

Procurement Strategy

(Applies to NZTA funded projects and Infrastructure projects)

Revised Document.
Adopted by Council 28.06.18

Quality Record Sheet

Westland District Council

Procurement Strategy

(Applies to NZTA funded projects and Infrastructure projects)

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1.0 NOTES FOR READERS

This Procurement Strategy has been revised and prepared to outline Westland District Council's approach to the procurement of goods and services for the benefit of the Westland Community. This strategy is intended to provide guidance for Council staff and information to suppliers about Council's preferred approach.

A précis of the approach is provided in the Executive Summary while the main document details how procurement occurs in the context of Westland District Council's Strategic Goals and Objectives along with an analysis of the supplier market.

The first version of this policy was developed by Waugh Consultants. This version now has been updated to make reference to the 2018-28 Long Term Plan. The Strategy was prepared in response to the requirements of the New Zealand Transport Agency (NZTA)

At this stage the strategy applies to Infrastructure procurement only. It is Council's intention that the document and its scope around procurement will be expanded to include all the procurement activities of Council.

Note: This document is a live document with individual sections which will be updated as required in line with Ten Year Plans or Annual Plans.

NZTA ENDORSEMENT

TBA.

2.0 EXECUTIVE SUMMARY

Westland District Council has developed a comprehensive program for asset management planning and service delivery. This program is based on N.A.M.S. guidelines. This also includes a comprehensive risk management framework for Council.

Council seeks to procure goods and services to support the asset delivery function in a manner that is consistent with this framework and Council's overall business approach.

Council has identified the need to plan effectively and deliver quality in a sustainable manner; lowest cost options are not necessarily the best. A robust strategic and asset management planning regime is a priority for ensuring that effective work programmes are developed. A whole-of-life approach relies on asset management planning including lifecycle management planning and modelling.

Suppliers are expected to understand the drivers of Council's planned approach and the commitment made to deliver the agreed Levels of Service.

The objectives for this Procurement Strategy are:

1. Supporting the achievement of Council's commitment to community and the LTP Programme through efficient and realistic procurement processes that meet Westland's needs
2. Integrating Procurement with Council's organisational goals as contained in the Vision Statement.
3. Delivery of the agreed levels of service to the community in a manner that represent value for money for current and future generations
4. Encouraging appropriate and equitable levels of competition across suppliers
5. Ensuring procurement is fair and transparent with effective accountability measures
6. Ensuring the provision of this procurement strategy do not discount the local suppliers or contractors on any account and achieve a balance between economic, environment and social drivers

There is no "one size fits all" approach to procurement and Council favours a range of methods including:

- Comprehensive long term contracts for maintenance works which require high levels of capacity, capability and certainty
- 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
- The acknowledgement of the roles of specialists
- Alliance contracts to achieve the best possible outcome for District and its local community.

For Transportation activities, Westland District Council intends to follow the NZTA Procurement Manual Procurement Procedure 1 - Infrastructure for Physical Works and Procurement

Procedure 2 Planning and Advice for Professional Services. Council has a limits for different procurement models and these are detailed within its delegations manual. A direct appointment may be made for streetlight maintenance in the future, should NZTA approval be gained for this approach.

For other activities these procedures will be used a guide.

The key components of value for money are regarded as:

- Robust planning to identify an effective work plan
- Appropriate and efficient supplier selection procedures
- Maintaining capacity and competitiveness in the local market
- Successful delivery of works and services (the right outcome on time and within budget)

Within this approach Council will consider the most appropriate bundling of work for maintenance and construction (renewal and improvement) in terms of Council's objectives and the market's ability and capacity.

While retaining scope for small local suppliers and the benefits to the local economy they can provide, Council also has a responsibility to recognise the efficiencies and benefits derived from larger and longer term maintenance and construction contracts. Comprehensive maintenance contracts are favoured to ensure essential services are provided reliably.

Competitive tendering where price and quality are evaluated will be used to select suppliers. In some cases direct appointment may be the most effective approach and this will be considered in terms of specialisation, market competitiveness and the overall cost and efficiency to Council.

The appropriateness of the approaches used will be assessed regularly and this strategy will be reviewed every three years along with LTP reviews in line with NZTA and Audit NZ requirements. This will primarily relate to the Transport Activity and components funded through the National Land Transport Programme, managed by the NZ Transport Agency.

3.0 PROCUREMENT IN THE WESTLAND DISTRICT COUNCIL CONTEXT

3.1 Introduction

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment. (*Westland District Council, LTP 2018-28*)

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- a. To enable democratic local decision-making and action, by and on behalf of, communities; and
- b. To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2018-28. This document relates to these elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Involving the community and stakeholders Having inspirational leadership Having expanded development opportunities Having top class infrastructure for all communities Living the '100% Pure NZ' brand	Ensuring a robust procurement policy is in place.

Council provides goods and services to sustain the community and meet the changes in demand. Expenditure includes a combination of:

- Operations and maintenance of assets
- Renewal of assets
- Construction of new infrastructure to improve the level of service
- Construction of new infrastructure to meet changing demands and a growing population
- Professional and general services to support Council functions
- Procurement of any other services or equipment

In preparing this procurement document, Westland District Council has considered its planning framework, principles and attitude to procurement. This procurement document may be applied to all procurement within Council. Work is in progress to align this to other procurement beyond infrastructure within Council.

Given the driver for the development of the strategy is compliance with the New Zealand Transport Agency (NZTA) Procurement Strategy Manual (The Manual), Council acknowledges the Transportation activity is always to be 100% compliant with this strategy. It also acknowledges the relevancy to other asset delivery activities and desire for consistency across activities.

3.2 Purpose

Westland District Council has developed a comprehensive regime for asset management planning and service delivery. This framework reflects community desires and national drivers and includes:

- Vision Statement
- Community Commitments
- Activity Vision statements

This document defines the strategy, policies and procedures used within Council for the purchasing of all goods and services.

3.2.1 Responsibility

The policy statements and procedures contained within this document apply to ALL employees of Council

3.2.2 Legislation

The following statutes and external information impact on the Council's purchasing and tendering procedures to various degrees

- Local Government Act
- Public Bodies Contracts Act
- Public Bodies Leases Act
- Public Works Act
- Local Authorities (Members Interest Act)
- Health and Safety in Employment Act
- Resource Management Act
- New Zealand Transport Agency Procurement Manual
- Auditor General – Procurement Guidelines for public entities
- NZ Government Rules of Sourcing

3.2.3 Best Practice

Best practice in contract management ensure that contracts are planned and controlled to bring maximum benefits with respect to:

- Value for money, competitive prices and cost controls
- Timeliness
- Technical standards of workmanship, physical and performance
- Increased staff effectiveness and efficiency in the management of tenders and contracts
- Avoidance of legal actions or disputes
- Meeting all corporate, political, legal and other obligations (e.g. Health and Safety)

3.2.4 Audit Trails and records

It is extremely important that all contract negotiations or variations are properly documented in writing and that hard copies of those files are kept safe and secure.

It will be the manager sponsoring the contract who is responsible for ensuring that those files are properly kept and are available for audit, post implementation evaluation, or peer review.

3.2.5 Key internal controls

The following are the key internal controls for managing the procurement of goods and services within the Council.

- Ten year Plans, Annual Plan and budgets set the areas and limits of expenditure
- Delegations define the levels of expenditure and accountability
- All purchases of goods and services are by written contract either on controlled numbered Purchase Orders, or on uniquely numbered contracts
- All delivery dockets/packing slips or invoices are signed certifying that the goods and services were received, were of appropriate quantity and quality, and that prices and extensions are correct
- Accounts Payable pay only on invoices quoting the correct Purchase Order number and with the authorised signatures – giving approval to purchase and commit budget, certifying the goods and services received are correct to pay
- Account payable pay only on progress payments quoting the correct Contract number and with the authorized signatures, certifying the services received are correct to pay
- Comparisons of actual to budgets are managed through General Ledger Reports

3.3 Organisation's Strategic Goals and Objectives

3.3.1 Westland District Council – Vision Statement

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.

This will be achieved by:

- Involving the community and stakeholders
- Having inspirational leadership
- Having expanded development opportunities
- Having top class infrastructure for all communities
- Living the '100% Pure NZ' brand

Council by-line in promoting Westland:

“Westland, the last best place”

3.3.2 Westland District Council - Our Commitments to the Community

Westland District Council is committed to providing Westland the best services and facilities it can at the best value for money

Council promises to work harder and smarter to deliver better value for money.

VISION	Innovation	World Class Service	Community and Stakeholder Involvement	Inspirational Leadership	Expanded Development Opportunities	Top Class Infrastructure	100% Pure NZ
VALUE	Affordability, Customer Focus, Quality	Customer Focus, Quality, Reliability / Responsiveness	Accessibility, Building relationships, Customer Focus	Building relationships, Customer Focus, Quality	Accessibility, Customer Focus, Sustainability	Affordability, Quality, Reliability / Responsiveness, Safety	Building relationships, Quality, Sustainability
ACTIVITY		3	3			3	
Water Supply	3	3	3			3	
Sewerage	3	3	3			3	
Stormwater	3	3	3			3	
Transportation	3	3	3			3	
Land & Buildings	3	3	3		3		
Community Township Development	3		3		3		
Solid Waste Management		3	3			3	
Inspections & Compliance		3	3		3		
Animal Control		3	3	3			
Resource Management		3		3	3		
Public Toilets		3	3			3	
Cemeteries	3	3				3	
VISION	Innovation	World Class Service	Community and Stakeholder Involvement	Inspirational Leadership	Expanded Development Opportunities	Top Class Infrastructure	100% Pure NZ
VALUE	Affordability, Customer	Customer Focus, Quality,	Accessibility, Building relationships,	Building relationships, Customer	Accessibility, Customer	Affordability, Quality, Reliability /	Building relationships,

	Focus, Quality	Reliability / Responsiveness	Customer Focus	Focus, Quality	Focus, Sustainability	Responsiveness, Safety	Quality, Sustainability
Community Development		3	3	3			
Emergency Management (Civil Defence & Rural Fire)		3	3	3			
I-Site	3	3					3
Events	3				3		3
Library	3	3	3		3		
Museum		3	3				3
Swimming Pools	3	3				3	
Parks and Reserves		3	3			3	
Community Halls and Buildings		3	3	3			
Governance	3		3	3			
Corporate Services	3	3		3			

Council acknowledges the significant role of infrastructure in the achievement of community outcomes, particularly Transportation, Three Waters Services and Waste Management.

3.3.3 Westland District Council - Activity Vision

In preparing the “2018-28 Westland District Council Long Term Plan”, each activity has stated their respective Activity Vision or “*What we do and why*”. These are an important component in the procurement frameworks. The “*What we do and why*”; are listed below to indicate the vision for each activity:

3.4 Transportation

Vision

Good roading is essential for our vision of top class infrastructure and opportunities for expanded development. This activity contributes to our overarching vision relating to innovation, world class service, community and stakeholder involvement and top class infrastructure. The core values that underlie these parts of our vision are affordability, customer focus, quality, reliability, responsiveness, accessibility, building relationships and safety.

Why we do it

Council is defined as a road controlling authority under the LGA 2002 and must comply with key transport management legislation. Council has to ensure the core function of providing a transport network that is accessible for all people within the District in conjunction with other transportation agencies.

The Westland District Council roading network encompasses and requires:

- Ownership or agreed use of land under roads
- Road pavements and surfacing to provide a carriageway for the safe movement of people and goods
- Culverts, water tables and a Stormwater system to provide drainage
- Signs, barriers and pavement markings to provide road user information and safe transport
- Bridges to carry traffic over waterways
- Footpaths, walkways and cycle-lanes to transport pedestrians and cyclists
- Street lighting to provide safe and comfortable movement of vehicular and pedestrian traffic at night

3.5 Three Waters

Vision

Clean and healthy water is vital for our vision of top class infrastructure for our communities. This activity contributes to our overarching vision relating to innovation, world class service, community and stakeholder involvement and top class infrastructure. The core values that underlie these parts of our vision are affordability, customer focus, quality, reliability, responsiveness, accessibility, building relationships and safety.

Why we do it

- Ensure the protection of public health and the environment
- To provide for the economic wellbeing of the District

3.6 Waste Management

Vision

Solid Waste Management contributes to our vision of top class infrastructure for our communities. This activity contributes to our overarching vision relating to innovation, world class service, community and stakeholder involvement and top class infrastructure. The core values that underlie these parts of our vision are affordability, customer focus, quality, reliability, responsiveness, accessibility, building relationships and safety.

Why we do it

The Council is responsible, under the Local Government Act 2002, for encouraging efficient and sustainable management of solid waste. Council must have in place for the management of solid waste which integrates reduction, re-use, recycling and recovery of waste, with treatment or disposal of the remaining waste.

Community Halls and Buildings

Vision

Community township development supports our vision for Westland by providing maintenance and creating opportunities for communities to upgrade and develop their town environment. By involving the community and stakeholders we can create beautiful places that are fun to visit and awesome to live in. This activity contributes to our overarching vision relating to innovation, community and stakeholder involvement and expanded development opportunities. The core values that underlie these parts of our vision are affordability, customer focus, quality, accessibility, building relationships and sustainability.

What we do

- Plan for communities and giving direction to future infrastructure
- Upgrade amenities in communities
- Respond to and to support community initiatives

Why we do it

- To assist the future growth and development of Westland and provide communities a mechanism on order for them to guide improvements

3.7 Parks and Reserves

Vision

Parks and reserves that are well maintained and used contribute to our vision for top class infrastructure for all our communities. This activity contributes to our overarching vision relating to innovation, community and stakeholder involvement and expanded development opportunities. The core values that underlie these parts of our vision are affordability, customer focus, quality, accessibility, building relationships and safety

What we do

Council manages and maintains a number of parks and reserves throughout the District for active and passive recreation. Recreation and Local purpose Reserves are managed under the

Reserves Act 1977. For the past 29 years the main sports ground in Hokitika, Cass Square has provided the venue for the famous Wildfoods Festival.

Why we do it

There is a public expectation for Council to continue to manage and maintain reserves for the benefit of the community.

3.8 Application to the Procurement Strategy

These goals, objectives and principles affect Council's approach to procuring goods and services and have been incorporated into this procurement strategy.

Council has identified the need to:

- Procure goods and services in an affordable manner without compromising the quality of those goods and services
- Apply an approach to procurement that is consistent with the community values and Council's commitment to community.
- Ensure more opportunities are created in a fair way through its procurement strategy for the local contractors and suppliers
- Preserve the character and develop the identity that is unique to Westland
- Ensure essential services are reliable and meet regulatory standards

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

3.9 Objectives and Outcomes for the Procurement Strategy

Successful procurement involves recognising the perspective of the stakeholders involved.

The stakeholders identified are:

- Westland District Council – the elected representatives, management team, staff and the community
- NZTA – Transportation funding and planning partner and associated state highway network provider
- Other Agencies – including neighbouring authorities and partners such as those involved in RTS.
- Suppliers of products and services

Council identified the following purpose in its financial strategy; this purpose is also core to its approach to procurement:

The purpose of the financial strategy is to:

- a. facilitate prudent financial management by providing a guide for Westland District Council to consider proposals for funding and expenditure against; and

b. provide a context for consultation on the Council's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments. (*Westland District Council LTP 2018-28*)

Through its financial strategy Council seeks to maintain existing levels of service, ensure that costs are kept under tight control, and ensure that rates increases are justified, while at the same time maintaining a strong balance sheet and affordable levels of debt.

In developing the Financial Strategy, Council considered the following core principles:

- Economic uncertainty
- Focus on core services
- Financial responsibility and affordability
- Continuous improvement in service to everyone in our district
- Maximise returns from Westland Holdings Limited
- Intergenerational equity

The objectives for this Procurement Strategy are:

- Supporting the achievement of Council's commitment to community and the Ten Year Plan Programme through efficient and realistic procurement processes that meet Westland's needs
- Integrating Procurement with Council's organisational goals as contained in the Vision Statement.
- Delivery of the agreed levels of service to the community in a manner that represent value for money for current and future generations
- Encouraging appropriate and equitable levels of competition across suppliers
- Ensuring procurement is fair and transparent with effective accountability measures
- Ensuring the provision of this procurement strategy do not discount the local suppliers or contractors on any account and achieve a balance between economic, environment and social drivers

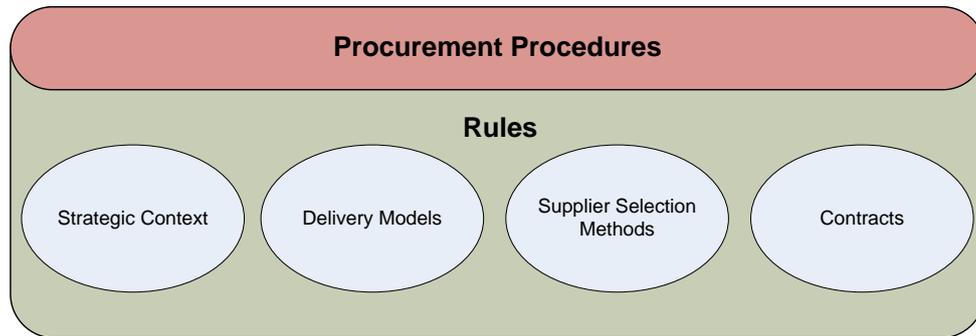
3.10 Definitions

There are a number of terms that are central to an understanding about procurement and some explanation and acknowledgement of these will benefit the outcomes sought by this strategy. Many of these terms are addressed in definitions section of the procurement manual document; however the terms where a clear definition is considered advantageous to be explained further are as follows:

Procurement ***Procurement is all the business processes associated with purchasing, spanning the whole cycle from the identification of needs to the end of a service contract or the end of the useful life and subsequent disposal of an asset.***

This definition is as outlined by the Office of The Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency's Procurement Manual, (first edition effective from July 2009).

The NZ Transport Agency’s Procurement Manual illustrates the procurement process in four stages, and the manual discusses these stages.



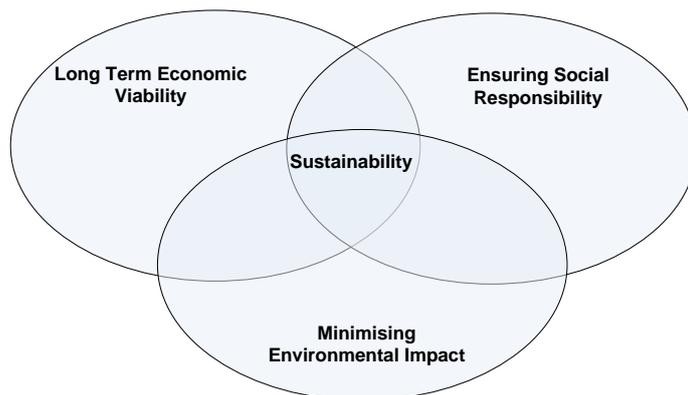
Source: NZTA Procurement Manual (July 2009)

Value for Money *Value for money means using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve*

This definition is as outlined by the Office of The Auditor General in June 2008 published 'Procurement guidance for public entities - Good practice guide'.

Sustainable Procurement

The New Zealand Business Council for Sustainable Development provides useful guidance for sustainable procurement in the government sector. This encourages a four well-beings approach.



Source: Sustainable Procurement in Government: Opportunities for Business (New Zealand Business Council for Sustainable Development, April 2009)

4.0 PROCUREMENT PROGRAMME

Council's financial philosophy for this long term plan is one of resilience and sustainability, as in vision 'grow and protect our communities'.

However, the financial strategy also provides for increases in level of service based on the projected growth in tourism.

In reviewing its levels of service and capital expenditure programme Council prescribed a financial framework to ensure that this mantra was reflected in the financial strategy. (*Westland District Council LTP 2018-28*)

4.1 Overview

Council's procurement/capital programme for the range of Council Activities is outlined in the Westland District Council LTP 2018-28. Issues that affect the accuracy and validity of the programme as published in the Community Plan are:

- The approval and finalisation of the subsidised Transportation programme through the Regional Land Transport programme (RLTP) and the National Land Transport Programme (NLTP)
- Years two and three of the Westland District Council, LTP may be modified by Council through the Annual Plan process; years four to ten are only indicative, as modification is likely through the subsequent updated Ten Year Plans.

Council expenditure is dominated by the main infrastructural activities which account for around 63% of Council operating expenditure. As per Westland District Council, LTP Consultation Document the breakdown of this expenditure is set as below:

- Transportation (27%)
- Water Supply (14%)
- Wastewater (8%)
- Stormwater (3%)
- Solid Waste (11%)

These activities are all overseen by the Group Manager – District Assets. Professional Business Unit is part of this group.

4.2 Current Procurement Spend and Profile

Westland District procures goods and services through a range of approaches, the value procured for Transportation representing the most significant portion of the organisation's total expenditure.

The core directive is the *Delegations Manual*¹; which provides the management and staff authority.

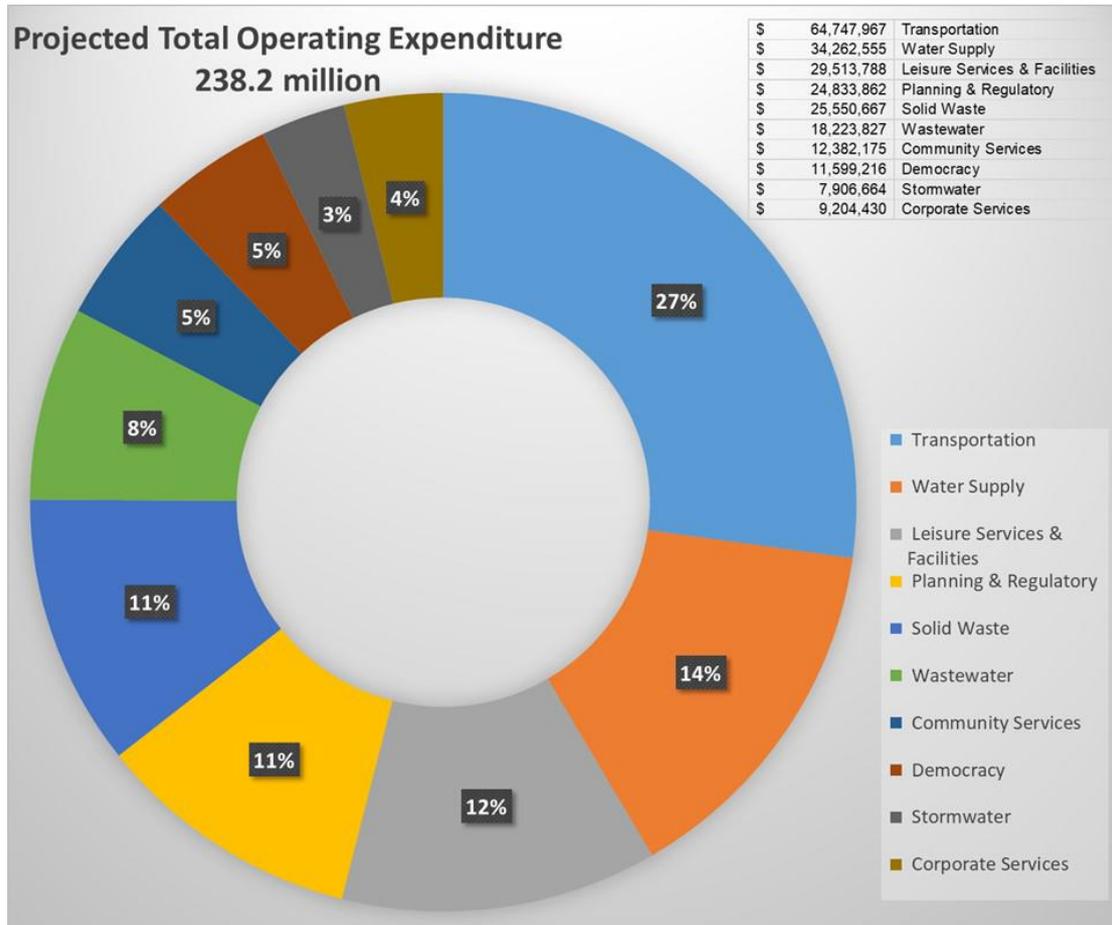
¹ Refer Appendix 2 – Delegations Manual

Detail *Tender Procedures*² are included in the document Procurement Manual also included within this document.

4.2.1 Goods and Services Purchased

The following values indicate the forecast expenditure across Council and the Asset Based activities in particular. The data was sourced from the Westland District Annual Plan 2013-14 and includes operations and capital expenditure.

Figure 0.1: Activity Expenditure by Activity



Further procurement details are discussed at an activity level.

Overall details including projects can be obtained from the Westland LTP 2018-28, the current National Land Transport Programme and the relevant Asset Management Plans.

² Refer Appendix 3 – Procurement Manual

4.3 Procurement Programme by Activity

Transportation

Council's goal for the Transportation activity is:

"The major part of Councils transportation activity is to ensure the safe, efficient and sustainable maintenance, operation, renewal and upgrading of the roads and bridges."

(Westland District Council LTP 2018-28)

The Land Transport Management Act 2003 states that in preparing the National Land Transport Programme, NZTA must take into account any relevant strategies along with the contribution made to the purposes of the land transport system; (i.e.)

- Achieving an affordable, integrated, safe, responsive and sustainable land transport system
- The objectives of:
 - economic development
 - safety and personal security
 - access and mobility
 - public health
 - environmental sustainability



The roading network reflects the narrow band that comprises the district, and is closely associated with the State Highway network (SH 6 and SH73).

The network of 700km faces unique topographical and meteorological challenges. Tourism is vital to the district and there is a high proportion of overseas motorists; the development of a cycleway as part of the nation cycle network will increase tourist numbers further. The dairy industry is also significant, and places demands on the network.

These issues demonstrate Councils approach to procurement in the transportation sector need 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 keys risks associated with the transportation procurement programme relate to funding, in particular the access to subsidised transport funding through the NLTP. Council has taken a collaborative approach with neighbours in planning to meet the changing demands of the area and implementing appropriate programmes are dependent on securing funding. This reinforces the importance of effective asset management and planning.

The most significant procurement items for are listed in the Westland District Council Annual Plans for each year going forward.

4.3.2 Three Waters Services

Council's goal for Water Services is to:

“Provide water supply, wastewater and stormwater services to the townships of the District.”

(Westland District Council LTP 2018-28)

The provision of Water Services includes:

- Water Supply
- Wastewater
- Stormwater



Council operates eleven water supplies, four wastewater systems and fifteen stormwater systems across the district. Upgrading water supplies to meet Ministry of Health requirements is a priority. The continued growth in the tourism sector is also affecting the capacity of water and waste water schemes with upgrade due in Fox, Franz Joseph and Hokitika.

These issues demonstrate Council's approach to procurement in the three waters sector 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 keys risks associated with the three waters services procurement programme relate to funding and the capacity of Council and the sector to undertake the required work in an efficient and cost effective manner. This reinforces the importance of effective asset management and planning.

The most significant procurement items are listed in the Westland District Council LTP Westland District Council Annual Plans.

4.3.3 Waste Management

Waste Management

Council's goal for the solid waste management activity is:

“The Council is responsible, under the Local Government Act 2002, for encouraging efficient and sustainable management of solid waste. The Council must have a plan in place for the management of solid waste which integrates reduction, re-use, recycling and recovery of waste, with treatment or disposal of the remaining waste.”

(Westland District Council LTP 2018-28)

The provision of waste management services is a combination of meeting community expectations along with the protection of public health and the environment. Council has taken a comprehensive approach to planning, and long term contracts are in place for collection, facilities and disposal. There is a vision to reduce waste to landfill to zero; there are concerns that the present direction for waste management may not be sustainable due to increasing costs.

The keys risks associated with the waste management procurement programme relate to changes in the legislative environment including implementation of the Waste Minimisation Act and the capacity of Council and the sector to undertake the required work in an efficient and cost effective manner.

4.3.4 Parks and Reserves

Council's goal for Parks and Reserves is:

"To continue to manage and reserves for the benefit of the community."
(Westland District Council LTP 2018-28)



The Council manages and maintains a number of parks and reserves throughout the District for active and passive recreation; including children's playgrounds, sports grounds, grassed and planted areas, and native bush.

Operations include the upkeep of grounds and facilities as well as the maintenance of statues and monuments.

4.3.5 Community Halls and Buildings

Council's goal for the Community Halls and Buildings activity is:

"The Council provides halls as a focus for community functions, activities and meetings, to assist with meeting the social and recreational needs of communities."
(Westland District Council LTP 2018-28)

Council provides and manages various buildings and halls used for non-commercial purposes by the community.

The population and demographic changes occurring within the district affect the demand for these services and achieving a balance of services provided and affordability is a challenge for Council. Staff and community committees work closely together to ensure appropriate solutions are achieved.

The keys risks associated with community halls and buildings relate to the long term sustainability of these facilities.

5.0 PROCUREMENT ENVIRONMENT

5.1 Analysis of supplier market

5.1.1 Overview

Westland District Council is served by a limited range of suppliers. Some of the large national/international organisations have bases in Greymouth, and there are various smaller enterprises based across the District. Council considers that there is usually sufficient level of interest in tenders and competition between suppliers.

5.1.2 Physical Works Suppliers

In terms of Physical Works Contractors, MBD Contracting, Fulton Hogan and Westroads Ltd have a considerable presence within the Region. This is an important factor in terms of the geography of a District which spans over 300km. There are also numerous “owner-operator” Contractors who are able to undertake small projects and sub-contract.

The following table provides an indication of (but not limited to) current or potential suppliers:

Physical Works Suppliers to Parks & Reserves, Three Waters Services, Transportation and Waste Management		
Arnold Contracting	Henry Adams Contracting Ltd	South Westland Rubbish Removals
Arnold Products Ltd	Hokitika Cleaning Services	Telecom
A J Cameron	J.J Nolan Contracting	Tim Gibb
Coastal Constructors	Mastagard	Trust Power
Electronet	MBD Contracting	Westland Excavation Ltd
Fulton Hogan	Orica	Westroads
	Pete Nancekivell	
	Sandrey Contracting Ltd	

5.1.3 Professional Services

Council has an in-house professional services business unit which provides professional engineering and management services to all asset based activities. Additional professional services are outsourced when there is a peak workload beyond the capacity or specialist expertise of the in-house team.

5.1.4 Professional Services Suppliers

The in-house team are complemented when necessary by a range of professional services providers, the majority of these are based in Greymouth or Canterbury.

The following table provides an indication of current or potential suppliers.

Professional Services Suppliers to Parks & Reserves, Three Waters Services, Transportation and Waste Management		
BECA	Davis Ogilvie	Stantec
Assetfinda	Elliot Sinclair	Opus-WSP
CJN Technologies	GHD	SKM
Coastwide Surveys	Hill Laboratory	Waugh Infrastructure
Cawthrons	McNulty Engineering	Management
	Management	CS-Vue

5.1.5 Partnerships with the Private Sector

Council has identified the circumstances to be considered when evaluating the appropriateness of any partnership with the private sector in its Policy on Partnerships with the Private Sector (15/6/2006). There are currently no partnerships in place that would affect Council's approach to procurement.

5.1.6 Specialisation

Council has identified that specialised skills and resources are necessary to support Council functions. In some cases specialisation relates to supplier organisations with skills and knowledge and/or supplier organisations with key staff.

Council is also reliant on a number of other Information Technology providers, these are highly specialised areas.

Specialist services extend beyond unique skills and equipment. Council considers that any situation where only one supplier is able to provide "the right service at the right time at the right price" as a special case.

It is acknowledged that there are real costs in changing providers of specialist services, including the loss of institutional knowledge and business continuity; and this should be reflected in Council's procurement processes.

Council has not identified any sole suppliers in terms of NZTA Procurement Manual Rule 10.9. However there are special relationships with providers such as Electronet where there may be no other valid alternatives.

5.1.7 Relationship with Suppliers

There are many established relationships between Council and its suppliers, and opportunities are developing with newer suppliers.

Council is confident in its mix of suppliers, and the relationships built on trust and respect in place are effective and appropriate.

Comments received from suppliers indicated support for the strategy and the approach taken; providing for the role of smaller and niche providers was appreciated.

5.1.8 Bundling and Division of Works

Goods and services purchased relate to Physical Works and Professional Services.

Physical works may be capital works (project based) or operations and maintenance (typically term contracts). The division of maintenance works has been across activities with larger contracts covering the entire district favoured.

Opportunities for splitting contracts and bundling activities in different ways are to be considered with the next round of maintenance contracts and professional services engagements.

WDC has also explored and continues to explore options of combined contracts or joint procurements with its neighbouring Councils. These relationships could in future prove to be quite beneficial.

Westland District Council is exploring an appropriate model that enables an integrated management of all the roads in the District with NZTA.

Further investigation into this option will continue.

5.2 Analysis of the Impact of the Procurement Programmes on Other Entities

Westland District Council is actively involved with neighbouring authorities and other agencies such as NZTA and the West Coast Regional Council, particularly through the West Coast Regional Land Transport Programme and other collaborative initiatives.

The linkages identified with other organisations include:

- NZTA – integrated state highway network across and beyond the District
- West Coast Regional Council – regional transport planning and provision of public transport services
- KiwiRail – as the rail operator in the District
- Neighbouring Councils include:
 - Grey District Council
 - Selwyn District Council
 - Ashburton District Council (less relevant)
 - Mackenzie District Council (less relevant)
 - Waitaki District Council (less relevant)
 - Queenstown-Lakes District Council (less relevant)
 - Southland District Council
 - Buller District Council has also been included given the extent of collaboration between the West Coast authorities.

In developing this strategy, Council has consulted with neighbouring authorities, NZTA (Highways) contractors, consultants and suppliers. The communications and consultation programme³ is included in the document.

No comments from other authorities were received.

While Westland District Council is a significant buyer of goods and services on the West Coast, the impact of the procurement decisions made on other entities is regarded as minor.

The collaboration within the Regional Transport Committee provides an opportunity for integrated programming across Transportation agencies.

³ Refer to Appendix 5 – Communication and Consultation Timeline

In the broad supplier market the procurement decisions made by Council are not regarded as significant, the impact on local suppliers is more pronounced. This includes Consultants, Contractors and Sub-Contractors.

6.0 DELIVERING THE WORK PROGRAMME

6.1 Introduction

The objectives for this Strategy are:

1. Supporting the achievement of Council's Community Outcomes and the Westland Community Plan Programme through efficient procurement processes
2. Integration of Council's organisational goals and Procurement
3. Delivery of services to the community that represent value for money
4. Encouraging appropriate levels of competition across suppliers
5. Ensuring procurement is fair and transparent with effective accountability measures

6.2 Key Attributes and Value for Money Strategy

"I want the best job for the lowest cost."

The key criteria to successful procurement and the successful delivery of services relate to the right job at the right time, at the right price. These criteria are often in tension, meaning a balance needs to be sought to gain the most effective result.

Council has identified the need to:

- Procure goods and services in an affordable manner without compromising the quality of those goods and services
- Apply a four well-beings approach to procurement that is consistent with the community outcomes
- Preserve the character and develop the identity that is unique to Westland

Council has emphasised the need to plan effectively and deliver quality services in a sustainable manner; considering the needs of future generations as well as the current. A whole-of-life approach relies on asset management planning including lifecycle management planning and modelling.

Accordingly cheapest now is not necessarily the best for the long term. Ensuring the District has the skills and capacity provide services to and support its community is essential.

There is no "one size fits all" approach to procurement and Councils favours a range of methods including:

- Comprehensive long term contracts for maintenance works which require high levels of capacity, capability and certainty
- 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
- The acknowledgement of the roles of specialists

Work programmes are prepared and procured that meet the requirements of Council to maintain and/or provide its agreed Levels of service in collaboration with NZTA, where it has a role as a funding partner. Regional alignment and prioritisation of subsidised transport activities is undertaken through the Regional Land Transport Programme which is then submitted for funding to the National Land Transport Programme managed by NZ Transport Agency. Activities that are approved for funding are then implemented by Council utilising the appropriate delivery model and supplier selection method to suit the task.

Within the Transportation Section Council is mindful of the Land Transport Management Act 2003 requirements, particularly consistency with sections 20 and 25.

Suppliers are expected to understand the drivers of Council’s planned approach and the commitment made to deliver the agreed Levels of Service.

The key components of value for money are regarded as:

- Robust planning to identify an effective work plan
- Appropriate and efficient supplier selection procedures
- Maintaining capacity and competitiveness in the local market
- Successful delivery of works and services (the right outcome on time and within budget)

6.3 Proposed Delivery Models and Supplier Selection Methods

For Transportation activities, Westland District Council intends to follow the NZTA Procurement Manual Procurement Procedure 1 - Infrastructure for Physical Works and Procurement Procedure 2 Planning and Advice for Professional Services. A direct appointment may be made for streetlight maintenance in the future, should approval be gained for this approach.

For other activities these procedures will be used a guide.

The following table details the approach proposed.

Activity	Delivery Model	Bundling	Supplier Selection	Form of Contract
Maintenance	Design and build	One Term Maintenance Contract	Public Tender (RFP) Price Quality Method	Formal Contract NZS3917:2013 or similar
Renewals – Minor	Staged	Individual Assignments Or include with Term Maintenance Contract(s)	Direct Appointment or Lowest Price Conforming	Project Brief/Simple Contract
Renewals – Major*	Staged	Individual Contracts or Multiple Projects per Contract	Public /Selected Tender (RFP) Price Quality Method	Formal Contract NZS3910:2013 based
Improvements – Minor	Staged	Individual Assignments Or include with Term Maintenance Contract(s)	Direct Appointment or Lowest Price Conforming	Project Brief/Simple Contract
Improvements – Major*	Staged or design and build	Individual Contracts or Multiple Projects per Contract Design and build for complex projects	Public/Selected Tender (RFP) Price Quality Method	Formal Contract NZS3910:2013 or NZS 3916:2013 based

Activity	Delivery Model	Bundling	Supplier Selection	Form of Contract
Professional Services (Asset Management Planning, Design and Other Services)	Staged	Individual assignments or complementary projects	Direct Appointment Public Tender (RFP) to select suppliers Price Quality Method	IPENZ Short Form Agreement for Consultant Engagement CCCS (2005) based
Information Technology	Design and build	Individual assignments	Direct Appointment if approval obtained	Formal Contracts
Electricity supply	Design and build	Tendered or negotiated with other Council services such as bulk supply	Direct Appointment, joint negotiation or Public or Selected Tender (RFP) Price Quality Method	Formal Contracts (maybe supplier format)

*Major procurement generally relates to items exceeding \$100,000

6.4 Options Considered

Council is aware of the benefits of comprehensive contracts as well as role of smaller operators. The establishment of a supplier panel with pre-qualification may be developed to facilitate the assignment of minor works to local contractors. A separate NZTA approval will be requested if this option is pursued, However as general rule NZTA subsidised works will be excluded from any deviations from the approved process which may affect any subsidies. The role of smaller local contractors as sub-contractors is also important as a combination of comprehensive contracts involving local suppliers maybe very effective in achieve value for money while ensuring capability is retained across the district.

The timing of maintenance contract terms will be reviewed in future to ensure tendering and contract roll-overs are staggered over multiple years. This should reduce the risk for contractors and spread the workload associated with tender processes.

6.5 Impact of the Preferred Approach

The impact of the preferred approach on value for money, fair competition, and competitive and efficient markets is discussed below.

There is a range of competent suppliers able to serve Westland District Council effectively.

While Westland District Council is a significant buyer of goods and services, it is unlikely that the procurement approach adopted by Council will have any impact on the competency and competitiveness of the sectors supplying services to Council. However the impact on local suppliers is expected to be more pronounced if any major change in direction is favoured. This Strategy does not initiate any such change.

6.6 Risk Identification and Management

The key risks identified relate to the integrated and collaborative approach across lifecycle management as well as organisations. This requires commitment to the agreed work plan; failure to deliver affects multiple parts of the activity as well as other organisations. More specific risks relating to the Activity can be found in the Asset Management Plan for this activity.

Westland District Council has implemented a detailed Risk Management Framework in its assets area. A copy of the *Risk management Policy and framework*⁴ is available on request and is also included in the Asset Management Plans.

6.7 Contract Management Approach

Physical Works Contracts and Asset Management are managed through Council's in-house Professional Services Business Unit.

Given the experienced team and comprehensive planning regime structures in place; Council is able to define outputs for maintenance and construction works effectively. Along with the desire to retain in-house capacity, bundling professional services with physical works is not usually favoured (e.g. Performance Specified Maintenance Contract) unless the task is sufficiently complex or large where this cannot be accommodated with internal resources.

⁴ Refer Appendix 4 – WDC Risk Management Policy and Handbook.

7.0 IMPLEMENTATION

7.1 Council's Organisational Skills and Resources

Westland District Council is a small sized local authority with capable but limited resources.

Council uses a mix of its own staff and external resources (where appropriate) to deliver levels of service and achieve associated planning and programmes. Council's approach to asset management practice is in the 'Core' range.

Assets functions are divided into the following groups

- Transportation
- Three Water Services
- Waste Management
- Parks & Reserves

The Three Water Services is further divided across the following activities:

- Water Supply
- Wastewater
- Stormwater

The other activities of Council include:

- Library Services
- Museum
- I-Site
- Swimming Pools
- Building and Regulatory Services

Council engages the assistance of specialist professional services supplier to support and complement the in-house engineering and asset management teams where required.

Effective procurement and contract management processes are necessary to ensure the workload is not onerous. Suppliers with quality systems and self-auditing processes enable Council to be assured quality is not compromised with less supervision.

7.2 Interaction with Other Documentation

This Procurement Strategy is linked to Council and the NZTA’s wider planning framework as well as implementation rules and guides. These are illustrated in below

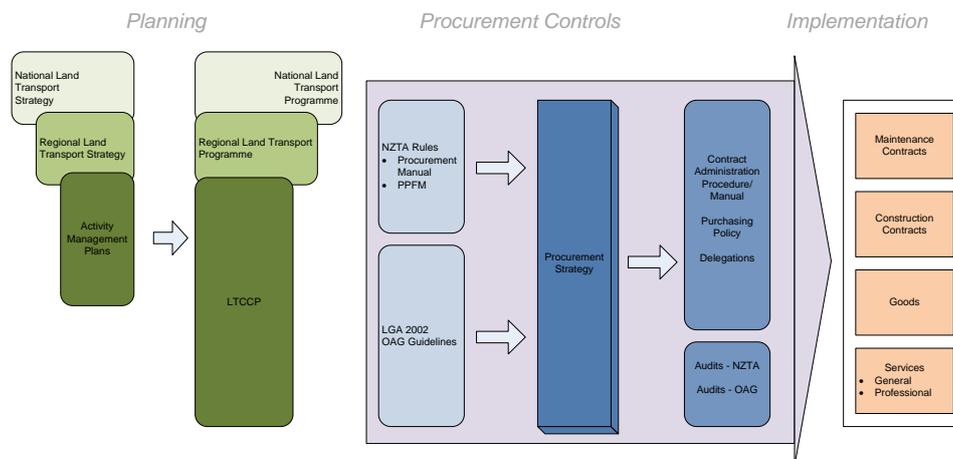


Figure 0.2: Planning Framework and Procurement

Council’s Delegations Manual provides guidance on spending limits and tender processes, and along with NZTA’s Programming Planning and Funding Manual are vital links to the strategy and its implementation.

7.3 Monitoring and Auditing

The appropriateness and effectiveness of this strategy will be evaluated on an on-going basis as works and services are procured; and reviewed every three years following the development of the Community Plan (LTP) and National Land Transport Programme.

Transparency and accountability checks occur through Council’s normal business practices including audits by Audit New Zealand and procedural and technical audits by NZTA on subsidised transport activities.

7.4 Communication and Endorsement

The development of this strategy included workshops with staff and training about the new procurement environment. The level of consultation was agreed and a Communications and Consultation Plan has been prepared.

The feedback from consultation was considered, and the draft finalised for endorsement by the NZTA. Subject to the endorsement of the NZTA, the Procurement Strategy will be adopted by Council

Responsibility for the Strategy and its currency primarily lies with the Professional Services Business Unit Manager, who is also responsible for the continuity of subsidised transport funding. Reviews and NZTA endorsement of the procurement strategy is a requirement for continued funding. The utilisation of the NZTA Procurement Manual and a specific Procurement Strategy relating to Westland DC’s activity, is seen as best practice. This approach has been extended over all the asset based activities in a consistent manner. Ultimately however, responsibility for each specific activity lies with the respective Asset Manager.

7.5 Improvement Plan

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

The following procurement items have been identified as future actions:

- Possible roll out to other Council departments
- Review of the tender processes contained within the Delegations Manual

APPENDICES

- APPENDIX 1: Annual Capital Works Programme**
- APPENDIX 2: Delegations Manual**
- APPENDIX 3: Procurement Manual**
- APPENDIX 4: WDC Risk Management Policy and Handbook**
- APPENDIX 5: Consultation and Communications Plan**

APPENDIX 5: Communication and Consultation Plan

Stage	Date By:
Staff discussion and strategy development Finalise draft	
Advice NZTA of the review process and timeline for their comments	
Council input	
Limited Stakeholder and Public consultation	
Submit to NZTA for approval	
Amendments and Westland DC adopt final – September Council Meeting	