



Grey District Council: Transport
Procurement Strategy 2022
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Grey District Council: Transport Procurement Strategy 2022

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Grey District Council

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Table of Contents

EXECUTIVE SUMMARY	6
Summary statement	6
Procurement Summary	6
Council Ownership and Endorsement	8
Endorsement and Approval Sought from Waka Kotahi	8
Next Steps.....	8
1 OVERVIEW.....	9
1.1 Our Commitment	9
1.2 Extent of the Strategy.....	9
1.3 Public Value.....	9
1.4 Council Endorsement and Review.....	9
2 COUNCIL CONTEXT	10
2.1 Infrastructure Activity Goals.....	10
2.2 Council's Procurement Policy.....	11
2.3 Procurement Requirements	11
2.4 Health and Safety.....	12
3 LEGISLATIVE AND REGULATORY REQUIREMENTS	12
3.1 Local Government Act 2002 (LGA).....	12
3.2 Government Procurement	12
3.2.1 Government Procurement CHarter	12
3.2.2 Government Procurement Rules	13
3.3 Waka Kotahi Funded Activities	14
3.3.1 Land Transport Management Act 2003.....	14
3.3.2 Waka Kotahi Procurement Manual.....	14
3.3.3 Delivering Broader Outcomes from Procurement.....	14
4 S17A REVIEW.....	15
5 COUNCIL PROCUREMENT PROGRAMMES	16
5.1 Land Transport Procurement Programme	16
5.1.1 Overview.....	16
5.1.2 Local Road Network Maintenance and Operation Contract.....	17
5.1.3 Works Outside the Maintenance Contract.....	17
5.1.4 Streetlight Maintenance	18
5.1.5 Delivering the Roding Activity	18

5.1.6	Professional Services	18
5.1.7	Proposed Rooding Contracts	19
6	UNDERSTANDING OUR LAND TRANSPORT PROCUREMENT ENVIRONMENT	21
6.1	Regional Rooding Collaboration.....	21
6.2	Rooding Market Environment	21
6.2.1	Overview.....	21
6.2.2	Physical Works Providers	22
6.2.3	Local Road Network Maintenance and Operation Providers.....	22
6.2.4	Professional Service Providers	22
6.2.5	Local Suppliers	23
6.2.6	Specialist Suppliers.....	23
6.3	High Risk or Unusual Procurement Activities.....	23
7	PROCUREMENT STRATEGY	24
7.1	Procurement Objectives	24
7.2	Procurement Stages.....	24
7.3	Procurement Planning	26
7.4	Forms of Delivery Model.....	27
7.5	Supplier Selection Methods	27
7.5.1	General.....	27
7.5.2	Registration / Expression of Interest	28
7.5.3	Supplier Panel.....	28
7.6	Broader Outcomes.....	28
7.7	Health & Safety	28
7.8	Tender Procedures	28
7.8.1	General.....	28
7.8.2	Contractor Selection Methodologies	29
8	PROCUREMENT RISKS	30
9	MANAGEMENT AND IMPLEMENTATION	32
9.1	Organisation Structure	32
9.2	Conditions of Contract	33
9.3	Contract Management Approach.....	33
9.4	Communication	33
9.4.1	Elected Members	33
9.4.2	GDC Management.....	33
9.4.3	Other Approved Organisations & Suppliers	33
9.5	Delegations.....	34

9.6 Interaction with Other Documentation..... 34
9.7 Review and Improvement..... 34

Executive Summary

Summary statement

Overview

Grey District Council (GDC) has developed this Procurement Strategy to enable the procurement of goods and services in a manner that aligns with its Procurement Policy and Activity Management Plans for its land transport infrastructure. In addition, this Procurement Strategy meets the requirements of Waka Kotahi for funded programmes related to roading.

GDC has identified the need to plan effectively and deliver quality in a sustainable manner; lowest cost options are not necessarily the best and can result in high operational and maintenance costs. This is especially so if this is undertaken with inadequate planning and lacking a clear framework. Wishing to maximise value for money, a robust strategic and asset management planning regime as well as effective procurement processes, is a priority for ensuring that effective and whole of life forward work programmes are developed and delivered.

Roading activity

GDC has recently undertaken a Local Government Section 17A review of its roading activity, focusing on the Road Maintenance delivery activities.

The service delivery review identified following key areas for improvement:

- Contract to have a longer term with an expanded scope to make it more sustainable and attractive to potential tenderers.
- Contract to align with Buller and Westland District Councils contracts, which commenced 1 October 2020 and 1 July 2021, respectively. Alignment of contracts would include scope, timeframes and specifications to allow for potential combining of contracts in the future, fostering the collaborative approach to service delivery on the West Coast.
- In order to improve data quality to better inform future investment, there will be a greater emphasis on the collection and logging of data through the contract.

The new road maintenance contract documentation will be developed before approaching the market, based on a cost-plus model and to the NZS3917 format. Value for money will be a consideration when comparing tenders, taking into account whole of life costs to Council rather than just the initial up-front cost or lowest price, including any on-going cost and uncertainties that may impact on delivery.

GDC will continue to investigate and develop potential future opportunities for greater efficiency through exploring more collaborative and shared approach with other West Coast Councils and stakeholders (such as Waka Kotahi).

Collaboration with neighbouring Councils is essential. The benefits have been shown in the recent development of the West Coast Councils Combined Roothing Programme Business Case Activity Management Plan (C.AMP). The development of this plan clearly demonstrates how Councils can work together to achieve a common goal and ensure cost effective management of the roading and transportation network for the West Coast.

Procurement Summary

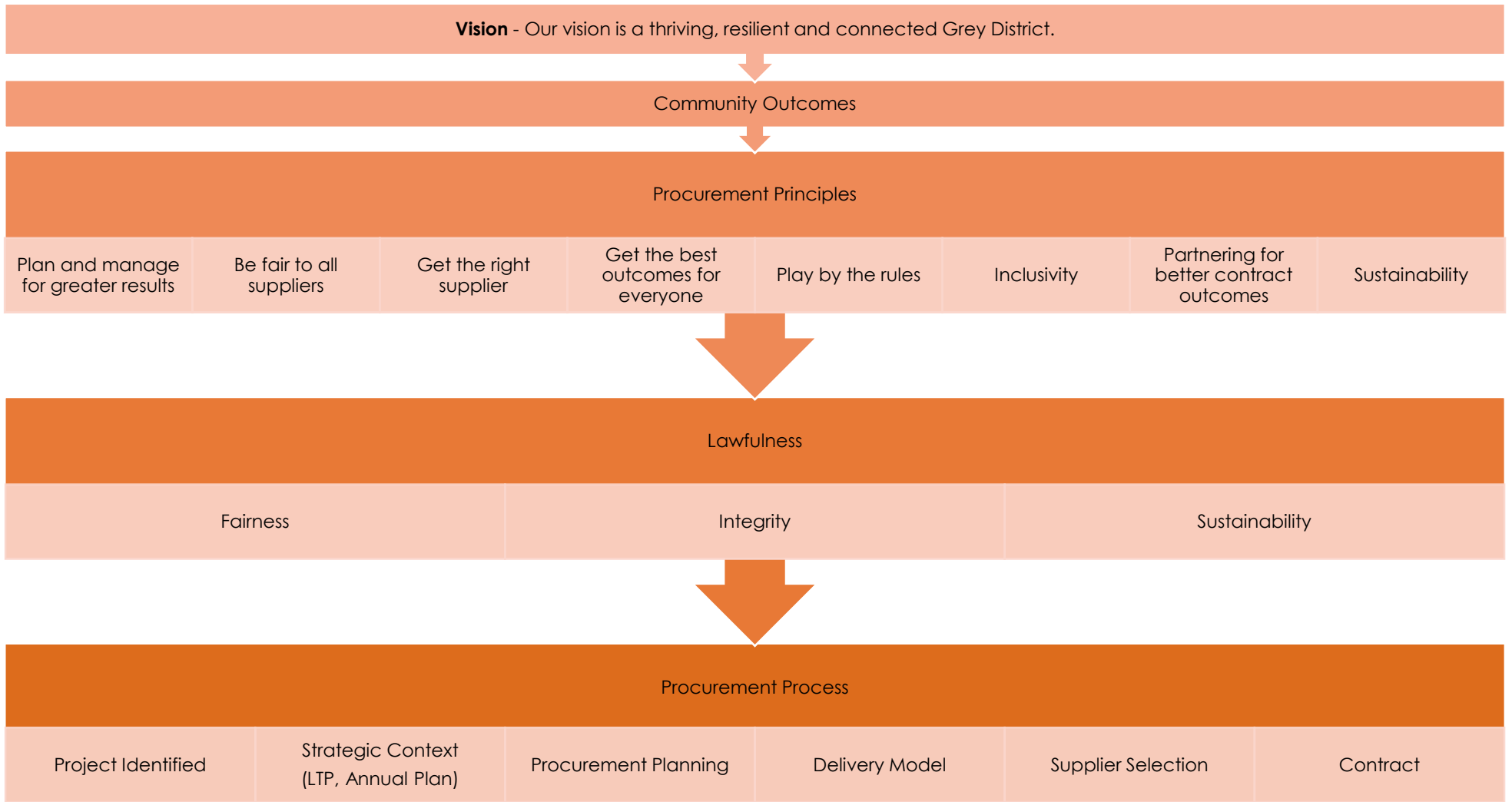


Figure 1: Procurement Summary

Council Ownership and Endorsement

This Infrastructure Procurement Strategy (the Strategy) covering the Grey District's transport infrastructure (2022 to 2025) is aligned with the GDC Procurement Policy adopted in 2020.

The Strategy meets Waka Kotahi's requirements for the procurement of works and services they fund. This strategy is in line with the council's procurement policies and takes precedence for works where there is conflicting information.

Endorsement and Approval Sought from Waka Kotahi

GDC request that Waka Kotahi:

- Endorses this Procurement Strategy and the various procurement approaches contained within it.
- Approves a contract period of 3+2+2 years (with a maximum term of 7 years) for the new Road Network Maintenance & Operation Contract.

Next Steps

- Publication of this Procurement Strategy on GDC's website following approval from Waka Kotahi.
- Plan and procure the Road Network Maintenance & Operation Contract.
- Consider the future development of a Combined Procurement Strategy with Buller and Westland District Councils.

1 Overview

1.1 Our Commitment

Grey District Council (GDC) is committed to providing an open and competitive marketplace across the region. This is to demonstrate to ratepayers that the delivery of services undertaken are of the best possible value for money whilst providing opportunities for potential suppliers.

GDC also recognises that successful contracts are relationship based and several parties can be contracted to work together to deliver a single outcome. These relationships involve a sharing of skills and risk along with jointly promoting innovation to improve value of the service delivery. These professional relationships are relevant from the smallest of contracts through to long term contracts.

Solid contractual relationships:

- Promote stability in the marketplace.
- Provide confidence to the GDC and the contracting industry.
- Encourage investment in systems, training, and equipment.

1.2 Extent of the Strategy

GDC procures works, goods, and services to sustain the community and meet the changes in demand, under all Activity Groups from the purchase of stationery and IT services through to maintenance and capital works for its core infrastructure activities.

Accordingly, the approach to procurement will vary depending on scale, complexity, and risk.

While applicable to all the organisation's operations, this strategy is primarily focussed on transportation and the conditions needed for compliance with Waka Kotahi requirements.

1.3 Public Value

Public value means achieving the best possible result from a procurement, this includes achieving whole-of-life economic value for money through successful procurement and delivery of services, as well as any broader outcomes GDC is seeking.

The key components for achieving public value from GDC's procurement activities are regarded as:

- Evidence informed asset management and investment decision making to ensure a robust forward programme of work.
- Supplier selection procedures that are appropriate to the goods and services being procured and maintain capacity and competitiveness in the local market.
- Seeking broader outcomes through procurement practices.
- Successful delivery of works and services (the right outcome on time and within budget).

This broad, long-term, perspective commits GDC to seeking sustainable options and not necessarily the lowest cost ones.

1.4 Council Endorsement and Review

- Subject to the endorsement of Waka Kotahi, the Procurement Strategy will be put forward for adoption by Council.
- Responsibility for the Strategy primarily lies with the Transportation Manager.
- Reviews and Waka Kotahi endorsement of the Procurement Strategy is a requirement for continued funding.
- The Strategy will be reviewed on a three yearly basis to ensure it is current and remains fit for purpose.

2 Council Context

2.1 Infrastructure Activity Goals

Our vision is a Thriving, Resilient and Connected Grey District¹.

GDC's infrastructure activities support a number of community outcomes. The primary focus of the roading, water supply, and wastewater activities is supporting economic activity (thriving, connected) and protecting property (resilient).

GDC links its activities and services back to community outcomes and goals that Council wants to achieve for the community. They reflect what the community sees as important for its wellbeing, and they help to build a picture of the collective vision for the district's future. These outcomes guide decision making and investment by GDC:

Economic	Social	Cultural	Environment
<ul style="list-style-type: none"> • Strong • Diverse • Sustainable • Prosperous 	<ul style="list-style-type: none"> • Safe • Inclusive • Connected • Enabled 	<ul style="list-style-type: none"> • Proud • Unique • Inter-connected • Vibrant 	<ul style="list-style-type: none"> • Bold • Practical • Resilient • Strategic

Infrastructure is an enabler in achieving GDC's vision and contributes to all these outcomes. To meet the current and future needs of our community, infrastructure must be of high quality and cost effective. GDC is committed to demonstrate to its ratepayers that it is delivering the lowest whole-of-life cost and best value service possible.

The table below shows the vision for transport, taken from the 2021-31 Long Term Plan (LTP). The contribution to Council's Vision and Outcomes is broadly aligned with the outcomes identified above.

Table 1: GDC Activity Group Visions

Activity	Why we are involved in this activity (2021-31 LTP)	Contribution to Council's Vision and Outcomes (2021-31 LTP)
Land Transport	<p>Council provides sealed roads (including bridges where necessary), footpaths, bus shelters and streetlights so that motor vehicles, bicycles and pedestrians can travel efficiently and safely.</p> <p>Access is important as it enables the convenient movement of people and goods to places of work, trade, health services, education and recreation.</p> <p>Promotion of road safety is also important to avoid damage to property, injury and deaths while people are using transport infrastructure.</p>	<p>Well maintained roading, bridge, cycle and footpath network provides:</p> <ul style="list-style-type: none"> • Access and connections to activities, businesses, communities, and industry. • Safe travel for motorists, pedestrians, and cyclists. <p>Road safety promotion activities enhance the safety of the community.</p>

¹ Grey District Council 2021-31 Long Term Plan – Infrastructure Strategy

2.2 Council's Procurement Policy

This Strategy is aligned with the GDC Procurement Policy (adopted 13 July 2020) that provides direction to staff on the objectives and principles required to conduct Council's procurement activities. It also aligns with Council's Delegations Manual.

The principles below underpin the intent and implementation of GDC's Procurement Policy and broadly follow the Government Procurement Rules to provide guidance to staff.

Table 2: GDC Procurement Principles (2020 Procurement Policy)

Principle	Guidance
Plan and manage for greater results	A successful procurement involves careful planning, identification of the desired outcomes, and a robust process to secure the best contractor to do the work. A specific focus of this Policy is to involve suppliers as early as possible and communicate the desired outcomes as a means of securing the best outputs.
Be fair to all suppliers	Create competition and encourage suppliers to respond. This is not only based on a pursuit of fairness, but also a clear commitment to integrity.
Get the right supplier	This is most important as involving the wrong supplier may pose significant risks to efficiency of process and eventual outcomes.
Get the best outcome for everyone	A focus on lowest price must be done with caution. Involving a service provider at a cost which makes it uneconomic for the provider inevitably leads to cost overruns, an elaborate application of cost variances and, in extreme cases, the service provider not completing, and/or the service received is sub-standard.
Play by the Rules	One of the most important requirements for the success of any Policy is consistency in its application. Council will ensure that all procurement reflects both industry best practice and its role as custodian of public goods.
Inclusivity	All local contractors must have the opportunity to take part in Council procurement for contracts where possible and viable.
Partnering for better contract outcomes	As part of establishing a cooperative, mutually supportive process

2.3 Procurement Requirements

Under GDC's Procurement Policy (2020) generally requires open competitive procurement for any contract greater than \$25,000, unless the value does not exceed \$100,000 and there is a reasonable assumption that an open process will not deliver more benefits than closed or direct purchase or cost outweighs the benefits.

The table below sets out the approved procurement approach and requirements based on contract value for land transport, this is broadly aligned with current GDC Policy.

Table 3: Land Transport procurement requirements

Contract Value	Approved procurement approaches	Requirements
Less than or equal to \$5,000	<ul style="list-style-type: none"> Direct purchase or purchase order. 	
Less than or equal to \$25,000	<ul style="list-style-type: none"> Closed procurement or direct purchase. 	<ul style="list-style-type: none"> Two (2) written quotes preferred.

Contract Value	Approved procurement approaches	Requirements
Less than or equal to \$100,000	<ul style="list-style-type: none"> Open competitive procurement. Closed procurement or direct purchase if open procurement will not deliver more benefits or cost outweighs benefit. 	<ul style="list-style-type: none"> Three (3) quotes required for closed or direct procurement unless cost outweighs benefit.
Over \$100,000 and less than \$200,000	<ul style="list-style-type: none"> Open competitive procurement required. 	<ul style="list-style-type: none"> Formal procurement requirements as defined by GDC policy.
\$200,000 or greater	<ul style="list-style-type: none"> Open competitive procurement required. 	<ul style="list-style-type: none"> Formal procurement requirements as defined by GDC policy. Notice of Intent issued to market or Two-Stage Process of Registration of Interest (ROI) and Request for Tender/Proposal (RFT/RFP).

2.4 Health and Safety

GDC has a duty to ensure the health and safety of all its contractors so far as reasonably practical. GDC doesn't often control a workplace, but significantly influences the health and safety practices and behaviours of downstream contractors working for them. The health and safety implications of any contract should be assessed before, during, and after procurement.

Where contractors are being procured to deliver physical works for GDC the use of minimum health and safety requirements as a pre-condition for tendering can ensure only suitable contractors apply, for example contractors should hold:

- AS/NZS ISO 45001:2018 or AS/NZS 4801:2001, and
- Sitewise GREEN (or equivalent).

Health and safety is a core focus of contract performance, and will be monitored through GDC's relationship with the Contractor's Representative and routine reporting requirements.

3 Legislative and Regulatory Requirements

Council must be aware of, and comply with, all applicable legislation (and amendments) when it funds or procures works, goods, or services.

3.1 Local Government Act 2002 (LGA)

The purchase of goods or services must be consistent with the principles of the LGA. Under S14 and SS77-81 of the LGA, local authorities are required to:

- Conduct business in an open, transparent and democratically accountable manner;
- Undertake commercial transactions in accordance with sound business practice; and
- In the course of decision-making:
 - Seek to identify all reasonable practical options for the achievement of meeting objectives for a decision; and
 - Assess the options in terms of their advantages and disadvantages.

3.2 Government Procurement

3.2.1 GOVERNMENT PROCUREMENT CHARTER

The Charter sets our government's expectations of how agencies should conduct their procurement activities to achieve public value. The New Zealand government directs agencies to:

1. Seek opportunities to include New Zealand businesses.
2. Undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility.
3. Look for new and innovative solutions.
4. Engage with businesses with good employment practices.
5. Promote inclusive economic development within New Zealand.
6. Manage risk appropriately.
7. Encourage collaboration for collective impact.

There is an expectation that GDC will identify their key procurement priorities and seek to meet as many of these expectations as practical.

3.2.2 GOVERNMENT PROCUREMENT RULES

The Government Procurement Rules² 'support sustainable and inclusive procurement through the promotion of good practice for procurement planning, approaching the supplier community and contracting' (www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/).

The Procurement Rules include the following five principles that ensure good procurement practice:

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

The Principles of Government procurement should be considered in all procurement activities.

A key focus of the Rules is the importance of open competition – giving all businesses the chance to participate and giving them enough time to respond to opportunities properly. They also promote best practice, strategic procurement, and fair competition.

Broader Outcomes (Government Procurement Rule 16) are the secondary benefits that are generated from the procurement activity. These outcomes can be social, environmental, cultural, or economic benefits, and will deliver long-term public value. Broader outcomes require consideration not only of the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment, and the economy.

The initiative was mandated through inclusion in the Government Procurement Rules and is being rolled out through the Waka Kotahi broader outcomes programme.

Four priority broader outcomes are identified for Government procurement³:

1. Increasing access for New Zealand businesses – increasing access to government procurement contracts for New Zealand businesses, with particular focus on those less able to access opportunities and those working in priority sectors (such as ICT, Māori and Pasifika businesses and businesses in the regions).
2. Construction skills and training – increase the size and skill level of the domestic construction sector workforce and provide employment opportunities to targeted groups.
3. Improving conditions for New Zealand workers – improve conditions for workers and future-proof the ability of New Zealand business to trade.
4. Reducing emissions and waste – support the transition to a zero net emissions economy and reduce waste from industry by supporting innovation.

² <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/>

³ <https://www.procurement.govt.nz/broader-outcomes/>

3.3 Waka Kotahi Funded Activities

3.3.1 LAND TRANSPORT MANAGEMENT ACT 2003

The Land Transport Management Act 2003 (LTMA) clause 25, outlines the requirements for Waka Kotahi NZ Transport Agency (Waka Kotahi) to consider when approving Procurement Procedures for use by Approved Organisations; in the context of this strategy being the GDC.

Key aspects of procurement procedures include:

- Must be designed to obtain best value for money spent.
- Enabling persons to compete fairly for the right to supply outputs.
- Encouraging competitive and efficient markets for the supply of outputs.

3.3.2 WAKA KOTAHI PROCUREMENT MANUAL

The Procurement Manual contains procurement procedures approved by Waka Kotahi⁴ for use by approved organisations when purchasing infrastructure, planning and advice, and public transport services. This manual provides guidance for the application of these procedures, and on how to develop a procurement strategy that documents an approved organisation's long-term integrated approach to the procurement of transport sector activities funded from the National Land Transport Fund (NLTF).

Waka Kotahi and GDC, are committed to the concepts of value for money, maintaining competitive and efficient markets, and fair competition among suppliers. Our transport users want a system that is accessible for all modes of transport and is safe and reliable.

Waka Kotahi and GDC's investment in transport services and infrastructure within an Investment Assessment Framework help achieve value for money through:

- Planning to implement activities and programmes in the right way (through business cases).
- Selecting the right things to do (through results alignment).
- Implementing them at the right time and for the right price (through cost benefit appraisal and smart procurement).

Recent amendments to the Procurement Manual, driven by new Government Procurement Rules, that GDC must focus on in this updated Procurement Strategy include⁵:

- Requirement to comply with the Government Procurement Charter which sets out government's expectations for how agencies should conduct their procurement activity to achieve public value.
- Requirement to consider how procurements can, where appropriate, contribute to the Government's Broader Outcomes (see Section 3.3.3).
- Update to Health & Safety Expectations to strengthen Waka Kotahi's requirement that approved organisations consistently embed health and safety controls within the procurement lifecycle and health and safety forms a key consideration in every procurement decision.

3.3.3 DELIVERING BROADER OUTCOMES FROM PROCUREMENT

To support the New Zealand government's prioritisation of broader outcomes, Waka Kotahi has implemented the Framework for Delivering Broader Outcomes⁶. This framework identifies seven

⁴ Land Transport Management Act Section 25(1)

⁵ General Circular 19/03 (1 October 2019) Amendment 5 to the NZ Transport Agency Procurement Manual
<https://www.nzta.govt.nz/resources/general-circulars/general-circulars.html>

⁶ <https://www.nzta.govt.nz/roads-and-rail/highways-information-portal/technical-disciplines/procurement/broader-outcomes/>

objectives that incorporate the priority outcomes and advance other government policies and initiatives.

1. Opportunities for Māori enterprises.
2. Opportunities for Pasifika enterprises.
3. Sustainable, fair and equitable employment environments.
4. Skills and workforce development.
5. Prosperous and sustainable New Zealand regions.
6. Environmentally sustainable practices and outputs.
7. Targeted opportunities for employment.

GDC are currently most able to implement a subset of these outcomes via the transport activity. The potential approach for applying these is described below, procurement planning for specific contracts will consider broader outcomes and the preferred mechanisms for applying and monitoring them.

Broader outcome	Potential approach
Skills and workforce development	<p>Value suppliers that can demonstrate a commitment to training and development of staff, including upskilling and apprenticeships for local staff.</p> <p>Enter collaborative arrangements with suppliers to upskill in-house staff to build capability and capacity.</p>
Prosperous and sustainable New Zealand regions	<p>Require local sub-contractors to be appointed to an agreed percentage of works on large maintenance or physical works contracts, as appropriate.</p> <p>Fair and equitable opportunities for local businesses and organisations to participate in the procurement of goods and services.</p> <p>Valuing local experience and existing relationships with Councils highly in evaluation of Tenders and Proposals.</p>
Environmentally sustainable practices and outputs	<p>Seek suppliers that can demonstrate a commitment and processes for minimising waste and emissions on Council's projects.</p>

4 S17A Review

The largest single contract for GDC is the Road Maintenance Contract, which is due to expire in June 2023

A Section 17A service delivery review was completed in May 2022. The review was triggered by the approaching expiry of the current road maintenance and recognised the need to re-evaluate the current contract.

A review of the current delivery of the roading activity, through reviewing relevant documentation and a workshop with the Transportation Manager, the following key findings were identified:

- Performance of the current contract is considered adequate, primarily as a result of the long-standing relationship between GDC and the Contractor, but a number of areas for improvement have been identified.
- The current contract is not considered sustainable which, at times, affects the levels of service delivered.
- The current maintenance contract does not include measurable KPIs that would allow contractor performance to be monitored.
- There are no formal processes in place to enable value for money to be measured.

- The full functionality of RAMM is not understood by GDC staff or contractors meaning it is not used to its full extent.
- In general terms, the roads are performing well whereas the footpaths require investment to bring them up to the required level of service.
- GDC's data quality score (60) falls significantly below their target score (81), as well as their peer group score (81), primarily due to a lack of accurate data collection and logging.
- Current lump sum and measure and value method of payment is not working well.
- Customer requests should be better aligned to assets to allow monitoring and prioritisation of responses.
- There are short fallings at several levels of the contract management process including financial processes within the Council (new structure implemented 24 May 2022).

Three key areas of improvement will be sought through the new GDC Road Maintenance Contract:

- Contract to have a longer term with an expanded scope to make it more sustainable and attractive to potential tenderers.
- Contract to align with Buller and Westland District Councils contracts, which commenced 1 October 2020 and 1 July 2021, respectively. Alignment of contracts would include scope, timeframes and specifications to allow for potential combining of contracts in the future, fostering the collaborative approach to service delivery on the West Coast.
- In order to improve data quality to better inform future investment, there will be a greater emphasis on the collection and logging of data through the contract.

5 Council Procurement Programmes

Council's procurement programme is outlined in its Long Term Plan⁷ and Annual Plans⁸, which sets out the annual profile of spending on infrastructure assets.

The programme includes physical works for all core infrastructure activities (subsidised and unsubsidised). It also includes overheads which are part of the Long Term Plan budget.

5.1 Land Transport Procurement Programme

5.1.1 OVERVIEW

Council's local road network consists of 648km of local roads, 391km of these are sealed and 256km unsealed. The urban network is 161km in length with the remaining 487km rural roads. In terms of value, the road network represents over half of Council's infrastructure.

The network faces unique topographical and meteorological challenges, similar to the other neighbouring West Coast Councils. Tourism is vital to the district and prior to COVID there was a high proportion of motorists were international visitors. The planned development of a cycleway as part of the national cycle network will further increase tourism numbers, as the industry recovers over the coming years. In addition, the dairy industry is also significant and places high demand on the network.

These issues demonstrate that GDC's approach to procurement in the land transport activity needs to consider a balance of maintaining and renewing the existing network, improving the network to respond to changes in demand and effective planning and management.

The key risk associated with the roading procurement programme relates to funding, in particular the access to subsidised transport funding through the NLTP. Council has taken a collaborative approach with Buller and Westland District Councils in planning their roading programme over the next 10 years to

⁷ 2021-31 Long Term Plan <https://www.greycouncil.govt.nz/04your-council/council-publications/long-term-plans>

⁸ 2021/22 Annual Plan <https://www.greycouncil.govt.nz/04your-council/council-publications/annual-plans>

better meet the changing demands on the networks, delivered through the 2021 West Coast Councils Combined Roading Programme Business Case Activity Management Plan (C.AMP).

The most significant projects / work programmes are listed in the Annual Plan for each year going forward.

5.1.2 LOCAL ROAD NETWORK MAINTENANCE AND OPERATION CONTRACT

Maintenance and operation of local roads is delivered as a single contract, the current contract is due to expire on 30 June 2023. This Procurement Strategy will guide procurement of the new contract and ensure findings of the Section 17A service delivery review are incorporated.

The outline scope of the network and maintenance operation contract is:

- Network inspections, programming and reporting including traffic counting.
- Unsealed and sealed roads maintenance.
- Sealed road resurfacing.
- Unsealed road metalling.
- Bridge maintenance and some minor component replacement works.
- Drainage maintenance.
- Traffic services maintenance including signs and other street furniture maintenance.
- Coastal walkway and cycle trail maintenance.
- Cyclic maintenance (potholes, edge break, litter collection etc).
- Street sweeping and sump cleaning.
- Mowing and vegetation control in the road reserve.
- Emergency works and incident response.
- Maintenance related to weather events (flooding, storms, snow, ice etc).
- Responding to client, customer, and stakeholder queries.
- Line marking after maintenance and resurfacing work.
- Footpath and kerb & channel maintenance and repairs.
- Footpath renewals.
- Footbridge maintenance.
- Bus shelter maintenance.

Sealed pavement resurfacing and line marking after maintenance and resurfacing works are proposed for inclusion in the new network maintenance contract. The current arrangement with multiple contractors undertaking different elements of the work creates inefficiencies, increasing oversight required from GDC staff, and at times poor quality workmanship.

The existing contracts expire in:

- Sealed pavement resurfacing – 30 June 2023
- Line marking is currently being retendered as a 1 year contract to end 30 June 2023
- Footpath renewals is currently being retendered as a 1 year contract to end 30 June 2023

GDC is also seeking greater contractor ownership of faults and issues, empowering the contractor to raise them with GDC and undertake these works, or engage with relevant subcontractors to do so.

5.1.3 WORKS OUTSIDE THE MAINTENANCE CONTRACT

The following activities are procured outside the current road network maintenance contract:

- Street light maintenance and renewals.

- Major pavement rehabilitation.
- Some major bridge / structure component replacements.
- Bridge and large culvert replacements.

GDC has a continued programme of pavement rehabilitation, seal widening, low-cost low-risk improvements, and bridge component replacement / full replacement projects which will maintain the interest of the local contracting industry and encourage competition.

5.1.4 STREETLIGHT MAINTENANCE

Due to the relatively low level and infrequent works required streetlight maintenance is undertaken on a reactive 'as needed' basis by direct appointment, covering local roads only.

Ongoing maintenance work, although of low value, requires a specialist contractor with necessary approvals to work on power company networks. Therefore, the status quo approach of carrying these works out directly between Council and the local provider ElectroNet is considered best.

5.1.5 DELIVERING THE ROADING ACTIVITY

The total expenditure on the local roading assets has increased over the 2021-24 period, providing for urgent investment in maintenance and renewals to address a backlog of works, whilst also increasing future investment to preserve existing assets. Bridge structures are a core focus of this programme alongside a substantial uplift in investment to improve asset management capability and capacity across the councils' roading teams.

GDC has a mix of funding mechanisms for the land transport activity, with the bulk of revenue coming from Waka Kotahi via the Funding Assistance Rate (FAR) subsidy and the remainder from general rates. For 2021-24 GDC's FAR is 63%, this is the percentage of approved (by Waka Kotahi) expenditure funded by NLTF revenue. GDC has also received Provincial Growth Fund investment to replace several major bridges in the district during 2021-24.

To achieve the best value in the long-term, GDC's procurement will remain flexible, collaborative, and will encourage development of the local contracting market. This will benefit both local businesses and the local economy.

Further, if the contracts are awarded to different suppliers there will be a broader maintenance resource retained in the region, leading to a more sustainable local industry in the longer term, which would support the region's wider economic development strategic aims.

5.1.6 PROFESSIONAL SERVICES

GDC utilises a range of professional service providers, both local and national, to deliver specific services and support where there is not in-house capability or capacity. This support is predominantly focused on network and asset management activities, and specialised engineering expertise including design of pavements and bridge renewals and improvements.

To improve value for money and attract quality suppliers to the West Coast market, GDC is undertaking two regional procurements of professional service provider support with Buller and Westland District Councils. These are:

- Regional Roding Asset Management.
- Regional Bridge and Structures Asset Management.

The key objective of these procurement activities is to enter into a long-term contractual arrangement with suppliers who can improve transport data quality, ensure greater use of data and technology, and enhance forward work planning and investment analysis while empowering the local people to implement sound transport asset management practices consistently across the three councils.

The outcome of this procurement is to attract a professional, competent, and capable supplier who will take responsibility and proactively drive the West Coast Councils to improve their transport asset management practices continually and jointly develop forward work programmes while upskilling locally based staff and building organisational capacity.

Further discussion of the regional roading collaboration is provided in Section 6.1.

5.1.7 PROPOSED ROADING CONTRACTS

As noted, the current local road maintenance and operation contract is due to expire in June 2023.

There are several delivery models available to GDC to consider for the new contract, including traditional models and Network Outcome Maintenance Contracts (NOC). Pure performance-based contracts such as the NOC contracts can place limits on the Council's ability to influence the contracts during their term.

Considering the issues, and in the interest of maintaining a competitive industry, it has been determined that the traditional model delivered mostly using a Cost-Plus basis, will deliver the best overall outcomes for the district.

The following table outlines the wider GDC programme of roading activities and recommends contract types and procurement methods based on the cost, complexity, consequences, health and safety, and environmental factors.

Table 4: Local Road Network Contracts

Contract	Comments	Start Date	Duration	Estimated Annual Value ⁹	Method of Payment	Procurement Method	Delivery Model	Method of Payment
Local Roads Maintenance Contract	See scope of works in Section 5.1.1, new contract to include sealed pavement resurfacing and line marking to improve value for money and quality of outcomes.	1 July 2023	3 yr + 2 + 2	\$3,800,000	Cost-Plus	<ul style="list-style-type: none"> Price Quality 	<ul style="list-style-type: none"> Traditional Performance Based Contracts 	<ul style="list-style-type: none"> Cost-Plus
Pavement rehabilitation	Sealed road pavement rehabilitation	By project	As required	\$280,000	<ul style="list-style-type: none"> Lump sum Measure & Value 	<ul style="list-style-type: none"> Direct Appointment Lowest Price Conforming Price Quality 	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Structures component replacement	Structure renewal and component replacement programme expected to increase in size over next 5-10 years to address condition issues. Some minor works to be carried out under the maintenance contract.	By project	As required	\$300,000	<ul style="list-style-type: none"> Lump sum Measure & Value 	<ul style="list-style-type: none"> Direct Appointment Lowest Price Conforming Price Quality 	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Bridge & structure renewals	End-of-life condition based replacement of bridges and structures, programme is likely to increase in size over next 5-10 years.			\$100,000		<ul style="list-style-type: none"> Direct Appointment Lowest Price Conforming Price Quality 	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum
Street Light Maintenance	Due to the relatively low level of works required, streetlight maintenance is undertaken on a reactive 'as-needed' basis by direct appointment.	Ongoing	As required	As required	As required	<ul style="list-style-type: none"> Direct appointment 	<ul style="list-style-type: none"> Day works Traditional 	<ul style="list-style-type: none"> As required
Professional Services	The provision of professional services is provided both in house and externally. GDC is procuring some of these services jointly with BDC and WDC to deliver regional value for money and a consistent approach.	By project	As required	\$300,000	<ul style="list-style-type: none"> Lump sum Measure & Value 	<ul style="list-style-type: none"> Price Quality Direct Appointment 	<ul style="list-style-type: none"> Day works Traditional 	<ul style="list-style-type: none"> Lump sum Measure & Value
Low-Cost Low Risk (LCLR) / Capital Works	Separate contracts will be let for any LCLR or other capital works. For components of larger projects, GDC may let the delivery of specific areas of specialisation separately, such as design. This approach supports the small to medium sized suppliers.	By project	Varied	\$900,000	<ul style="list-style-type: none"> Lump sum Measure & Value 	<ul style="list-style-type: none"> Direct Appointment Lowest Price Conforming Price Quality 	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum

⁹ Based on approved annual work category budgets in the 2021-24 Activity Management Plan

6 Understanding Our Land Transport Procurement Environment

6.1 Regional Rooding Collaboration

Since 2017 the three West Coast Councils have collaborated to develop a single regional Transport Programme Business Case (PBC) and Combined Activity Management Plan (C.AMP) for the purpose of informing the National Land Transport Programme (NLTP) and each Council's Long Term Plan. As well as providing an opportunity for more efficient delivery of programmes, this joint approach recognised the similar issues and challenges being faced across the region.

Subsequently, the Councils have sought opportunities to procure shared services to deliver specific projects and activities under a regional approach. This is delivering better value for money and quality of outcomes for each organisation than if they were to procure the same services separately. To date most collaboration has been for professional service providers delivering a range of asset and investment management and specialist support to the Councils.

Each organisation has its own requirements for the timing of project delivery, and it is not always practical to provide a coordinated pipeline of tenders to the market. However, a collaborative approach to procurement where practicable, such as alignment of contracts (in terms of scope, specifications, and timeframes) or combining contracts across the region, will deliver cost-effective outcomes and make contracts more attractive to those based outside the region.

GDC is committed to continuing this collaborative approach and seeking opportunities to be more ambitious in the regional procurement and contract delivery to increase benefits to our ratepayers. Alignment of the local road network maintenance contracts is a potential future opportunity, and it is intended to align the timing of GDC's new maintenance contract with Westland and Buller to make this possible if preferred.

6.2 Rooding Market Environment

6.2.1 OVERVIEW

While Grey's isolated and remote location may at times create an impediment to outside contractors, we can maintain a competitive market for general civil works with a range of local contractors capable of supplying the full range of services we need to procure. Council wishes to attract creative, clever, and commercially focused suppliers, contractors, and consultants to help deliver innovative and effective solutions to get the best value for the ratepayers of the Grey District. This is not always the cheapest price. To be an attractive customer, it is essential that Council fosters productive relationships with suppliers.

As discussed below, GDC is served by a limited range of large contracting firms capable of successfully managing and delivering large scale maintenance contracts. Meanwhile there are several smaller local contractors who can deliver specific projects and works, or subcontract to larger firms on higher value contracts.

As such GDC through its procurement processes needs to ensure:

- Value for money for ratepayers;
- Appointment of principal contractors who can successfully deliver the requirements;
- A health and competitive marketplace for small to medium sized local firms;
- Open and fair competition that supports innovation and helps create a competitive, productive marketplace in the Grey District; and
- Ensure Council is valued as a desirable principle / client organisation that demonstrate professional practice and has a reputation for integrity.

6.2.2 PHYSICAL WORKS PROVIDERS

Physical Works Contractors with a presence in the region include:

- Westroads (GDC & WDC contractor)
- Fulton Hogan
- Isaac Construction
- A G McMaster Ltd
- Liddell Contracting
- Paul Smith Earthmoving 2002 Ltd
- Downer
- WestReef (BDC contractor)
- MDC Contracting
- E-Quip Engineering
- Higgins
- ElectroNet

There are also other small and 'owner-operator' contractors who can undertake small projects and sub-contract work locally.

6.2.3 LOCAL ROAD NETWORK MAINTENANCE AND OPERATION PROVIDERS

Market engagement identifies:

- Large Tier 1 firms hold most road network maintenance contracts nationally.
- There is a preference for contract values ranging from \$3.5m to over \$10m annually.
- Long-term contracts are preferred with at least five-year initial terms and possibility of further extensions.
- Contracts that encourage a collaborative approach with reward mechanisms for good contractor performance and responsibility for decision-making and programmes are owned by the contract principle are viewed positively.

GDC's local road network maintenance contracts have traditionally been at the lower end of the annual value range, and while Council is moving to a longer-term contract the intention is to seek a 3 + 2 + 2 tenure for the new contract.

The regional roading construction and maintenance marketplace is dominated by Fulton Hogan, a national Tier 1 contracting firm who hold the State Highway Network Outcomes Contract (NOC), and Westroads who currently hold GDC and WDC's local road network maintenance contracts, and support Fulton Hogan on the State Highway NOC. When the NOC contract was awarded other large firms left the West Coast and no longer have local representation.

Supporting these larger firms, there are local contractors with the capability to undertake physical works, but some lack the management systems and available resources to undertake the full-service contracts currently being tendered in accordance with expected roading industry standards. These local firms have previously, and likely will still, subcontract to larger contractors on local maintenance and renewal contracts.

As such, there is an issue with limited competition at a local level among larger contracting firms capable of delivering maintenance contracts of this scale and complexity. WDC recently tendered their local road network maintenance contract, receiving just one tender response from the incumbent, Westroads. This experience is not limited to the West Coast, other rural councils in the South Island have recently had a similar experience along with large increases to tendered costs.

BDC's current maintenance contractor is WestReef a Buller District Council controlled trading organisation. The current term of the maintenance contract ends 30 September 2023, with two two-year options to extend to a maximum term ending in 2027.

6.2.4 PROFESSIONAL SERVICE PROVIDERS

GDC does not have a fixed-term contract in place for professional services, instead these are delivered by a mix of in-house staff providing asset management services alongside a range of professional service providers engaged for specific projects / programmes of work. These external providers are generally based in Greymouth or Canterbury and include large national and international multi-disciplinary organisations as well as much smaller specialist service providers.

External professional services are used for specific expertise to assist on works, for example:

- Asset management planning and programme delivery.
- Traffic counting estimation and models.
- RAMM data support.
- Road and asset condition surveys.
- Safety assessments.
- Studies to inform programme development.
- Business case and activity management plan development.
- Geotechnical investigations.
- Structural calculations.
- Traffic engineering.

6.2.5 LOCAL SUPPLIERS

The wellbeing of local communities is highly dependent on the strength of local businesses. This is certainly the case in the Grey District, where maintaining attractive employment prospects and strengthening local suppliers' businesses provides the backbone of the regional economy.

Local suppliers are encouraged to tender as this creates healthy competition and discourages complacency or monopolies in small communities like Grey where opportunities for work can be limited.

To prevent an unfair bias, a robust procurement process must be followed to ensure that tender evaluation and awarding is done in a fair way that meets Waka Kotahi requirements as well as the Grey District Council Procurement Policy.

6.2.6 SPECIALIST SUPPLIERS

Diversity and competition are less evident in specialised areas such as streetlight maintenance and line marking, so careful attention is needed in these areas to ensure value for money – where direct competition is less likely to contribute to that goal.

6.3 High Risk or Unusual Procurement Activities

At this time GDC has not identified any particularly high-risk activities nor the need for unusual procurement activities that are not covered adequately by the Waka Kotahi Procurement Manual.

7 Procurement Strategy

7.1 Procurement Objectives

The following objectives are intended to guide GDC's procurement of land transport and other infrastructure works programmes:

- To ensure purchasing decisions are consistent, transparent, fair, and lawful.
- To deliver procurement outcomes that meet the current and future needs of communities in a way that is most cost-effective for households and businesses.
- To ensure products, services, and works are fit for purpose and are procured using commercially astute and appropriate processes.
- Support sound environmental procurement and sustainability.

These objectives support the procurement practices sought by Waka Kotahi:

- Contribute to the approved organisation's vision and objectives.
- Help obtain the best value for money from all purchasing activity.
- Help effectively manage supplier markets.
- Effectively manage risks associated with purchasing activity.
- Enable the best quality of goods and services to be obtained.
- Are undertaken in a way that ensures probity and accountability for outcomes.

7.2 Procurement Stages

The eight-stage procurement lifecycle is structured around the 'plan', 'source', and 'manage' phases.¹⁰ While traditional procurement practices tend to have focused on the source phase, best-practice strategic procurement emphasises the importance of the plan and manage phases for whole-of-life service delivery, relationship management, and public value outcomes.

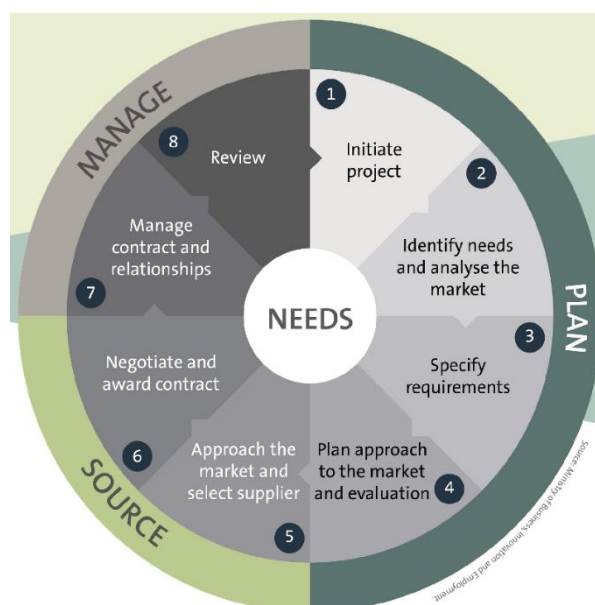


Figure 2: Procurement Lifecycle

¹⁰ <https://oag.parliament.nz/2018/procurement/docs/summary.pdf>

The diagram below outlines the decision-making stages of procurement planning for GDC land transport contracts, from identification of a project through to developing the contract. This is of most relevance to land transport, but applicable to all Council activities.

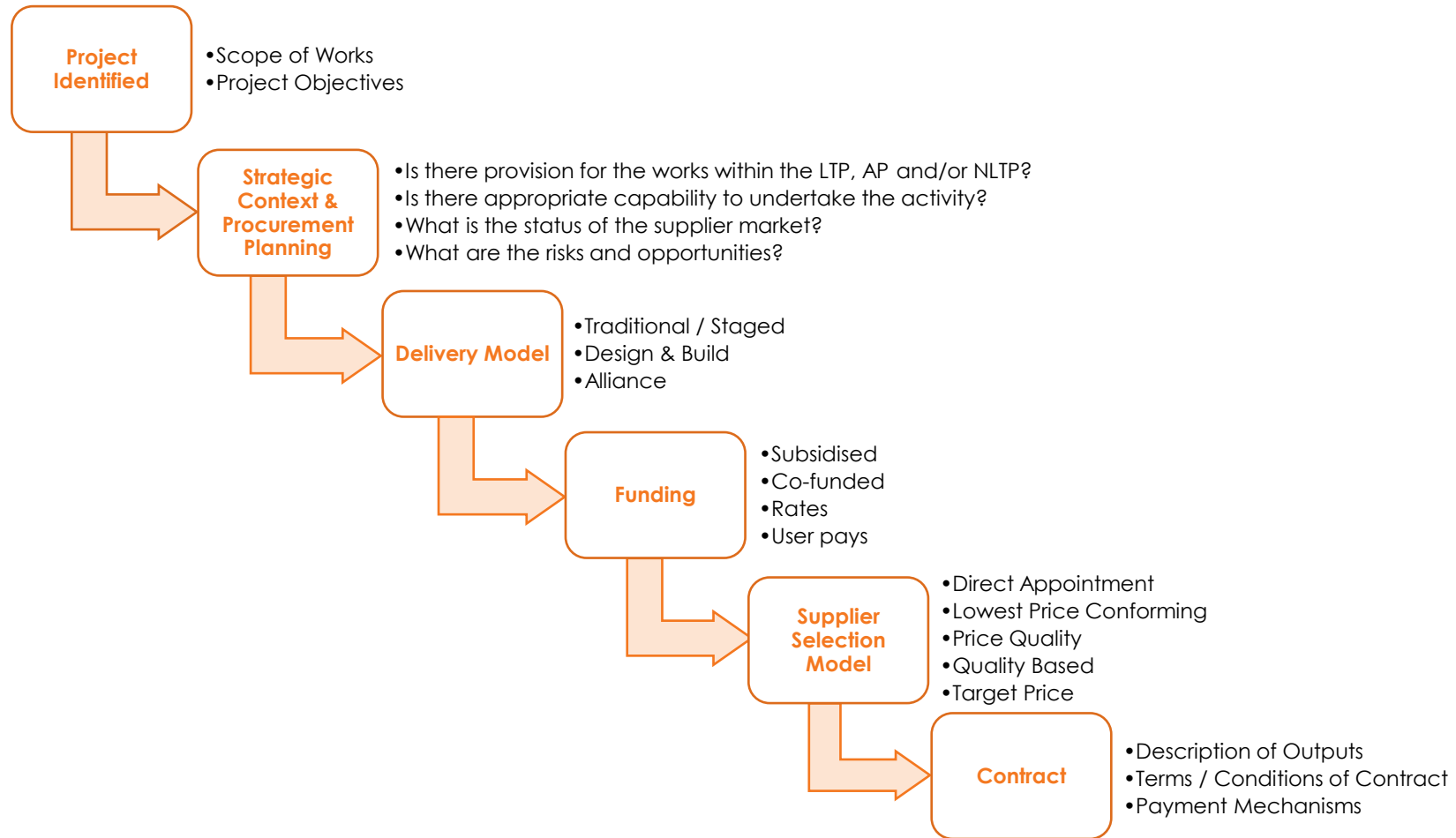


Figure 3: Stages of Procurement Planning

7.3 Procurement Planning

Prior to the engagement of any supplier of goods or services procurement planning is required to ensure the best value for money. This process is relevant for any scale and complexity of contract but should be tailored appropriately.

The procurement planning process should include, as a minimum:

1. A review of the current contract:

- Is it delivering on its objectives?
- Are the appropriate levels of service being met?
- Are the agreed community outcomes being met?

2. Consideration of the strategic context:

- Market circumstances.
- Risks of the proposal and opportunities for risk sharing.
- Opportunities for innovation.
- Potential to integrate across other activities.
- Capacity and capability of Council officers to manage and deliver the procurement programme.

3. How can delivery be improved?

- Scope and cost of delivery.
- Potential bundling of works.
- Alignment with other West Coast Councils.
- Length of contract.
- Potential for local supplier involvement.

4. Determination of the preferred format of contract delivery:

- What type of contract will the works / services be delivered under?


5. Determination of the appropriate selection procedure:

- How will the preferred supplier be decided?

7.4 Forms of Delivery Model

The generally accepted forms of delivery comprise the models outlined in the table below which identifies typical characteristics for the key Forms of Delivery for infrastructure projects.

Table 5: Delivery Models

 Potential for Innovation Increases	Staged / Traditional
	<p>Where the client wants to retain control over the programme of works, where delivery is likely to be on a measure and value basis and where the client wants to encourage a healthy market environment with limited suppliers.</p> <ul style="list-style-type: none"> • The client has scope, schedule, and programme certainty. • Contract is simple / non-complex / low risk. • Small to medium sized contracts • Short, medium, or long-term contract duration with potential rollover. • Direct negotiation / lowest price conforming / price-quality methods of procurement. • Method of payment typically measure and value.
	Design and Build
	<p>Where the client wants to set performance measures and hold the contractor accountable for delivering them</p> <ul style="list-style-type: none"> • To encourage innovation. • Contract is more complex. • Medium to large sized contracts. • Typically, price-quality methods of procurement. • Client has sufficient asset information for contractor to price contract. • Self-certification with client-controlled checks. • A well-balanced risk profile. • Certainty in expenditure and rates.
	Alliance / Collaborative model
	<p>This form of delivery provides flexibility and risk sharing in a formalised 'team approach' with the contractor focused on network outcomes. This is an advanced procurement model and requires approval in advance from Waka Kotahi.¹¹</p> <ul style="list-style-type: none"> • Flexibility and risk sharing. • Client wants to and has the capability to be directly involved in the contract. • Client is uncertain of contract scope, required performance and programme and/or needs to make significant cost savings. • Large / complex contracts. • Longer term contract duration with potential rollover. • Price-quality methods of procurement. • Sharing knowledge and experience. • The asset has a high rate of change.

7.5 Supplier Selection Methods

7.5.1 GENERAL

There is no 'one size fits all' approach to procurement, and Council favours a range of methods for engaging suppliers including:

- Comprehensive long-term contracts for maintenance works which require high levels of capacity, capability, and certainty.

¹¹ Refer to Waka Kotahi Procurement Manual Section 10.5

- Smaller packages to enable smaller local suppliers to supply services to Council and their community.
- Larger packages for capital projects involving complex design, project management, and construction.
- Bespoke packages that acknowledge of the roles of specialists.

When choosing the appropriate procurement method, it is noted that some methods are governed by legislation. For example, the Land Transport Management Act 2003 requires certain procedures to be used for approved activities relating to transport.

7.5.2 REGISTRATION / EXPRESSION OF INTEREST

Usually the first formal stage of a two-stage tender process, a Registration of Interest (ROI) asks potential suppliers to:

- Register their interest in an opportunity to supply specific goods, services, or works.
- Provide information that supports their capability and capacity to deliver the goods, services, or works.

A ROI is often used when a large number of responses is anticipated, and the information provided will help to determine whether or not suppliers are appropriate for the job. Only respondents who are shortlisted after the ROI has closed will be invited to continue in the procurement process.

7.5.3 SUPPLIER PANEL

The supplier panel model establishes a relationship with a group of suppliers that will be used to deliver a bundle of outputs for a group of activities. This essentially comprises two categories:

- Standing arrangements for supply of recurring purchases each of a relatively low value.
- Panel arrangements where a contractual arrangement is made with a group of suppliers to provide services as and when required based on agreed prices / rates.

As an advanced procurement model a supplier panel requires prior approval from Waka Kotahi.¹²

Based on the marketplace and packages of work GDC are seeking to procure for the roading activity there is currently no intention to establish a local panel of suppliers.

7.6 Broader Outcomes

The focus on value for money and whole of life cost will ensure that Council considers the future in its procurement. Sustainability will be considered at all stages of the procurement lifecycle, starting with planning, through market engagement, selection of products/suppliers and contracting with suppliers.

The embedding of sustainability principles into procurement will assist Council's to meet the needs of the end user, deliver long term value for money, as well as maximise social, economic, cultural and environmental benefits.

7.7 Health & Safety

Health and Safety of staff, contractors, suppliers, stakeholders and the public is of great concern and will be a key component of all procurement.

7.8 Tender Procedures

7.8.1 GENERAL

Council's tender documents / requests for proposals should include, but not be limited to:

- Scope / specification of works, services, or goods.

¹² Refer to Waka Kotahi Procurement Manual Section 10.5

- Payment schedule and payment mechanisms.
- Duration of contract.
- Conditions of contract / Terms of Agreement.
- Evaluation criteria.
- Time of closing of tender / proposal.

7.8.2 CONTRACTOR SELECTION METHODOLOGIES

The lowest price conforming model

The emphasis of this model is price.

This approach is best for situations where all suppliers are likely to meet quality standards and where a higher quality is not an important consideration.

The price quality model

This method considers price, quality, experience, and other criteria, to reflect the premium the Principal is willing to pay for additional quality. Where price is one of the criteria, it is important to ensure that weightings are such that price is appropriately (neither too much nor too little) recognised.

The purchaser nominated price method

Also known as “target-price”, this is useful when it is difficult to define the scope of work or whether available budgets are enough for desired outcomes. The solution is to make potential contractors aware of the available budget (the target price) to figure out what they can supply for it. The quantity and quality of outputs then become the main evaluation issue.

Quality based or “Brooks’ Law” method

This assesses proposals on technical merit. Discussions with the highest ranked supplier then include the proposal, contract, terms, fees, terms of reference, legal requirements etc to ensure a mutual understanding. If no agreement is possible, the second ranked supplier begins negotiations. This process continues until appointment.¹³

¹³ Quality Based is an advanced procurement approach when used for infrastructure contracts and requires prior approval from Waka Kotahi (refer to Waka Kotahi Procurement Manual Section 10.5). Professional Service contracts are pre-approved by Waka Kotahi for this approach.

8 Procurement Risks

GDC aims to get the right balance between risk and expected benefit – to be risk aware but not necessarily risk averse.

For infrastructure activities, specific risks relating to that activity are documented in the relevant Activity Management Plan.

The table below outlines potential risks associated with the procurement process, the likely consequences and identifies action that can be taken to eliminate, isolate or minimise that risk.

Key to most risks is staff development and training in procurement procedures.

Table 6: Procurement Risks

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Identifying the Need / Planning		
Not fully understanding the need	<ul style="list-style-type: none"> • Purchase of unsuitable product or service. • Money wasted. • Lack of tenders. 	<ul style="list-style-type: none"> • Procurement planning. • Develop clear scope of work / outcomes. • Set appropriate timeframes. • Consult with users.
Insufficient funding	<ul style="list-style-type: none"> • Delay in making the purchase. • Additional costs for re-tender. 	<ul style="list-style-type: none"> • Obtain appropriate approvals before undertaking process. • Improve planning.
Selecting the Form of Delivery / Method of Selection		
Failure to identify potential sources / suppliers	<ul style="list-style-type: none"> • Lack of offers from suitable tenderers. 	<ul style="list-style-type: none"> • Procurement planning. • Improve market knowledge. • Seek industry participation.
Inappropriate form of delivery or selection method used	<ul style="list-style-type: none"> • May not select best supplier. • Failure to obtain value for money. 	<ul style="list-style-type: none"> • Procurement planning. • Seek review of selection method.
Contract Documentation		
Inadequate scope / specification / schedule Providing inadequate information	<ul style="list-style-type: none"> • Inadequate responses from tenderers. • Outcomes not met. • Variety of offers (difficult to evaluate). • Loading of costs in offers. • Having to provide clarifying information – delays and additional tender costs. 	<ul style="list-style-type: none"> • Ensure specification is consistent with needs. • Staff training in contract documentation prep. • Review tender documents before issuing. • Engage external support where there is insufficient in-house capacity / capability
Terms and conditions unacceptable to tenderers	<ul style="list-style-type: none"> • Loading of costs in offers. • Tender tags • Low response. 	<ul style="list-style-type: none"> • Use standard conditions of contract (e.g. NZS3910 for construction contracts).
Tender Procedures		
Insufficient number of responses	<ul style="list-style-type: none"> • Re-tender. • Increased costs. • Delayed delivery to the client. 	<ul style="list-style-type: none"> • Assess advertising methods. • Improve market knowledge.

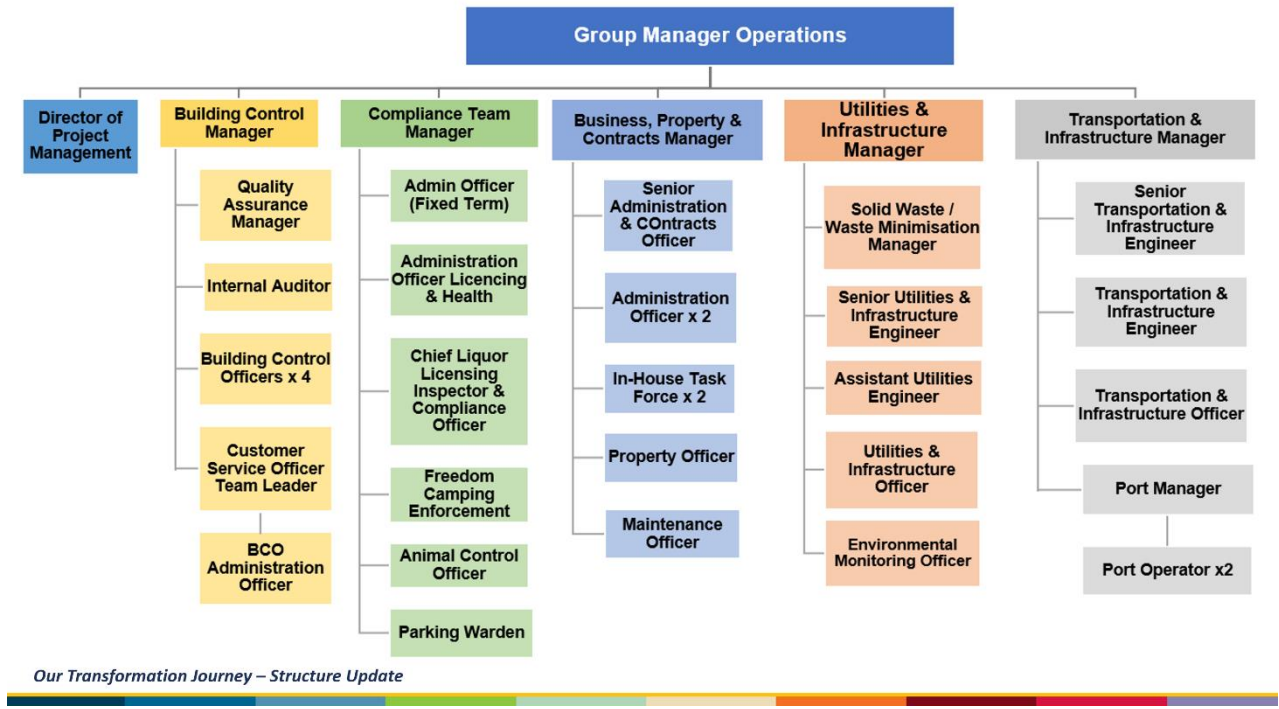
PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
	<ul style="list-style-type: none"> Poor value for money due to limited competition. 	<ul style="list-style-type: none"> Advance notice of tender requests. Allow sufficient time for tenderers to respond. Seek feedback from known suppliers on their non-response.
Failure to fully follow evaluation procedures	<ul style="list-style-type: none"> Inconsistent evaluations. Subjective not objective evaluation of offers. Probity Issues. 	<ul style="list-style-type: none"> Clear evaluation methods and criteria. Ensure that TET Understand confidentiality obligations.
Selecting an inappropriate supplier	<ul style="list-style-type: none"> May not select best supplier. Failure to fulfil the contract. 	<ul style="list-style-type: none"> Clear evaluation methods and criteria. Set minimum requirements for evaluation (Pass/Fail criteria). Appropriate tender evaluation team
Local supplier not successful	<ul style="list-style-type: none"> Public perception and reality of loss to local economy. 	<ul style="list-style-type: none"> Management of local economy issues within the contract document.
Contract Management		
Lack of formal processes in place to measure value for money.	<ul style="list-style-type: none"> Unanticipated variations and cost increases. Delays in delivery. Contract disputes. 	<ul style="list-style-type: none"> Review contract document prior to release. Accurate records. Include process for assessing variations.
Lack of contract performance management framework and indicators	<ul style="list-style-type: none"> Cost increases. Outcomes not achieved. Delivery of unsatisfactory product / service. Contract/supply disputes. 	<ul style="list-style-type: none"> Maintain good practice. Staff know responsibilities and accountabilities and are suitably trained & experienced in contract management. Relationship management Good record keeping and documentation.
Key personnel not available	<ul style="list-style-type: none"> Outcomes not met. Progress disrupted. Less expertise. 	<ul style="list-style-type: none"> Include requirement in specification and ensure compliance. Provision in contract for 'vetting' alternative personnel

9 Management and Implementation

9.1 Organisation Structure

GDC's current organisation structure is provided below. During development of the Procurement Strategy some capability and capacity gaps relating to procurement and contract management were identified:

Capability / Capacity Gap	Mitigation
Procurement expertise	<ul style="list-style-type: none"> GDC staff are currently undergoing the Level 6 NZ Certificate in Infrastructure Procurement Procedures. Engagement of independent procurement specialists to support development of Procurement Plans, RfX documentation, and contracts. Especially on larger / complex procurements. Use of staff from other Councils (Westland & Buller) and independent specialists on Tender Evaluation Teams. Staff upskilling and exposure to GDC procurement under mentorship from senior / independent experts.
Contract management	<ul style="list-style-type: none"> Appointment of staff to dedicated contract management functions within the Transportation team. Development of a performance management framework and performance indicators for contract management. Requirement for contractors to monitor performance and regularly report to Council. Professional service provider support for day-to-day / routine asset management functions related to maintenance, renewal, and capital work contracts.



9.2 Conditions of Contract

There are several standard Conditions of Contract typically used by GDC:

Conditions	Use
NZS 3910 Conditions of contract for building and civil engineering construction	Typically used for renewals and capital works projects
NZS 3917 Conditions of contract for building and civil engineering - Fixed term	Typically used for operations and maintenance contracts (term contracts)
NZS 3916 Conditions of contract for building and civil engineering – Design and construct	Design and Build Contracts
Conditions of Contract for Consultancy Services (4th edition 2017)	Professional Services
Short Form Agreement for Consultant Engagement (ACENZ / ENZ)	Professional Services

9.3 Contract Management Approach

GDC is a small sized local authority with capable but limited resources. Council is continually working towards upskilling and retaining staff.

Council uses a mix of its own staff and external resources (where appropriate) to deliver levels of service and achieve associated planning and programmes.

Physical works contracts and asset management are generally managed by Council staff. Suppliers with quality systems and self-auditing processes enable Council to be assured quality is not compromised with less supervision.

9.4 Communication

9.4.1 ELECTED MEMBERS

Formal reports are provided when decisions are required relating to funding or policy matters. The key 'informing' documents from a procurement perspective are the LTP and relevant Activity Management Plan that sets the scene for the ensuing 10 years.

Monthly updates are provided as appropriate through Council meetings.

9.4.2 GDC MANAGEMENT

Management and other staff have access to all the same reports as Councillors including detailed Activity Management Plans.

The size of the organisation is such that most communication between staff and departments is informal, with regular team meetings, and email the most common form of written communication.

9.4.3 OTHER APPROVED ORGANISATIONS & SUPPLIERS

GDC maintains extensive engagement with Waka Kotahi (State Highways), Buller and Westland District Councils through Regional Land Transport groups.

Council staff communicate with other approved organisations and suppliers through a range of forums such as RCA Forum, LGNZ, IPWEA, Engineering NZ and numerous courses, presentations etc. throughout the year.

Council staff (and consultants/contractors) are encouraged to gain knowledge and share experiences from outside the region, such as involvement on reference groups, working parties etc.

Formal communication to the market of proposed programmes is through the LTP, and this Strategy will be made publicly available and accessible via GDC's website.

9.5 Delegations

No person shall enter into a contract or funding arrangement (including purchasing of goods and services) on behalf of GDC unless:

- they have specific delegation to do so; and
- the works, goods and / or services are within budget as set out in the LTP / Annual Plan or by formal resolution of Council.

9.6 Interaction with Other Documentation

This Procurement Strategy is linked to Council and Waka Kotahi's wider planning frameworks as well as implementation rules and guides including:

- Financial delegations.
- Waka Kotahi Programming Planning and Funding Manual.
- Waka Kotahi Procurement Manual.
- GDC Procurement Policy.

9.7 Review and Improvement

Council acknowledges there are opportunities to improve this strategy and procurement processes.

The following procurement items have been identified as future actions:

- West Coast Councils Combined Procurement Strategy (Roading) which could extend to be 'business wide'
- Continued staff development in the areas of procurement and asset knowledge.
- This Procurement Strategy will be reviewed on a tri-annual basis.

Recommendations from s17A service delivery reviews will be incorporated as they are undertaken and as appropriate.