will allow us to better quantify and validate the impacts of our procurement activities. This is an ongoing process, and we are in the early stages of identifying the necessary baseline data that needs to be captured to ensure that our future KPIs are both relevant and measurable.

In the coming months, we are planning to develop clear performance benchmarks across key areas, including cost efficiency, supplier performance, and risk management, among others. This will enable us to track progress and adjust our procurement practices accordingly to ensure the benefits of our strategy are realised in practice. While this is still in the planning stages, our commitment to continuous improvement and alignment with industry best practices will guide us toward making more informed decisions based on reliable metrics.

### **4.3 Project and contract management**

Project and contract management maturity is increasing at Council. The establishment of a Project Management Office (PMO) in through 2024/25 and the recruitment of an Enterprise PMO (EPMO) manager in July 2024 is expected to significantly enhance contract performance by providing a structured and standardised approach to project management across the organisation. A PMO ensures that best practices, tools, and methodologies are consistently applied, which creates a clear framework for contractors to align their deliverables with project

requirements. This standardisation leads to improved contractor performance through better communication, accountability, and expectations management.

Internally, the creation of a PMO, guided by an experienced EPMO manager, will foster more efficient project delivery by streamlining processes and improving coordination between departments. The EPMO manager will serve as a central figure in aligning strategic goals with project execution, providing oversight, and ensuring that all projects are completed in accordance with the organisation's objectives. This holistic oversight reduces risks, minimizes project delays, and increases efficiency, ultimately leading to better resource utilisation, reduced project costs, and improved stakeholder satisfaction across the organisation.

#### **4.4 Pricing Trends, Cost Drivers and Supply Chain**

As we review pricing trends and cost drivers, along with the stability of supply chains, we remain aware that the long-term impacts of the post-COVID world are still unfolding. While some markets have stabilised, fluctuating material and labour costs, and availability continue to present uncertainties. These factors may affect supplier pricing and the availability of resources for transport projects. Council must be vigilant in monitoring these trends, understanding that future shifts could influence project budgets and timelines. By staying adaptive to these evolving conditions, we can better manage the risks and ensure our procurement strategy remains resilient.

#### **4.5 Leveraging National Transport Networks**

To enhance our procurement and project delivery, we will continue to leverage our established connections within national transport groups and engage with industry experts, including some of our own staff who are actively involved in these networks. By tapping into these valuable relationships, we gain access to a wealth of knowledge and insights that can inform our procurement strategies and help us stay abreast of industry best practices. These connections allow us to identify emerging trends, benchmark our practices against national standards, and collaborate on innovative solutions that address common challenges.

Additionally, our participation in national transport forums and industry groups provides opportunities to share experiences and learn from other authorities and organisations. This collaborative approach will not only enrich our understanding of key impact areas but also facilitate the adoption of proven strategies and technologies that can enhance the efficiency and effectiveness of our projects. By maintaining and strengthening these relationships, we are well-positioned to continually improve our procurement processes and ensure successful project outcomes in a dynamic and evolving landscape.