

Christchurch City Council

**Transport Procurement
Strategy (2022 – 2025)**

CONTENTS

1. Version Control	3
2. Approvals.....	3
3. Summary Overview	4
3.1 Introduction	4
3.2 Legislative and Policy Context	6
3.3 Guiding Documents.....	6
4. Procurement Context.....	10
4.1 Procurement Objectives and Outcomes	10
4.2 Current Procurement Practice	10
4.3 Procurement Capability & Capacity	11
4.4 Health, Safety and Wellbeing	11
5. Procurement Programme	13
5.1 Current Expenditure Profile Summary	13
5.2 Maintenance, Renewals and Operations	13
5.3 Construction Capital Works.....	17
6. Procurement Delivery Environment.....	19
6.1 Delivery Models.....	19
6.2 Risk Management	29
7. Procurement Environment.....	30
7.1 Analysis of Supplier Market.....	30
7.2 Council Supplier Selection Models & Procurement Approach	30
7.3 Non-Price Attributes	31
7.4 Pre-Qualification of Suppliers.....	32
7.5 Use of Direct Appointment.....	33
7.6 Competitive Tendering.....	34
7.7 Suppliers in the Community	35
7.8 Evaluation of Tenders.....	36
8. Contract Types	38
8.1 Contract Types	38
8.2 Supplier Performance Management.....	38
8.3 Supplier Performance Incentives / Disincentives	39
9. Implementation.....	40
9.1 Capability and capacity.....	40
9.2 Internal Procurement Processes.....	40
9.3 Procurement Performance Measurement and monitoring framework	40
9.4 Review Plan.....	40
9.5 Communications Plan.....	41
9.6 Summary Conclusion and Recommendations	42
10. APPENDICES.....	43

1. VERSION CONTROL

Electronic copies of this document are to be saved in TRIM using agreed versioning and naming guidelines.

Version numbering specifically for the table below are:

- Draft document numbering starts at D1.
- Released or approved numbering starts at F1 (final).

Version	Date	Author	Description
D1	25 February 2022	Kirsty Mahoney / Emily Taylor	Draft for review
D2	1 March 2022	Jo van de Heever	Draft for internal review
F1. Waka Kotahi Endorse	8 April 2022	Lynette Ellis	Final for Waka Kotahi endorsement

2. APPROVALS

This Transport Procurement Strategy has been reviewed and approved by the following authorisers:

- General Manager, Infrastructure, Planning and Regulatory Services
- Head of Transport and Waste Management
- Head of Procurement & Contracts

The Procurement Strategy has also been tabled with Waka Kotahi - New Zealand Transport Agency (Waka Kotahi). This Procurement Strategy follows the format and general procurement approach as endorsed through the previous 2017 – 2020 Transport Procurement Strategy. The key change presented in this version is that financial information has been updated to align with the Transport Activity Management Plan, which provides the foundation for the Long Term Plan 2021-2031.

3. SUMMARY OVERVIEW

3.1 INTRODUCTION

The Land Transport Management Act 2003 (LTMA) requires Approved Organisations to use procurement procedures that are designed to obtain best value for money spent over the whole of life of the asset.

Waka Kotahi Procurement Manual requires Approved Organisations, of which Christchurch City Council is one, to review their Procurement Strategy at a minimum once every three years, and ensure that they always remain fit for purpose.

The Christchurch City Council (The Council) completed their first Transport Procurement Strategy in late 2011 (2010 – 2014), which was endorsed in early 2012 by Waka Kotahi. The second Transport Procurement Strategy 2015 – 2017 expired in July 2017 where an extension of three months was approved by Waka Kotahi. The third strategy covered the period 2017 – 2020, with an endorsement expiry date of 18 March 2022. An extension of two months was requested from Waka Kotahi to complete this latest Procurement Strategy, due to Council restructures in 2021, and the departure of several key senior staff members from Council during this period.

Previous strategies afforded the Council an opportunity to review its approach to supplier management and increase alignment to a programme led procurement strategy and ‘one organisation’ management of transport suppliers. The third strategy developed built on the programme led approach with continuing use of consultant and contractor panels, which have been successful for Council.

On 25 February 2022 Council approved the procurement strategy to source the new roading maintenance contracts covering the Northern, Southern and Central Christchurch regions. The approved recommendation was to publish an open market RFP on the GETS website. This opportunity will be with the intention to award to up to three separate Contractors the established North, South and Central roading regions in Christchurch. A Contractor may be awarded North and Central, South and Central but not North and South due to a balanced risk allocation being required. The evaluation method will be PQM with an 80% Non-Price weighting and 20% Price weighing. The contract type will be NZS3917 and the proposed term is an initial 5 years with the possibility to extend for another 3 years and then another 2 years. A detailed procurement plan was completed in formulation of this strategy, key areas covered in the procurement plan included Purpose and a clearly defined Scope, Stakeholder Analysis, Spend Analysis, Market Analysis and Procurement Process Risk Analysis.

Council undertook a s17A Service Delivery Review for Transport in August 2017.

At its meeting held on 1 August 2019, the Finance and Performance Committee of the Whole endorsed an exemption on completing a s17A review for Transport for the 2021-2031 Long Term Plan (LTP). The next s17A review will be completed prior to the 2024-2034 LTP. Section 17A reviews are required to be completed as a minimum every six years, and this timeframe will align with our next LTP.

In terms of the Maintenance Contracts that are currently being tendered, the contract type will be NZS3917 and the proposed term is an initial 5 years with a right of renewal at Council's sole discretion for another 3 years and then another 2 years. The right of renewal to take the contracts beyond the initial 5 years will require Waka Kotahi approval and this will be requested in year 4 of the contract term (at the latest). Once awarded, these contracts will have two years remaining on the current LTP, and three years on the new LTP, should any change in delivery model be agreed. Should a significant change be agreed, we note that it would take a significant period of time to be able to change, i.e. at least three years.

We also note that the market and delivery model analysis was completed as part of the procurement plan for the maintenance contracts, and was signed off at Council in mid-March 2022.

The actual *delivery* of works and services management now resides with a single Business Unit (Transport and Waste Management) who retain responsibility for all transport planning, service parameters and delivery performance.

This strategy will be delivered under the sponsorship of the Head of Transport and Waste Management.

PURPOSE

The Council views a procurement strategy as critical to achieving organisation objectives, with the primary purpose to give direction to staff about current priorities for ongoing and sustainable improvement initiatives in sourcing, selecting and managing suppliers.

As part of delivery of our programme of works outlined in the LTP 2021-2031 (<https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/plans/long-term-plan-and-annual-plans/long/>), the Council sets out its procurement process and provides information to suppliers on engaging with and working with the Council through information supplied on its website (<https://ccc.govt.nz/the-council/tenders-and-contracts>), as well as a view of upcoming contracts through the six-monthly Contractor Forums.

It also enables the Council to take a strategic approach to procurement to ensure an effective and efficient programme delivery.

This strategy continues the development of a whole of organisation approach to procurement and supply chain management in line with:

Christchurch City Council's Procurement Policy 2018

<https://www.ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/policies/sustainability-policies/procurement-policy/>

Procurement Manual

<http://intranet.ccc.govt.nz/organisation/finance/procurement/procurement-manual>

The previous strategy approaches focused on the development of a programme led approach to the delivery of transport planning and capital works delivery that has resulted in initiatives such as the establishment of a pre-qualified contractor's register, contractors' panels and consultants' panels. Additionally, previous strategies identified a number of change and improvement initiatives and took a holistic view of the Council's relationships with suppliers. It recognised that the initial source and selection process is only a small part of the Council's relationship with a number of its suppliers. A significant internal structural change in 2016 brought together the asset planning, capital planning and operational network maintenance under a single Business Unit 'Transport Group' thereby aligning the asset management to construction and maintenance under a single head of accountability.

The primary objective of this Transport Procurement Strategy (aside from ensuring compliance with Waka Kotahi requirements) is:

To create a procurement strategy that supports effective programme delivery and a high performing and competitive supply market that delivers sustainable Value for Money.

This outcome will be achieved, through the following four key contributing components:

1. The Council has created a procurement strategy;
2. The Council has increased its knowledge of relative value of components for our programme to the supply market;
3. The Council has increased its knowledge of the market environment within which it operates; and
4. The Council has created a 'one-organisation' supplier relationship and performance management regime.

This strategy also addresses several challenges raised in the other key outcomes of previous strategies namely:

- The Council has continued to increase staff competency to manage suppliers and / or advanced and alternative procurement and project delivery options. This is evidenced through the dedicated 'Major Cycle Route' Contractors' and Consultants Panels', and the Transport Panel;
- The Council has continued to increase the use of non-price criteria to manage and deliver best value for money projects and contracts;
- The Council has continued to increase compliance across the supply chain with the Council project delivery and asset handover processes; and
- The Council has continued to increase capacity, resources and capability across the supply chain to predictably deliver the annual and three year rolling programme on budget, on time and to the scope determined.

3.2 LEGISLATIVE AND POLICY CONTEXT

In developing this Strategy, the Council has ensured consistency with its internal Procurement Manual and Procurement Policy, and the external requirements of;

- The Land Transport Management Act (LTMA) 2003;
- The Public Transport Management Act (PTMA) 2008;
- Section 17A of the Local Government Act (LGA) 2002;
- The Waka Kotahi Procurement Manual 2019; and
- The Office of the Auditor General: Procurement guidance for public entities 2008.

3.3 GUIDING DOCUMENTS

The Council's approach to procurement and its relationship with suppliers can have both direct and indirect impacts on community outcomes. Every day, the Council engages with suppliers to deliver a wide, diverse range of goods, and services and works.

Given the high level of outsourcing for core infrastructure, professional services advisory and community services there is a very direct link between supplier relationships and the Council's goals for the economic and environmental outcomes. The Council's current Three Year Plan community outcomes remain and are as follows:

- *Strong communities;*
- *Liveable city;*
- *Healthy Environment; and*
- *Prosperous Economy.*

The core principles guiding all the Council's procurement activity as defined in the Council's Procurement Policy 2018 are:

- **Accountability:** the Council will be accountable for its performance and give complete and accurate accounts of the use it has put public funds to.
- **Openness:** the Council will be transparent in its administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between entities and any external parties entering into funding arrangements.
- **Lawfulness:** the Council will act within the law, and meet its legal obligations.
- **Fairness:** the Council has a general public law obligation to act fairly and reasonably. The Council must be, and must be seen to be, impartial in its decision-making.

- **Integrity:** managing public resources must be done with the utmost integrity. The standards applying to public servants and other public employees are clear, and the Council will make it clear when funding other organisations that the same standards are expected from them.
- **Sustainability:** the Council will look for opportunities for its procurement activity to positively impact on the environmental, social, economic and cultural wellbeing of our communities and the world we live in, now and in the future.

In addition to the core principles above, the Council has identified its own strategic procurement principles that align with the Council's Vision, Strategic Priorities and Community Outcomes.

- **Open and effective competition:** Open and effective competition maximises the prospect of the Council obtaining the best procurement outcome. The Council will ensure that suppliers wishing to do business with Council are given a reasonable opportunity to do so and that the procurement and relationship management processes used ensure that suppliers look to continue to do business with the Council.
- **Fostering local business:** The Council believes its procurement activity should contribute to having efficient and cost-effective local suppliers that support a dynamic and innovative Christchurch economy. The Council will ensure advantages from local procurement are recognised and considered in procurement decisions, local businesses are encouraged to explore unique and innovative initiatives, social procurement initiatives are progressed to provide economic and employment opportunities to communities in Christchurch and that where practicable, tenders are free from requirements that could limit opportunities for local suppliers.
- **Environmental enhancement:** The Council's procurement activity will have regard to proactive strategies that deliver better outcomes for the environment. The Council will maintain a commitment to long-term, ecological sustainability through procurement that conserves resources, saves energy, minimises waste, protects human health and enhances environmental quality and safety. In a procurement sense this includes a particular focus on improving energy and water efficiency, reducing, re-purposing and recycling where appropriate, and minimising greenhouse gas emissions.
- **Social equity:** The Council has a commitment to promoting diversity, acceptance, fairness, compassion, inclusiveness and access for people of all abilities. A focus is placed on citizens who are underrepresented and people with less opportunity. Social equity contributes to building stronger and more resilient communities. Depending on the nature of the procurement, Council will explore opportunities to engage social enterprises to provide works, goods and services.
- **Ethical behaviour and fair dealing:** Applying sound ethical principles and equitable and fair opportunities for procurement promotes the likelihood of better procurement outcomes. Having high standards of professionalism in procurement processes, systems and procedures enables the Council to provide a consistent approach to procurement requirements, reducing transaction costs and risks for suppliers and building Council/supplier relationships and trust. This lowers the cost of doing business for all parties.

Procurement ultimately supports the Council's business in the delivery of efficient output focused operations through carefully planned and documented decisions. The Council will seek to leverage the procurement opportunities that can be obtained through economies of scale and innovation. However, this will be balanced with the requirement to maintain a sustainable and competitive supplier market. This strategy is also intended to assist suppliers by providing visibility of the Council's procurement model and capital programmes and how it will undertake its procurement activities.

Sustainable procurement criteria must be included in all evaluations. We have ten sustainable procurement objectives.

- Energy efficiency
- Greenhouse gas emission reduction
- Solid waste reduction
- Improve water usage efficiency
- Increase Community participation

- Include people with less opportunity
- Engage Social enterprise
- Increase local employment
- Living Wage
- Resilience

Achievement of the objectives will differ in each procurement activity but in all cases:

- All ten objectives must be included in the RFX evaluation criteria
- Table 7a, 7b, 7c: Evaluation Criteria within the Council Procurement Manual, also included here, shows the recommended minimum/maximum criteria and suggested attributes for each gateway. Where appropriate these can be adjusted to best evaluate each RFX. To ensure the right weightings are selected for the criteria these should be evaluated in conjunction with the development of contract specifications.
- Sustainability is used as a mandatory pass / fail in lowest price conforming.

Criteria		MIN	MAX	Gateway Mechanism
1. Mandatory (Pass / Fail)		P/F	P/F	PASS / FAIL
Example	Capability			
Example	Health and safety			
Mandatory	Sustainable Objectives			
Example	Resilience			
2. Price		100%	100%	FINAL Measure
Mandatory	Price	100%	100%	

- Sustainability is a weighted attribute in 2 Stage Gateway: Weighted Attribute

Criteria		MIN	MAX	Gateway Mechanism
1. Mandatory (PASS / FAIL)		P/F	P/F	PASS / FAIL
Example	Capability			
Example	Health and safety			
Example	Resilience			
2. Weighted Attribute			100%	FINAL Measure
Mandatory	Sustainable benefits	10%	20%	
Mandatory	Price	20%	40%	
Example	Past performance	20%	40%	
Example	Technical skills	20%	40%	
Example	Methodology	20%	40%	

- Sustainability is a weighted non price attribute in 3 Stage Gateway Non Price / Price Model

Table 7c: 3 Stage Gateway: Non Price / Price Attributes

Criteria	MIN	MAX	Gateway Mechanism
1. Mandatory Criteria (Pass / Fail)	P/F	P/F	PASS / FAIL
Example	NZ Standards Compliance		
Example	Health and safety		
Example	Resilience		
2. Non Price Attributes	40%	70%	Shortlist based on Capability
Mandatory			
Example	Sustainable benefits	10% 20%	
Example	Past performance		
Example	Technical skills		
Example	Methodology		
3. Price	30%	60%	FINAL Measure

- Sufficient weighting of a minimum of 10% must be given to sustainable objectives when using either a 2 Stage Gateway: Weighted Attribute or 3 Stage Gateway Non Price / Price model.

4. PROCUREMENT CONTEXT

4.1 PROCUREMENT OBJECTIVES AND OUTCOMES

The procurement objectives for this strategy augment the Council's objectives and Waka Kotahi's requirements as follows:

Waka Kotahi's requirements include:

- Value for money;
- Open, competitive and efficient markets;
- Fair competition among suppliers;
- Improving business capabilities; and
- Recognition of New Zealand's international trade obligations and interests.

The Council shares these requirements, and requires:

- Environmental sustainability;
- Social responsibility;
- Economic benefit;
- Ease of doing business;
- Achieve the Council's strategic aspirations; and
- Promote opportunity, innovation and participation.

4.2 CURRENT PROCUREMENT PRACTICE

The Council's centre-led procurement team provides guidance and support to staff in all areas of expenditure with suppliers.

The Transport and Waste Management Unit has a number of staff with wide procurement experience, and is continuing to build this capability within the Unit. The Council is well placed to leverage this knowledge across all of the infrastructure activity within this Plan.

In the context of a Procurement Strategy it is important to recognise that in addition to its role as a client the Council is an experienced provider of infrastructure services as outlined below.

PROFESSIONAL SERVICES AND ADMINISTRATION

The Transport and Waste Management Unit and the Technical Services & Design team undertake a range of planning, consultation, consenting, design and project management activities. The Council manages their in-house delivery to ensure efficiency and effectiveness is provided across all activities. Outsourced professional services will be used where capacity is extended or special expertise is required.

In-house Professional services – For funding purposes these expenses are charged directly to the project or programme of works. To ensure this is managed in a cost effective environment, charge out rates are managed following standard accounting practices consistent with best practice adopted by local authorities. This process is reviewed annually to ensure competitive figures are applied.

Outsourced Professional services - a Transport Panel for professional services has been in place since 2009 (retendered again in 2013 and again in 2019).

Administration – For funding purposes administration costs are applied on a percentage to each activity. The process has been endorsed by Waka Kotahi and percentage amounts are reviewed annually.

The benefits of maintaining the above in-house services include;

- Stronger value for money and a longer-term view of strategic activities;
- Greater flexibility and responsiveness;
- Knowledge continuity and the development and retention of IP;
- Strong relationships are developed with contractors, consultants and other service providers;
- Community engagement; and
- Risk is more effectively managed in-house.

4.3 PROCUREMENT CAPABILITY & CAPACITY

The Council's business units are responsible for the procurement and purchasing of goods, services and works in accordance with relevant legislation, approved policy, strategies and category plans whilst following published procedures and internal procurement requirements. The Procurement Team works closely with all business units to ensure that the Procurement Framework meets businesses procurement needs, and complements the Council Asset Planning Frameworks.

With a whole of Council forecast annual spend of approximately \$1.3 billion, the Council can be considered a significant procurement organisation in New Zealand terms. To ensure that best value for money is achieved, the Procurement Team and staff located within the business units are required to have an appropriate level of experience and expertise, and adequate resource levels. Management will ensure that the Council has access to sufficient experienced and qualified professionals to undertake key procurement tasks. This will include ensuring that sufficient numbers of qualified tender evaluators are available throughout the Council. A qualified tender evaluator endorses the transport tender documents and is present for evaluation of all tenders with an estimated value of over \$200,000, over the life of the contract.

4.4 HEALTH, SAFETY AND WELLBEING

In accordance with Councils Procurement Framework Rules 12, 13 and 14:

- All procurements must have a Health, Safety & Wellbeing Risk Classification applied. The Health, Safety and Wellbeing Risk Classification determines the prequalification requirements. We use three health and safety risk classifications for procurements and contractors.
 - Classification 1: High risk – Worker and public safety are at risk without adequate controls and/or work undertaken is either hazardous and/or conducted in a hazardous location e.g. construction demolition/excavation.
 - Classification 2: Medium risk - Minimal risk of harm occurring to anyone and the work conducted is not hazardous or carried out in a hazardous location, e.g. planting/gardening, general maintenance work, general office cleaning.
 - Classification 3: Low risk – Minimal level of risk occurring to anyone. Companies or individuals engaged to provide services of products where the work is neither hazardous nor in a hazardous location e.g. consultant or supplier working from a desk, office based training or auditing.
- Procurement activities classified as Risk Classification 1 & 2 require the supplier to complete our pre-qualification prior to awarding the contract.
- Prequalification for Risk Classification 1 and 2
 - Requires confirmation of a current third party pre-qualification score/grade via an approved third party pre-qualification, or pre-qualification through our panel of

internal and external subject matter experts. Suppliers are required to provide documents including data and safe work method statements to determine their capability in relation to the project.

- Prequalification for Risk Classification 3
 - o Requires evidence of a suppliers declared commitment to health, safety and wellbeing in the workplace, confirmation of induction completion and competency requirements for the work to be completed.

Further Health and Safety once the contract is awarded is dealt with in accordance with NZS3910, 3916 and 3917 conditions and schedules.

5. PROCUREMENT PROGRAMME

5.1 CURRENT EXPENDITURE PROFILE SUMMARY

The Council spend on Transport Network and associated Suppliers, combined equates to approximately \$247M per annum.

A detailed breakdown between Operational and Capital forecasts under the 2021-31 Long Term Plan is outlined below.

5.2 MAINTENANCE, RENEWALS AND OPERATIONS

Maintenance, Renewals & Operations procurement includes activities required to retain an asset as near as practical to its original condition or function (maintenance), activities to upgrade, refurbish or replace existing assets with assets of equivalent capacity or capability (renewals), and activities involved in either the operation of the Council's assets or delivery of the Council's operational activities (operations).

Maintenance, Renewals and Operations procurement covers three categories:

1. **Transport Access**
2. **Transport Environment**
3. **Transport Safety**

A high level risk assessment is undertaken by the business unit, unless they specifically request a procurement risk assessment. The current term service contracts are outlined in the table attached at Appendix A for reference.

TRANSPORT ACCESS

Indicative Annual Spend		2021/22	2022/23	2023/24
	Transport Access	68,275,000	70,000,000	72,472,000
	TOTAL	68,275,000	70,000,000	72,472,000
Business Unit Accountability	Transport and Waste Management			
Description	The Transport Access ¹ category includes the provision of: <ul style="list-style-type: none"> ▪ Planned and reactive maintenance to remedy defects and operation of on-street facilities. ▪ Repair or replacement (renewal) of assets that have reached the end of their life or are in substandard condition. 			
Supplier Market	For Transport Access, a mature supplier market exists with multiple organisations competing on price and service, including interest from off-shore firms. The supplier market is generally unrestricted. The primary Road Maintenance Contracts are based on a 'geographic patch' (currently four including Banks Peninsula) and are competitively tendered. The renewal of these contracts (excluding banks peninsula) are currently underway. These contracts expire			

¹ Long Term Plan 2021-31 Service Plan for Transport and Waste Management

	<p>on 30 September 2022; target market date being March 2022. The Banks Peninsula Roding Contract commenced on 1 July 2020 with an expiry date of 30 June 2025.</p> <p>There is competition from other sectors, including Waka Kotahi, Waimakariri District Council (WDC), Selwyn District Council (SDC), Utility firms and Private developers for these services.</p> <p>The renewal of the Roding Landscape Contract is also underway. The contract expires 30 September 2022; target market date being March 2022.</p> <p>Street Lighting maintenance and Traffic Signals² maintenance is a narrow market. The Streetlight Supply, Install and Maintenance contract commenced on 1 November 2018 and will expire on 31 October 2023.</p> <p>The Transport Technology Maintenance contract commenced on 1 April 2021 and will expire on 31 March 2026.</p>
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TRANSPORT ENVIRONMENT

Indicative Annual Spend		2021/22	2022/23	2023/24
	Transport Environment	5,987,000	6,138,000	6,355,000
	TOTAL	5,987,000	6,138,000	6,355,000
Business Unit Accountability	Transport and Waste Management			
Description	<p>The Transport Environment³ category includes the provision of:</p> <ul style="list-style-type: none"> ▪ Operational interventions, including maintenance of off-road and separated on-road cycleways ▪ Delivery of the Major Cycle Routes programme ▪ Delivery of the Local Cycleways programme ▪ Delivery of the Pedestrian Improvements programme ▪ Planned and reactive operations and maintenance of bus shelters, bus stops, and bus stop furniture ▪ Replacement (renewal) of assets that have reached the end of their life or are in substandard condition ▪ Network improvements to make the service more attractive 			

² Street lighting and traffic signal electricity is sourced through the All of Government Panel.

³ Long Term Plan 2021-31 Service Plan for Transport and Waste Management

Supplier Market	<p>Mature market of both consultants (2 Major Panels) and Contractors (mix of Tier 1 and 2 Contractors able to deliver on a range of mid – large project packages)</p> <p>The bus shelter maintenance, supply, and installation works contract commenced in November 2019, and is will expire in October 2024.</p> <p>Due to the specialised nature of Real Time Information in Christchurch there is a limited supplier pool.</p>
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TRANSPORT SAFETY

Indicative Annual Spend		2021/22	2022/23	2023/24
	Transport Safety	3,655,000	3,747,000	3,880,000
	TOTAL	3,655,000	3,747,000	3,880,000
Business Unit Accountability	Transport and Waste Management			
Description	<p>The Safety⁴ category includes the provision of:</p> <ul style="list-style-type: none"> ▪ Standard safety interventions ▪ Speed management ▪ Intersection improvements ▪ School safety programme ▪ Minor safety programme 			
Supplier Market	<p>For Transport Safety, a mature supplier market exists with multiple organisations competing on price and service, including interest from off-shore firms. The supplier market is generally unrestricted. The primary Road Maintenance Contracts are based on a ‘geographic patch’ (currently four including Banks Peninsula) and are competitively tendered. The renewal of these contracts (excluding banks peninsula) are currently underway. These contracts expire on 30 September 2022; target market date being March 2022. The Banks Peninsula Roading Contract commenced on 1 July 2020 with an expiry date of 30 June 2025.</p> <p>There is competition from other sectors, including Waka Kotahi, Waimakariri District Council (WDC), Selwyn District Council (SDC), Utility firms and Private developers for these services.</p>			

⁴ Long Term Plan 2021-31 Service Plan for Transport and Waste Management

SUMMARY OF OPERATIONAL EXPENDITURE SPENDS

The budgeted Operational Expenditure spends for the 2021/22 to 2023/24 three-year period are summarised below:

Activity	2021/22	2022/23	2023/24
Transport Access	68,275,000	70,000,000	72,472,000
Transport Environment	5,987,000	6,138,000	6,355,000
Transport Safety	3,655,000	3,747,000	3,880,000

5.3 CONSTRUCTION CAPITAL WORKS

Construction (Infrastructure) procurement includes distinct procurement activities that create new assets which did not previously exist, and works which upgrade or improve an existing asset beyond its existing capacity. These works may result from growth, community or environmental needs, end of life replacement and include property acquisition costs.

Construction procurement covers two categories of spend (split by spend \$ and risk profile):

- Major Construction Programmes and Projects (T1)
- Minor Construction Projects (T2)

MAJOR CONSTRUCTION (T1)

Indicative Annual Spend FY22/23/24	\$13m to \$27m pa	Strategic Spend
Business Unit Accountability	Transport and Waste Management	
Description	The T1 category includes construction projects or programmes of work being delivered over two or more years that have an estimated total value (for all project phases) equal to, or greater than \$5 million, or that are of high strategic importance or public profile.	
Supplier Market	<p>Mature well established supplier market, however high entry costs exist for new entrants;</p> <ul style="list-style-type: none"> ▪ Several major competing suppliers in core infrastructure projects; ▪ International suppliers interested in market for specialist technology-based projects; ▪ Supplier market is generally unrestricted with market competition from other sectors, including Waka Kotahi, SDC, WDC, Utility firms and Private developers. 	

The size and duration of T1 projects and programmes of work require individual Procurement plans to be developed for each project or programme. Increasing opportunities for advanced or hybrid delivery approaches such as Early Contractor Involvement, Alliances or Public Private Partnerships will be considered as appropriate for this category.

Note: Alliances and Public Private Partnerships are considered advanced delivery models by Waka Kotahi and use of these models for Waka Kotahi funded activities will require specific approval by Waka Kotahi.

The focus of this category will be to deliver best value through innovative procurement delivery and close commercial relationships with contracted suppliers.

Procurement Plans (with risk assessments) and a formal 'Approval to Proceed to Market' format are undertaken for large scale T1 Projects. The procurement plans include:

- Approval to Start the Project
- Strategy Development
- Approval of Strategy
- Approval to Proceed to Market

MINOR CONSTRUCTION (T2)

Indicative Annual Spend FY22/23/24	\$84.26m to \$105.27m pa	Strategic Spend
Business Unit Accountability	Transport and Waste Management	
Description	The T2 category includes all other construction projects necessary to bring new infrastructure or assets into service and upgrade or improve existing assets.	
Supplier Market	<p>Mature well established supplier market;</p> <ul style="list-style-type: none"> ▪ Several large, highly resourced suppliers competing for larger projects; ▪ Large number of smaller suppliers available for smaller projects, or as subcontractor to the larger suppliers; ▪ Supplier market is generally unrestricted with market competition from other sectors, including Waka Kotahi, SDC, WDC, Utility firms and Private developers. 	

The LTP outlined the major transport projects planned to be delivered in Christchurch over the 10-year period. Major Council projects that were identified in the current LTP include;

Name	2021/22	2022/23	2023/24
Carriageway Reseals - Chip seal	\$13,734,000	\$11,609,000	\$11,887,000
Major Cycleway South Express Route (Section 2) Craven to Buchanans	\$8,033,000	\$6,138,000	\$1,088,000
Dyers Pass Corridor Guardrails Installation	\$5,030,299.96	\$770,926.04	\$0.00

Individually it is expected that a business-wide approach to contracting will deliver benefits over the current project-to-project based approach. It is also seen as a category where procurement could be simplified by the introduction of a pre-qualification system such as the use of our pre-qualified Suppliers. Synergies in the supplier market will potentially see low-value construction works in the road corridor delivered by regional maintenance providers. The focus of this category is to leverage the competitive supplier market to deliver savings whilst maintaining appropriate levels of service.

The budgeted Capital Expenditure spends for the 2021/22 to 2023/24 three-year period are summarised below:

Measure	2021/22	2022/23	2023/24
Major Construction T1	\$26.80m	\$18.52m	\$12.98m
Minor Construction T2	\$105.27m	\$101.18m	\$84.26m

6. PROCUREMENT DELIVERY ENVIRONMENT

6.1 DELIVERY MODELS

A delivery model is the form of relationship established between the Council and the supplier to enable the procurement of the output required to deliver an activity. The Council will utilise a range of delivery models to procure goods, services and works, these are described below. When selecting an appropriate delivery model the Council will consider a range of factors including; complexity, scale, urgency, potential for innovation, risk profile and the nature of supplier market.

<p>Staged (Traditional)</p>	<p>Under a Staged approach, activities are delivered through a single or staged series of separate contracts (e.g. investigation, design only, construction only). This is a well understood and widely used approach to procurement, and is often described as the “Traditional” approach.</p>
<p>Design and Build/Implement</p>	<p>A design and build/implement delivery model uses a single supplier to complete all detailed design and construction/operation. This usually involves a lump sum price arrangement with more risk accepted by the supplier.</p> <p>Under a design and build/implement, the purchaser prepares a brief, which includes the output/service specification and quality requirements. A design and build/implement contract is then awarded to carry out design, and construction/operation of the final output/service. Can also include a combination of Design/Build/Operate and Maintain</p>
<p>Shared Risk</p>	<p>A shared risk delivery model uses an integrated team comprising purchaser and supplier participants, which may include designers, builders and material suppliers.</p> <p>Team members are incentivised to work collaboratively and impartially to deliver what is best for the project and to achieve high performance standards. Successful collaboration demands that all parties’ commercial interests be aligned. Risk is shared by all parties and there are only two possible outcomes to working together: either all parties succeed or all parties fail. No team member can win at the expense of another. The shared risk delivery model includes alliances and competitive alliances.</p>
<p>Maintenance Services</p>	<p>Maintenance services are procured on a combination of:</p> <ul style="list-style-type: none"> ▪ ‘fix when fail’ (reactive); ▪ Cyclic/frequency based planned maintenance cycles; and ▪ Predictive or Condition Based Maintenance. <p>The application of these services is based on the lifecycle and criticality of the asset. The procurement of these services can include a single contract with elements of all three maintenance applications, or just a single service type requirement.</p>
<p>Supplier Panel</p>	<p>The supplier panel delivery 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 does not imply an exclusive arrangement between the purchaser and the panel. Occasionally, the purchaser may engage suppliers that are not panel members to deliver similar outputs.</p> <p>This model enables the purchaser to appoint a range of suppliers that, as a panel, offer the best combination of skills and experience required to deliver the outputs. The supplier panel model uses a two-stage process. In the first stage, suppliers are</p>

	appointed to the panel. In the second stage, tasks are allocated to panel members. Tasks may be allocated to a preferred panel member by direct appointment or through a competitive process involving two or more panel members.
All of Government Panel	Electricity for the Street Lighting operation is sourced through the All of Government contract for electricity. This procurement approach represents the best value for money option for the Council.

Note: Shared Risk and Supplier Panel are considered advanced delivery models by Waka Kotahi and use of these models for Waka Kotahi funded activities will require specific approval by Waka Kotahi.

Market summary from the recent market analysis conducted for the roading maintenance contracts procurement plan in the last quarter of 2021:

Supply Positioning Matrix			
Quadrant	Description	Approach	Arrangement
Strategic Critical	High cost specialist goods/services.	Manage suppliers	Med/long term contract, contingency planning
Supplier Preferencing Matrix			
Quadrant	Description	Approach	
Core	High-value, Highly attractive, Suppliers Core	Retain and expand	

Industry operators design, construct, maintain and repair the national and local road network, which is vital for commuters and freight transport. Most industry activity is publicly funded through the New Zealand Transport Agency (Waka Kotahi) or NZTA, with local authorities providing supplementation. Traditionally, private sector participation in road and bridge funding has been confined to residential subdivisions, industrial estates and commercial car parks.

Central Government (Te Kawanatanga o Aotearoa) funding in the Roads of National Significance (RoNS) program, and reconstruction efforts following earthquake damage in the Canterbury region have contributed to industry activity surging over the past five years. Some industry operators benefited from strong growth in new housing construction activity through to a peak in 2019-20, which drove demand for roading in residential subdivisions. However, a slump in residential building during the COVID-19 pandemic has contributed to industry revenue declining by an anticipated 1.5% in 2021-22. Furthermore, the industry has been constrained by the scheduled completion of major public-private partnership (PPP) funded projects, the Auckland Northern Motorway and the Transmission Gully Motorway in Wellington, in the current year. However, industry revenue is expected to increase at an annualised 1.5% over the five years through 2021-22, to reach \$8.2 billion⁵. This growth is largely due to industry's strong performance in 2017-18. The COVID-19 pandemic has encouraged governments to bring forward investment in transport infrastructure projects to stimulate the economy, but this has been insufficient to offset weaker private funding of road projects.

The pipeline of road and bridge construction projects is anticipated to strengthen over the next five years, supported by Central Government funding for road developments under the New Zealand Upgrade Programme, stimulus under the COVID-19 Recovery (Fast-Track Consenting) Act⁶, and budgetary allocations for smaller

⁵ <https://www.ibisworld.com/nz/market-size/road-bridge-construction/> Retrieved 17th April 2022.

⁶ <https://www.legislation.govt.nz/act/public/2020/0035/latest/LMS345539.html> Retrieved 17th April 2022

shovel-ready projects. The expanded pipeline of public projects will likely offset the lagged return of private investment in local roads and PPP projects. Industry revenue is forecast to grow at an annualised 2.6% over the five years through 2026-27, to \$9.3 billion⁷, supporting improved profitability and rising industry employment.

CAPITAL EXPENDITURE BY THE PUBLIC SECTOR

Most investment in road construction and road maintenance programs comes from both Central Government and local authorities. Public sector capital expenditure trends therefore heavily influence the industry's performance. Public sector capital expenditure is expected to increase during 2021-22, with investment largely focused on major road and bridge developments. This rise represents a strong opportunity for industry expansion.

The focus of public road and bridge funding changed with the election of the Labour Government, with the 2018 Government Policy Statement on Land Transport redirecting funding towards many smaller infrastructure projects. However, work has progressed on several major road projects over the past five years. Significant projects that have recently been completed have included the Western Belfast Bypass (Christchurch), Mackays to Peka Peka Expressway (Wellington), the Waterview Connection (Auckland), the Kawarau Falls Bridge (Queenstown) and the Russley Road Upgrade (Christchurch).

Major public-funded projects currently under construction include the SH16 Lincoln to Westgate upgrade (Auckland); Stage 2 of the SH1 Christchurch Southern Motorway (Christchurch); the Northern Arterial Motorway (Christchurch); the SH1 bypass, Hamilton and Longswamp sections; and the SH1 Peka Peka to Otaki Expressway (Wellington). Most of these road projects have been completed in recent years, which adds to the industry's revenue volatility if funding is not replenished through new project tenders.

The industry's major players generate much of the industry's profit. These firms have completed most of the major road developments under the RoNS program and reconstruction work in the Canterbury region⁸. The current scaling back of work on construction projects, coupled with the recent completion of several major road and bridge developments, will likely intensify competitive conditions and constrain industry profitability in the short term. Rising input costs, particularly for cement, concrete and aggregate, have negatively affected industry profit over the past five years. The rising cost of bitumen, due to increasing global oil prices, has further driven down industry profit margins.

Wage costs have declined as a share of industry revenue over the past five years, as firms have reduced average wages in an effort to remain competitive in project tenders. Capital intensity has increased as large firms have increasingly sought to optimise efficiency by incorporating capital machinery in their projects. Industry employment and enterprise numbers have largely increased in line with demand conditions over the past five years.

INDUSTRY OUTLOOK

The industry's expansion will be supported by public spending to rejuvenate the nation's land transport infrastructure and stimulate economic growth. The blueprint for public funding of infrastructure over the next five years was outlined in the New Zealand Upgrade Programme in January 2020, which heavily focuses on the pipeline of road and rail transport projects.

Greater public funding for road and bridge developments is forecast to result in industry revenue rising at an annualised 2.6% over the five years through 2026-27, to reach \$9.3 billion⁹. Additional public sector investment in major road, bridge and pedestrian developments is anticipated to offset weaker short-term demand for the construction of local roads and other subdivision infrastructure following a slump in new housing construction. The industry's larger operators are anticipated to capture most of the new publicly funded projects, while

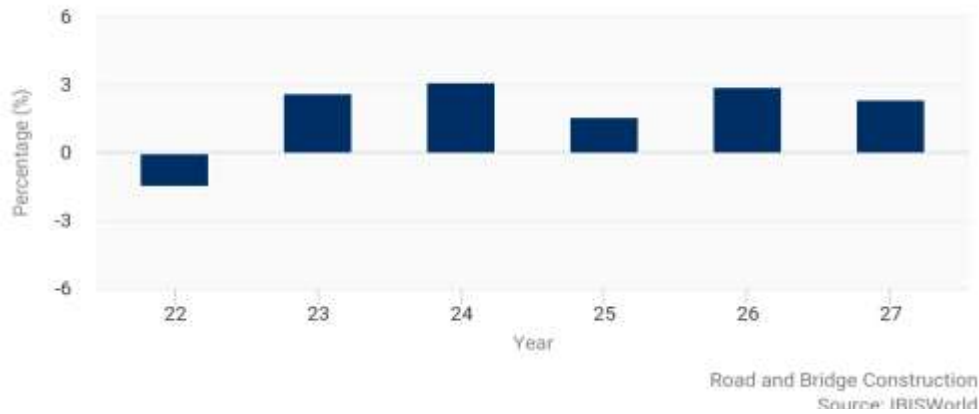
⁷ <https://www.ibisworld.com/nz/industry/road-bridge-construction/313/> Retrieved 17th April 2022

⁸ <https://www.nzta.govt.nz/projects/christchurch-motorways/> Retrieved 17th April 2022

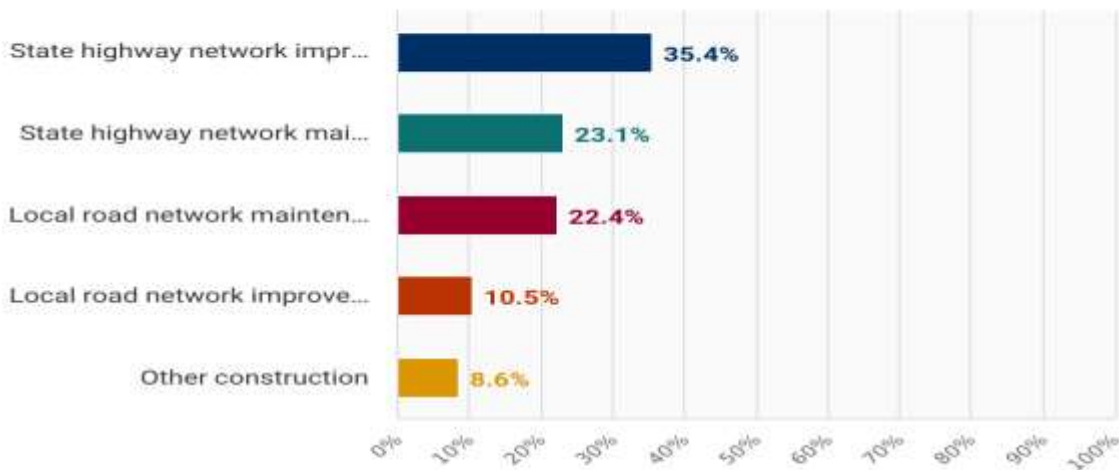
⁹ <https://www.ibisworld.com/nz/industry/road-bridge-construction/313/> Retrieved 17th April 2022

weaker demand for roading on new residential subdivisions will likely adversely affect the industry's smaller-scale players.

Industry Outlook 2022-2027



Products and Services Segmentation



2022 INDUSTRY REVENUE

\$8.2bn

Road and Bridge Construction
Source: IBISWorld

This segment has increased significantly as a share of revenue over the past five years, due to funding for new roads in the earthquake-devastated Canterbury region. New road construction activities involve designing and approval processes; clearing and earthworks; drainage, bridge and culvert installation; alterations to public utilities, such as gas mains; constructing the sub-base; laying pavement; treating the surface; and project finishing activities, such as line marking and guardrail and landscaping installation.

REGIONAL DISTRIBUTION

The regional distribution of industry establishments broadly reflects the geographic spread of population and economic activity across New Zealand. The industry is characterised by many small-scale businesses that contest for work in narrow regional markets. Therefore, the distribution of establishments is skewed away from the highly urbanised regions of Auckland and Wellington, in favour of regions with more dispersed

¹⁰ <https://www.ibisworld.com/nz/industry/road-bridge-construction/313/> Retrieved 17th April 2022

populations. A disproportionately high number of businesses operate in the Canterbury region, largely due to the strong regional demand that developed following the Christchurch earthquakes¹¹.

Auckland, Waikato, Wellington and Canterbury together account for approximately 58.6% of industry establishments, which falls well below their combined 67.5% share of the national population. This under-representation reflects the lower number of businesses in Auckland and, to a lesser extent, Wellington. Establishments in these regions mainly service urban roads and are likely to be larger than the national average. Several of the nation's leading road and bridge construction firms are headquartered in the Auckland and Wellington regions.

The share of establishments in the Waikato region marginally exceeds the region's share of the national population. The Waikato region has an above-average share of dwelling construction activity. This is likely to contribute to higher demand for road construction in residential subdivisions. This has also been the case in Canterbury, which has a disproportionately high share of housing construction and subdivision work.

MAJOR PLAYERS

FULTON HOGAN LIMITED

Market Share: 9.4%

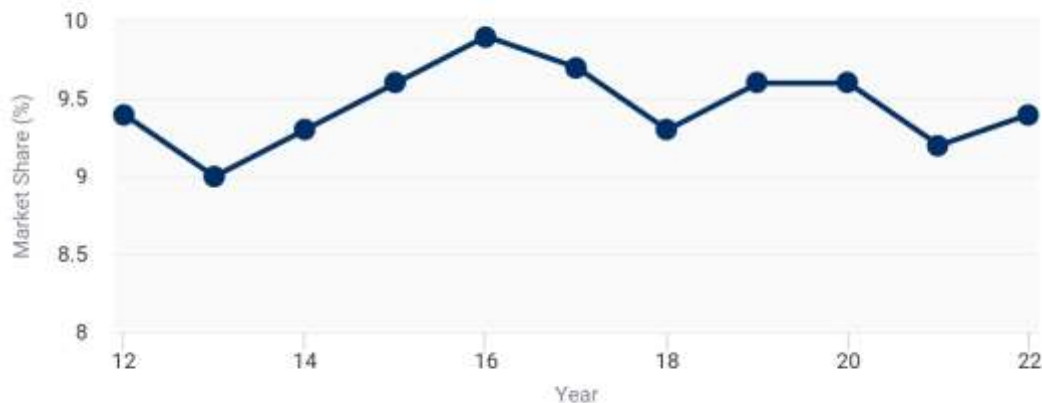
Fulton Hogan Limited was originally founded in 1933. Since then, the company has expanded through strategic acquisitions and organic growth to become one of the nation's leading civil construction companies. Fulton Hogan's operations include road, rail and bridge construction, and water-supply and energy developments. Fulton Hogan has extensive civil construction operations outside New Zealand and currently generates over half of its revenue in Australia. In New Zealand, the company is a leading supplier of quarry, asphalt and precast concrete products, and is involved in most aspects of road design, construction, renewal and maintenance.

Fulton Hogan has worked on many projects of varying scale over the past five years. These have included major projects such as designing and constructing the car park for the Tauranga Airport (completed 2016), the 250-metre Taramakau Bridge near Greymouth (completed 2018) and the \$122 million Western Belfast Bypass (WBB) project (completed in 2018). The WBB is a four-lane motorway in Christchurch that was funded as part of the Roads of National Significance (RoNS) program. Since late 2015, the company has been involved in the joint venture constructing the \$320 million Huntly Bypass segment of the Waikato Expressway (completed February 2020).

Fulton Hogan has secured several large-scale contracts in recent years. The company is currently working on the \$700 million Northern Corridor Improvements project in an alliance with several other firms to improve the transport links for Auckland's North Shore (due for completion in May 2022). Fulton Hogan is currently constructing the Awakino Tunnel bypass on the SH3 between Taranaki and King Country (due by mid-2021). In May 2020, Fulton Hogan commenced a 10-year \$260 million contract to provide maintenance on the sealed and unsealed road network for the Dunedin City Council. In May 2021, the company's joint venture with HEB Construction secured a \$933 million contract to construct the Takitimu North Link in Bay of Plenty, with stage 1 due for completion in 2026.

¹¹ <https://www.rbnz.govt.nz/-/media/reservebank/files/publications/bulletins/2012/2012sep75-3parkersteenkamp.pdf> Retrieved 17th April 2022

Fulton Hogan Limited



FLETCHER BUILDING LIMITED

Market Share: 8.1%

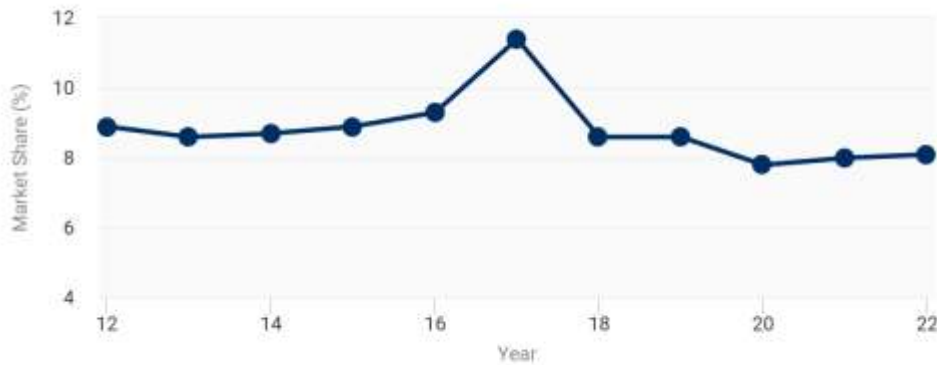
Fletcher Building Limited (FBL) is one of New Zealand's largest companies. Headquartered in Auckland, the company is a leading player in residential, commercial building and infrastructure construction markets, and is a leading supplier of building products and construction materials. The firm also has extensive operations in Australia and the Pacific region. In 2016, FBL acquired New Zealand's third largest road construction and maintenance firm, Higgins Group Holdings Limited, which has significantly strengthened its position in the industry. The Higgins deal included asphalt and bitumen plants, 16 operational quarries, and operations in Fiji. Both the Fletcher Construction Company Limited and the Higgins Group operate in the Construction division.

Fletcher Construction has been involved in several large-scale road transport projects over the past decade, including the Hamilton Section of the Waikato Expressway, Peka Peka to Otaki Expressway, Manapouri Second Tailrace Tunnel and Lyttelton Tunnel. Over the past five years, FBL has taken part in several of the nation's largest road transport projects. The company held a leadership role in the Well-Connected Alliance, a public-private partnership (PPP) that consisted of the NZ

Transport Agency (NZTA) and some construction companies. This alliance was responsible for constructing, operating and maintaining Auckland's \$1.7 billion Waterview Connection, which was completed in mid-2017. The company also completed the \$630 million Mackays to Peka Peka road in early 2017, which links Levin and Wellington Airport. In November 2018, the company completed the 3.5- kilometre Whakatu Arterial Link in Hawkes Bay.

Both Fletcher Construction and Higgins Group are currently involved in constructing the four-lane Northern Motorway (State Highway 1) Puhoi to Warkworth (Auckland) under a PPP contract for the Northern Express Group (NX2). The \$700 million project involves construction spanning from late 2016 to 2022, and asset maintenance spanning 25 years. Fletcher Building recorded a sharp 23% decline in construction-related revenue during 2019-20 due to significant project disruptions during the COVID-19 pandemic. The company has reported continued challenges in project sourcing and supply chains during 2021. However, both Higgins and Brian Perry Civil are reported to have a strong pipeline of road construction and maintenance projects.

Fletcher Building Limited



DGL INVESTMENTS LIMITED

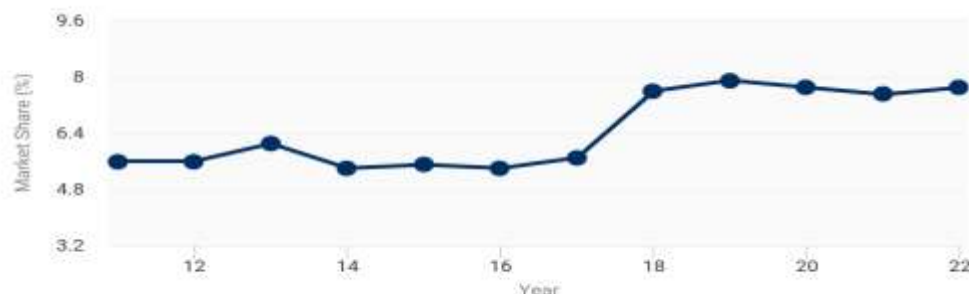
Market Share: 7.7%

DGL Investments Limited (DGL), which trades as Downer New Zealand, is a subsidiary of the publicly listed Australian firm Downer EDI Limited. The company is headquartered in Auckland and maintains a nationwide presence in the provision of engineer, construction and maintenance on road and other transport infrastructure and utilities, and facilities management services. The company's operations include Downer Construction (New Zealand) Limited and the Hawkins Group (Hawkins 2017 Limited), which the company acquired in March 2017.

Downer New Zealand is a vertically integrated company that offers all aspects of road asset design, construction and maintenance, including local asphalt production. The firm is responsible for maintaining 25,000 kilometres of road in New Zealand under contracts with the NZ Transport Agency and local authorities. However, the loss of a multi-year maintenance contract for the Dunedin City Council, which expired in April 2020, will likely limit the company's recent performance.

In addition to its extensive maintenance activities, the company participates in major road developments through several strategic alliances, including Infrastructure Alliance in Hamilton, Whanganui Alliance, Tararua Alliance, Waikato District Alliance and the Milford Road Alliance. Downer New Zealand has recently participated in a joint venture with McConnell Dowell on the Russley Road Upgrade in Christchurch, which included the Memorial Gateway Bridge. The acquisition of Hawkins Group, which has extensive activities in the non-residential building market, also strengthened the company's position in the infrastructure market. The Hawkins Group was involved in a \$110 million road-widening contract on the State Highway 16 Lincoln to Westgate upgrade, which was finalised in late 2019. In April 2021, the NZ Transport Agency confirmed funding of \$190 million to construct a walking and cycling link between Ngauranga and Petone in Wellington, to be undertaken by an alliance including Downer.

DGL Investments Limited



HEB CONSTRUCTION LTD

Market Share: 5.0%

HEB Construction Ltd was founded in 1975 and is headquartered in Auckland. The company has established itself as a leading civil construction company with proven capabilities spanning subdivisions, roads and bridges, water supply and waste facilities, piling, and wharf construction. In September 2015, HEB became a subsidiary of the French construction giant, VINCI Construction International Network (VCIN).

The company has outperformed the overall industry over the past five years, largely due to the firm's ability to secure a role in many large-scale developments. Major road and bridge construction projects completed over the past five years include Bridge 48, Bridge 52, Greville Road, Tauranga Eastern Link and the Waikato Expressway. HEB participated in the joint-venture that constructed the Huntly Bypass segment of the Waikato Expressway (completed early 2020). HEB is also part of the Wellington Gateway Partnership (WGP) alliance that is currently constructing the \$850 million Transmission Gully, which is the first roading project in New Zealand procured through a public-private partnership (PPP) model. The 27 kilometre four-lane Transmission Gully is due for completion in late 2021, with the progress partly delayed by the COVID-19 pandemic.

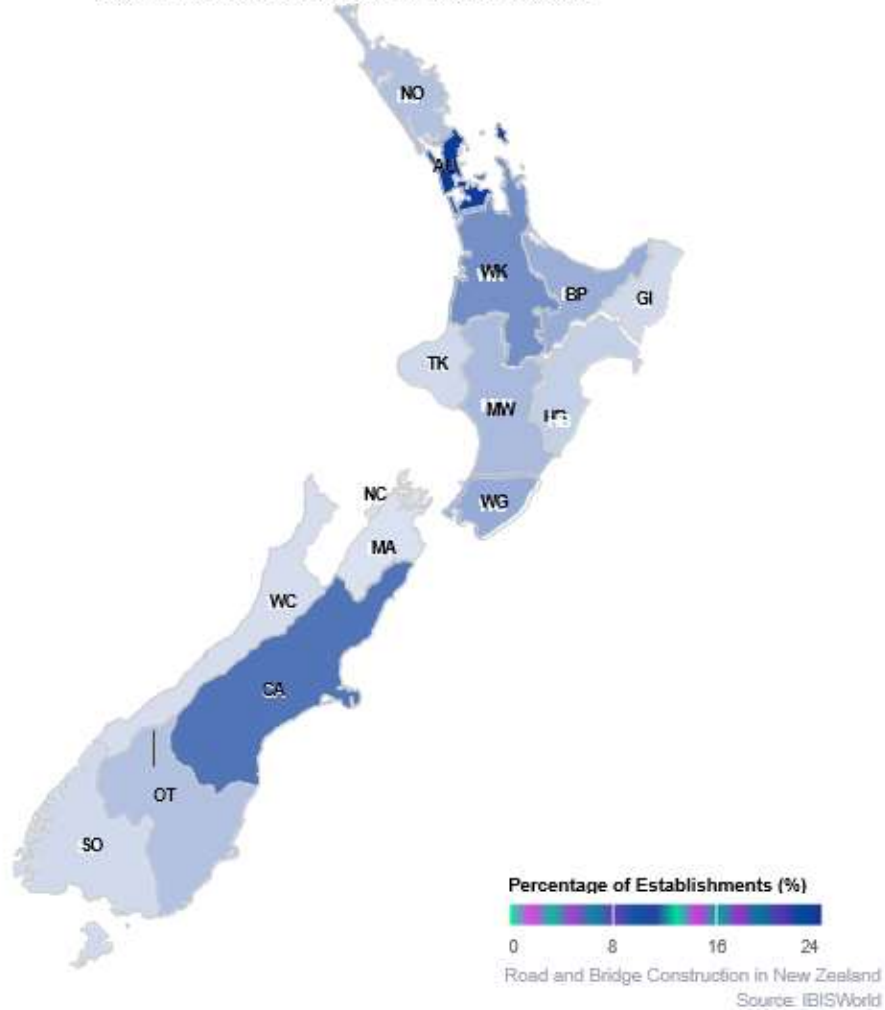
HEB is part of the alliance awarded the \$190 million contract to construct the walking and cycling link between Ngauranga and Petone in Wellington (commenced during 2021-22). The company is also in joint venture with Fulton Hogan that secured the \$933 million Takitimu North Link in Bay of Plenty. The project Stage 1 involves a 6.8-kilometre four lane expressway (for completion in 2026) and Stage 2 extension to begin in 2024.

MCCONNELL DOWELL

Market Share: 4.0%

McConnell Dowell was founded in New Zealand in 1961 and has since expanded to be an important player in local civil construction. The company also operates in Australia and the Pacific region. In 2003, McConnell Dowell became a wholly owned subsidiary of the South African construction engineering firm Aveng Limited. In recent years, the company has worked on several road and bridge projects, including work in the Well-Connected Alliance on the constructed the \$1.7 billion Waterview Connection (completed mid-2017), with the contract including 10 years of operation and maintenance. McConnell Dowell was involved in constructing the two-lane Kawarau Falls Bridge, which linked Queenstown to Southland and Milford (completed in late 2018); the \$92 million Russley Road Upgrade in Christchurch in joint venture with Downer New Zealand; and participation in a joint venture on the Mercer to Longswamp Four Laning Project segment of the Waikato Expressway (SH1), which involved four lane highway and four bridges (completed late 2019).

Business Concentration in New Zealand



Through the previous contracts, there are four established suppliers who have demonstrated capability in Rooding Maintenance services:

1. City Care Ltd
2. HEB Construction
3. Higgins Contractors
4. Fulton Hogan (Banks Peninsula Rooding Maintenance)

However, the Council also regularly utilises the NZTA Pre-qualified Rooding Construction Contractor list which has an additional 8 contractors who are capable of performing rooding infrastructure projects:

1. Blakely Construction
2. Downer
3. Grounds & Service
4. KB Contracting & Quarries
5. McConnell Dowell Constructors
6. Mike Downs Contractors
7. Schick Civil Construction
8. The Isaac Construction Company

During the formulation of a procurement plan, a detailed market analysis is conducted on all major and open market tenders. The following key areas are analysed during the market analysis stage:

- Complete internal and external Market Analysis (Councils Procurement and Contracts Unit provide a template for this)
- Additional market/industry reports, if applicable, such as IbisWorld
- Kraljic Matrix to inform the following key points:
 - o The key suppliers and their market shares (supply) are [insert – include international as well as domestic if appropriate].
 - o The key buyers and their influence on the market (demand) are [insert].
 - o Competition is primarily based on [choose or insert other factors: price / quality / level of support services / product types and range / delivery time / brand image].
 - o The degree of competition is [insert].
 - o Existing pricing methodologies are [insert]. Factors affecting pricing include [insert]
 - o The availability of alternative or substitute goods/services is [insert].
 - o The nature and quality of the supply chain is [insert].
 - o In summary, current market behaviours are [insert] and these impacts on buyers by [insert].
 - o Future market behaviours that would better support successful delivery are [insert].
 - o The gaps between current and future behaviours are [insert]. Strategies to close these gaps are [insert].
 - o The likely impacts that this procurement will have on the market are [insert].
- Attractiveness of Category to Supplier to inform the following key points:
 - o The value of the agency's account and the attractiveness of the account have been assessed.
 - o The agency is seen as [choose: nuisance / exploitable / development / core]. This means [insert].
- Power and dependency matrix to inform the following key points:
 - o An assessment of the levels of power and dependency between the agency and suppliers has been undertaken. This shows that [choose: the buyer and supplier are independent / the supplier is dominant / the buyer is dominant / the buyer and supplier are interdependent].
 - o This means [insert].
 - o Strategies to address this include [insert].
- Market management matrix to inform the following key points:
 - o Given the proposed length of the contract, the level of desired trust and communication with the supplier and the approach to managing risk the agency will seek a [choose: strategic collaborative / tactical competitive relationship with the successful supplier].
 - o This means [insert].

SUPPLIER	CAPACITY & CAPABILITY
	• Current known contracts (internally and other organisations)
	• Current known contracts (internally and other organisations)
	• Current known contracts (internally and other organisations)

The market analysis is vital in informing the strategy for sourcing and the following aspects from the market analysis will influence the procurement strategy:

STRATEGY AND APPROACH TO MARKET ANALYSIS

- Does any pre-market engagement need to take place, if so, what format will this take and how will it be managed?
- Will presentations or site visits be required and how will these be managed and measured as part of the evaluation?
- Are there any real or perceived Conflicts of Interest that have a management plan, if so, how will this be factored into the procurement activity?
- Noting that the purposes of evaluation criteria is also to address risk, how have the identified risks above been incorporated into evaluation criteria and what is expected from responses to mitigate these risks?
- Based on the information provided in the procurement plan, how and why does this analysis determine the best way to approach the market i.e. direct award, 3 quotes, closed RFX or open market approach?
- If the strategy is to direct award and request approval from the PRD Committee to proceed with this approach, how will you expect the market to respond – RFQ, RFP, RFT or other formal means? How will a secure contract be drafted from this?
- If the project is in stages, how will future stages still enable competition i.e. knowledge transfer?
- What sustainable outcomes can be met (social, economic, environmental and cultural) and how we can we push this procurement to deliver these?

6.2 RISK MANAGEMENT

Where appropriate, each business unit will provide guidance as to what is simple or complex procurement under the following conditions:

- **Waka Kotahi procurement manual** - Waka Kotahi procurement manual guidelines are to be used for all expenditure greater than \$100k when Waka Kotahi subsidised. This will provide consistency and leverage use of a well-developed and maintained procurement manual. For non-subsidised activity the portfolio owner will follow Christchurch City Council's Procurement Manual to ensure common and consistent practice and alignment to Christchurch City Council's Procurement Policy.
- **Procurement plans** – The Christchurch City Council's Procurement Manual will be followed to ensure common and consistent practice and alignment to Council's Procurement Policy, this means any spend over \$50k must have a form of procurement plan. The Procurement team will own development of the Procurement Plan template(s).
- **Value:** the value of the procurement is assessed as the total budget for the project or contract. Services are not to be unbundled from projects (e.g.: \$20,000 of professional services fees in a \$500,000 capital project is part of a complex procurement). Also the value is based on the total value of the contract over the total term of the contract (e.g.: \$400,000 for a five year \$80,000 pa contract is a complex procurement). For any panel agreements, the value is a realistic assessment of how much a single supplier might earn over a contract term if they performed well and were awarded their full programme allocation or estimate.
- **Delegations:** Although the business unit owner will prescribe procedures for simple and complex procurement, the Council standard delegations will determine who is responsible for authorising any approval steps required.

7. PROCUREMENT ENVIRONMENT

7.1 ANALYSIS OF SUPPLIER MARKET

Council makes use of a Pre-qualified Rooding Contractors list for the bulk of its capital rooding projects. When procuring under the Rooding Pre-qualification List, a detailed market analysis is not required as the market is well known.

Council also has a number of panel agreements in place, mostly for professional and consultancy provisions. When procuring under these panel, a detailed market analysis is not required as the market is well known.

When procuring outside of the Pre-qualified list and Panels; a market analysis is required under the procurement plan. The detail of the analysis is determined on the risk profile of the procurement. Council makes use of various tools when researching the market to form the analysis, these tools include, but not limited to: Internal spend analysis and market knowledge, IBISWorld, NZ Companies Register, Google Search and other public entities supplier registries.

7.2 COUNCIL SUPPLIER SELECTION MODELS & PROCUREMENT APPROACH

Once the most appropriate delivery model has been selected, the Council will select suppliers using one of the selection methods outlined below. These selection methods remain the same as the previous TPS1 and TPS2 and are based directly on the Waka Kotahi Procurement Manual.

Direct Appointment - Used for low dollar value contracts, contracts where there is a limited or monopolistic supplier market, emergency reinstatement, or where value for money would be compromised by a competitive process.

Lowest Price Conforming (LPC) - Where the Council determines that best value for money will be obtained by suppliers competing on price alone. Of the suppliers that meet the requirements of the tender (conforming), the one with the lowest price will be awarded the contract.

Price Quality Method (PQM) - PQM is a supplier selection method where the preferred supplier is selected by balancing price and quality through the use of a formula. PQM should be used where the Council determines that best value for money will be obtained by having suppliers compete on both price and quality and selecting the supplier that offers the best combination of the two.

Quality Based Method (QBM) - QBM is a method where quality attributes of suppliers who meet the requirements of the tender are graded and the preferred supplier is selected solely on that basis. Price is then negotiated with the preferred supplier, based on their price proposal. This method will only be used for professional services.

Other factors which will also influence the supplier selection method and resulting attribute weightings used include;

- Scale – What is the overall scale or value of the procurement?
- Complexity – What is the level of complexity involved in the technical and commercial aspects of the procurement and what are the opportunities for the supplier to deliver innovation.
- Risk – What is the overall level and nature of the risks in the procurement and project contract management and who is best placed to manage them?
- Market – What is the current supplier market and expected level of market interest in the procurement given resource availability and economic drivers?

- Impact – What is impact of the procurement on the transport network?
- Stakeholders – What is the impact of the procurement on the Council customers, and level of influence of wider stakeholder groups?

7.3 NON-PRICE ATTRIBUTES

For all supplier selection methods the Council will evaluate proposals using the following non-price attributes:

Mandatory	Relevant Experience	The supplier’s previous experience in areas relevant to the outputs being purchased
	Relevant Skills	The competence of the personnel that the supplier proposes to use, with particular regard to the skills and experience in areas relevant to the outputs being purchased.
	Methodology	The procedures the supplier proposes to use to achieve the specified end result.
	Health & Safety	The ability of the supplier to meet the required Health and Safety standards.
	Sustainability	The ability of the supplier to meet the Council’s values and expectations with regarding to sustainability (Environmental, Social & Economic).
	Financial Viability	The supplier’s ability to access the financial resources required to deliver the outputs to be purchased.
Optional (note not an exhaustive list)	Track Record	The supplier’s record of delivering works or services to the quality standards required, on time and within budget.
	Resources	The equipment, including facilities and intellectual property that the supplier proposes to use to deliver the outputs.
	Functional Requirements	The ability of the supplier’s solution to meet the functional or technical specifications required.
	Financial Viability	The supplier’s ability to access the financial resources required to deliver the outputs to be purchased.

In all cases the Registration or Expression of Interest (EOI) or Request for Proposal / Tender (RFP/T) will describe, which attributes will be evaluated, the weighting to be applied to each attribute, or whether the attribute will be assessed as a pass/fail.

NON PRICE WEIGHTING FOR PQM TENDERS

The Council allows a combined non-price weighting of between 30% and 90% to be applied to the non-price attributes under PQM. When using PQM the Council will:

- Undertake a sensitivity analysis to ensure the weightings set will result in a realistic supplier quality premium (SQP);
- Ensure there is an awareness of potential resultant SQP prior to the outset of the tender process;
- Consider the use of LPC when low price non-price weightings (less than 40%) are planned to be used;

- Consider the use of QBM to remove the potential price risk of a resultant high SQP, when high non-price weightings (greater than 70%) are planned to be used; and
- Consider scaling the resultant SQP's where a non-price evaluation results in what is considered an unrealistic SQP. This should only be undertaken in exceptional circumstances and reasons will be fully documented in the Tender Evaluation Report.

Generally, the Council apply a 30/70 or 40/60 (non-price /price) for physical works and 80/20 for professional services. On occasion, the Council will use 100% non-price, through the Brookes Law method for very large and complex professional services engagements.

7.4 PRE-QUALIFICATION OF SUPPLIERS

Pre-qualifying or shortlisting prospective suppliers has the ability to promote value for money by:

- Reducing the costs of tendering by reducing the number of full submissions;
- Ensuring only high quality suppliers are selected for work; and
- Reducing the administrative burden of evaluating tenders.

However it is recognised that shortlisting could have potential disadvantages including decreasing overall market sustainability and competitiveness, and creating barriers for entry to new suppliers. Used incorrectly, shortlisting could increase the time and cost associated with the procurement process.

The Council uses supplier shortlisting in **three** instances.

Firstly, for proprietary Council-approved works. This applies to:

- Authorised Drainlayers; and
- Authorised Water Supply Installers.

Secondly, for Transport Consultancy Services where a Transport Panel for professional services has been in place since 2009 (retendered again in 2013, and in 2019). This panel covers a range of services including:

- Transport Policy and Strategy Planning
- Business Case preparation and Scheme Planning
- Transport Engineering and Design
- Transport Contract Management and Physical Work Delivery
- Transport Project Management
- Transport Safety and Audits

Approval to utilise a Professional Services Panel was sought and gained from the Waka Kotahi in 2009. In 2016, Council developed and delivered the successful MCR Consultant and Contractor Panels.

Finally, since 2005/2006, the Council has been developing a Pre-Qualifying Contractor Register. The purpose of the pre-qualification system for roading Contractors is to streamline the tendering process whereby work will be classified by its estimated value into four levels. Contractors will be permitted to tender for work in the value classification for which they are pre-qualified and no higher. Contractors wishing to apply for the pre-qualification must be established and experienced roading contractors to the level as defined in the Council documented manual for this and will go through a stringent pre-qualification process. Updates to the pre-qualification list for contractors is carried out when the contractor's pre-qualification expires after three years. Council sends a reminder to the contractors prior to the three year expiry date, as there is an expectation that they re-apply at least three months before the expiry date. The requirements for pre-qualification can be found

in the Manual at the bottom of the Council website page showing the list of current pre-qualified roading contractors.

<https://ccc.govt.nz/consents-and-licences/construction-requirements/approved-contractors/roading-construction/>

The Contractor Register is based on bands of Contractors (A), (B), (C), and (D) where (A) rates and represents the greatest contracting resource capacity and capability.

Work classification level key

A = Over \$5 million

B = \$1 to \$5 million

C = \$0.1 to \$1 million

D = up to \$0.1 million

The value from establishing a Contractor Register is moving the Council towards a formal Contractor Panel model that includes:

- Contractors quality performance being recognised with best prices within a 2.5% +/-band being weighted for quality;
- Staff being able to let sequences or packages of work where a Contractor would earn the next project based on performance. This would allow (for example) C category contractors to bid for a tender package valued at more than \$500,000 because each individual project was less than \$500,000. This would increase demand certainty for suppliers and offer the Council increased predictability and security for capability and capacity.
- Contractors believe there are savings to be made from packaging and bundling due to reduced costs in areas such as site mobilisation, traffic management and equipment hire.

7.5 USE OF DIRECT APPOINTMENT

Direct appointment may only be used to select a supplier and establish a contract when for Waka Kotahi funded work:

- The contract is of low value (<\$100k Capital Expenditure);or
- The supplier selection process commenced as a competitive tender, but only one confirming tender was received; or
- A monopoly supplier situation exists; or
- A contract is for an emergency reinstatement or to address a serious health and safety issue; or
- It is determined that there is only one practical supplier with sufficient capacity and capability for a proprietary, specialist type service/works;
- An approved Panel Agreement arrangement is in place; or
- It is determined that competition will not deliver value for money.

When selecting a supplier using the direct appointment method the Council will use the following evaluation procedure;

- **Step 1** – Undertake market research to determine potential suppliers
- **Step 2** – Identify the preferred supplier and select on the basis of the suppliers experience and skills with activities of the same or similar nature
- **Step 3** – Negotiate contract terms with the preferred supplier.

Where an authorised Council supplier is required (s5.4) and has been established for a particular discipline, step one will not be required, as selection will be made from the register.

For non-subsidised activity the portfolio owner will follow Christchurch City Council’s Procurement Manual to ensure common and consistent practice and alignment to Christchurch City Council’s Procurement Policy.

Value	Method	Market Requirement
Up to \$5,000	Direct appointment	One verbal quote
Over \$5,000 and up to \$50,000	Direct appointment	One written quote
Over \$50,000 and up to \$100,000	Request for quote	Open or closed request posted via Government Electronic Tender Service (GETS) (minimum three quotes)
Over \$100,000	Request for tender or proposal	Open market request via Government Electronic Tender Service (GETS)

If direct award is required outside of the above table a departure process must be followed, this is a request to operate outside of Council’s defined market approach thresholds. The process documents the rationale for the ‘departure’ and provides accountability and approval in line with the Council’s standard delegations.

7.6 COMPETITIVE TENDERING

Competitive tendering is the default method by which the Council will source goods and services above the value of a minimum of \$50k. The Council has established an e-tendering portal, this is the application used by Central Government called Government Electronic Tenders Service (GETS).

Depending on the value of the procurement the Council will conduct either a closed or open tender process as detailed below;

The primary procurement approach within the Procurement Programme is as follows:

Procurement Approach Option	Used When....	Example
Direct Appoint	<ul style="list-style-type: none"> ▪ Low dollar value contracts (below \$100k if Waka Kotahi funded or \$50k if not) ▪ Limited or monopolistic supplier market, ▪ Emergency reinstatement, ▪ Where value for money would be compromised by a competitive process 	Safety Improvements Line Markings Signage
Closed Market Selection [Minimum 3 willing and able Suppliers]	<ul style="list-style-type: none"> ▪ Limited or monopolistic supplier market ▪ Prequalification of a Short List 	Small Bridges Intersection Improvements
Open Market Selection	<ul style="list-style-type: none"> ▪ Mature, deep market place 	Road Maintenance Contracts Bridges

Procurement Approach Option	Used When....	Example
		Arterial Improvements
Panel Selection	<ul style="list-style-type: none"> ▪ Pre-selected Planning Consultant Suppliers 	Transport Panel

Where a Supplier short list has been established for a particular discipline, selection of suppliers to participate in a closed contest will be made from the short list.

In addition to the value of procurement the Council will also consider the following when planning to undertake a competitive tender process:

- Specifications must be clear to all parties and suppliers must know their costs of delivery;
- There must be an adequate number of suppliers;
- The suppliers must be technically competent and must actually want the work; and
- There must be sufficient time for tendering to be used.

If all of these considerations are not met then tendering may not deliver a value for money solution and direct appointment may be considered.

7.7 SUPPLIERS IN THE COMMUNITY

The Council wants to actively seek ways in which it can support greater involvement of local suppliers in providing services to the Council.

The following gives examples of how the Council expects the local and small suppliers can benefit from the Council's procurement approach:

- The Council will actively promote the use of local trades and materials businesses to larger suppliers delivering complex services (such as roads maintenance contracts),
- Where it is cost effective to do so, the Council will offer contracts in packages, portions or bundles (for example, in Geographic Patch's) that allow small and local suppliers an opportunity to bid for all or part of the total tender,
- Business Unit Managers will attempt to actively communicate annual procurement plans to the local supply community so that local suppliers have time to assess what contracts they can develop proposals for or build relationships with other suppliers for those contracts,
- Since December 2016, Council has instigated six monthly 'Town Hall' Meetings for all contractors and consultants who deliver capital works and related services providing an overview of 'Works to market – next 6 Months'.

Where possible the Council will seek to reduce the cost of business for local suppliers through use of tools such as online transactions, short form contracts, standardised compliance management and ease of access to key contract managers.

7.8 EVALUATION OF TENDERS

PROBITY OF TENDERS

The Council considers probity of process of utmost importance. Most tenders will state a contact should suppliers have a probity procurement concern with regard to a particular procurement activity. The Council will also appoint an independent Probity Auditor for all procurements valued above \$5M where required, or that are considered high risk.

GRADING SCALE FOR NON-PRICE ATTRIBUTES

The Council will generally use the following 0 – 100 grading system when evaluating tenders. To help achieve consistency, the Council uses the Waka Kotahi recommend approach of awarding scores in steps of five and that the following grading scale is used:

90, 95 or 100	Demonstrates exceptional compliance or ability to convey exceptional provision of the requirement
75, 80 or 85	Requirements are fully covered in all material respects
60, 65 or 70	Requirements are adequately covered
50 or 55	Adequate, with some deficiencies that are not likely to have any adverse effect
40 or 45	Barely adequate and would need considerable improvement in this attribute, if selected
35 or less	Non – compliance or inability to convey provision of the requirement

DUE DILIGENCE CHECKING

The Council carries out reference checking to assist in determining whether the supplier can deliver the output described in their tender submission. Reference checking will be carried out after the tender has been evaluated on its own merits and will include;

- Reference checking with referees provided in the proposal;
- Internal reference checking of prior performance on the Council’s projects; and
- Financial viability.

NEGOTIATION WITH PREFERRED SUPPLIERS

Where appropriate, the Council will negotiate with the preferred participant(s) prior to tender acceptance. The Council sees negotiation as an effective risk management tool which if used correctly and fairly can add value to the procurement process. The primary objectives of negotiation are to;

- Test the understandings and underlying assumptions that have influenced the participant(s) in preparing their proposal(s);
- Achieve clear and documented allocation of risk; and
- Achieve a reduction in costs or an increase in value, where appropriate.

NOTIFICATION OF TENDER RESULTS

The Council will attempt to notify all participants in writing of the tender outcome and offer all participants the opportunity for a debriefing. This is seen as an important part of the evaluation process as it helps ensure future market competition. No details of participants scores will be provided until the end of the evaluation process (after tender acceptance / contract award has occurred), however participants may be notified during the evaluation process if;

- Their proposal has been excluded from evaluation due to non-conformance, failing a pass/fail attribute or failing to score above 35 in any non-price attribute;
- They have been shortlisted (or not) after the first stage of a two stage (ROI/RFP) tender; or
- They are a preferred (or not a preferred) participant.

Tender debriefings will focus on the strengths and weaknesses of the participant's proposal against the evaluation criteria, rather than a comparison to other responses received. Commercially sensitive information relating to other participants proposals will not be disclosed as part of the debrief process.

PUBLISHING OF CONTRACT AWARDS

The Council will attempt to publically publish contract awards over the value of \$100k on the procurement tender system called Government Electronic Tenders Service (GETS). Information is available on the Council's website on how to tender for a contract at the following link:

<https://ccc.govt.nz/the-council/tenders-and-contracts>

8. CONTRACT TYPES

8.1 CONTRACT TYPES

The Council Procurement Framework will contain a range of contract templates for use by the Council staff. These contracts will be (wherever possible), standard form contracts, and will have been through a legal review by the Council legal provider. Standard contract forms in use by the Council will include:

- NZS3910: 2013 – Conditions of contract for building and civil engineering;
- NZS3917: 2013 - Conditions of contract for building and civil engineering maintenance;
- NZS 3916:2013 Conditions of contract for building and civil engineering construction – design and construction
- Council Minor Works Contract
- Council Professional Services Agreement
- Council Short Form Consultancy
- ACENZ/IPENZ Conditions of Contract for Consultancy Services
- NEC3 Term Services Contract (historical Contracts only); and
- Council Services Agreement.

A significant change in procurement approach for the road maintenance and road landscapes maintenance is the adoption of contract format NZS3917: 2013 - Conditions of contract for building and civil engineering maintenance. This is a deliberate shift away from the NEC TSC format. This has been bought about through a review of the NEC effectiveness and a recognition that the New Zealand market is more familiar with the NZS 391X forms of agreement (terminology, approach, Engineer to Contract, etc.). The use of the NEC form has not delivered the anticipated gains for Council.

8.2 SUPPLIER PERFORMANCE MANAGEMENT

The Council has adopted (and is further refining) performance measuring and reporting systems as appropriate for the type of contract. Supplier performance management will:

- Promote best practice and incentivise positive supplier behaviour that aligns with the Council's objectives;
- Set benchmarks and performance targets to communicate expectations on performance;
- Provide the Council's suppliers with feedback on their performance;
- Provide period health checks on projects and vendors to be used as a management tool to identify issues and improvement opportunities; and
- Provide the Council with measures other than price to support procurement decisions.

Supplier performance management is now conducted at two discreet levels:

- Contract & Supplier Performance – carried out by the Council Business Unit Contract Managers will measure the performance of the supplier against contract performance targets; and
- Benefit Realisation – Carried out by the Council project managers to ascertain whether the project delivers the anticipated benefits detailed in the business case.

8.3 SUPPLIER PERFORMANCE INCENTIVES / DISINCENTIVES

The Council will, where appropriate, continue to include performance based incentives/disincentives into its contracts.

9. IMPLEMENTATION

9.1 CAPABILITY AND CAPACITY

Council recognises that a critical factor in achieving best public value is having the capability and capacity to successfully deliver the procurement programme. Council has capable and experienced procurement staff who are trained, experienced and capable of managing the procurement requirements. Council also has staff who are, or are training to be, qualified evaluators for assessing proposals more than \$200k.

9.2 INTERNAL PROCUREMENT PROCESSES

Council has identified in their policy that for Transportation procurement the processes and requirements that are allowed within the Transport Agency procurement manual shall be given precedence. Endorsement of this approach has been included through Council's approval of this strategy.

9.3 PROCUREMENT PERFORMANCE MEASUREMENT AND MONITORING FRAMEWORK

Due to the large and complex nature of the Council's procurement activities, it is appropriate that the procurement of key projects and programmes will be externally reviewed (if required) to assess their efficiency, effectiveness, value for money and benefit realisation. It is expected that all high risk procurements and a selection of lower risk procurements will be externally assessed by an independent probity advisor where appropriate.

The Council's procurement performance will also be benchmarked against similar organisations to demonstrate to external parties that the Council's procurement processes:

- Are customer and output focussed;
- Support sustainable supplier markets;
- Where applicable, support innovative and collaborative relationships;
- Operate in an open, fair and transparent manner; and
- Minimise transaction costs.

The procurement function itself will also be the subject of periodic internal and external reviews to ensure that it continually improves and adjusts to changing market conditions. Lessons learned will be used to improve future procurement activities and initiate changes to the Procurement Framework.

The Council collects information on its procurement activities through the following methods:

- Contract reviews
- Maintenance of project files with all key information
- Discussions with suppliers
- Liaison with affected third parties
- Internal discussions between technical staff
- Customer and neighbour feedback during and after contract implementation

9.4 REVIEW PLAN

This strategy will be reviewed following the next Section 17a Review. After that, further reviews or updates will be made when there is any significant change to the strategic direction the Council wishes to take toward the procurement of services, or every three years, whichever comes first. Generally, this strategy will be updated at least every three years to ensure that the procurement processes are consistent with the objectives of the Council LTP.

9.5 COMMUNICATIONS PLAN

The main audience for this procurement strategy is Christchurch City Council, Waka Kotahi and suppliers. This Strategy will be uploaded onto our Website, to make it publically accessible.

Council has identified the following stakeholders and is developing a plan to communicate the appropriate level of information and detail relevant to their role in the procurement environment.

Stakeholder	Key Message	Channels/Tools
Transport Unit	<ul style="list-style-type: none"> - Overview of strategy, key elements. - Drivers behind the update - Relevance to Group activities (e.g. Waka Kotahi-funded work). - Communication and implementation plan. - Resources available. - Actions for implementation/monitoring within their teams. 	<ul style="list-style-type: none"> - Presentation. - Intranet.
Targeted Units (TSG, Procurement)	<ul style="list-style-type: none"> - Drivers behind the update - General overview plus refresher training on key elements (Procurement Programme, Planning, Environment and Delivery). 	<ul style="list-style-type: none"> - Presentation & Training. - Intranet
Wider Council Employees	<ul style="list-style-type: none"> - Overview of strategy, key elements. - Resources and support available. 	<ul style="list-style-type: none"> - CE regular staff updates. - All staff email. - Intranet.
Council (Elected Members)	<ul style="list-style-type: none"> - Overview of strategy, key elements. - Drivers behind the update 	<ul style="list-style-type: none"> - Information paper.
Waka Kotahi	<ul style="list-style-type: none"> - Drivers behind the update 	<ul style="list-style-type: none"> - Submission of strategy to Waka Kotahi for endorsement.
Strategic Suppliers	<ul style="list-style-type: none"> - Why it is relevant to our procurement relationship. - Overview of Council's procurement strategy, outcomes and principles. - Explanation of Broader Outcomes and Public Value, and what this means for suppliers. - Information/resources available. 	<ul style="list-style-type: none"> - Meeting with key stakeholders. - Email summary with link to document. - Document published on Council website. - Supplier feedback through contract review process.
Non-Strategic Suppliers	<ul style="list-style-type: none"> - Introduce document, purpose. - Information/resources available to become a strategic supplier 	<ul style="list-style-type: none"> - Publish document on website

9.6 SUMMARY CONCLUSION AND RECOMMENDATIONS

This strategy has built on the foundations of previous strategies. The Council's procurement function has matured and is now provides regular support and enablement, for all transport works and services through its centre led approach.

Key principle changes or additions incorporated into the new Procurement Policy include:

- Strengthened focus on Sustainability Leadership;
- Clarity of commitment to basing decisions on total cost of ownership;
- Links to proposed Strategic Priorities;
- Encouragement of Innovation and Continuous Improvement from the supply chain;
- Focus on realised benefits to Christchurch instead of using local supply;
- Fair treatment of all suppliers, including CCTO's; and
- Clear separation between the 'what' and the 'how' to create a principles only based policy

THE LOCAL GOVERNMENT ACT

The elected members also wanted to ensure we prepared ourselves in readiness for a change to the Local Government Act (LGA), which was expected in the first half 2019. At that time the LGA stated that the purpose of Local Government was to deliver activities "in a way which was most cost-effective for households and business". The change to the LGA (Local Government (Community Well-being) Amendment Bill 2019) reverted back to the purpose of Local Government being the promotion of the four well-beings (social, economic, environmental and cultural).

Delivery of the most recent strategy and of this strategy has necessitated additional internal resourcing and planning to deliver the LTP budgets enabled through a greater use of panels. The Council will continue to look for supply chain efficiencies through aggregation of programmes, advanced notice of capital programme intent and more effective contract forms.

LAND TRANSPORT MANAGEMENT ACT

Under the Land Transport Management Act (LTMA) the Council requests Waka Kotahi to endorse and approve the following recommendations:

- a) Endorse the Christchurch City Council Transport Procurement Strategy 2022-2025
- b) Approve the use of an approval under s.26 of the LTMA for Christchurch City Council to employ in-house professional services, with much the same scope and scale as in the past.
- c) Approve the continued use of a variation to the Procurement Manual, section 10.5 Procurement procedure advanced components for the Christchurch City Council Transport Consultancy Services Panel
- d) Approve the continued use of a variation to Procurement Manual, section 10.5 Procurement procedure advanced components for the Christchurch City Council Major Cycleways Panel

10. APPENDICES

APPENDIX A – SERVICE CONTRACTS TABLE