

Whakatane District Council Procurement Manual 2021

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

Version 2 – 8 April 2022

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1 DOCUMENT MANAGEMENT

The Council’s Procurement Manual is owned and managed by the Procurement and Administration Team.

Council’s Transportation Team manage the review and updating of the Procurement Strategy in relation to ensuring alignment with the Waka Kotahi NZ Transport Agency Procurement Manual requirements.

1.1.1 Waka Kotahi NZ Transport Agency Endorsement


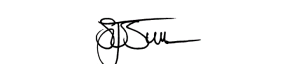
Waka Kotahi NZ Agency endorses the following:

- The Procurement Strategy, as described within this document, for activities undertaken using Transport Agency funds.
- Whakatāne District Councils continues use of Supplier Panels for Transportation projects/contracts up to the value of \$1,000,000, as detailed in the 19-024 Supplier Panel Contract Document.
- Whakatane 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.

Endorsed by Waka Kotahi:		
Acting Senior Manager Procurement _____	Shane Avers _____	Refer endorsement letter
Position	Name	

1.1.2 Whakatāne District Council Endorsement

Whakatāne District Council endorses this Procurement Strategy and adopts the Procurement Manual as the mandatory guide for all WDC procurement activity.

Author/Reviewed By:		
Team Leader – Strategy and Asset Management	<i>Ann-Elise Reynolds</i> _____	 _____
	Name	Signature
Approved by:		
General Manager Infrastructure:	<i>Bevan Gray</i> _____	<i>Bevan Gray</i> _____
	Name	Signature
Authorised by:		
Chief Executive	<i>Step O’Sullivan</i> _____	 _____
	Name	Signature
Version No: 1	Issue Date: 30 November 2021	Review Date: 30 November 2024

2 NEW ZEALAND GOVERNMENT PROCUREMENT

New Zealand Government Procurement (NZPG) has a vision to shape procurement excellence to deliver value for New Zealand. To this end all government departments are required to procure in accordance with the [Government Procurement Rules](#). These rules support sustainable and inclusive procurement through the promotion of good practice for procurement planning, approaching the supplier community and contracting. The Government Procurement Rules help to support good market engagement, which leads to better outcomes for agencies, suppliers, and New Zealand taxpayers.

Local Authorities are encouraged to follow the Rules even though it is not mandatory to use them. Waka Kotahi The New Zealand Transport Agency, as a Government department must abide by these rules, and therefore, where local authorities are procuring using Waka Kotahifunds, there is an obligation in these circumstances to also follow them.

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

- planning your procurement
- market research
- approaching the market
- evaluating responses
- negotiating and awarding the contract.

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:

- increase New Zealand businesses’ access to government procurement;
- increase the size and skill level of the domestic construction sector workforce;
- improve conditions for workers in government contracts; and
- support the transition to a zero net emissions economy and assist the Government meet its goal of significant reduction in waste.

Defining procurement: Procurement means the acquisition of all 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. The procurement process finishes at the disposal of those goods or works or when the service contracts or agreements come to an end. This is called the procurement lifecycle.

Procurement can range from a simple and low risk purchase through to some very complex and high risk activities.



Achieving strategic procurement outcomes involves setting strategic priorities and direction. The implementation stage links strategic planning, with the operational planning and financial planning/management. Adopting a structured approach to procurement planning results in, robust objective analysis that informs the best methodology to approach the market and achieve optimal procurement outcomes. All of this means that resources – time, money and people – need to be effectively allocated and successfully used.

Whakatāne District Council undertakes its procurement in accordance with this central government framework for good practice procurement.

3 EXECUTIVE SUMMARY

3.1 SUMMARY STATEMENTS

Procurement is defined as the process of acquiring goods, works and services as set out in MBIE’s Procurement Cycle. For infrastructure, this means delivering the outcomes from the LTP and outputs from the Activity/Asset Management Plans on the ground through a clear line of sight. The 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 the Council in order to obtain maximum value for money from everything we buy and all the services we provide to the community.

The key objectives of this procurement strategy are to ensure that all of Council’s procurements:

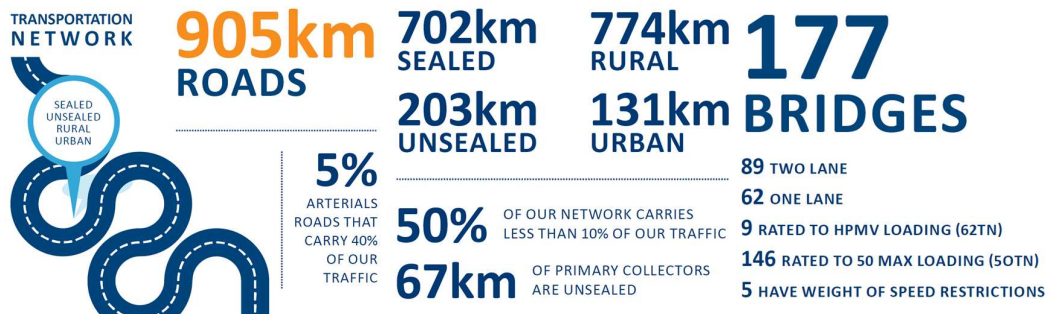
- deliver on the Council’s Vision, Purpose, Corporate Objectives and Desired Outcomes;
- are conducted in accordance with the Land Transport Management Amendment Act 2003 for all Waka Kotahi funded/co-funded activities;
- contribute to the Local Government (Community Well-being) Amendment Act 2019, which 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;

To meet these key objectives, Council’s procurements are delivered in alignment with the following strategic objectives:

- a) Ensure value for money
- b) Improve ease of doing business
- c) Build capability
- d) Encourage sustainability
- e) Consider partnering and collaboration
- f) Maintain effective control

3.2 SCOPE OF TRANSPORT ACTIVITY

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



170km
GUARDRAILING

18
BUS
SHELTERS



7,261
SIGNS

3,453
STREETLIGHTS



260km
KERB AND CHANNEL

2,165
STORMWATER CATCHPITS

405
TRAFFIC
ISLANDS

4,085
CULVERTS

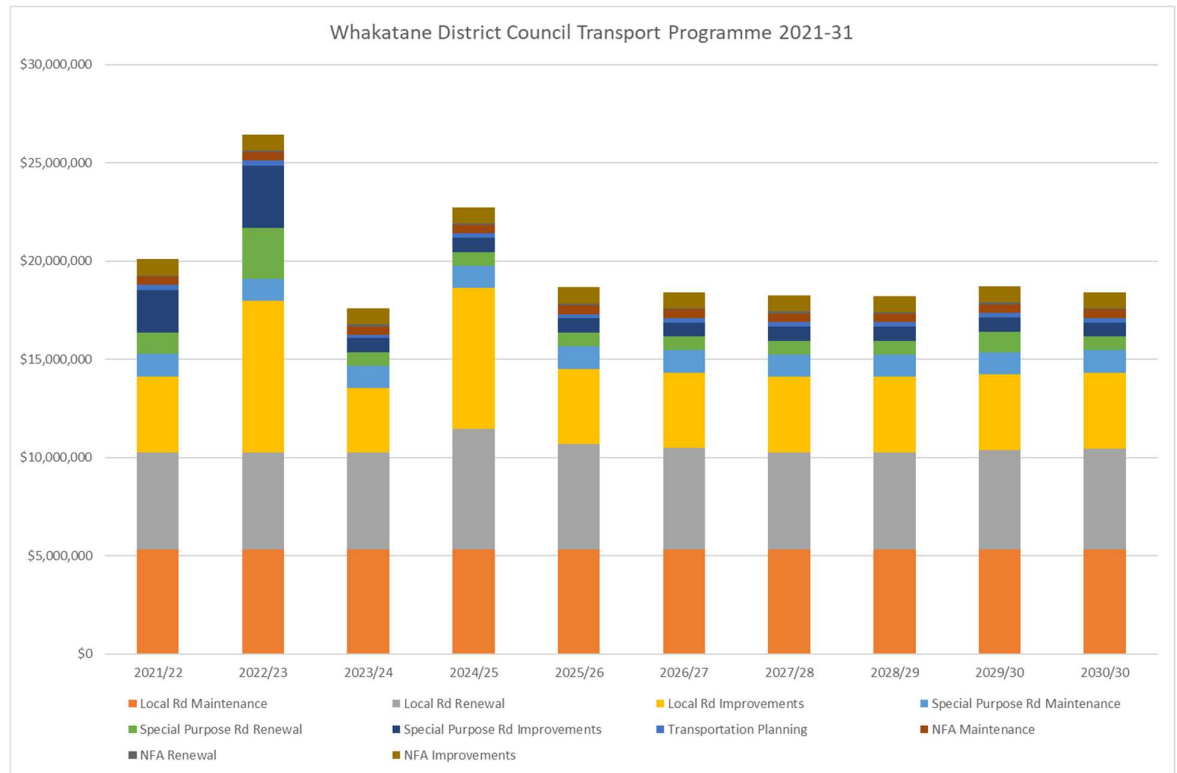
258
RETAINING
WALLS

9.8km
OFFROAD CYCLEPATHS



196km
FOOTPATHS

The forecast 10-year spend as proposed in the 2021/31 Transportation Activity Management Plan is as follows:



3.3 SUMMARY OF PREVIOUS TRANSPORTATION CHANGES

In-House Professional Service Delivery. Over the last decade, provision of in-house professional services has been progressively increasing. In late 2017 this was increased to provide a full in-house team covering Network Operations, Strategy and Asset Management, Capital Works and Administration. This move has brought a wealth of knowledge, skill and resource to the organization, as well as providing these services with better value for money. An external review of the in-house service delivery has been undertaken, with the findings reinforcing the positive impact this move has had. A number of small areas of improvement have been identified with a plan to implement.

Learnings from Previous Transportation Contracts:

- All-encompassing contracts have proved unsuccessful in the Whakatāne District. It monopolizes the market, disconnects the client from the resource on the ground

through multiple layers of subcontractors, and has regularly been underpriced, creating contract delivery 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 used.

Implementation of the Supplier Panel Delivery Method has been successful. After reviewing lessons learned 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. The initial 2.5-year term ended 30 June 2021 and the 2 year extension to 30 June 2023 has been continued with. Summary of key successes include:

- Better utilisation of the competent, but small sized, local resource base, while still retaining many national suppliers on the panel that continue to also provide services to Council,
- Improved efficiencies (time and cost) for tenderers and Council with reduced tender requirements for Supplier Panel packages vs. traditional tenders,
- 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 and on time.

3.4 OTHER KEY CHANGES SINCE LAST STRATEGY

Imminent changes to the Waters Group as a result of the Waters Reform may impact the wider engineering expertise within Council, eg is there still a need for resourcing for special projects.

Covid and the way we work differs. Continuity planning both for Council and contractors is improved. While challenges are better understood and essential services can be managed, changes to alert levels are unpredictable, resulting in disruption and impacting on the ability to deliver programmes. New Covid-19 Protection Framework to be implemented by the government in the near future.

Broader Outcomes for tender evaluations has been introduced for a local Contribution attribute.

Whakatāne District Council has adopted their Climate Change Strategy and Procurement is one of the mechanisms for achieving the desired changes.

3.5 KEY BENEFITS/OPPORTUNITIES

In taking this strategy forward, the Council can expect to realise the following benefits:

- Expanding broader outcomes to achieve the strategic goals of ours and our partners, eg training, encouraging more local employment and increasing certainty and resilience in local employment.
- Achieve best value for money

- Improved ease of doing business, become a preferred client to our suppliers
- Build capability both internally with staff, and externally with suppliers
- Encourage sustainability and promote procurement that supports climate change mitigation and adaptation
- Strengthen relationships with our suppliers and partners, creating collaborative working environments
- Maintain effective management and control of Council's procurement practices

3.6 CURRENT ISSUES/RISKS - TRANSPORTATION

- Changing procurement environment with the introduction of Broader Outcomes and greater consideration of risk allocation through procurement.
- Growth planning and infrastructure building for an increased urban population at a greater scale than previously done in the district is putting a strain on staff and contractor resources. However, this also creates opportunities for improved planning and infrastructure that reduces demand for private car use and creates safe new streets for walking and cycling.
- Growth in urban and commercial/industrial areas is driving a greater need for improvements to existing infrastructure.
- Road Safety is remains a key issue, the future programme focusses on reducing deaths and serious injuries.
- Impact of the 3 Waters Reform on Local Government delivery of its remaining services.

PART 1 – PROCUREMENT STRATEGY

4 STRATEGIC OBJECTIVES AND OUTCOMES

4.1 STRATEGY REFERENCES

This strategy was prepared with reference to the:

- Local Government Act 2002
- Government Procurement Rules
- Government Policy Statement on Land Transport (GPS)
- Land Transport Management Act 2003
- Waka Kotahi Procurement Manual and Guidelines
- Whakatāne District Council policies

4.1.1 Local Government Act 2002 and (Community Well-being) Amendment Act 2019

The Local Government (Community Well-being) Amendment Act 2019, 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.

As a public body Council has responsibilities to consider, not just the financial implications for Council of its procurement decisions, but also the short and long term outcomes for the community.

4.1.2 Government Procurement Rules

The **Government Procurement Rules** support good practice for procurement planning, approaching the supplier community and contracting. Local Authorities are not required to apply the rules but are encouraged to use them to support good local engagement, align with national and international best practice, encourage strategic procurement approaches and foster competition and innovation, resulting in better solutions.

Waka Kotahi NZ Transport Agency, as a Government department must abide by these rules, and therefore, where local authorities are procuring using Waka Kotahi funds, there is an obligation in these circumstances to also follow them.

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

- planning your procurement
- market research
- approaching the market
- evaluating responses
- negotiating and awarding the contract.

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:

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

4.1.3 Government Policy Statement for Land Transport

The **Government Policy Statement on Land Transport (GPS)** sets out the government's priorities for expenditure from the National Land Transport Fund over the next 10 years.

It sets out how funding is allocated between activities such as road safety policing, state highway improvements, local and regional roads and public transport.

4.1.4 Land Transport Management Act 2003

The purpose of the **Land Transport Management Act (LTMA)** is to *contribute to an effective, efficient, and safe land transport system in the public interest.*

Every three financial years, the New Zealand Transport Agency must prepare and adopt a National Land Transport Programme (NLTP) for the following three financial years.

The NLTP must contribute to the purpose of this Act, and give effect to the GPS on land transport. It must take into account any regional land transport plans, and relevant national and regional policy statements or plans that are for the time being in force under the Resource management Act 1991.

4.1.5 New Zealand Transport Agency Procurement Manual and Guidelines

The Transport Agency requires all approved organisations, (which includes local authorities) to have a procurement strategy that documents an approved organisation's long-term integrated approach to the procurement of transport sector activities funded under s20 of the LTMA. This will assist approved organisations to comply with the procurement procedures set out in this manual.

The **Waka Kotahi Procurement Manual** is to be used for activities funded through the National Land Transport Programme and contains procurement procedures approved by the NZ Transport Agency for use by approved organisations when purchasing infrastructure, planning and advice, and public transport services. The Procurement Manual also provides guidance on the application of these procurement procedures and the strategic context within which they operate.

4.1.6 Whakatāne District Councils Policies

Some **Whakatāne District Council Policies** apply to procurement:

- Procurement Policy, which states Council's procurement objectives and policy

- Asset Management Policy, which articulates Councils strategic direction, vision. Objectives, principles and responsibilities with respect to the management of its assets
- Revenue and Funding Policy, which notes that applicable transport network activities are funded by Waka Kotahi.

4.2 LONG-TERM PLAN (LTP) AND COMMUNITY OUTCOMES

The LTP details the levels of service, performance measures and funding requirements for the next 10 year period.

Strategic procurement planning shall be in accordance with the objectives of the LTP 2021 – 31, and subsequent Annual Plans along with associated plans and strategies e.g.: Asset Management Plans & Activity Plans.

The following New 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

Council's Strategic Priorities:



STRENGTHENING
WHĀNAU, HAPŪ AND
IWI PARTNERSHIPS



BUILDING CLIMATE
CHANGE AND NATURAL
HAZARD RESILIENCE



PREPARING FOR
POPULATION GROWTH
AND HOUSING DEMAND



ENHANCING THE
VIBRANCY OF OUR
COMMUNITIES



ENHANCING THE
ENVIRONMENTAL
OUTCOMES
OF OUR ACTIVITIES



FACILITATING ECONOMIC
REGENERATION
AND EMPLOYMENT
OPPORTUNITIES



IMPROVING THE
SAFETY, SECURITY
AND RESILIENCE OF
INFRASTRUCTURE



ENSURING COUNCIL
IS ENABLED AND FIT
FOR THE FUTURE

4.3 STRATEGIC PROCUREMENT OBJECTIVES AND OUTCOMES

The strategic objective of the 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.

Contracted services contribute to meeting Council's activity objectives, which are monitored and measured through activity levels of service. The levels of service are identified through consultation with the district community, and are recorded in Council's activity management plans and the 10 year Plan (our LTP).

The activity objectives are set by Council as the best way for Council to contribute to meeting the community outcomes (also identified through consultation with the district community), which in turn achieves community sustainability and wellbeing. How we do this is recorded in the 10 year Plan, and is also supported by Council strategies and policies;

- a) **Ensure value for money:** To continuously improve the Council's procurement performance by balancing the needs of the community with financial responsibility.

- b) **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.
- c) **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.
- d) **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.
- e) **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.
- f) **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.

To meet these key objectives, Council's procurements are delivered in alignment with the following principles:

- the Council obtains 'best value' through competition, benchmarking, and quality procurement processes;
- the Council has planned and skillful management of procurement;
- elected member and employees are aligned on sought procurement outcomes and objectives, with a commitment to effective procurement;
- the Council identifies and promotes the benefits of strategic procurement, and its role in delivering best value services;
- Delivery models are chosen based on their ability to best deliver sought procurement outcomes and objectives;
- The business case approach will be used to determine the best option for closing any gaps between the current state and sought outcomes/objectives;
- sustainable procurement principles will be applied, wherever appropriate;
- all procurement will be legal, ethical and transparent;
- risk will be assessed and managed;
- all personnel employed in the procurement process will have the knowledge and skills to be effective;
- the capability and capacity of the supply market will be improved where necessary
- expenditure of funds provided by others is consistent with their rules or conditions;
- local businesses are encouraged to participate in the procurement process;
- Procurement performance will be measured against key performance indicators and targets set for continuous improvement; and

- The procurement strategy will include provision for WDC to continuously improve its procurement over the next three years and measure its success.

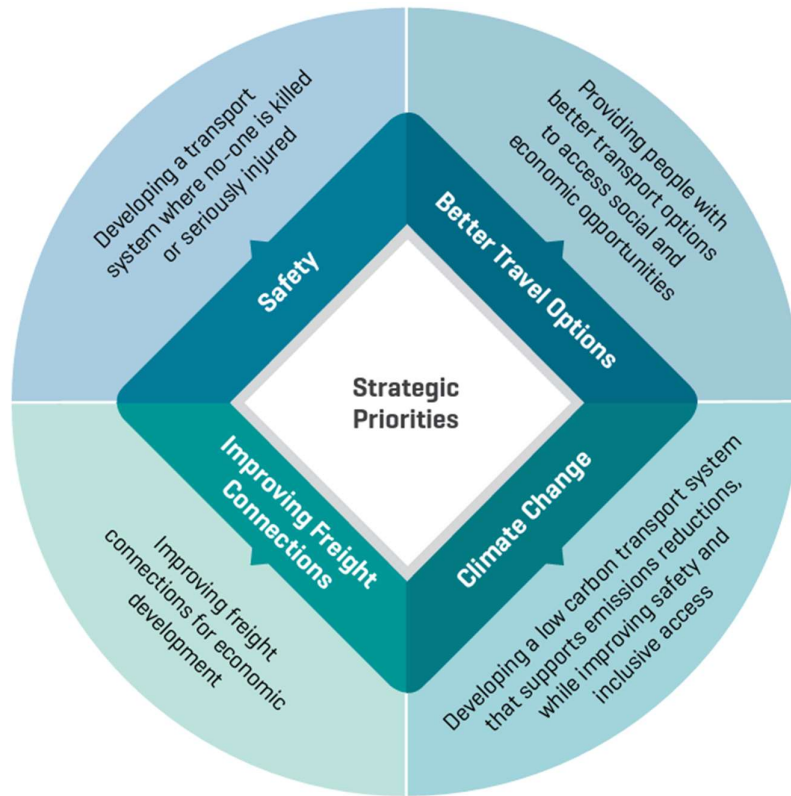
In taking this strategy forward, the Council can expect to realise the following benefits:

- Clarity of objectives and delivery models that can best achieve these objectives thereby resulting in improved value for money
- Any gaps between current state and desired outcomes are identified
- A strategic response to fill any strategic gaps is identified
- Improved procurement and reduced procurement risk through using the MBIE procurement cycle and applying the REG Pillars of Quality to procurement, eg resolution of contentious stakeholder issues at stage one of the procurement cycle
- more effective and efficient procurement procedures
- effective partnerships to be developed with suppliers
- healthy markets through improved capability and capacity
- transparency and benefits for the local community and local economy
- effective collaboration to be developed with other organisations / the Crown
- better risk management
- better project planning
- focus on sustainable procurement
- wise stewardship of public funds
- integration with the Council's overall aims and priorities
- Contract work schedules align with Activity Management Plan outputs based on Customer Levels of Service and Technical Project Managers using an infrastructure network classification system, eg One Network Road Classification.

4.4 GOVERNMENT POLICY STATEMENT (GPS) FOR TRANSPORT 2021 OBJECTIVES

The GPS 2021 sets the strategic direction for the Government's 10 year view to drive improved performance of the Land Transport System. The Whakatāne District Council Procurement Strategy, Objectives and Outcomes are used to support this strategic direction.

The following diagram outlines how the GPS strategic priorities and objectives work together:



4.5 BROADER OUTCOMES

The Government Procurement Rules requires each agency to consider and incorporate, where appropriate, *Broader Outcomes* when purchasing goods, services or works. *Broader Outcomes* are the secondary benefits that are generated from the procurement activity. They are designed to provide Public Value from government procurement. 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 NZ economy.

These *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* 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 Whakatane District.

4.6 HEALTH AND SAFETY

Health and Safety Management (HSM) provides for goal setting, planning, and measuring performance, and is woven into the fabric of Council. Council's HSM 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 policy/charter 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 has developed and maintains a standard for on-going hazard identification, risk assessment and determination of necessary controls. The Current Best Practice (CBP) - Hazard and Risk Management sets out the requirements of this standard for hazard identification and risk assessment which will take into account:

- a) routine and non-routine activities
- b) activities of all persons having access to the workplace (including contractors and visitors)
- c) human behaviour, capabilities and other human factors
- d) identified hazards/risks originating outside the workplace capable of adversely affecting the health and safety of persons under the control of the organisation within the workplace, e.g. driving on the road
- e) hazards/risks created in the vicinity of the workplace by work-related activities under the control of the organisation
- f) infrastructure, equipment and materials at the workplace, whether provided by Council or others
- g) changes or proposed changes in Council, its activities, or materials
- h) modifications to the HSM, including temporary changes and their impacts on operations, processes, and activities
- i) any applicable legal obligations relating to risk assessment and implementation of necessary controls
- j) the design of work areas, processes, installations, machinery/equipment, operating procedures and work organisation, including their adaptation to human capabilities

Council requires all contractors undertaking physical works under a Council Contract to be registered with SHE. This requires a pre-qualification which verifies that contractors have effective health and safety management systems and are holding current and relevant insurances.

There is also the opportunity to include closer scrutiny to tenders, through reviewing their site/project specific Health and Safety Plans and methodology with intended staff hours required to deliver, to consider whether this raises any concerns around fatigue and potential for serious harm incidents.

4.7 CLIMATE CHANGE RESPONSE

[Climate change](#) is a key strategic issue for the Council. In September 2019, we adopted a set of climate change principles to guide our decision-making and support our future work. Our seven Climate Change Principles are set out below:

	<p>1. We will act now <i>Ka mahi mātou ināianei</i></p>		<p>5. We will learn <i>Ka ako mātou</i></p>
	<p>2. We will care for and protect the environment <i>Ka manaaki, ka tiaki mātou i te taiao</i></p>		<p>6. We will be part of the solution <i>Ka āwhina mātou ki te whakatika i ngā raru</i></p>
	<p>3. We will acknowledge those most affected <i>Ka mihi mātou ki a rātou kua pā mārika i ngā take Huringa Āhuarangi</i></p>		<p>7. We will build capacity to recover from difficulties <i>Ka whakakaha mātou i a tātou</i></p>
	<p>4. We will think and act long term <i>Ka whakaaro pae tawhiti, ka mahi pae tawhiti mātou</i></p>		

In 2020 we adopted our Climate Change Strategy and Six Action Plans.

1. Leadership and Collaboration,
2. Transport,
3. Energy,
4. Water Services,
5. Waste and Circular Economies,
6. Land Use and the Built Environment

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 Well-Beings Amendment Act and the Government Procurement Rules Broader Outcomes.

4.8 STATEMENT OF SUCCESS

This Procurement Strategy is successful when:

1. Procurement processes implemented consistently achieve the desired strategic objectives.

2. Is applied consistently to all procurements.
3. 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. Adds best value to the district for the money spent.
5. Becomes a continually improving and sustainable system, eliminating resource and time waste to become continually better, faster and more economical.
6. A land transport system that delivers the right infrastructure and services at the right level of service, for the best value, as described in the GPS2021.

4.9 ACTION PLAN

The procurement strategy is supported by an action plan, which is designed to achieve the strategic objectives.

4.9.1 Ensure Value for Money

Value for money is the primary driver in procurement. It usually means buying goods, works and services with **the lowest whole of life costs that is fit for purpose** and meets specification. Given the limited resources available to Council and funding organisations, ensuring value for money in procurement is key to ensuring the optimum utilisation of budgetary resources.

Value for money in public procurement involves the balancing of community needs (and national interests when the Crown is co-funder of transport procurements), service levels and financial responsibility.

We assess the scale and timing of project tender packages to determine whether projects would provide better value for money to Council (and our co-funders) as one large contract or multiple smaller contracts

We prepare appropriately sized work packages to deliver optimum value for money to the wider Whakatāne community, balanced by recognition of the importance of providing sufficient contract opportunities to all of the districts contracting community.

We will continue to actively participate in the range of All of Government (AoG) contracts and syndicated procurement opportunities available with central government. These nationally tendered and administered contracts offer potentially greater savings with less administrative cost an effort compared to what could be achieved through regional joint procurement. The Bay of Plenty Local Authority Shared Services (BoPLASS) procurement initiatives were initially successful but now offer limited future potentials savings of any significance. However regional shared services opportunities will continue to be considered with the LASS organisations.

Our Future Plans

We will continue to develop procurement plans for each significant procurement category. These plans will clearly identify how, when and where efficiency savings are going to be delivered and will be reviewed on a regular basis

We will extend the requirement for robust and affective business cases to be prepared for any significant procurement, and any new procurement of \$100,000 or more

We will continue to control our consumption of and demand for corporate supplies and services, such as stationery, printing, consultancy, legal, travel and energy
We will extend the application of the 'whole of life cost' analysis to more procurement activities.
We will continue to actively participate in the range of AoG contracts and syndicated procurement opportunities available with central government.
We will continue to explore shared service opportunities with other local authorities and both of the regional LASS organisations
We will continue to review the merits of in-house vs outsourced service delivery
We will coordinate content and timing of transport works both within district and regionally to enhance value for money opportunities.
We will choose delivery models that best improve value for money.
We will advise our work programmes, in advance to the relevant markets, so they can gear up as necessary.

How We Will Measure our Performance

Performance Measure
Procurement Plans in place and Business Plans produced for all significant procurements
Waka Kotahi Audit compliance
Internal Audit compliance for all procurement

4.9.2 Improve Ease of Doing Business

WDC has two key business relationships that we wish to improve, Waka Kotahi and the contracting industry.

Council's relationship with Waka Kotahi is currently our most significant procurement business relationship, a high percentage of Councils rateable income goes to funding the maintenance and renewal of the district roading network.

The contracting market in and around Whakatāne is healthy and competitive, for physical works, material supply and professional services. Whakatāne also benefits from growth in the Tauranga/Rotorua areas and the associated presence of a strong contracting infrastructure within the Bay of Plenty region.

Our Current Position

- We have been well represented on Waka Kotahi/Government New Zealand's Road Efficiency Group (REG) that is leading change in improving Activity Management Plans (AMPs) and road maintenance procurement.
- We have established joint procurement relationships within the Bay of Plenty Local Authority Shared Services (BoPLASS) Group that enables our preferred

suppliers to deal with all the participant authorities via the one management forum, saving time, reducing cost and improving operational efficiency.

- We have excellent relationships with the civil engineering contracting community in terms of providing information on upcoming projects and distribution of tender information.
- WDC tender document preparation, its tender processes and subsequent procurement and contract administration processes and policies are well established and are regularly reviewed for improvement.
- Procurement rules and procedures are based on Waka Kotahi Procurement Manual and rules and regulations are strictly followed when evaluating tenders in relation to Waka Kotahi national Land Transport Programme subsidised contracts.
- All Council tenders are published on the Government Electronic Tender Service (GETS) website, making the procurement process more accessible and efficient for both Council and suppliers.
- Council is fully transparent with regard to contract award. All contract summaries and recommendations are open to contractor and public scrutiny.
- We work together with RATA and our other local Councils (Kawerau and Ōpōtiki) to establish joint procurement relationships that enables us to all gain better value for money.
- We always strive to receive at least three tenders to ensure we have a competitive market.

Our Future Plans
We will continue to develop a group of preferred suppliers to optimise the number of suppliers that Council transacts with.
We will continue to monitor the market and manage the scale and timing of tender packages to encourage local business participation and to deliver optimum value for money to the community.
We will develop our capability to make greater use of the Government Electronic Tender Services (GETS) and use it to publish APP and Contract Award Notices
We will continue to explore ways of improving business efficiency with suppliers, and will attempt to measure the local impact of Council procurement processes from year to year.
We will continue to participate in REG initiatives to improve our road maintenance procurement.
We will take the procurement learnings for REG and apply them across all WDC procurement where appropriate.

How We Will Measure our Performance

Performance Measure
Supplier Panel Lists maintained and utilised for all appropriate procurements
Annual Forward Work Plan meetings held with Contractors, Utility Providers and Neighboring Council's to communicate and manage upcoming works
Continued regular involvement in the REG programme

4.9.3 Build Capability

Our Current Position

- Council currently has three Waka Kotahi approved tender evaluators
- We are developing procurement experience in a number of other positions within the Council's operations.
- We have established contract administration experience and are developing systems to support procurement processes within the Council
- Council has personnel in Engineering positions with the appropriate Engineering Tertiary Qualifications
- Council currently has three Engineering Cadets completing their NZDE qualifications, along with a number of staff completing Post-Graduate Engineering Papers
- We have undertaken the REG smart buyer self-assessment and identified the following:

Strengths:

- Knowledge of different contract models available
- Robust network data available for optimal integrated decision making
- Open-mindedness to alternative solutions
- Actively pursue value for money rather than lowest price
- Support for ongoing skill and competency training and development for staff

Areas for Continuous Improvement:

- Regularly seeking feedback from Suppliers on our own performance as a client
- Further explore opportunities for collaboration with neighbouring RCAs
- There are indications that the capability of suppliers across the transportation industry is reducing in some areas, as a large portion of the workforce is aging and there has not been as much investment in training and on-job development as was previously seen.

Our Future Plans

We will strengthen the role of the procurement function so that it can act as a change agent, responsible for strategy, policy, guidance, developing electronic procurement tools, introducing electronic purchase orders, coordinating procurement through our category management network and undertaking compliance monitoring.

We will continue to identify procurement training needs for Council and develop training programmes to cover all aspects of the procurement process.

We will continue to target tender evaluation training for staff and progressively increase the number of staff who are approved by the Waka Kotahi as proposal evaluators.

We will actively support the development of project management as a core competence of the organisation for the effective management of time, cost, quality and risk.

We will address WDC’s procurement weakness identified through the smart buyer self-assessment.
We will address WDC’s procurement weakness identified through the MBIE/REG Pillars of Success self-assessment.
We will use our delivery models (contracts) to incentivise our supplier to upskill their workers.

How We Will Measure our Performance

Performance Measure
Staff involved in procurement processes are provided with appropriate training
Minimum number of three staff members approved by Waka Kotahi as qualified tender evaluators
Use of REG’s smart buyer self-assessment tool and 360 degree feedback from suppliers.

4.9.4 Encourage Sustainability

Sustainable procurement means considering long-term economic viability, minimising environmental impact and being socially responsible when procuring goods, works or services at all stages of the project (whole of life cost). Sustainable procurement is being actively promoted within central government departments and agencies following a review of procurement policies by the Nation Government, elected in November 2008.

WDC also ensures that the Land Transport System enables better environmental outcomes as per GPS 2021.

There is a compelling business case for making public sector procurement more ‘sustainable’.

There are clear financial benefits for the Council, its ratepayers and the taxpayer. Savings can be realised through better design and construction leading to lower whole of life operating costs, better management of demand (including re-use, recycling and standardisation) and the acquisition of products that are more efficient in their use of energy, water and material resources.

The environmental imperative is clear, particularly the need to reduce CO2 emissions and the amount of waste going to landfill. The socio-economic benefits are also numerous.

Our Current Position

- Council have adopted a Climate Change Strategy that endorses sustainable procurement practices split into five areas; Energy, Waste, Water, Transport and People.
- Sustainability compliments the ‘total cost of ownership’ approach to procurement, our fleet purchases are determined using a matrix of total cost of ownership, safety, fuel economy and carbon emissions criteria.
- Recycling of demolition concrete materials is utilised on roading construction projects where appropriate. Old road material/seal is crushed and reused, e.g. as sub-base or used on cycle ways, rather than import new material.
- Material that is able to be re utilised for other projects is landfilled.

- Council suppliers and employees are required to recycle packaging, containers and used products such as toner cartridges and electronic equipment, wherever practicable.

Our Future Plans

We will strengthen the role of the corporate procurement function so that it can act as a change agent, responsible for strategy, policy, guidance, developing electronic procurement tools, making more efficient use of electronic purchase orders, co-ordinating procurement through our category management network and undertaking compliance monitoring.

We will apply greater use of sustainability criteria to those Council tender processes where the use of such criteria is appropriate

We will award contracts on the basis of whole of life costs and benefits wherever possible

We will encourage ownership of our commitment by the management and political leadership of the WDC in the search for more sustainable solutions.

We will mainstream sustainable procurement and asset management into all of our activities, include within our internal performance reward systems, identify examples of good practice and challenge ourselves to raise our own performance.

Use of the Climate Change Strategy in Procurement Practices

4.9.5 Consider Partnering and Collaboration

Acting collaboratively is an important driver for value for money. Aggregation of demand can often lead to greater leverage with suppliers, greater commonality of specification and a reduction in administration costs – all leading to better value for money for the participating local authorities. However, if contract packages are too big it can also drive business out of town. A wide range of collaborative arrangements are utilised across Council’s various operations and Council will actively seek to maximize the proven advantages of collaboration, wherever appropriate.

Council’s relationship with Waka Kotahi is the most significant collaborative procurement relationship, covering the highways network, capital projects, partnerships, local roads and community projects Council has also signalled in its Long-term Plans a desire to develop more public private partnerships (PPP) and public iwi partnerships (PIP) to further the economic development of the district.

There are areas where collaboration exists with other local authorities. Transport and planning initiatives and joint work streams are being undertaken with regional authorities and neighbouring territorial authorities in an effort to reduce uncertainties in project planning and cost. While it has proved difficult in the past to realise the potential from such collaboration, recent initiatives re common documentation, specifications, payment certification etc. are proving more successful. We have also seen a marked improvement in collaborative procurement within the Bay of Plenty Local Authority Shared Services (BoPLASS) Group, with significant savings on insurance and modest savings on office supplies and advertising. Some regional procurement initiatives are now being superseded by the All of Government contract programme. This range of initiatives offers considerable potential for savings from their direct joint procurement and from associated syndicated procurements with various government agencies.

There are also opportunities to investigate contractual collaborations with the Waka Kotahi State Highway’s Division. Although traditionally they have not been a particularly willing organisation to partner with, neighbouring Councils such as Western Bay of Plenty District

Council have developed jointly held performance based contracts to cover all roading activities in that District.

Our Current Position

- We have a good recent track record of being involved in collaborative procurement through the Bay of Plenty Local Authority Shared Services (BoPLASS) Group our membership of N3 (GSB Supplycorp).
- Council have adopted a policy to look into public private partnerships or other alternative procurement models to advance Council’s wider strategic aims and objectives.
- As a member of N3 (GSB Supplycorp), we use this series of aggregated purchasing contracts for catalogue purchasing and framework contracts. N3 membership provides savings on every day purchases that would not otherwise be achieved by Council buyers.

Our Future Plans
We will continue to explore partnerships/relationships with the Waka Kotahi State Highway’s Division and of neighbouring territorial authorities
We will continue to seek out further opportunities in collaborative procurement through the BoPLASS Group, and our membership of N3.
We will continue to take advantage of any joint procurement or partnering opportunities wherever they provide additional benefit to Council
We will explore REG’s Supply Chain Leadership initiative for improving value for money by suing a collaborative approach down the supply chain.
We will investigate using the principles of collaborative business relationships contained in ISC44001

4.9.6 Maintain Effective Control

The internal systems and reporting capability necessary to support a strategic approach to procurement and maintain effective control of expenditure is not available with our current financial system.

The production of this Procurement Manual with its associated policy, principles, procedures, forms and templates, backed up with the appropriate staff training, is intended to establish a more effectively controlled procurement structure at the Council.

- Our Current Position
- We have established a comprehensive procurement manual and intranet based corporate toolkit to guide buyers through the procurement process.
- We have a Contracts Register which we use to issue Contract Numbers.
- We are currently completing independent audits on various procurement and contract processes.
- We procure all roading works in accordance with Waka Kotahi funding and procurement rules.

Our Future Plans

We will continue to improve and embed good practice across procurement spend categories, for example by ensuring the procurement toolkit is regularly updated and continuing with the development of standard forms, templates and conditions of contract

We will consider using the MBIE Procurement Cycle for all our procurement to a level that is fit for purpose. Reviews to improve our procurement will be carried out after each significant procurement.

We will use procurement tools developed by REG to improve our procurement.

We will use the business case approach to improve our procurement by identifying any problem statements, ensuring the benefits of addressing the problems are sufficient to warrant change, selecting the best options of addressing the problems and developing KPIs to measure success.

Measuring Our Performance

Performance Measure

Accuracy and currency of information in contracts files, is managed through regular internal audit processes.

No tender processes are to result in legal action against the Council

No significant contract process issues identified by External Audits (Eg. Audit NZ or Waka Kotahi Audits)

5 PROCUREMENT PROGRAMME

5.1 PROCUREMENT PROGRAMME FOR TRANSPORTATION

Roading related procurement accounts for a significant proportion of all WDC contracted procurement and is subject to additional governance and reporting requirements from the Waka Kotahi. Accordingly, there is a particular emphasis on roading contract procurement throughout this document.

5.2 DETERMINATION OF CONTRACT DELIVERY METHOD

The vast majority of WDC procurement activity outside of Transportation has been and will continue to be undertaken by the traditional, staged method (refer to appendix 2).

Transportation Procurement is typically delivered through the Supplier Panel (where appropriate as set out in the Supplier Panel Contract 19-024) 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 Waka Kotahi under the 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 Waka Kotahi to sue this component.

Council has adopted a policy to look further into public private partnerships (PPP) and public/private iwi partnerships (PIP),

Such arrangements have not been pursued in the area of transport procurement to date. Council does not believe that an alliance approach to transport procurement would be cost effective on the size and scope of contract packages offered by the WDC. Work packages are developed on the basis of specialisation, geography, size and term with the primary objectives of achieving value for money and encouraging competition. Our experience to date has shown this approach to be very successful in meeting these objectives.

As a general rule straightforward physical works projects are assessed under the lowest price conforming supplier selection method. Price Quality selection is considered for specialty or more complex physical works projects along with the majority of professional services projects. However, each project is assessed on its merits and the method of supplier selection will ultimately be determined by the specific procurement plan.

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

- complexity and uncertainty
- scale
- timing and urgency
- innovation potential
- risk management
- supplier market

Complexity will increase with uncertainty and the number of interdependent components. Uncertainty is present when it is impossible to exactly describe the existing state or future outcome, or assess the probability of a future outcome occurring.

Contract size has a bearing on procurement in terms of the scale of the supplier and the resources required to complete the job (i.e. more than one supplier may be needed for particular aspects of an activity). Council will present work packages to the market that encourage local supplier participation, wherever appropriate, while also aiming to deliver optimal value for money to the ratepayer and funding agencies.

Some delivery models involve longer processes than others due to the different mix of supplier and Council involvement and responsibilities. When selecting a delivery model, Council considers which model is most likely to optimise activity delivery time. The activity may have an urgent deadline, e.g. emergency works, or could be otherwise enhanced by an early completion date.

Council will consider the introduction of incentives within a contract delivery model, if appropriate. Incentives are used to encourage a supplier to be innovative in their business solutions and capital technology in order to deliver high-quality outputs, minimise programme delays and increase efficiency. When selecting a delivery model, staff will also assess the potential of the supplier(s) to introduce innovation into the delivery process that will positively affect the quality and, if applicable, quantity of outputs, minimise risks and deliver benefits earlier (enhance value for money).

An important factor in the selection of a delivery model is how risk should be allocated and which party can best manage the risk. It has been common practice, to date, for the majority of the risk in contract procurements to be assumed by the Council, as it has been assumed that the Council would ultimately pay in contract price/rates if the contractor is obliged to take on any significant element of risk.

Not all risk can, or should, be managed away through the contract, but should be allocated to a party based on their ability to:

- control the actions required to minimise the potential for negative impact on the activity
- influence any effects that result from such a situation arising
- benefit from the activity and the minimisation of risks.

The quality and availability of suitable suppliers will have 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 contracting industry. Council will continue to foster good relationships with the contracting and consulting industries through consultation and early communication of proposed projects.

5.3 NEED FOR SPECIALIST SKILLS

Council divested itself of this requirement in the knowledge that there is no shortage of these specialist skills in the region. There is healthy competition between Engineering Consulting Companies with a number of other consultancies actively pursuing WDC tenders. However, Council are currently reviewing this and querying whether we are receiving an appropriate balance between the cost and quality of the services provided.

The availability of experienced in-house procurement, tender evaluation and project management skills is currently considered to be limited to the Infrastructure team and very few other roles. A programme of training and targeted up-skilling across the wider organisation is planned for the future.

5.4 PENDING HIGH RISK OR UNUSUAL PROCUREMENT ACTIVITIES

Council will potentially be involved in high risk or unusual procurement activities from time to time. This broadens both the opportunity for procurement activity and the associated risks. Irregular and/or unusual activities pose their own issues.

A couple of significant roading projects are planned for the District over the next 10 or so years.

These include:

- Landing Road Roundabout Upgrade – Planned for 23/24
- Thornton Road Safety Improvements – Planned for 22/23 and 24/25
- Coastlands Integrated Growth Improvements (Keepa Road) – Planned for 22/23 and 23/24
- Mimiha Stream Bridge Renewal, Ruatāhuna Road – Planned for 23/24

Each of these will be challenging projects with elements of geotechnical design, high traffic flows and/or liaison with affected Iwi, businesses, and residents

5.5 PROCUREMENT PROGRAMME

5.5.1 Procurement Selection Method

The Procurement Selection method for Waka Kotahi Funding Assisted programmes is carried out in accordance with the Waka Kotahi Procurement Manual and Waka Kotahi approval to utilise the Supplier Panel method. This is illustrated in the table below:

Procurement Method	Physical Works Value	Professional Services Value
Direct appointment	<\$100,000	<\$100,000
Closed contest	<\$200,000	<\$200,000
Supplier Panel	<\$1,000,000	N/a
Open Tender	>\$1,000,000 Or high risk/complexity	>\$200,000 Or high risk/complexity

5.5.2 Supplier Panel Activities

The below table shows the seven different activity panels that are currently implemented through the Supplier Panel procurement method. The panels are based on the different key roading activities. The table below shows the approximate annual value of work to be procured through each panel and the types of sub-activities covered by. Note one area of improvement for the future Supplier Panel, is to adjust the activities and include a new panel for Earthworks.

Panel 1	Sealed Pavements	Panel 2	Traffic Services
Approx. Annual Value of Work	\$1,000,000	Approx. Annual Value of Work	\$800,000
Activities	Pavement Repairs Sealing Repairs Asphalt Repairs	Activities	Footpaths Cycleways Vehicle/Pram Crossings
Panel 3	Unsealed Pavements	Panel 4	Structures
Approx. Annual Value of Work	\$850,000	Approx. Annual Value of Work	\$300,000
Activities	Maintenance Grading Metal Placement	Activities	Bridge Maintenance Retaining Wall Mtc Guardrail/Barrier Installation
Panel 5	Drainage	Panel 6	Incident Response
Approx. Annual Value of Work	\$1,300,000	Approx. Annual Value of Work	Varies
Activities	Drain cleaning Culvert Flushing Street Cleaning Culvert Replacements K&C Replacements	Activities	Plant and Labour to respond to severe weather events Slip Clearing Flooding Tree Removal Traffic Control
Panel 7	Environmental		
Approx. Annual Value of Work	\$300,000		
Activities	Tree Felling Tree Trimming Chemical Spraying High Trimming		

5.5.3 Roading Activities Specifically Excluded from the Supplier Panel

The preferred delivery method for all roading activities up to \$1M is use of the Supplier Panel, with the exception of existing contracts and specialist activities. The below table indicates activities excluded from the Supplier Panel:

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 we use open tender. Due to the irregular occurrence of this value of consultant work being required and being of a very specific nature, we have found it more effective to use traditional tender methods rather than try and capture it under the Supplier Panel.
Cyclic Maintenance Activities	19-046	1/10/19	30/9/24	Section 17A review to form part of future delivery model evaluation process. At this stage similar delivery model to the current form will be considered.
Cyclic Signage Maintenance	20-010	1/10/19	30/9/22	Section 17A review to form part of future delivery model evaluation process. At this stage similar delivery model to the current form will be considered.
Sealed Road Resurfacing	21-026	1/8/21	30/6/31	
Road Marking	19-010	1/10/18	30/6/23	Section 17A review to form part of future delivery model evaluation process. At this stage similar delivery model to the current form will be considered.
Vegetation Control	N/a			Recent contract was terminated due to contractor non-performance. Activity currently being delivered through closed contest, short term engagement. Appropriate contract form currently being determined.
Street Sweeping/Cleaning Contract	21-028	1/12/20	30/6/20	Section 17A review to form part of future delivery model evaluation process. At this stage similar delivery model to the current form will be considered.
Streetlight Maintenance	20-038	1/3/20	30/6/22	Section 17A review to form part of future delivery model evaluation process. At this stage similar delivery model to the current form will be considered.

5.5.4 3 Year Transport Programme – Maintenance, Renewals and Improvements

The following tables show the three-year transportation programme for the 2021-24 LTP period. The tables show different projects, their corresponding annual budget and procurement method for each of the three years.

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
Transportation Planning				
LOC003 Transportation Planning	Consultant - Closed Contest/Direct Appt	\$100,000	\$100,000	\$0
SPR003 Transportation Planning	Consultant - Closed Contest/Direct Appt	\$167,000	\$161,979	\$157,261
Subtotal		\$267,000	\$261,979	\$157,261

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
Local Rd Maintenance				
LOC111 Sealed Pavement Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$625,000	\$625,000	\$625,000
LOC111 Sealed Pavement Maintenance RSC	Term Contract (Reseals)	\$400,000	\$400,000	\$400,000
LOC112 Unsealed Pavement Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$170,000	\$170,000	\$170,000
LOC113 Routine Drainage Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$500,000	\$500,000	\$500,000
LOC113 Routine Drainage Maintenance SSC	Term Contract (Street Cleaning)	\$70,000	\$70,000	\$70,000
LOC114 Structures Maintenance Bridges	Supplier Panel	\$82,000	\$82,000	\$82,000
LOC114 Structures Maintenance RW	Supplier Panel	\$11,000	\$11,000	\$11,000
LOC114 Structures Maintenance Signs & Rails	Supplier Panel	\$63,000	\$63,000	\$63,000
LOC121 Environmental Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$168,000	\$168,000	\$168,000
LOC121 Environmental Maintenance Winter	Supplier Panel	\$26,000	\$26,000	\$26,000
LOC121 Environmental Maintenance Tree Removal	Supplier Panel	\$63,000	\$63,000	\$63,000
LOC121 Environmental Maintenance VCC	Term Contract (Vegetation Control)	\$400,000	\$400,000	\$400,000
LOC121 Environmental Maintenance Urban Chemical Control	Term Contract (Vegetation Control)	\$100,087	\$100,087	\$100,087
LOC122 Traffic Services Maintenance LMC	Term Contract (Line Marking)	\$400,000	\$400,000	\$400,000
LOC122 Traffic Services Maintenance SLMC	Term Contract (Street Lighting)	\$90,000	\$90,000	\$90,000
LOC122 Traffic Services Maintenance SL POW	Term Contract (Street Lighting)	\$50,000	\$50,000	\$50,000
LOC122 Traffic Services Maintenance SMC	Supplier Panel and Term Contract (Cyclic)	\$126,000	\$126,000	\$126,000
LOC123 Operational Traffic Management	Supplier Panel	\$21,000	\$21,000	\$21,000
LOC124 Cycle Path Maintenance	Supplier Panel and Term Contract (Cyclic)	\$21,000	\$21,000	\$21,000
LOC125 Footpath Maintenance Repairs	Supplier Panel	\$150,000	\$150,000	\$150,000
LOC125 Footpath Maintenance Cleaning	Term Contract (Street Cleaning)	\$50,000	\$50,000	\$50,000
LOC131 Rail Level Crossing Warning Devices Maintenance	External	\$11,000	\$11,000	\$11,000
LOC140 Minor Events	Supplier Panel and Term Contract (Cyclic)	\$158,000	\$158,000	\$158,000
LOC151 Network and Asset Management Other	Consultant - Closed Contest/Direct Appt	\$500,000	\$500,000	\$500,000
LOC151 Network and Asset Management PSBU	In-House Professional Services	\$1,039,443	\$1,039,443	\$1,039,443
Subtotal		\$5,294,530	\$5,294,530	\$5,294,530

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
Local Rd Renewal				
LOC211 Unsealed Road Metalling RMC	Supplier Panel	\$525,000	\$525,000	\$525,000
LOC212 Sealed Road Resurfacing Chip Seal	Term Contract (Reseals)	\$2,100,000	\$2,100,000	\$2,100,000
LOC212 Sealed Road Resurfacing TAC	Term Contract (Reseals)	\$492,000	\$492,000	\$492,000
LOC213 Drainage Renewals Culverts	Supplier Panel	\$189,000	\$189,000	\$189,000
LOC213 Drainage Renewals K&C	Supplier Panel	\$315,000	\$315,000	\$315,000
LOC214 Sealed Road Pavement Rehabilitation	Supplier Panel	\$650,000	\$650,000	\$650,000
LOC215 Structures Component Replacements Bridges	Supplier Panel	\$116,000	\$116,000	\$116,000
LOC215 Structures Component Replacements RW	Supplier Panel	\$32,000	\$32,000	\$32,000
LOC222 Traffic Services Renewals Power Undergrounding Replacements	Term Contract (Street Lighting)	\$53,000	\$53,000	\$53,000
LOC222 Traffic Services Renewals Signs SMC	Supplier Panel and Term Contract (Cyclic)	\$105,000	\$105,000	\$105,000
LOC222 Traffic Services Renewals SLMC	Term Contract (Street Lighting)	\$53,000	\$53,000	\$53,000
LOC225 Footpath Renewal	Supplier Panel	\$340,000	\$340,000	\$340,000
Subtotal		\$4,970,000	\$4,970,000	\$4,970,000
Local Rd Improvements				
LOC324 Road Improvements - Blueberry Curves	Open Markert Tender		\$96,993	\$160,086
LOC324 Road Improvements - Keepa Rd	Open Markert Tender	\$300,000	\$3,394,762	
LOC341 Low Cost Low Risk Roding Improvements	Open Markert Tender	\$735,000	\$2,379,243	\$1,585,792
LOC341 Low Cost Low Risk Walking & Cycling	Open Markert Tender or Supplier Panel	\$1,000,000	\$1,136,003	\$1,258,722
LOC341 Low Cost Low Risk Road to Zero	Open Markert Tender or Supplier Panel	\$1,800,000	\$669,253	\$235,420
LOC341 Low Cost Low Risk Passenger Transport	Supplier Panel	\$25,000	\$25,000	\$25,000
Subtotal		\$3,860,000	\$7,701,255	\$3,265,021

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
Special Purpose Rd Maintenance				
SPR111 Sealed Pavement Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$84,000	\$84,000	\$84,000
SPR111 Sealed Pavement Maintenance RSC	Term Contract (Reseals)	\$11,000	\$11,000	\$11,000
SPR112 Unsealed Pavement Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$210,000	\$210,000	\$210,000
SPR113 Routine Drainage Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$95,000	\$95,000	\$95,000
SPR114 Structures Maintenance Bridges	Supplier Panel	\$14,000	\$14,000	\$14,000
SPR114 Structures Maintenance RW	Supplier Panel	\$4,000	\$4,000	\$4,000
SPR114 Structures Maintenance Signs & Rails	Supplier Panel and Term Contract (Cyclic)	\$13,000	\$13,000	\$13,000
SPR121 Environmental Maintenance RMC	Supplier Panel and Term Contract (Cyclic)	\$70,000	\$70,000	\$70,000
SPR121 Environmental Maintenance Winter	Supplier Panel and Term Contract (Cyclic)	\$26,000	\$26,000	\$26,000
SPR121 Environmental Maintenance Tree Removal	Supplier Panel	\$5,000	\$5,000	\$5,000
SPR121 Environmental Maintenance VCC	Term Contract (Vegetation Control)	\$65,000	\$65,000	\$65,000
SPR122 Traffic Services Maintenance LMC	Term Contract (Line Marking)	\$35,000	\$35,000	\$35,000
SPR122 Traffic Services Maintenance SLMC	Term Contract (Street Lighting)	\$4,000	\$4,000	\$4,000
SPR122 Traffic Services Maintenance SL POW	Term Contract (Street Lighting)	\$1,000	\$1,000	\$1,000
SPR122 Traffic Services Maintenance SMC	Supplier Panel and Term Contract (Cyclic)	\$16,000	\$16,000	\$16,000
SPR140 Minor Events	Supplier Panel and Term Contract (Cyclic)	\$158,000	\$158,000	\$158,000
SPR151 Network and Asset Management	Consultant - Closed Contest/Direct Appt	\$273,138	\$273,138	\$273,138
SPR151 Network and Asset Management Other	In-House Professional Services	\$53,000	\$53,000	\$53,000
Subtotal		\$1,137,138	\$1,137,138	\$1,137,138

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
Special Purpose Rd Renewal				
SPR211 Unsealed Road Metalling RMC	Supplier Panel	\$210,000	\$210,000	\$210,000
SPR212 Sealed Road Resurfacing	Term Contract (Reseals)	\$147,000	\$147,000	\$147,000
SPR213 Drainage Renewals	Supplier Panel	\$116,000	\$116,000	\$116,000
SPR214 Sealed Road Pavement Rehabilitation	Term Contract (Rehabs)	\$135,000	\$135,000	\$135,000
SPR215 Structures Component Replacements Bridges	Supplier Panel	\$42,000	\$42,000	\$42,000
SPR215 Structures Component Replacements Rails	Supplier Panel	\$16,000	\$16,000	\$16,000
SPR216 Bridge Renewals	Open Markert Tender	\$0	\$1,893,761	\$0
SPR216 Retaining Wall Renewals	Supplier Panel	\$400,000	\$0	\$0
SPR222 Traffic Services Renewals Signs SMC	Supplier Panel and Term Contract (Cyclic)	\$26,000	\$26,000	\$26,000
SPR222 Traffic Services Renewals SLMC	Term Contract (Street Lighting)	\$2,000	\$2,000	\$2,000
Subtotal		\$1,094,000	\$2,587,761	\$694,000
Special Purpose Rd Improvements				
SPR341 Low Cost Low Risk Roding Improvements	Open Markert Tender or Supplier Panel	\$682,000	\$2,188,894	\$250,000
SPR341 Low Cost Low Risk Road to Zero	Supplier Panel	\$1,000,000	\$969,932	\$470,841
SPR341 Low Cost Low Risk Walking & Cycling	Supplier Panel	\$470,000	\$0	\$0
Subtotal		\$2,152,000	\$3,158,826	\$720,841

Work Category	Preferred Procurement Method	2021/21	2022/22	2023/23
NFA Maintenance				
NFA Road General	Direct Appt or Supplier Panel	\$87,000	\$87,000	\$87,000
NFA Road Closures	As Required	\$4,000	\$4,000	\$4,000
NFA Network and Asset Management Other	Consultant - Closed Contest/Direct Appt	\$15,000	\$15,000	\$15,000
NFA Street Cleaning	Term Contract (Street Cleaning)	\$165,000	\$165,000	\$165,000
NFA Amenity Lighting Maintenance SLMC	Term Contract (Street Lighting)	\$65,000	\$65,000	\$65,000
NFA Network and Asset Management PSBU	In-House Professional Services	\$54,194	\$54,194	\$54,194
NFA Drainage Maint Beach Outlets	Supplier Panel	\$25,000	\$25,000	\$25,000
NFA Urban Tree Removal	Supplier Panel	\$30,000	\$30,000	\$30,000
Subtotal		\$445,194	\$445,194	\$445,194
NFA Renewal				
NFA K+C Renewal	Supplier Panel	\$20,000	\$20,000	\$20,000
NFA Soakpit Renewal	Supplier Panel	\$25,000	\$25,000	\$25,000
NFA Amenity Lighting Renewal	Term Contract (Street Lighting)	\$10,000	\$10,000	\$10,000
NFA Carpark Renewals	Supplier Panel	\$0	\$0	\$35,000
Subtotal		\$55,000	\$55,000	\$90,000
NFA Improvements				
NFA New Kerb/Drainage	Supplier Panel	\$20,000	\$20,000	\$20,000
NFA Seal Extensions	Open Market Tender or Supplier Panel	\$750,000	\$750,000	\$750,000
NFA Miscellaneous Projects	Direct Appt or Supplier Panel	\$50,000	\$50,000	\$50,000
Subtotal		\$820,000	\$820,000	\$820,000
TOTAL		\$20,094,862	\$26,431,683	\$17,593,984

5.6 Procurement Programme Delivery Risks

5.6.1 Increased level of RCA resource required to manage multiple contractors (Transportation)

Through previous contact management experience, we have found a lot of RCA resource is exhausted when contract relationships are counterproductive. The additional resource required in terms of managing multiple contractors, is compensated through strong, direct supplier relationships.

Closer relationships with the suppliers will decrease the likelihood of variations that can be resource extensive to process.

The provision of in-house professional services through the newly expanded Transportation PSBU has the resource, experience and competence to manager roading activities through this delivery model.

The set-up of the Supplier Panel has reduced the resource required from both Council and contractors when it comes to tendering work. The time-consuming production and review of 'non-price attributes', will need only be completed once at the time of a supplier getting approved onto work activities on the panel, instead of the previous models requiring these every time they complete a traditional tender.

A lot of RCA resource for managing contractors is quantified through the amount of physical works being delivered (eg site supervision), rather than the number of contractors delivering the work. Therefore, there is minimal risk that the site supervision portion of RCA resource will change due to the quantum of physical works remaining similar to previous amounts.

Planned improvements to Council's processes for certifying payment claims (electronic processing) will assist in efficiencies and less demand on RCA resource when processing an increased number of claims.

During very busy times budgets can be managed to allow for the use of external resources to manage specific packages of work.

5.6.2 Getting work programmes to market and delivered in a timely and quality manner

We have seen that for our network and Council needs, this risk best sits under our responsibility. As highlighted through the evaluation of different procurement models above, the shift of this risk away from RCA to the contractor can cause perverse results. As the owners of the network, in a team which takes a proactive and involved stance of the management of our network, we are the best party to make decisions and take actions that ensure work programmes are delivered timely and to the required standard.

Within the details of the Supplier Panel framework, we propose to utilise a performance measure to ensure quality continues to provide a factor when allocating work. This occurs during the initial evaluation of suppliers when approving them onto the various work activities and continues to be updated through performance evaluations as work packages are completed.

As proven through the 2018-21 programme, there is ample capacity, willingness and competence in the supplier market to deliver our work packages

5.6.3 The Supplier Panel is a relatively new model of delivery in NZ

Every RCA and network throughout NZ has different drivers and priorities. Models that work best for some, may not work as well for others. Thorough evaluation of the different delivery models, showed this method is best aligned with our desired outcomes and objectives.

Innovation and improvement can only take place when new approaches are utilised. Although this method is relatively new in NZ, we are confident in our analysis and experience so far, of it being our preferred delivery method.

We have a safety net around us in using this method, that unlike other term contracts, we are not 'locked in' long term to using this method. Although we found this delivery method to be beneficial to us, if we begin to not achieve our desired outcomes/objectives, we can revert to a traditional method. We also have the ability to put any packages of work out to traditional tender should we deem it necessary. This is typically used for work packages deemed high risk or complex, but is also a backstop if we are not getting our desired outcomes through the panel.

5.6.4 Specific approval is required from Waka Kotahi to utilise the Supplier Panel delivery model

The Supplier Panel framework we use is in line with Waka Kotahi latest Procurement Manual.

The Supplier Panel framework we use has a competitive pricing element in the allocation of work, which is key for gaining Waka Kotahi approval.

Waka Kotahi granted approval for the previous 2018-21 period and continue to be supportive of our use of the Supplier Panel delivery method.

5.6.5 Reduced presence of National Tier 1 Contractors in the region

National Tier 1 Contractors (eg. Downer, Fulton Hogan, Higgins, Heb, Broadspectrum etc) have typically only been based in the region when they have held a term maintenance contract with Whakatāne DC. We believe this risk is mitigated by the large pool of small to medium sized local contractors in the region. This was proven through the April 2017 storm events which produced a far greater than normal quantum of work and was well covered by the local resource in the region. Many large national suppliers have joined onto our Supplier Panel and are still providing services to the Council.

As the Supplier Panel allows for packages of work up to \$1M it allows for temporary establishment or travel to the region when adequately sized packages of work are secured. We also still have a number of activity based term contracts that national suppliers bid on, and/or are the current service provider for.

5.6.6 Suppliers not on the panel leave the region

The panel is not a 'closed panel' meaning any new supplier to the area, or a supplier that was not approved first time round, has an opportunity to reapply/join on to the panel.

Whakatāne DC is also just one of the main work sources in the Whakatāne District. Significant works for contractor resources are also provided for by the Bay of Plenty Regional Council (BOPRC), Waka Kotahi, and the large agricultural/farming and forestry industries in the Eastern Bay.

5.6.7 Growth in subdivision work – strain on resource availability

This is managed through two means:

Critical/urgent repairs are covered by 3x term cyclic patrol contracts, meaning repairs that need to be carried urgently for safety or network integrity reasons are done so with a dedicated resource outside of the Supplier Panel.

A benefit of utilising the Supplier Panel is to improve Council's working relationship with the wider supplier industry. A key focus in improving this is to improve communications about our work programme needs and the suppliers' resource availability.

There is also a benefit to the growth in private subdivision work, in that the more work there is in the region to keep a range of suppliers busy, the more suppliers are encouraged to grow their businesses to suit the demands as well as invest in development of their resources (both staff and plant items).

5.6.8 Covid 19 risks

The flexibility of the Supplier Panel Delivery model allows for easier integration of Covid-19 response requirements. Having collaborative working relationships with suppliers allows Council to quickly and efficiently, adapt to new ways of working.

5.6.9 Increasing costs of providing service

The flexibility of the Supplier Panel Delivery Method allows Council to manage programmes of work vs budget, making informed strategic decisions/trade-offs between levels of service and affordability.

The collaborative relationship with suppliers and ability to get programmes of work to market earlier, allows Council to give suppliers larger windows of opportunity to execute the programmes, which in turn helps reduce cost by allowing suppliers to flatten the curve on resource demand.

5.6.10 Current Supplier Panel Contract expires 30 June 2023

During the time the Panel Contract has been in place, the Transport Team have been continuously reviewing its effectiveness. A number of small areas of improvement have been identified. Over the next 18months before the current Panel Framework expires, a formal Section 17A review will also be undertaken to ensure the most appropriate and effective means of procurement delivery is being utilised

6 PROCUREMENT ENVIRONMENT

6.1 ANALYSIS OF SUPPLIER MARKET

Participating Tenderers for Transport Contracts (since 1 July 2018)	
Contractor	Located
Ash and Oaks	Whakatane
Andersen Holdings	Whakatane
BW Caulfield Ltd	Whakatane
Coastline Markers Ltd	Hamilton
Combined Road and Traffic Services Ltd	Rotorua
Conspec Construction Ltd	Tauranga
Crossroad Construction	Whakatane
Concrete Structures NZ Ltd	Hamilton
Delta Contracting 2012 Ltd	Opotiki
DF Bockman Contracting	Whakatane
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
Kiwiwaste	Whakatane
Mac Civil	Whakatāne
Mahy Crane Hire	Whakatāne
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
Superior Excavation	Whakatane
Tracks Concrete	Whakatane
Unicus Ltd	Tauranga
Waiotahi Cotnractors	Whakatāne
Whakatāne Grader Services	Whakatane
Wilson Bros Earthmovers	Whakatane
WSP Consultants	Whakatane

Analyzing the Supplier Market has involved reviewing the past three years procurement results as well as forecasting how the market will behave in the future.

The past three years have shown a great increase in the number of different suppliers bidding for Whakatāne DC Transport contracts/packages of work. This improvement is a direct result of the implementation of the Supplier Panel.

The introduction of the Supplier Panel has helped boost the competitiveness of the supplier market, through the benefits this procurement method brings. The Supplier Panel method has directly improved the previous issues identified (timing, location and scale of works). Improved timing of work packages to market through improved relationships with the wider supplier industry. Simplified tender process has made it easier and more worthwhile for suppliers outside the district to price work packages appealing to them. A highly variable scale of work packages through the panel has created full and fair opportunities for all sizes of suppliers both local and national.

Internal administration processes for tender preparation, advertising, evaluation and contract award are sound, particularly for land transport projects. The WDC Procurement & Administration Department fulfill the core administration function and work in conjunction with the local contracting industry. There have been no significant issues or difficulties arising from recent tenders within this area.

On-going in-house procurement training is used to develop and improve the procurement skills of staff, and to provide basic training to those who are involved in fewer, and more irregular procurements. These workshops are held as and when required to continue up-skilling of staff.

6.2 ANALYSIS OF THE IMPACT OF THE PROCUREMENT PROGRAMMES OF OTHER ORGANISATIONS AND ENTITIES

The Regional Advisory Group to the Regional Transport Committee meet regularly to discuss all transport related matters, including joint delivery.

Council continuously looks at options for joint delivery/collaboration in the delivery of services. To date Council has not seen any significant value in co-coordinating the timing of transport tenders with neighbouring Road Controlling Authorities, but will continue to liaise with them and look for opportunities for co-ordination and collaboration. Liaison on the packaging and timing of work is also undertaken across the different departments of Council, with the Bay of Plenty Regional Council and with the respective underground utility authorities.

The Bay of Plenty Regional Council uses a Supplier Panel method as the main form of procurement for their civil works. This has the benefit that many local suppliers are familiar with this method of procurement. The flexibility of a panel and robust liaison also provides the opportunity for the Transport Team and BOPRC to time the delivery of work packages to optimize the availability of the Supplier Market.

Through the BoPLASS Programme a number of initiatives have been achieved. One initiative that was selected is the office supplies category and the analyst company - Management Toolbox were able to facilitate an improved proposal from OfficeMax on behalf of BoPLASS. This gave the group confidence that it could achieve tangible results. A further BoPLASS initiative was a joint review of insurance arrangements. This initiative has provided around \$1m in savings for the combined member authorities.

Council is a member of N3 (GSB Supplycorp), which is New Zealand's largest specialised commodity broker, primarily servicing the NZ public sector. N3 establishes, manages and maintains aggregated supply contracts covering a vast range of commodities from fuel to office consumables.

Council is also looking at becoming a member of the Joint Procurement Group (JPG). The primary objective of the JPG is to support member public sector organisations and practitioners in achieving their respective procurement objectives, through information and knowledge sharing and where possible, collaborative procurement. The Group also considers wider NZ Government and other international procurement objectives in its activities by promoting sustainable outcomes and improvements to standards of practice and capability.

7 DELIVERING COUNCIL'S WORK PROGRAMME

7.1 SPECIFIC STRATEGIC OBJECTIVES

This procurement strategy, supported by the Action Plan in, is designed to achieve the following strategic objectives:

- g) Ensure value for money
- h) Improve ease of doing business
- i) Build capability
- j) Encourage sustainability
- k) Consider partnering and collaboration
- l) Maintain effective control

7.2 PROCUREMENT APPROACH AND OPTIONS

Transport Approach

For future work packages the respective procurement plans will determine the appropriate procurement approach and supplier selection method. WDC has in-house capability to use the Price Quality supplier selection method.

REG has researched and found that the criteria for selecting delivery models for maintenance are different than for construction works and that some delivery models are better at achieving different strategic drives than others. It has therefore developed guidelines for selecting the best road maintenance delivery model based on the local authority key drivers and market considerations. WDC use these Guidelines when reviewing delivery models and also consider them for other maintenance and facility management WDC contracts. REG found that the key drivers influencing the selection of delivery models and the selection so suppliers are;

- The RCA's Smart buyer capability
- The RCA's Smart buyer capacity
- The RCA's desire to programme the work
- The health of the supplier market, including the number of potential players.
- The availability of quality network data
- How flexible, as opposed to stable are your funding levels and Level of Service
- The RCA's risk appetite
- The RCA's appetite for improved VfM & continuous improvement
- The RCA's appetite for commercial tension
- The RCA's appetite for collaborative model?
- The RCA;s appetite for sustainable pricing?
- The RCA's appetite for outstanding customer care?

It is important that work programmes and schedules in contracts deliver the outputs and work programs from AMPs, and systems are developed to ensure this.

As a general rule, WDC will not consider term maintenance contracts with over 5 year's duration. However, procurement plans may identify a specific need for certain contracts. An example is the requirement under the Waste Minimisation Act which requires Council to review its Waste Minimisation Plan every 6 years. It may be appropriate to have associated service delivery contracts aligned with this period. We have also recently established a 4+3+3 year reseals contract in agreement with Waka Kotahi. The potential 10year contract term provides many benefits for this specialised activity, whilst minimizing the negative impacts that can come from long duration contracts. The details of this justification is covered in detail in the application to Waka Kotahi for approval for this extended contract term.

Strategically high risk, high value procurement projects are the most critical and for these a partnering approach may be appropriate. To date no such arrangements have been developed in the area of land transport. Council has adopted a policy and will look at opportunities with Public Private Partnerships (PPP) and Public Iwi Partnerships (PIP) and other alternative delivery models to advance significant community projects, if it can be demonstrated that such an approach will achieve optimal value for money for the ratepayers

For low risk procurement the key is to leverage buying power. Council, as a member of NZ's largest buying consortium, N3 (GSB Supplycorp), participates in a wide range of aggregated contracts for goods and services.

Council spending will be managed by looking at the types of things we purchase. The overarching principal used in procurement procedures is that goods, works, and services will be assessed according to risk and cost and that the procedures adopted are designed to deliver best value for money.

Transport In-house Services

In 2017, Whakatāne District Council increased the level of in-house core Transportation Professional Services. The decision was made following in-depth analysis of this activity. External Consultant Chris Olsen from LGNZ Equip. assisted in the review and analysis process. The final stage of the review was an assessment of the advantages and disadvantages of the options to either bring services in-house or to outsource them. This included a multi-criteria analysis that assessed the key outcomes sought against these two options. The final assessment indicated

The benefits of maintaining in-house services include

- Stronger ownership and a longer time view of activities
- Greater flexibility and responsiveness
- Strong relationships are developed with contractors, consultants and other service providers and
- Risk is easier to manage in house

In-house activities are provided in an efficient and timely manner. The full cost of in-house services does not include profit. Full documentation for the determining of in-house services costs are available to Waka Kotahi on request and have been subject to both an Waka Kotahi procedural Audit and an External Audit by Resolve Group (commissioned by WDC for review purposes). The readily available information includes:

- Total revenues

- Operating costs (including all overhead costs and depreciation) associated with the resources used
- Net surplus or deficit
- The basis for reallocations of a net surplus or the funding of a net deficit

Whakatane District Council applies the following definition in relation to professional services and administration;

- Professional services – services integral to the activity. For funding purposes these are treated as an input and the cost is charged directly to the activity. They are provided by a person or persons skilled in the particular field for which they are engaged.
- Administration – costs not integral to an individual activity but must be provided to support the delivery of activities. Administration is an overhead cost incurred in the delivery of activities.
- The full details of the review process were provided in a Report to in May 2017, which preceded the approval from Waka Kotahi to provide the core Professional services in-house.

Supplier Panel

Council currently uses the Supplier Panel for majority of roading projects up to \$1,000,000. Council has found this procurement method to improve efficiencies and productivity which aligns with the value for money strategic objective. Benefits seen include:

- The time and cost savings for contractors, with reduced need to prepare and submit tenders
- The time and cost savings for council and consultants, with reduced need to evaluate tenders
- Improved certainty of workload resulting in better investment in plant, staff and training
- Consistent delivery of service
- Consistent relationships with Council
- Getting work to the market quicker
- Contractor management of the design process to incorporate constructability efficiencies
- Contractors will be better able to manage their resources by having greater confidence in their annual turn-over
- Improved productivity and efficiency and less wastage due to implementing 'lean' construction management techniques
- Lower likelihood of claims for variations
- Better collaboration between Council and the contractors which results in better management and mitigation of risks.

By achieving improving efficiencies through this procurement method, Council will achieve the best value for money for these works.

Council will also retain the right to put any works out to open tender (to maintain the supplier market outside the panel) if appropriate.

While we have a range of requirements of the market to supply we will attempt within the available programme of work to provide procurement opportunities so that all suppliers will have some projects that meet their capabilities in both the size and form of work and allow them to compete for the opportunity.

Our goal is to ensure competitive and efficient markets serviced by a range of both nations and local suppliers.

8 IMPLEMENTATION

8.1 CAPABILITY AND CAPACITY

The Transportation department has highly experienced staff that frequently receives good reviews of their procurement processes. The transportation related items in the procurement strategy will be incorporated within the Council wide Procurement Manual. This manual is reviewed and updated every 3 years. As part of this updating a review of procurement procedures and processes is undertaken across the organisation, which results in identifying improvements and changes where needed. These improvements are then incorporated into the new version of the strategy as appropriate. The Transportation department, supported by experienced internal and external resources as necessary, has adequate capacity to procure the services and works listed in the procurement programmed included in this strategy.

8.2 COMMUNICATION PLAN

Once the Procurement Strategy receives all required endorsements it is communicated to the following users:

- Internal staff are notified through Council's Intranet
- External Stakeholders and Suppliers are notified through Council's external website
- Waka Kotahi are provided with a copy of the Endorsed Document through our Regional Investment Advisor Rob Bullick

8.3 INTERNAL PROCUREMENT PROCESSES

The internal processes, as noted above have been reviewed satisfactorily in the past but will be improved as appropriated, in areas arising out of any reviews. The scrutiny of any efficiency, accountability and transparency issues is part of that review. New staff recruited into Council will provide added capacity and capability for management of all activities.

8.4 PERFORMANCE MEASUREMENT AND MONITORING

The performance measurement and monitoring system continues to evolve over time. The focus is on indicators that reflect the requirements of the Local Government Act 2002 and the Transport Agency's key priorities, which are based on the requirements of s25 of the LTMA.

Performance measurement and monitoring has three main purposes:

7. Provide evidence of how well the approved procurement procedures are meeting the requirements of s25 of the LTMA and the requirements of the LGA 2002:
 - a. obtaining the best value for money spent
 - b. enabling fair competition
 - c. encouraging competitive and efficient markets
8. Improve decision making and facilitate continuous improvement in procurement practice and procurement policy
9. Determine how well the procurement procedures are being followed

The function of performance measurement and monitoring is to:

- provide evidence of value for money in procurement
- provide measures other than price to support procurement decisions
- monitor the competitiveness of the supplier markets
- benchmark and monitor the effectiveness of procurement across the sector
- bring continuous improvement through:
 - improving capability and capacity in approved organisations Procurement Manual NZ TRANSPORT AGENCY Effective 1 March 2018 173
 - providing a health check as part of a continuous improvement programme
 - aiding improvement in the efficiency and effectiveness of procurement procedure design and deployment
 - sharing best practice information (as well as information about what does not work well) across the sector
 - identifying champions across approved organisations and the Transport Agency who can be contacted to assist with procurement advice

General Council Performance Measurement and Monitoring

Performance measurement and monitoring The Council has a well developed performance monitoring system for internal performance and external reporting. These include:

- The Waka Kotahi mandatory KPIs – these include road infrastructure safety assessments, technical reviews and financial audits.
- Road safety action plans – these plans use a combined regional approach to engineering, education and enforcement to reduce road trauma.
- The 10 year plan (LTP) requires the following information in regard to all activities:
 - a. Levels of service statements
 - b. Performance measurements
 - c. Targets
 - d. Mechanisms to achieve the targets

Staff must keep adequate records of key procurement decisions. The complexity of the procurement will determine the nature and amount of documentation which is required, along

with the obligations of the Public Records Act 2005 i.e. to maintain full and accurate records in accordance with normal prudent business practice.

In particular, Council is to keep sufficient records to show that due process was followed, with staff:

- Giving due consideration to each offer
- Observing the overall principles and policies
- Responding to queries from unsuccessful suppliers
- Recording the outcome of meetings or correspondence during the procurement process
- Providing evidence for audit purposes
- Planning any subsequent re-tendering

Supplier Panel Performance Measurement and Monitoring

With the Supplier Panel being a new form of contract for Whakatāne District Council, it is even more important to ensure performance is measured and monitored to ensure the Contract form is meeting the expectations.

Performance will continuously be reviewed and reported on, focusing on the following four areas:

- Actual outcomes assessed against the objectives of the Panel
- Value for money – time, cost and quality aspects
- Supplier markets – fairness, competition and innovation
- Efficiency of procurement procedures