



Buller District Council: Transport Procurement Strategy 2023

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Buller District Council: Transport Procurement Strategy 2023

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Executive Summary

Summary statement

Buller District Council (BDC) 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 service delivery. In addition, this Procurement Strategy meets the requirements of Waka Kotahi for funded programmes.

BDC 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 when there is inadequate planning and lack of 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 whole of life forward work programmes are developed and delivered.

The following key areas have been identified for improvement of both procurement and contract outcomes:

- Core maintenance and professional service contracts to have longer terms and expanded scope to make them more sustainable and attractive to potential suppliers.
- Opportunity to align maintenance contract timing and scope with Westland and Grey District Councils to allow for potential combining of contracts in the future, fostering the collaborative approach to service delivery on the West Coast.
- Opportunity to award emergency transport works under the Rooding Return to Service Programme through BDC's newly established Contract Works Panel. This is an advanced procurement component requiring approval of Waka Kotahi under Section 25 (s25) of the Land Transport Management Act (LTMA).
- Greater emphasis on data collection, recording, and management, and use of data for analytics, modelling, and forward programming.

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

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

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

Council Ownership and Endorsement

This Procurement Strategy (the Strategy) covering the Buller District's transport infrastructure (2023 to 2026) references the BDC Procurement Policy.

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.

BDC undertook a Section 17A service review focusing on Local Road Maintenance delivery activities in late 2019. This review and recommendations are considered relevant to BDC's current service delivery, and as the current maintenance contract commenced 1 October 2020 for a 3-year term with options to extend, no update to the service review has been required at this time.

Endorsement and Approval Sought from Waka Kotahi

Buller District Council recommend that Waka Kotahi:

- Endorses the Buller District Council: Transport Procurement Strategy 2023.

- Approves the continued use of an approval under s26 of the LTMA for in-house professional services.
- Approves a variation to Procurement Manual, section 10.5 *Procurement procedure advanced components* allowing Buller District Council to establish a supplier panel entitled the Roothing Return to Service Programme physical works supplier panel.

Next Steps

- Publication of this Procurement Strategy on BDC's website following approval from Waka Kotahi.
- Consider the future development of a Combined Procurement Strategy with Grey and Westland District Councils.
- Consider alignment of maintenance contract timing with Grey and Westland, through the use (or not) of optional extensions to the existing contract.

Procurement Strategic Context



Figure 1: Procurement Strategic Context

1 Overview

1.1 Our Commitment

Buller District Council (BDC) 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.

BDC 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 BDC and the contracting industry.
- Encourage investment in systems, training, and equipment.

1.2 Extent of the Strategy

This strategy is focussed on transportation and the conditions needed for compliance with Waka Kotahi requirements.

While relevant to all the organisation's operations, BDC's procurement of works, goods, and services across other activity groups will be guided by council's Procurement Policy and other applicable policies and strategies.

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 BDC is seeking.

The key components for achieving public value from BDC'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 BDC 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 Manager Infrastructure Delivery.
- 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

BDC's vision is based on its five community outcomes (Social, Affordability, Prosperity, Culture and Environment) which it seeks to achieve. BDC's quality infrastructure investment will create a vibrant community which will enable an innovative and diverse economy. A key focus of BDC is making decisions that consider the costs and benefits of future generations as well as the current generation, to ensure the right projects are invested in.

BDC 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 help to build a picture of the collective vision for the district's future. These outcomes guide decision making and investment by BDC:

Social	Affordability	Prosperity	Culture	Environment
<ul style="list-style-type: none"> •Vibrant •Healthy •Safe •Inclusive 	<ul style="list-style-type: none"> •Quality •Efficient •Fit-for-purpose •Adaptable 	<ul style="list-style-type: none"> •Quality technology •Innovative and diverse economy •Self-sufficiency •Sustainable growth 	<ul style="list-style-type: none"> •Lifestyle is treasured •Spirit nurtured •Inclusive and caring •Understanding of whakapapa 	<ul style="list-style-type: none"> •Natural resources are healthy and valued

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

The diagram below demonstrates the ways transport will support the above community outcomes the Council is working towards, taken from the 2021-31 Long Term Plan (LTP).

This activity supports the following community outcomes:



Figure 2: Transport activities links to community outcomes

2.2 Council's Procurement Policy

This Strategy is aligned with the BDC Procurement Policy (Updated March 2019) that provides direction to staff on the objectives and principles required to conduct Council's procurement activities.

The principles below underpin the intent and implementation of BDC’s Procurement Policy and broadly follows the Government Procurement Rules to provide guidance to staff.

Table 1: BDC Procurement Principles (2019 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. Being open to subcontracting opportunities to provide an opportunity for smaller suppliers in large projects.
Get the right supplier	Being clear what the Council wants and how suppliers will be accessed. Building relationships with a range of suppliers to encourage them to get involved. 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. Consider the lifetime social, environmental, and economic effects of the deal. Have clear performance measures – monitor and manage to make sure Council delivers great results.
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.

2.3 Procurement Requirements

BDC’s Procurement Policy (2019) 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 BDC Policy.

Table 2: Land Transport procurement requirements

Approved Procurement Approaches	Contract Value Thresholds	Requirements
Direct Appointment	Less than or equal to \$100,000	Terms of the contract, including price, must be negotiated in accordance with the direct appointment supplier selection method. Refer to Waka Kotahi Procurement Manual Appendix C <i>Supplier selection methods</i> .
Closed Contest	Less than or equal to \$200,000	Minimum of three willing and able suppliers, preferred supplier must be selected using one of the approved supplier selection

Approved Procurement Approaches	Contract Value Thresholds	Requirements
		methods available in the Waka Kotahi Procurement Manual.
Open Competitive Procurement	Over \$25,000 and less than \$500,000	Preferred approach by BDC's Procurement Policy unless the requirements for Direct Appointment or Closed Contest are met.
	\$500,000 or greater	<p>Open competitive procurement required by BDC's Procurement Policy:</p> <ul style="list-style-type: none"> • Notice of Intent issued to market or Two-Stage Process of Registration of Interest (ROI) and Request for Tender/Proposal (RFT/RFP). • Or advanced procurement approach requiring Waka Kotahi approval (i.e. supplier panel).

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 the 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 BDC 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 Rules¹ '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.

¹ <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/>

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 procurement²:

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.

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 BDC.

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 Kotahi³ 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 BDC, 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 BDC'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).

² <https://www.procurement.govt.nz/broader-outcomes/>

³ Land Transport Management Act Section 25(1)

Recent amendments to the Procurement Manual, driven by new Government Procurement Rules, that BDC must focus on in this updated Procurement Strategy include⁴:

- 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 Outcomes⁵. This framework identifies seven 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.

See Section 7.7 for BDC's approach to implementing and monitoring Broader Outcomes through its land transport procurement activities.

⁴ 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>

⁵ <https://www.nzta.govt.nz/roads-and-rail/highways-information-portal/technical-disciplines/procurement/broader-outcomes/>

4 Section 17A Review

The largest contract for BDC is the Road Maintenance Contract. Prior to commencement of the current contract (initial term 1 October 2020 to 30 September 2023) a Section 17A service delivery review was completed in November 2019 by Field Force 4 Consultants. They outlined the following key findings with relation to the previous (pre-2020) contract:

- Performance of the current contract is adequate primarily as a result of the long-standing relationship between BDC and the Contractor.
- A level of complacency has permeated the operation of the contract.
- The contract does not specify key performance measures and reporting requirements and is written in a now superseded standard.
- There are inefficiencies in process and technology.

In response, BDC has implemented the following actions in the current contract:

- Contractor staff must develop a sense of ownership of the network and take pride in the work they undertake.
- Greater contractor ownership of faults and issues, empowering the contractor to raise them with council staff and undertake these works, or engage with relevant subcontractors to do so.
- Performance Monitoring Framework to reflect how well customer service requests are responded to, programming of work, and how reliably the programme is delivered.
- Monthly programming of work based on cyclical, reactive, or planned activities, contractor and council staff set priorities and costs are approved by council staff before being undertaken.
- All faults identified logged into RAMM Contractor to collate a list of 'all faults'.

5 Understanding Our Transport Procurement Environment

5.1 Local Transport Summary

BDC's local road network consists of 605km of local roads, 320km sealed and 285km unsealed, and includes 101 bridges and 42 culverts. The urban network is 102km in length with the remaining 441km rural roads. In terms of value, the road network represents over two thirds of BDC'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 a relatively high proportion of motorists were international visitors. Planned investment in walking and cycling trails will further increase tourism numbers as the industry recovers over the coming years. In addition, the dairy industry also places significant demand on the network.

These issues demonstrate that BDC'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 Grey and Westland District Councils in planning their roading programme over the next 10 years to better meet the changing demands on the networks, delivered through the 2021 West Coast Councils Combined Roothing Programme Business Case Activity Management Plan (C.AMP).

Council's procurement programme is outlined in its Long Term Plan⁶ and Annual Plans⁷, which sets out the annual profile of spending on infrastructure assets. The most significant projects / work programmes are listed in the Annual Plan for each year.

5.2 Regional Roothing 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 suppliers based outside the region.

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

⁶ 2021-31 Long Term Plan <https://bullerdc.govt.nz/long-term-plan/>

⁷ 2022/23 Annual Plan <https://bullerdc.govt.nz/plans/>

5.3 Rooding Market Environment

5.3.1 OVERVIEW

While Buller's isolated and remote location may at times create an impediment to outside contractors, BDC can maintain a competitive market for general civil works with a range of local contractors capable of supplying the full range of services Council needs 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 ratepayers. 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, BDC 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 BDC through its procurement processes needs to ensure:

- Value for money for ratepayers.
- Appointment of principal contractors who can successfully deliver the requirements.
- A healthy 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 Buller District.
- Ensure Council is valued as a desirable principle / client organisation that demonstrates professional practice and has a reputation for integrity.

5.3.2 PHYSICAL WORKS PROVIDERS

BDC's current maintenance contractor is WestReef, a Buller District Council controlled trading organisation.

Physical Works Contractors with a presence in the region, or who have recently tendered for BDC works, include:

- WestReef (BDC contractor)
- Downer
- Rosco Contracting Ltd
- Pearson Contracting Ltd
- MDC Contracting
- A G McMaster Ltd
- Isaacs (Liddells) Contracting
- Tru-Line Civil
- Paul Smith Earthmoving 2002 Ltd
- WestRoads (GDC & WDC Contractor)
- Fulton Hogan
- Avery Bros Ltd
- Isaac Construction
- E-Quip Engineering
- Higgins
- ElectroNet
- Geostabilisation NZ Ltd
- Geotech Ltd

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

5.3.3 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 which are owned by the contract principle are viewed positively.

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 WDC and GDC's local road network maintenance contracts, and support Fulton Hogan on the State Highway NOC. When the NOC contract was awarded Downer left the region but have shown recent interest in BDC's emergency capital works.

Supporting these larger firms 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.

5.3.4 PROFESSIONAL SERVICE PROVIDERS

Following the appointment of Beca (roading) and WSP (bridges / structures) to provide asset management professional services BDC now has fixed term contracts in place to support in-house staff providing asset management services. BDC utilises various other external providers engaged for specific projects / programmes of work. These 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.

5.3.5 LOCAL SUPPLIERS

The wellbeing of local communities is highly dependent on the strength of local businesses. This is certainly the case in the Buller 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 Buller 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 Buller District Council Procurement Policy.

5.3.6 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.

5.4 High Risk or Unusual Procurement Activities

At this time BDC has identified emergency works as both a high-risk and unusual procurement activity that is not adequately covered by BDC's current Procurement Strategy.

In the last two years Buller has experienced several significant weather events which have caused flooding and widespread damage, including erosion and slips, to the local road network. Ensuring prompt response to these events is critical to provide access to remote communities and restore levels of service. BDC is proposing to procure emergency works from their newly established Supplier Panel, see Section 7.6 for further discussion of the proposed approach and approval sought from Waka Kotahi.

6 Transport Procurement Programmes

6.1 Delivering the Roothing 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.

BDC 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 BDC's FAR subsidy is 72%, this is the percentage of approved (by Waka Kotahi) expenditure funded by NLTF revenue. BDC's network includes the Karamea Highway Special Purpose Road, currently 100% funded by Waka Kotahi. BDC has also received Provincial Growth Fund investment for Tidal Creek No.2 bridge replacement and a walking and cycling bridge adjacent to the Buller River in Westport during 2021-24.

To achieve the best value in the long-term, BDC's procurement will remain flexible, collaborative, and will encourage development of the local contracting market benefiting local businesses and the economy. Awarding contracts to a mix of suppliers will develop and retain maintenance resource, leading to a more sustainable local industry, and supporting regional economic development.

6.2 Road Maintenance Contract

Maintenance and operation of local roads is delivered as a single contract, the first term of the current contract is due to expire on 30 September 2023, with two two-year options to extend for a maximum potential term of seven years ending 30 September 2027.

The following activities are included within the scope of this contract:

- Network inspections and programming
- Unsealed and sealed roads maintenance
- Cyclic maintenance (potholes, edge break, litter collection etc.)
- Street sweeping / footpath maintenance
- Mowing and vegetation control
- Drainage maintenance
- Bridge maintenance
- Signs maintenance
- Emergency works / incident response
- Maintenance related to weather events (flooding, storms, snow, ice etc.)
- Responding to stakeholder queries

The following is excluded from the scope of this contract:

- Sealed pavement resealing
- Major pavement rehabilitation
- Bridge / structure component replacement and renewals
- Footpath renewals
- Line marking
- Streetlight maintenance and renewals

BDC has a continued programme of pavement resealing, seal widening, rehabilitation, 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.

6.3 Professional Services

BDC 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, BDC has recently undertaken two regional procurements of professional service provider support with GDC and WDC:

- Regional Rooding Asset Management, to be delivered by Beca Ltd.
- Regional Bridge and Structures Asset Management, to be delivered by WSP New Zealand Ltd.

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.

These procurements successfully attracted two high quality, professional, competent, and capable suppliers. They will take responsibility for transport asset management practices, and proactively drive the councils to improve their management practices, jointly develop forward work programmes, and upskill local staff and build organisational capacity.

6.4 Rooding Return to Service

The Rooding Return to Service Programme includes circa 150 individual rooding network defects as a result of the significant weather events and floods of July 2021 and February 2022. Approximately a third of these defects constituted primarily clearance works and have been addressed already, and a further 12 assigned through existing contractual arrangements. The balance of 71 defects still requires remediation. The scope of these ranges from minor remediation to significant stabilisation and repair work.

The total estimated cost of the remaining Rooding Return to Service Programme is circa \$11m and is programmed to be delivered over the next 24 months. It is intended to group projects into 12 separate contracts ranging in value from approximately \$500k to \$3.2m, with each contract comprising multiple projects (defects). Contracts will be developed based on type, complexity, value, and geography.

The Rooding Return to Service Programme forms only part of BDC's capital works programme, concurrently with this, the three waters projects, NEMA funded flood recovery projects, and business as usual capital projects from the LTP, Annual Plan, and NLTP will also be delivered.

See Section 7.6 for a discussion of the proposed procurement approach for these works.

6.5 Rooding Contracts

The following table outlines the BDC programme of rooding activities for existing and proposed contracts and recommends contract types and procurement methods based on the cost, complexity, consequences, health and safety, and environmental factors.

Table 3: Local Road Network Contracts

Contract	Comments	Start Date	Duration	Estimated Annual Value ⁸	Delivery Model	Method of Payment
Local Roads Maintenance Contract	See scope of works in Section 6.2.	1 October 2020	3 yr + 2 + 2	\$2,235,492 Based on tender price of \$6,706,477 for 2020-23.	<ul style="list-style-type: none"> Traditional Performance Based Contracts 	<ul style="list-style-type: none"> Lump sum Measure & Value Cost-Plus
Sealed pavement resealing		October 2021	May 2024	\$950,000	<ul style="list-style-type: none"> Traditional Performance Based Contracts 	<ul style="list-style-type: none"> Lump sum Measure & Value
Major pavement rehabilitation		TBC	TBC	\$365,000	<ul style="list-style-type: none"> Traditional 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 maintenance works to be carried out under the maintenance contract.	TBC	TBC	\$65,000	<ul style="list-style-type: none"> Traditional Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Bridge & structure renewals	End-of-life condition-based replacement of bridges, programme is likely to increase in size over next 5-10 years.	TBC	TBC	\$400,000	<ul style="list-style-type: none"> Traditional Staged Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Footpath renewals		October 2021	June 2024	\$275,000	<ul style="list-style-type: none"> Traditional 	<ul style="list-style-type: none"> Lump sum Measure & Value
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	<ul style="list-style-type: none"> Day works Traditional 	<ul style="list-style-type: none"> As required
Professional Services	Professional services are provided in-house and externally. BDC has procured some of these services with GDC and WDC to deliver value for money and a consistent approach, namely: roading asset management, bridge / structure asset management, activity management planning. Other professional services, e.g. design may be procured via the existing contracts, or through open tender approach.	Roading & Bridge / Structure Asset Management: 1 November 2022 AMP: 1 July 2021 Other professional services by project.	3yr + 2 3yr As required	\$300,000 \$75,000 To be determined	<ul style="list-style-type: none"> Day works Traditional 	<ul style="list-style-type: none"> Lump sum Measure & Value
Roading Return to Service Programme	Procured via Buller Contract Works Panel pending Waka Kotahi approval.	Ongoing	24 months	\$13,200,000	<ul style="list-style-type: none"> Traditional Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Local Roads Low-Cost Low-Risk Works	Separate contracts will be let for any LCLR or other capital works. For components of larger projects, BDC 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	\$1,205,000 (total 3 years)	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value
Special Purpose Road Low-Cost Low-Risk Works	Separate contracts will be let for any LCLR or other capital works. For components of larger projects, BDC 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	\$574,500 (total 3 years)	<ul style="list-style-type: none"> Staged Design & build 	<ul style="list-style-type: none"> Lump sum Measure & Value

⁸ Based on approved Local Road and Special Purpose Road total work category budgets in the 2021-24 Activity Management Plan averaged over three years

7 Procurement Strategy

7.1 Procurement Objectives

The following objectives are intended to guide BDC'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.⁹ 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 3: Procurement Lifecycle

⁹ <https://oag.parliament.nz/2018/procurement/docs/summary.pdf>

The diagram below outlines the decision-making stages of procurement planning for BDC 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.

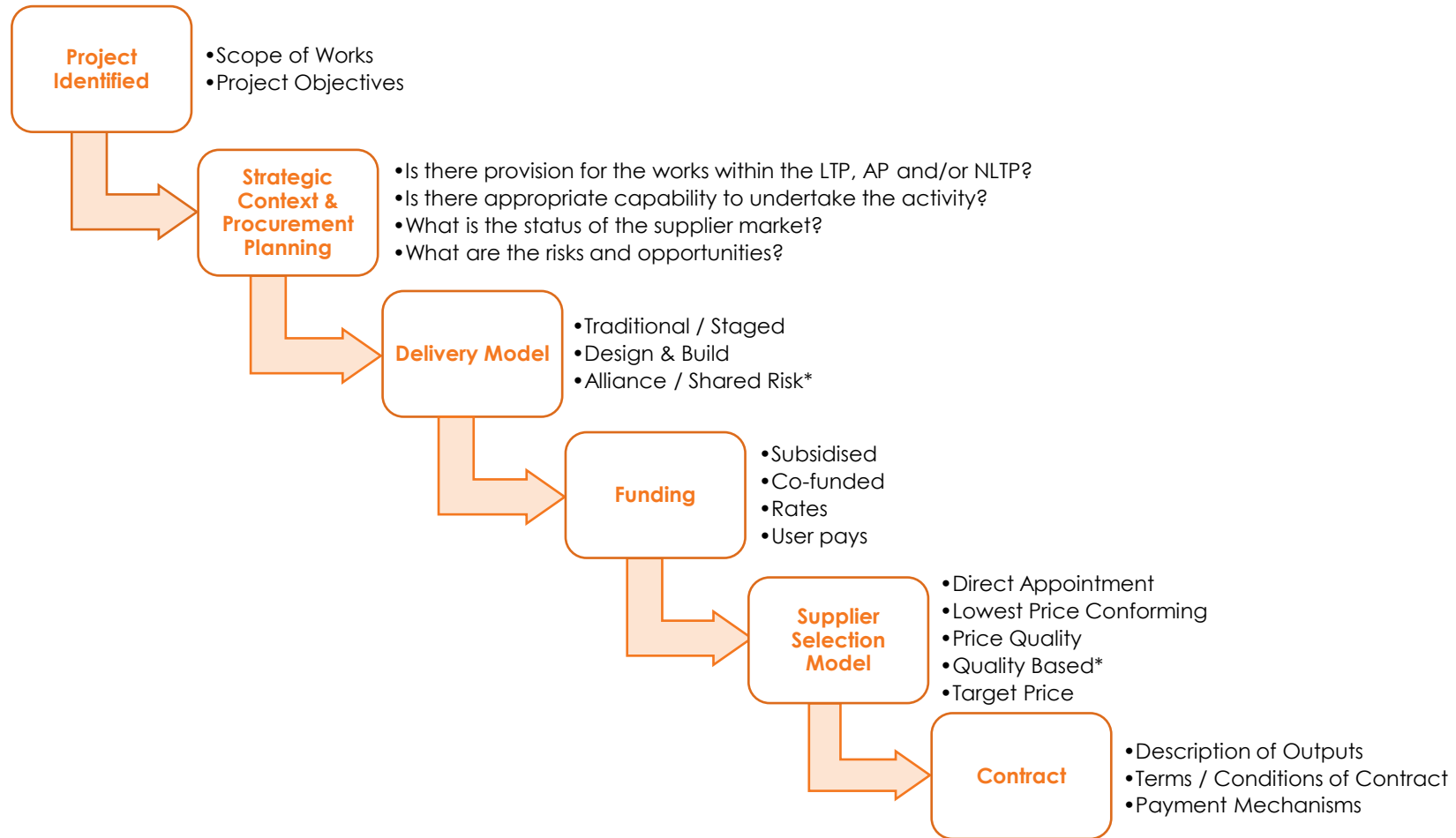


Figure 4: Stages of Procurement Planning

* When used for infrastructure both a shared risk alliance delivery model and a quality based supplier selection method are advanced components and require Waka Kotahi approval. Refer to Waka Kotahi Procurement Manual section 10.5,

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 4: Delivery Models

 <p>Potential for Innovation Increases</p>	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.¹⁰</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

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.

¹⁰ 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 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.

7.5.1 APPROVED SUPPLIER SELECTION METHODS

Waka Kotahi's Procurement Manual (Section 5.4) describes the supplier selection methods an Approved Organisation must use when purchasing outputs or activities funded under Section 20 of the LTMA. These are:

- **Direct appointment:** the purchaser selects a single supplier and negotiates the contract terms, including price.
- **Lowest price conforming:** the preferred supplier meets all the requirements set out in the RFP and offers the lowest-price proposal, after deducting any added value premium.
- **Purchaser nominated price:** the approved organisation fixes the price to be paid and advises this through the RFP. Proposals must meet the requirements of the RFP and are evaluated on the basis of quality only.
- **Price quality:** the quality attributes of suppliers whose proposals meet the RFP's requirements are graded from zero to 100, and the preferred supplier is selected by balancing price and quality through the use of a formula.
- **Quality-based:** the quality attributes of suppliers whose proposals meet the requirements of the RFP are graded and the preferred supplier is selected solely on that basis. A price is then negotiated with the preferred supplier, based on their price proposal. When used for infrastructure this is an advanced component and requires Waka Kotahi approval.¹¹

7.5.2 STAGED SUPPLIER SELECTION PROCESSES

Stage supplier selection processes separate the process into two or more stages.

Providing the process remains fair to all and transparent, adding stages can help deliver better value for money by reducing administration costs. Approved Organisations should consider using a staged supplier selection process if it is likely to deliver better value for money.

This process may include:

- Request for Information (RFI): used to gather information to help design later stages of the supplier selection process. An RFI stage cannot be used to shortlist suppliers.
- 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.

An ROI stage can be used to establish a shortlist of suppliers to participate in an RFP stage.

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.

¹¹ Refer to Waka Kotahi Procurement Manual Section 10.5

- 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 under Section 25 of the LTMA.¹²

BDC requests Waka Kotahi approval to award emergency works under the Roothing Return to Service Programme from council's newly established Contract Works Panel, see below.

7.6 BDC Contract Works Panel

As discussed in Section 6.4, BDC's Roothing Return to Service Programme comprises 12 major remediation works contract bundles to address damage from the significant weather events and floods of July 2021 and February 2022.

Roothing only forms part of BDC's response / emergency works programme, concurrently there are three waters and flood recovery projects being delivered, often by the same contractors and subcontractors. The combined demands of the infrastructure programme are unprecedented in the region, meaning additional resources and support will be required to deliver the works. Alongside this BDC must continue to progress its business-as-usual capital works programmes from the LTP and Annual Plan.

BDC has determined that the most appropriate mechanism to deliver the various infrastructure programmes is to establish a prequalified suppliers panel for provision of construction services. BDC has released a ROI to the market to select suitably qualified contractors to be appointed to the BDC Contract Works Panel.

BDC is seeking Waka Kotahi's approval to utilise Advanced Procurement Processes under the Agencies Procurement Manual, to award Roothing Return to Service Programme contracts from the Contract Works Panel.

Note that regardless of this approval the Panel is being established to appoint contracts for other, non-Waka Kotahi funded, infrastructure projects. If approval is not granted, BDC proposes to procure works funded by Waka Kotahi from the ROI shortlisted contractors, in accordance with Waka Kotahi's staged supplier selection process and approved supplier selection methods as described in Section 7.5.

A description of the ROI, and how the panel will operate is provided below.

7.6.1 RATIONALE FOR THE CONTRACT WORKS PANEL

BDC needs to deliver its significantly increased works programme. The Contract Works Panel is intended to save significant time and cost in the sourcing process for both BDC and contractors, to help maintain market interest and value for money tendering. BDC recognises the need to:

1. Offer commercially attractive work packages to encourage competent and capable contractors to tender.
2. Provide transparency to the pipeline of work in Buller District to demonstrate continuity of opportunity and work.
3. Minimise tender costs and effort for contractors.
4. Provide a level of certainty of work for panel contractors through allocation of work packages and a second stage tendered or negotiated secondary procurement process.
5. Encourage a collaborative approach and flexible delivery environment. The Contract Works Panel will assist in the achievement of this goal by sharing construction and constructability expertise, agreeing programmes and time schedules.

7.6.2 REGISTRATION OF INTEREST (ROI) PROCESS

The ROI timeline is:

- | | |
|------------------------------------|------------------|
| 1. GETS advertisement | 31 October 2022 |
| 2. Deadline for supplier responses | 28 November 2022 |

¹² Refer to Waka Kotahi Procurement Manual Section 10.5

3. Contract Works Panel establishment 19 December 2022 (completed as of 21 December)
4. Procurement via the Panel From 16 January 2023

The ROI will be evaluated in accordance with the following criteria:

1. Pre-conditions (pass / fail)
 - a. Evidence of PI / PL insurance.
 - b. Acceptance of ROI terms.
2. Non-price attributes
 - a. Health and safety (15%)
 - b. Capability (40%)
 - c. Capacity (30%)
 - d. Financial status (15%)

The ROI process is to be overseen by an independent Tender Evaluation Team Chairperson ensuring compliance with BDC's Procurement Policy and Government Procurement Rules.

7.6.3 HOW THE CONTRACT WORKS PANEL WILL OPERATE

BDC has an already established Project Management Office (PMO) (see structure in Section 9.1) and has engaged external procurement and contract management support to ensure successful delivery of this programme.

Once the Panel has been established, BDC's PMO team and project managers will work with the Panel contractors to agree an initial allocation of works packages based on cost skillsets, capacity, continuity of work, and project value. All contractors will be given a fair opportunity for the allocation of work.

Contractors will be asked to either submit a tender or offered the opportunity to negotiate for an allocated package, depending on its value and complexity:

- Tendered packages will be tendered as a closed tender between a maximum of three Panel contractors, in accordance with Waka Kotahi's procurement protocols.
- Negotiated work packages will be priced by the respective contractors based on the scope, timeframe, and all other available contract documentation. The project packages will be parallel priced by an appointed BDC Quantity Surveyor and checked against the contractor's submitted price to ensure that value for money is being achieved.

The Panel Agreement sets out how the Panel will be managed for the term and how BDC will procure specific contract works. The Panel Agreement is included in Appendix A.

7.6.4 PROGRAMME GOVERNANCE, MONITORING, AND PERFORMANCE

Governance of the Roding Return to Service Programme will be undertaken by BDC's PMO, the PMO project managers will be responsible for directly managing the contract administration for their projects. BDC has an in-house procurement specialist division as part of its PMO structure, while two BDC staff have the Level 6 NZ Certificate in Infrastructure Procurement Procedures and two more are working towards this.

All parties involved in the Roding Return to Service Programme and the BDC Contract Works Panel will be expected to sign up to a Partnering Charter which establishes the agreed behaviours to be adopted at all levels and at all times. The Partnering Charter is attached in Appendix B.

BDC is committed to making the panel process work and working with providers to ensure they also benefit from the arrangement. To assist this, a proposed KPI and KRA regime is set out in the Panel Agreement. Performance against agreed KPIs and KRAs will be measured, and performance levels will be reflected in the selection of panel members for future opportunities under the Panel Agreement.

BDC reserves the right to remove a contractor from the Panel in the case of continued and consistent lack of performance.

7.6.5 FUTURE PROCUREMENTS

If this Panel approach is approved and subsequently shown to be successful, BDC may seek to use the Panel for other non-emergency transport works contracts in the future. These procurements will require Waka Kotahi approval in advance, this approval is not sought at this time.

7.7 Broader Outcomes

BDC has adopted Waka Kotahi's Framework for Delivering Broader Outcomes (see Section 3.3.3) to prioritise the broader outcomes sought from land transport activities. Embedding these principles into procurement will assist BDC to meet the needs of the end user, delivering long-term value for money, as well as maximise social, economic, cultural, and environmental benefits.

The approach for implementing and monitoring these is described below. Procurement planning for specific contracts will consider broader outcomes and the preferred mechanisms for including these in contract terms and conditions. Our procurement documents will emphasise the importance of these to ensure they form a core part of our suppliers' tender responses.

Much of this is contingent on BDC embedding agreed targets into new contracts, requiring suppliers to report against these targets, and empowering contract managers to assess contractor performance.

Implementation	Evaluation and Monitoring
Skills and workforce development	
Value suppliers that can demonstrate a commitment to training and development of staff, including upskilling and apprenticeships for local staff.	<ul style="list-style-type: none"> • Agree and monitor number of apprenticeships and training units completed during the contract term. • Monitor wages paid to staff employed via Council contracts, e.g. number of staff earning a living wage (if relevant and agreed via contract T&Cs).
Enter collaborative arrangements with suppliers to upskill in-house staff to build capability and capacity.	<ul style="list-style-type: none"> • Regular monitoring of number of training exercises, or other up-skilling (e.g. mentoring) provided by the contractor to in-house staff against agreed targets.
Prosperous and sustainable New Zealand regions	
Require local sub-contractors to be appointed to an agreed percentage of works on large maintenance or physical works contracts, as appropriate.	<ul style="list-style-type: none"> • Annual reporting of total value of works delivered by SME sub-contractors, where required by contract T&Cs.
Fair and equitable opportunities for local businesses and organisations to participate in the procurement of goods and services.	<ul style="list-style-type: none"> • Put contracts to open market of sufficient scale and complexity that local SMEs can deliver some or all of the works. • Require use of SME sub-contractors on large long-term contracts (e.g. maintenance and operation contract). • Monitor number of contracts delivered by local SMEs.
Valuing local experience and existing relationships with Councils highly in evaluation of Tenders and Proposals.	<ul style="list-style-type: none"> • Scoring of weighted attributes for company experience and track record to value local experience highly.
Environmentally sustainable practices and outputs	
Seek suppliers that can demonstrate a commitment and processes for minimising waste and emissions on Council projects.	<ul style="list-style-type: none"> • Seek methodologies that propose an approach to minimising waste and emissions, embed these with targets into contract terms and conditions. • Require regular reporting of achievement against agreed targets.

7.8 Health & Safety

BDC has a duty to ensure the health and safety of all its contractors so far as reasonably practical. BDC does not 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:

- **Plan:** project risk assessment is a core component for identifying our needs and specifying requirements. Each procurement will have a project-specific risk assessment completed to understand key health and safety risks and potential response / mitigation. Risks should be communicated to suppliers so they can tailor their services accordingly.
- **Source:** all suppliers, especially those being procured to deliver physical works, should hold relevant H&S accreditation, for example:
 - AS/ NZS ISO 45001:2018 or AS/NZS 4801:2001, and
 - Sitewise GREEN (or equivalent).

The use of minimum H&S requirements as a pre-condition (pass/fail) for tendering ensures only suitable suppliers submit a response. For more complex or high-risk physical works it may be valuable to include specific H&S questions in the scored attributes to differentiate suppliers.

- **Manage:** BDC has established processes in place for monitoring H&S on its projects including pre-site handover, monitoring and audits, and post-project reviews.

BDC is committed to upskilling its project management staff, administrators, and key procurement personnel with relevant H&S training such as Unit Standard 17595 – Explain health and safety management requirements for contractors working on site.

7.9 Tender Procedures

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

- Scope / specification of works, services, or goods.
- Payment schedule and payment mechanisms.
- Duration of contract.
- Conditions of contract / Terms of Agreement.
- Evaluation criteria.
- Time of closing of tender / proposal.

8 Procurement Risks

BDC 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 5: 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

BDC's current infrastructure senior leadership 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"> • Two BDC staff have the Level 6 NZ Certificate in Infrastructure Procurement Procedures and two more are working towards this. • Buller District Council has an inhouse procurement specialist division as part of its PMO structure. • Engagement of procurement specialists to support development of Procurement Plans, RFX documentation, and contracts. Especially on larger / complex procurements. • Use of staff from other Councils (Grey & Westland) and independent specialists on Tender Evaluation Teams, as required. • Staff upskilling and exposure to BDC procurement under mentorship from BDC PMO procurement manager.
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.

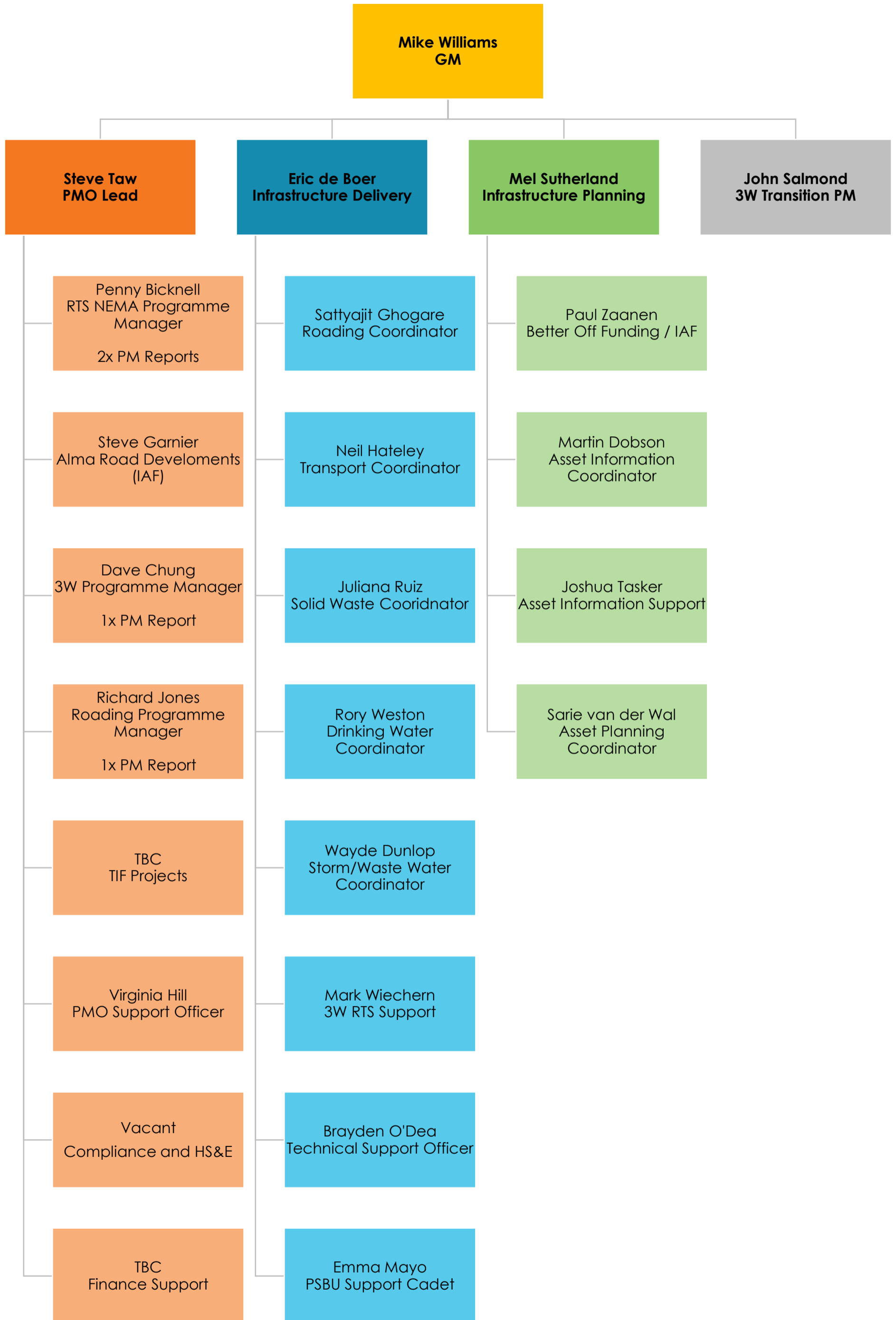


Figure 5: Buller DC infrastructure services structure

9.2 Conditions of Contract

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

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

BDC 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.

The establishment of BDC's Project Management Office is a significant step forward in council's management and delivery of physical works contracts. Council also proactively identifies gaps in existing knowledge or need for specialist resources and engages external providers to support council staff. Appointment of contractors and suppliers within established and robust quality assurance processes and systems enable council to be assured quality in project outcomes. It is a core focus of all contracted works to ensure benefits are realised.

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.

Updates are provided as appropriate through Council meetings.

9.4.2 BDC 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

BDC maintains extensive engagement with Waka Kotahi (State Highways), Grey 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 BDC's website.

9.5 Delegations

No person shall enter into a contract or funding arrangement (including purchasing of goods and services) on behalf of BDC 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.
- BDC 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.

Appendix A: Contract Works Panel Agreement

[Refer to attached document for Appendix A]

Appendix B: Contract Works Panel Partnering Charter

[Refer to attached document for Appendix B]