



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that
an Ordinary Meeting of Council will be held on:**

Date: Tuesday, 2 July 2024
Time: 1:30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Ordinary Council Meeting

2 July 2024

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns, Cr Roslyn Thomas

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

7 MINUTES OF THE PREVIOUS MEETING

Ordinary Meeting - 4 June 2024

Emergency Meeting - 13 June 2024

**MINUTES OF WAIROA DISTRICT COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON TUESDAY, 4 JUNE 2024 AT 1:30PM**

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns (via Zoom), Cr Roslyn Thomas

IN ATTENDANCE: **Kitea Tipuna** (Tumu Whakarae | Chief Executive), **Gary Borg** (Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory), **Michael Hardie** (Pouwhakarae – Hua Pūmau | Group Manager Assets and Infrastructure), **Juanita Savage** (Pouwhakarae Rātonga Hapori me te Whakawhanake | Group Manager Community Services and Development), **Heather Johnson** (Governance Support), **Steve Baker** (Recovery Support Officer via Zoom), **Henare Mita** (Māori Standing Committee Chairperson),

1 KARAKIA

The opening Karakia was given by the Māori Standing Committee Chairperson, Henare Mita.

2 APOLOGIES FOR ABSENCE

Nil

3 DECLARATIONS OF CONFLICT OF INTEREST

To be raised and declared as the agenda progresses.

4 CHAIRPERSON'S ANNOUNCEMENTS

His Worship the Mayor acknowledged the recent Hawke's Bay recipients of Kings Birthday Honours notably: Karen Bartlett (MSD) - MNZM, and Sir Peter Beck (Knighthood).

5 LATE ITEMS OF URGENT BUSINESS

LATE ITEM

RESOLUTION 2024/25

Moved: His Worship the Mayor Craig Little

Seconded: Cr Denise Eaglesome-Karekare

That the report Wairoa District Council Long Term Plan 2024-2027 be received as a late item.

CARRIED

6 PUBLIC PARTICIPATION

Nil.

7 MINUTES OF THE PREVIOUS MEETING**RESOLUTION 2024/26**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

That the minutes [and confidential minutes] of the Ordinary Meeting held on 7 May 2024 and the Extraordinary Meeting held on 22 May 2024 be confirmed with amendments.

CARRIED

Councillor Melissa Kaimoana to be noted as an apology for the Extraordinary Meeting held on May 22 2024.

8 GENERAL ITEMS**8.1 RECEIPT OF COUNCIL MEETING MINUTES - 12 DECEMBER 2023****RESOLUTION 2024/27**

Moved: Cr Roslyn Thomas

Seconded: Cr Denise Eaglesome-Karekare

The Kaiurungi Kaupapa Here me Mana Ārahi | Policy and Governance Officer RECOMMENDS that the minutes of the Council Extraordinary Meeting held on Tuesday 12 December 2023 be received and the recommendations therein be adopted.

CARRIED

8.2 PROJECT UPDATE: DOG POUND**RECOMMENDATION**

The Kawhakaere Rawa me te Para Totoka | Property & Solid Waste Manager RECOMMENDS that Council resolve to adoption option A, construction of the dog pound at the Southern end of the airport.

ITEM DEFERRED

This item was adjourned as a workshop is scheduled prior to the July Council meeting regarding this project.

8.3 WAIROA RECOVERY UPDATE JUNE 2024**RESOLUTION 2024/28**

Moved: Cr Jeremy Harker

Seconded: Cr Roslyn Thomas

The Tautoko Whakaora - Recovery Support RECOMMENDS that Council receive the report.

CARRIED

An updated progress report was provided with the following key points noted:

- Ownership challenges around impacted properties.
- Whenua Māori funding continues to be problematic with the two local Marae remaining unsupported. A working group (to include the Chief Executive, Cr Cairns and Cr Kaimoana) to be formed to ascertain the criteria and funding pathway for cyclone affected Marae and report back to the Council.
- Information on distribution of Red Cross bundles to be included in next reporting.

8.4 UPDATE TO FEES AND CHARGE**RESOLUTION 2024/29**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Jeremy Harker

The Council ADOPTS the fees and charges schedule attached as **Appendix 1**, prices to be effective from 1 July 2024, subject to any notice periods required by contract or statute, with editorial changes, points of clarification and development of policy (if required).

CARRIED

Councillors raised concerns around potential increases noted in the proposed fee and charges schedule questioning the following charges:

- Pensioner flats increase.
- Dam safety offences.
- Swimming pool inspection fees.
- Cemetery Plot costs.
- Abandoned cars (no charges).
- Burnt out cars left on the side of the road (requires a better system and a fine regime).
- Meeting room hireage (should be noted as no longer available for hire).

The Group Manager Finance and Corporate Support was requested to investigate the charges questioned, amend if necessary and to ensure that there was sound rationale to support the increases.

8.1 ADOPTION OF THE LONG TERM PLAN 2024-27 CONSULTATION DOCUMENT**RECOMMENDATION**

The Business Analyst RECOMMENDS that Council adopt the Long-term Plan 2024-2027 Consultation Document, attached as ***Appendix 1 and updated for the meeting***, for public consultation starting 10 June, 2024 -12 July, 2024.

ITEM DEFERRED

Councillors were advised that further amendments are to be made to the Long Term Plan. This item was therefore adjourned with feedback to the amendments to be emailed prior to a hui to receive and adopt the Long Term Plan scheduled for June 6, 2024.

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2024/30**

Moved: Cr Jeremy Harker

Seconded: His Worship the Mayor Craig Little

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - Frasertown Cemetery Land	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
10.2 - Pensioner housing update	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for

	to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	withholding would exist under section 6 or section 7
10.3 - Solid Waste Management Activity - Work Streams Update	s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

RESOLUTION 2024/31

Moved: His Worship the Mayor Craig Little

Seconded: Cr Melissa Kaimoana

That Council moves out of Closed Council into Open Council at 3:01pm.

CARRIED

MOTION**RESOLUTION 2024/32**

Moved: Cr Jeremy Harker

Seconded: Cr Melissa Kaimoana

That the Ordinary Council Meeting be adjourned at 3:03pm until Thursday 06 June .

CARRIED

MOTION**RESOLUTION 2024/33**

Moved: Cr Jeremy Harker

Seconded: Cr Melissa Kaimoana

That the Ordinary Council Meeting from Tuesday 04 June 2024 reconvene on Thursday 06 June at 2:30pm.

CARRIED

**MINUTES OF WAIROA DISTRICT COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON THURSDAY, 06 JUNE 2024 AT 2:31PM**

PRESENT: Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns (via Zoom), Cr Roslyn Thomas (via Zoom),

IN ATTENDANCE: **Kitea Tipuna** (Tumu Whakarae | Chief Executive), **Gary Borg** (Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory), **Michael Hardie** (Pouwhakarae – Hua Pūmau | Group Manager Assets and Infrastructure), **Sarayde Tapine** (Kaiurungi Kaupapa Here me Mana Ārahi | Policy and Governance Advisor), **David Doole** (Rates Officer), **Danielle Bacon** (Communications Officer), **Michael West** (via Zoom - Business Analyst), **Martin Bacon** (Assistant Accountant), **Duane Culshaw** (Māori Relationship Manager)

11 KARAKIA

The opening Karakia was given by the Chief Executive, Kitea Tipuna.

12 APOLOGIES FOR ABSENCE

APOLOGY

RESOLUTION 2024/34

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Chaans Tumataroa-Clarke

That the apology received from His Worship the Mayor, Craig Little be accepted and leave of absence granted.

CARRIED

3 GENERAL ITEMS

8.1 ADOPTION OF THE LONG TERM PLAN 2024-27 CONSULTATION DOCUMENT

RESOLUTION 2024/35

Moved: Cr Melissa Kaimoana

Seconded: Cr Jeremy Harker

The Business Analyst RECOMMENDS that

- A. Council adopts the Long-term Plan 2024-2027 Consultation Document with discussed amendments and changes.
- B. Council delegates to the Chief Executive and His Worship the Mayor to make immaterial

amendments.

CARRIED

The Group Manager – Finance and Corporate Support presented a comparison version of the Long-term plan consultation document that was presented to elected members on Tuesday 04 June at the Ordinary Council meeting with the proposed changes elected members discussed from that meeting.

Councillors were presented with correspondence from the Māori Relationship Manager providing translations for Council’s vision and keeping the well-being theme that are easier to understand and that aligns with both the Māori and English text of the Long-term plan.

Elected members progressed through each page of the consultation document discussing proposed amendments and any queries they had in regard to the content of the consultation document. The Group Manager – Finance and Corporate Support advised that the discussed amendments will be made to the consultation document and the final document will be shared with elected members late Friday 07 June morning for final approval that afternoon in time for public consultation starting Monday 10 June – Friday 12 July 2024.

FEES AND CHARGES

The Group Manager – Finance and Corporate Support sought final direction on the implementation of the below fees and charges from elected members:

1. Waste Management – timeline and subject to notice periods.
2. Burial plots – staged approach over 2 years.
3. Pensioner housing – reword to say increases for existing leases will be limited to and stating where the charges relate to.

Elected members agreed to upload the fees and charges with the above amendments to pensioner housing, notice period for solid waste and anything else that requires a notice period and moving to a staged 2 year approach for burial plots effective 01 July 2024. Agreement was made to wait for the Executive Planner to return to work to identify a communications plan around uploading the fees and charges schedule.

The meeting finished at 3:58pm with a closing karakia given by the Chief Executive.

The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 2 July 2024.

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CHAIRPERSON

**MINUTES OF WAIROA DISTRICT COUNCIL
EMERGENCY COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA
ON THURSDAY, 13 JUNE 2024 AT 3:00 PM**

PRESENT: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Roslyn Thomas

IN ATTENDANCE: **Gary Borg** (Pouwhakarae – Pūtea/Tautāwhi Rangapū | Group Manager Finance and Corporate Support), **Hinetaakoha Viriaere** (Pouwhakarae Whakamahere me te Waeture | Group Manager Planning & Regulatory via Zoom), **Michael Hardie** (Pouwhakarae – Hua Pūmau | Group Manager Assets and Infrastructure), **Juanita Savage** (Pouwhakarae Rātonga Hapori me te Whakawhanake | Group Manager Community Services and Development), **Sarayde Tapine** (Governance Team Lead), **Frances Manase** (Kaiurungi Mana Ārahi | Governance Officer), **David Doole** (Rates Officer), **Martin Bacon** (Assistant Accountant), **Luke Knight** (Property and Solid Waste Manager), **Danielle Bacon** (Communications Officer), **Martin Bacon** (Assistant Accountant)

1 KARAKIA

The opening karakia was given by His Worship the Mayor, Craig Little.

2 APOLOGIES FOR ABSENCE

APOLOGY

RESOLUTION 2024/36

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Melissa Kaimoana

That the apology received from Cr Benita Cairns be accepted and leave of absence granted.

CARRIED

3 DECLARATIONS OF CONFLICT OF INTEREST

To be declared as the agenda progresses.

4 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEMS**5.1 LONG TERM PLAN 2024/2027 CONSULTATION DOCUMENT UPDATES****RESOLUTION 2024/37**

Moved: Cr Denise Eaglesome-Karekare

Seconded: Cr Jeremy Harker

The Business Analyst RECOMMENDS that

- A. Council adopts the Long-term Plan 2024-2027 Consultation Document attached as Appendix 1 to the report.
- B. Council delegates to the Chief Executive and His Worship the Mayor to make immaterial amendments to the Long-term Plan 2024-2027 Consultation Document attached as Appendix 1 to the report.
- C. Council confirm A and B above and adopt with one amendment with His Worship the Mayor and Officers following the Thursday 13 June Emergency Meeting.

CARRIED

The Group Manager – Finance and Corporate Support noted that Council staff have captured the essence of direction provided by elected members over recent workshops for the long term plan consultation document highlighting that more messaging will be required through the consultation process and relating it to a recovery programme of works. He noted that Staff have input what Council is aiming to achieve across the next 3 years, what is going to take to fund that and how Council plans to pay for it. He further highlighted:

- Extending the piece on waste management to include a backstory and explaining the topic in further detail.

His Worship the Mayor requested including a small blurb about Council attracting 100% funding for roading.

Elected members were advised that the first week of consultation will be for the community to digest the consultation document and allows for staff to print the document before moving into community consultation meetings, caravan and drop-in sessions.

5.2 PROSPECTIVE FINANCIAL STATEMENTS FOR THE LONG-TERM PLAN 2024-27**RESOLUTION 2024/38**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Denise Eaglesome-Karekare

The Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support RECOMMENDS that Council

- a) approves the prospective financial statements for inclusion as supplementary material to the LTP consultation document 2024-27, and

- b) delegates authority to the Chief Executive and His Worship the Mayor to release other suitable supporting materials and documents during the consultation period.

CARRIED

The Group Manager – Finance and Corporate Support noted that budget statements have been included in the attached documents to the report and that delegation needs to come from Council to the Chief Executive and His Worship the Mayor to release other materials during the long-term plan consultation document that are pertinent.

5.3 PROPOSED AMENDMENTS TO THE FEES AND CHARGES SCHEDULE JULY 01 2024 - JUNE 30 2025

RESOLUTION 2024/39

Moved: Cr Melissa Kaimoana

Seconded: Cr Roslyn Thomas

The Pouwhakarae - Whakamahere me te Waeture | Group Manager Planning and Regulatory RECOMMENDS that Council adopts the amendments outlined in this report to the Fees and Charges schedule (July 1st 2024 – June 30th 2025).

CARRIED

The Group Manager – Planning and Regulatory advised elected members that matters have since been raised about introducing particular fees to the fees and charges schedule (July 1st 2024 – June 30th 2025) since Council adoption on Tuesday 04 June 2024. She highlighted the costs as below:

- Introducing fees around abandoned vehicles due to the ongoing issue in the community.
- Removing the dam fees and charges.
- Introducing a new fee around gaming venue applications due to receiving an application to transfer the gaming machines from the Ferry Hotel to the Frasertown Tavern. She advised that more information will come to Council in regard to the application once legal advice has been provided to staff.

She advised two corrections to be made to the report which included adding “where possible” under the abandoned cars section and “Class 4 Gaming Venue License Application” under the class 4 gaming venue section.

The Meeting closed at 3:35pm with a closing karakia given by His Worship the Mayor, Craig Little.

COUNCIL ACTION TABLE

<u>MEETING THE ACTION WAS RAISED IN</u>	<u>ACTION</u>	<u>OFFICER RESPONSIBLE</u>	<u>COMMENTS</u>	<u>STATUS</u>	<u>PUBLIC EXCLUDED</u>
12/03/2024	Update on the QRS internship advertising/applications	Kitea Tipuna		In progress	No
13/06/2024	Find out costs for disposing of vehicles correctly vs Council removing abandoned vehicles	Hinetaakoha Viriaere		In progress	No

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CHAIRPERSON

8 GENERAL ITEMS

8.1 WAIROA RECOVERY UPDATE JULY 2024

Author: Steve Baker, Tautoko Whakaora - Recovery Support

Authoriser: Gary Borg, Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support

Appendices: Nil

1. PURPOSE

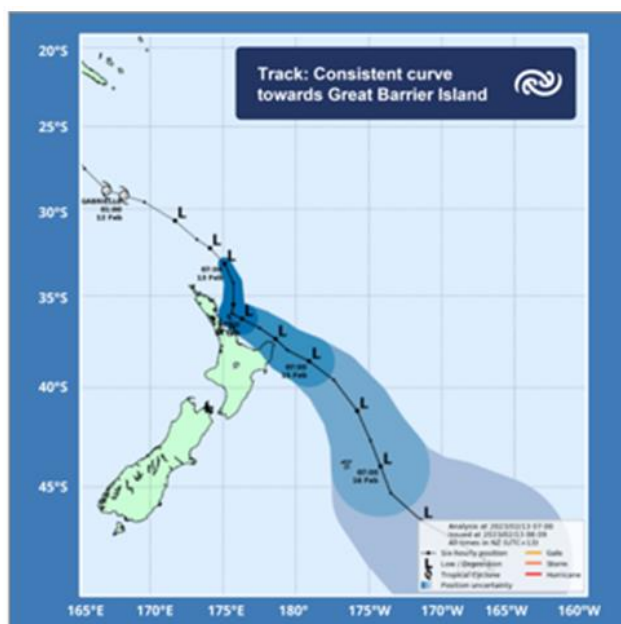
- 1.1 To update Council on the progress of the Cyclone Gabrielle recovery program to 22 June 2024.

RECOMMENDATION

The Tautoko Whakaora - Recovery Support RECOMMENDS that Council receive the report.

2. BACKGROUND

- 2.1 At 0515 Hrs Tuesday 14 February 2023, Hawke's Bay region declared a State of Local Emergency due to the flooding effect of Cyclone Gabrielle. At 0843 Hrs, the Minister for Emergency Management declared a State of National Emergency to assist in the response. The declaration applied to Northland, Auckland, Tairāwhiti, Bay of Plenty, Tararua District, Waikato, and Hawke's Bay.
- 2.2 Cyclone Gabrielle resulted in extensive flooding across the north and east of the North Island. Major flooding occurred in the Wairoa District as the Wairoa River and numerous tributaries overtopped their banks, causing flooding into residential areas, and cut off rural communities. There was extensive surface water flooding across the district in all catchments.



- 2.3 The impact of Cyclone Gabrielle to whānau, whare, whenua, and our pātaka has been destructive and devastating. The consequences are felt by everyone and every community in our rohe. No one is unaffected. We expect, based on other New Zealand flood events, that the social and economic consequences will worsen in the upcoming months and years.
- 2.4 The key area of impact in the Wairoa District was in the north of Wairoa with the river breaching its banks on the north-western side of the town and flooding the rural areas of Waihirere and Ruataniwha, and urban area of North Clyde. There were however floods in Awamate - on the other side of the river, Frasertown, Whakakī, Nuhaka and Mahia, where damage to homes was more limited.
- 2.5 There was also significant damage to the landscape, rural properties, and the primary sector, including horticulture, cropping, dairy, sheep and beef, and forestry. Many farms have limited access to and within their properties due to farm tracks being cut off or washed out. Water damage, erosion and silt deposition have damaged fences, access tracks, water infrastructure, destroyed crops (particularly maize and squash) and silage/hay loss and caused damage to ancillary farm buildings and dairy sheds. There has been significant pasture loss.

KEY MESSAGES – 2nd July 2024

- 2.6 At its February 2024 meeting Council requested the Recovery Team additional information on placarded homes.

Status of Stickered homes

Category	Peak March 2023	Rain Event 23 Nov 2023	As at 20 June 2024	Movement from May Update
Green			122	12
White	198		143	(11)
Yellow	146	16	90	(1)
Red	2	2	3	-

Explanation of the different Placard types can be found at:

<https://www.building.govt.nz/assets/Uploads/managing-buildings/post-emergency-building-assessment/rapid-building-assessment-placards-and-forms-quick-guide.pdf>

- 2.7 Information obtained from our Kaimanaaki by visiting impacted properties, and discussions with other agencies operating in this space is that there are.

Yellow placarded houses rebuild listed by lead Agency managing rebuild.	Number	Comment
Recovery Team	23	
TToTW	20	
Church of Latter-Day Saints	4	
Non-Contactable	7	

Ownership Challenges	11	Trusts/absent homeowners/deceased estates
Jehovah Witness (JHW)	1	
Awaiting Final Inspection	80	Generally, require minimal assistance
Sub total	146	
Fully Insured	65	
With insurance challenges	18	Insurance challenges include underinsured and bank mortgage capture of insurance monies
Total	229	

- 2.8 In May 2024 a project manager was appointed to the rebuild programme to provide additional impetus and a strategic overview. It is anticipated that, with the support of elected members, a defined schedule of works will facilitate securing additional external funding to complete the programme. An initial discovery exercise culminated in the presentation of a 'Way Forward' Proposal, containing the following phases:

June – August 2024	Phase 1 - Establishment Development of project team and support structure.
July – September 2024	Phase 2 - Allocation and assessment. Communicate with rebuild providers allocate housing. Note a prioritisation model has been in use for some time to assist in determining priority of rebuilds.
August 2024 – June 2025	Phase 3 – Rebuild Implementation, monitoring and closure. Allocate tasks and all trades; Track progress; Close off sites.

More work will need to be undertaken regarding the insurance status of the homes. Some are not insured, some are anecdotally underinsured, and some have their bank holding the payout and the houses not liveable.

One-on-one interviews will need to be undertaken to assess the needs as well as insurance contributions and a Council policy regarding support as well as consideration of equity.

The discovery report outlines a priority system which has a high preference for those with no insurance. Currently this is being used to manage the sequence of works.

- 2.9 MPI – With an original delivery cut-off of 31 December 2023 the recovery team attained an extension of delivery to 31 March 2024 from NIWE and MPI. It has been a dynamic process with deliverables changing after considering community feedback. There has also been the need to try and fund greater levels of historical response expenditure that were unable to be funded through other avenues. This has led to recovery staff working with MPI to obtain the funding variation between the Isolated Communities and

Community Hub grants. The pressure is most definitely on in the next couple of months to get these projects and funding over the line.

The Isolated Community fund has been fully consumed. It includes:

- \$ 7,000 initial recovery plan
- \$ 87,000 in funding Welfare claims not covered by NEMA.
- \$ 14,000 MPI project back-office costs including administration and support.
- \$ 96,000 for 2 10ft mobile EPODS (not the contents)
- \$ 45,000 for Recovery Plan reset.

We are having a reset in the Community Hubs Project to ensure maximum delivery from this fund and eliminate potential duplication with other providers in the district.






To date we have spent.














- \$95,000 on a 20ft EPOD and its contents [this has been delivered to Wairoa](#)
- [\\$64,000 for the contents of the two mobile EPODS due for delivery June/July 2024.](#)
















2.10 Recovery Plan reset – A revised recovery plan is being progressed by the Chief Executive. It formed the cornerstone for Councils application to the DIA for extended funding of the recovery operation into 2024/25









2.11 The Recovery Plan consists of several, independent or at times interlinked, work-packages many of which are underway concurrently. Section 3 of this report provides a high-level 'Dashboard' overview of each of these work-packages to the [23rd of June 2024](#) as well as a forecast out to June 2024. There is also a narrative for each highlighting milestones to date, as well as an explanation of where we are heading in the future. It is hoped that elected members will be able to use this report as a resource when talking to members of the community.





















3. DASHBOARD
















Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
The EOC (emergency Operations Centre).	Local Controller					
		To 23 June 2024	Forecast 30 June 2024		Forecast 24/25	
	Expense	\$247,000	\$247,000		Nil	
	External Funding	Council Funded	Council Funded		Nil	
	Milestones to 23 June 2024					
Some \$247,000 in costs remain with Council. Of this \$61,000 was to external suppliers with the remaining \$186,000 being staff wages and salaries.						
Milestones to 30 June 2024						
Where possible costs have been submitted for third party funding. The above position reflects the status at the conclusion of that process.						

Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
NEMA – Welfare	Local Controller					
		To 23 June 2024	Forecast to 30 June 2024		Forecast 24/25	
		Expense	\$481,000	\$481,000	Nil	
		External Funding	\$480,000	\$480,000	Nil	
		Milestones to 23 June 2024				
		<ul style="list-style-type: none"> \$480,000 in funding has been received from NEMA and other agencies such as NZ Police FENS etc against expenditure of \$480,000. \$1,000 in expenditure did not qualify for external funding. <p>Future Milestones</p> <p>Fund is now closed.</p>				
Recovery office	Wairoa Manager	Recovery				
		To 23 June 2024	Forecast to 30 June 2024		Forecast 24/25	
		Expense	\$16,000	\$16,000	Nil	
		External Funding	\$25,000	\$25,000	Nil	
		Milestones to 27 May 2024				
		<p>Funding of \$25,000 has been obtained to date. Where possible costs have been reassigned to externally funded work packages such as the Recovery Hub and the DIA funding for works identified by the recovery Manager to successfully engage with the impacted communities.</p> <p>Future Milestones</p> <p>Additional funding has been applied for from HBRC for 2024/25</p>				
Recovery Hub	Wairoa Manager	Recovery				
		To 23 June 2024	Forecast to 30 June 2024		Forecast 24/25	
		Expense	\$177,000	\$179,000	50,000	
		External Funding	\$250,000	\$250,000	TBA	
		Milestones to 23 June 2024				
		<p>Funding has been obtained from DIA for \$250,000. This is used to fund Recovery staff employed by Council. Prior to receiving this funding, The Recovery Manager salary sits under the DIA funding it covers any salary since the appointment and is also forecast in the Recovery Office budgets.</p> <p>One admin role has been confirmed and one supporting role has been provided by TToTW. Recovery has been invoiced 19,000 for this role.</p> <p>Future Milestones</p> <p>Forecast spend in this work package indicates no funding from Council required through to 30 June 2024. The forecast underspend in this budget of \$71,000 will offset the forecast overspend in the Community Communication, Engagement and Hui budget below.</p> <p>We have approached DIA to outline the need for further funding in 2024/25. The application was submitted on the 30th of May. It is envisaged that the resourcing of the recovery office will be scaled</p>				

Work-Package	Lead		Work-Package Status				
			Scope	Resources	Schedule	Cost	Confidence
back for 2024/25.							
Community Communication, Engagement and Hui	Wairoa Manager	Recovery					
			To 23 June 2024		Forecast to 30 June 2024		Forecast 24/25
			Expense	\$478,000	\$512,000	TBA	
			External Funding	\$450,000	\$450,000	TBA	
			Milestones to 23 June 2024				
	Funding received from DIA \$450,000 so programme can be resourced. Recovery Manager meets regularly with Mary Wilson from DIA to ensure that all funding used from this fund is allocated as per the requirements of DIA.						
	Future Milestones						
	Forecast spend in this work package indicates an overspend of \$62,000 in budget by June 2024 but this is offset in the savings in the recovery hub above along with the proposal to transfer Recovery Reset Plan costs to the MPI Isolated Community fund.						
	Forecast costs for June include \$9,000 for Flood protection consultation along with a provision for Matariki celebrations of \$10,000 along with payroll costs.						
	We have approached DIA to outline the need for further funding in 2024/25. The application was submitted on the 30 th of May.						
Mayors Fund	Wairoa Manager	Recovery					
			To 23 June 2024		Forecast to 30 June 2024		Forecast 24/25
			Expense	\$1.09m	\$1.09m	\$0.42m	
			External Funding	\$1.51m	\$1.51m	Unknown	
			Milestones to 23 June 2024				
	Some \$1.09m has been distributed to date with a further \$0.42m on hand to distribute. Small donations continue to come in spasmodically.						
	\$500,000 of funding has been repurposed to the rebuild and has been isolated.						
	An additional 78,000 was received from First Light.						
	Future Milestones						
	Distribute the remaining balance of the Mayoral Fund in 2024/25						
Red Cross-Liveable Homes	Wairoa Manager	Recovery					
			To 23 June 2024		Forecast to 30 June 2024		Forecast 24/25
			Expense	\$0.56m	Unknown	Unknown	
			External Funding	\$1.1m	-	Unknown	
			Milestones to 23 June 2024				
There are still unknowns, and now we have people in the team who are trying to fill in the gaps as quickly as we can. We are working across the community agencies to help us do this.							
There are also a number who are underinsured, and others who are uninsured due to the cost of							

Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
		<p>insurance.</p> <p>To add to the complexity there are a few different players operating in this space, not necessarily observing the same protocols.</p> <p>Future Milestones</p> <p>We continue to work to close the information gaps and return our whānau to their whare. The Rebuild Project Manager has presented a 'way forward' proposal in this space. It forms the basis of section 2.8 earlier in this paper. A meeting with prospective funders was held on 12 June 2024. We await feedback.</p>				
MPI – Isolated Communities	Wairoa Manager	Recovery				
			To 23 June 2024	Forecast to 30 June 2024	Forecast 24/25	
			Expense	\$249,300	\$250,000	Nil
			External Funding	\$250,000	\$250,000	Nil
			<p>Milestones to 23 June 2024</p> <p>The Isolated Community fund has been fully consumed. It includes:</p> <ul style="list-style-type: none"> \$ 7,000 initial recovery plan \$ 87,000 in funding Welfare claims not covered by NEMA. \$ 14,000 MPI project back-office costs including administration and support. \$ 96,000 for 2 10ft mobile EPODS (not the contents) \$ 45,000 for Recovery Plan reset. <p>Future Milestones</p> <p>Based on actual expenditure the variation provides for expenditure to be transferred between the two NIWE funds based on objectives.</p> <p>Delivery of transportable EPOD's to Wairoa in June/July 2024.</p>			
MPI - Community Hub Resilience	Wairoa Manager	Recovery				
			To 23 June 2024	Forecast to 30 June 2024	Forecast 24/25	
			Expense	\$159,000	\$159,000	\$641,000
			External Funding	\$800,000	\$800,000	-
			<p>Milestones to 23 June 2024</p> <p>One community has secured its own funding this impacts funding from DIA as the grant is limited to \$100,000 per hub.</p> <p>To date we have spent.</p> <ul style="list-style-type: none"> \$95,000 on a 20ft EPOD and its contents \$64,000 for the contents of the two mobile EPODS due for delivered June 2024. <p>Future Milestones</p> <p>We are having a reset in the Community Hubs Project to ensure maximum delivery from this fund and eliminate potential duplication with other providers in the district. Once completed final orders will be placed.</p> <p>Provision has also been made under this grant for:</p> <p>First aid training of Whanau \$34,000</p> <p>Water tank \$17,000</p>			

Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
Temporary Accommodation Solutions (TAS) MBIE	WDC Building Control, Enabled Wairoa, TToTW					
		To 23 June 2024	Forecast 30 June 2024	Forecast 24/25		
	Expense	\$177,000	\$177,000	Minimal		
	External Funding	\$174,000	\$174,000	Minimal		
	<p>Milestones to 23 June 2024</p> <p>TAS placement of units has slowed down considerably as demand has decreased. TToTW POD placements have remained steady and is progressing well.</p> <p>Future Milestones</p> <p>Based on reduced requests our part in this service is reducing also</p> <p>Staff are investigating the which expenditure has not been reimbursed by MBIE and a claim will be submitted.</p>					
Land Categorisation	Mayor & CE					
	<p>Milestones to 30 June 2024 and beyond</p> <p>Land Classification project is linked to the outcome of the flood protection project.</p>					
Flood Mitigation	Mayor & CE					
	<p>Milestones to 23 June 2024</p> <p>Treasury has confirmed that \$70m has been ring-fenced for Wairoa flood mitigation.</p> <p>Options have been presented in Wairoa.</p> <p>Regional Recovery Agency (RRA) has proposed an Order in Council to streamline consenting processes to accelerate the programme. RRA is funding shared legal representation.</p> <p>Future Milestones</p> <p>Significant inherent programme management risks and exposure to cost overruns. Income and Expenditure is not being processed through Council but HBRC. The implications for properties that would be adversely affected by the solutions considered 'practicable' are causing significant concerns.</p>					
NEMA - Solid Waste Management Fund	WDC GM Assets & Infrastructure					
		To 23 June 2024	Forecast to 30 June 2024	Forecast 24/25		
	Expense	\$1.37m	\$1.37m	NIL		
	External Funding	\$1.48m	\$1.48m	NIL		
	<p>Milestones to 23 June 2024</p> <p>Councils Claims have been accepted. This work package is now closed. The difference between Income and expenditure of \$240,000 represents ratepayer funding percentage of the Landfill Activity not covered by fees and charges (Refer Councils RFP) and applied to this work-package. NEMA has agreed to reimburse that amount.</p>					

Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
HBRC - Extreme Weather Event Recovery Activity (Silt)	WDC GM Assets & Infrastructure					
		To 23 June 2024	Forecast 30 June 2024		Forecast 24/25	
	Expense	\$5.13m	\$5.15m		Unknown	
	External Funding	\$7m	Unknown		Unknown	
	<p>Milestones to 23 June 2024</p> <p>A total of \$9.4M has been secured and is ringfenced for this work. \$7m has been paid and we have good reporting lines and tracking data for silt. High confidence that \$9.4M will be fully utilised. No overruns envisaged at this stage however potential asbestos issues and associated costs remain a risk to budget.</p> <p>Silt cleared from storage areas such as the Railway yard.</p> <p>Future Milestones</p> <p>Debris from stripping houses expected to increase over coming months. Potential asbestos issues and associated costs remain a risk to budget.</p> <p>It is understood that the fund has been extended to 31 December 2024. Staff are working with HBRC to see if the deadline for this fund could be extended beyond December 2024. Significant risk remains that we will be unable to utilise this fund for removing building materials including asbestos from the residential rebuild programme before this fund, even if it is extended, closes. It is understood that discussions are underway to see if some of this fund could be repurposed.</p> <p>On Sunday 11th of February, the Government announced a further package of \$63million for removal of silt and debris from areas affected by Cyclone Gabrielle with \$3m ringfenced for Wairoa. These funds have been gone to HBRC for work to be undertaken in the Wairoa area.</p> <p>Staff are reviewing expenditure in a few general ledger codes to determine if these can be funded through the silt fund. In June 2024 \$100,000 of expenditure in Parks and Reserves was identified as being claimable under this fund. This process is ongoing.</p>					
Infrastructure – Roothing	WDC GM Assets & Infrastructure					
		To 23 June 2024	Forecast 30 June 2024		Forecast 24/25	
	Expense	\$42.7m	Unknown		Unknown	
	External Funding	\$41.4m	Unknown		Unknown	
	<p>Milestones to 23 June 2024</p> <p>The initial \$16m response funding has been used well to get access back in most locations, and also to help with cashflow, a cost-scope adjustment request has been made and Council were successful in securing \$31m extra at 100% FAR. Funding for final reinstatement is being discussed with Waka Kotahi, likely to require Council share. Crown funding allocated for Te Reinga Bridge repair \$14m. if the cost of repair exceeds \$14m then the difference will be at Councils expense. Continual rain events are hampering progress. Expenditure of the \$31m extra funding currently sits at \$26.1m.</p> <p>Future Milestones</p> <p>There is a drive to get this work complete before the end of June 2024, as the way forward beyond this date is uncertain.</p>					
Infrastructure – 3	WDC GM Assets & Infrastructure					

Work-Package	Lead	Work-Package Status				
		Scope	Resources	Schedule	Cost	Confidence
waters		To 23 June 2024	Forecast 30 June 2024		Forecast 24/25	
	Expense	\$1.05m	Depends on Pond Survey			
	External Funding	\$0.5m	Subject to insurance approval			
Milestones to 23 June 2024						
NEMA have finalised the threshold for Wairoa District Council \$324,995 for 60/40 government funding threshold, based on WDC confirmation of the capital value of the rating units at \$4,333,259,830.						
Damage has been incurred on both above ground assets, which are insured through AON, and below ground assets which are insured through LAPP.						
AON has made an initial payment of \$500,000. Final claims for LAPP and AON are being worked through with loss adjustors.						
The main action point from the December quarterly Report to NEMA was in relation to the progress on the Wairoa wastewater pond desludging.						
June 2024 quarterly Report to NEMA has been submitted.						
Future Milestones						
Parklink have been engaged to carry out sludge surveys on the Wairoa and Māhia ponds to determine quantum of silt ingress and have provided their initial report.						
The Governments 60/40 infrastructure assistance programme relates only to underground infrastructure such as water and wastewater pipes. As such, any removal of silt in the Wastewater ponds falls under Councils material damage insurance policy managed through AON.						

Key

	Green	Amber	Red
Scope	Current approved in-scope items can be delivered in full	Minor changes to core specification of quality of capability that will be delivered	Major changes to core specification of quality or capability that will be delivered
Costs	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s within +/- 5% of approved spend up to a value of \$50k	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s within +/- 10% of approved spend up to a value of \$100k	Variance between Total Approved Spend and Total Forecast Spend for the approved phase/s is greater than +/- 10% of approved spend or greater in value of \$100k
Schedule	Major milestones remain on track to meet the approved timelines	Major milestones are at risk however mitigating activities are in place in an effort to meet the approved dates	There is certainty that Major milestones have missed or will miss the approved dates
Resourcing	Workpackage resourced adequately and project team is performing to a high standard	Workpackage resourcing will cause a slip to schedule or cost or variance in scope if not	Workpackage resourcing is causing variance to schedule, cost or scope
Confidence	The overall confidence that the workpackage will deliver on its aims and objectives within scope, on cost, and on schedule	There are concerns that the workpackage may not deliver on its aims and objectives within scope, on cost, and on schedule. There are mitigation strategies in place to bring the workpackage back to "green"	There are significant issues in one or more of areas of scope, cost, or scheduling. The Workpackage is unlikely to achieve its objectives. There are mitigation strategies in place will not bring the workpackage back to "green"

8.2 SUBMISSION: NZTA EMERGENCY WORKS POLICY

Author: Mike Hardie, Pouwhakarae - Hua Pumau | Group Manager Assets & Infrastructure

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: 1. Submission to NZTA Emergency Works Policy [↓](#)

PURPOSE

- 1.1 This report provides information for Council on the Wairoa District Council submission to the NZTA Emergency Work Policy.

RECOMMENDATION

The Pouwhakarae - Hua Pumau | Group Manager Assets & Infrastructure RECOMMENDS that Council receive the report.

BACKGROUND

- 1.2 Council were notified on 02/05/2024 that the NZTA emergency works policy has undergone an internal review and there is now an opportunity for sector consultation and feedback.
- 1.3 The consultation ran from 1/05/2024 – 19/06/2024
- 1.4 Key proposed changes will have a significant impact on Wairoa District Council financially.
- 1.5 This report presents the submission that has been made on behalf of the Wairoa District Council.

2. PROPOSED CHANGES

- 2.1 On 17 April the NZTA Board supported the release of proposed changes to the Emergency Work policies for sector consultation.
- 2.2 Key proposed changes to Financial Assistance Rates (FARs) and associated thresholds, include:
- 2.2.1. Changing the qualifying trigger for an emergency event attracting an enhanced FAR to a minimum frequency 1 in 20-year event, from the current 1 in 10-year event.
- 2.2.2. Reducing the enhanced FAR from normal FAR +20% to normal FAR +10%.
- 2.2.3. Restricting provision of a bespoke FAR (i.e., greater than an enhanced FAR) to only those extreme events for which Crown funding is made available.
- 2.2.4. Other changes to work category 141 (Emergency works category) and uneconomic transport infrastructure policy are proposed to make them clearer, easier to interpret, and better aligned with legislative requirements. These are proposed to take effect on 1 July 2025.

3. LIKELY IMPACT

- 3.1 Any damage received during a weather event less than a 1 in 20 year event will need to be covered fully by the ratepayer, or prioritised/not prioritised.
- 3.2 Any damage received during a weather event over 1 in 20 years that qualifies for funding will attract a Base FAR (75%)+ 10% enhanced far, totalling 85%. This will mean 15% will have to be funded by Council, as appose to the normal 5% that Council would normally have to fund.
- 3.3 Bespoke FARs will be difficult, and only in extreme weather events.

4. SUBMISSION

- 4.1 The attached document was submitted on 19/06/2024

Further Information

n/a

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.



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18/06/2024

Submitted via emergencyworksreview@nzta.govt.nz

Wairoa District Council Submission to NZ Transport Agency Emergency Works Policies - Review and Consultation

1. Introduction

Wairoa District Council (Council) would like to acknowledge NZ Transport Agency Waka Kotahi (NZTA) for the opportunity to make a submission on the emergency works policies review.

Council is responsible for the management, operation, maintenance, renewal and improvements of 869 kilometres of local roads and associated infrastructure. The roads are the arteries for our district, providing residents and other road users the access needed to support economic, social, cultural and environmental wellbeing. State highways, especially state highway 2 to Napier and to Gisborne, are also critical to the wellbeing of Wairoa.

With an estimated replacement cost of over \$600M and only 9,000 people (approximately), ensuring sustainable and affordable levels of service to roads users is a key priority and challenge for Council. Investment in our local road network operating, maintenance and renewal makes up approximately 56% of Council's total annual expenditure. Council is heavily reliant on funding from the National Land Transport Fund via NZTA, especially for emergency works following unplanned weather events.

Severe weather events over recent years, including Cyclone Gabrielle, have placed extraordinary pressures on the district's road network – both local roads and state highways – and significant financial pressures on Council to address the direct damage and the increased deterioration of these critical assets. This has also again highlighted the huge need Council has for emergency works funding, including the application of the enhanced Financial Assistance Rate (FAR). Without this, our road networks and community wellbeing would be severely, and potentially irreversibly, damaged.

Our recovery from Cyclone Gabrielle has highlighted that the sustainability and wellbeing of our district is underpinned by our road network. We know that significant additional investment to improve its resilience is required to support not only access around our district for residents and stakeholders, but also for those responding to emergency events and reinstatement of other lifelines infrastructure (e.g., water and wastewater systems, power, etc.).

Council's feedback regarding NZTA's proposed changes to emergency works policies is provided below.

Regarding Proposed FAR and Qualifying Event Changes

1. How would the proposed changes impact your organisation? For example, your ability to provide local share, the likely impacts for your organisation.

- 1.1. Council's ability to fund local share under the current policies creates significant financial challenges. The proposed changes are seen as completely unaffordable for Council and would be disastrous for the Wairoa district.
- 1.2. Council have sought almost \$150M in emergency works funding over the 2018-21 and 2021-24 NLTP periods, to recover from shock weather events. This has enabled us to address immediate damage that qualifies for funding, but not to address the advanced deterioration and additional vulnerabilities due to the events. Proposed policy changes would have meant at least 10% of this damage would not have been funded (due to proposed qualifying event changes), and that Council's share (due to proposed enhanced FAR changes) would have been unable to be met.
- 1.3. If the policy changes proceed as planned, it will almost certainly result in significant ongoing (and unaffordable) rate increases and/or significant deterioration of Wairoa's rural road network.
- 1.4. Council, and out ratepayers, will not have the funding necessary to repair damage. It is likely that reallocation from other maintenance and operations budgets would be required to fund repairs no longer eligible for emergency works and/or an enhanced FAR. This would directly impact levels of service, and result in deferred maintenance and/or a more vulnerable network (increasing damage from future weather events).
- 1.5. Council recommends that no change is made to qualifying events event annual return period requirements (i.e., from a 1-in-10-year event to 1-in-20-year event), due to consideration and acknowledgement of the damage costs incurred by 1-in-10-year events and acknowledgement of NIWA changes to annual return periods.
- 1.6. Council recommends a longer transition period and suggests the required for *"the organisation's activity management plan has considered, in advance of the emergency event, which parts of the network are prioritised to restore levels of service and which parts of the network may require consideration of different level of service or alternatives to recovery"* is not implemented until 1 July 2027. This acknowledges the potential complexity of the work required, unbudgeted cost this presents to Councils, and aligns the requirement to the next NLTP (where activity management plans will need to be updated).
- 1.7. Council recommends that no change is made to the level of FAR enhancement (i.e., from FAR+20% to FAR+10%), due to the significant and unplanned cost burden this would present to Councils and their ratepayers. Council's notes the consultation document's statement that the proposed change *"could incentivise shift to more proactive asset maintenance and resilience focus from AOs"* and suggests that, while the ideology may be sound, in reality it is likely to result in a reduced proactive asset maintenance and resilience due to the additional financial burden. Wairoa District Council, like our peers, have and continue to seek investment from NZTA the enables more proactive asset maintenance and resilience focus. However, cuts to allocations as part of past NLTP processes have

undermined our ability to invest in material resilience improvements. Council suggests that funding, rather than a lack of AO focus, prevents investment in resilience improvements.

2. Please tell us if you support the proposed changes or recommend different ways to ensure that NZTA has sufficient NLTF available to cover emergency works.

- 2.1. Council absolutely and unequivocally does not support the proposed policy changes to FAR and qualifying events.
- 2.2. We acknowledge Government's four strategic priorities as outlined in draft Government Policy Statement on Land Transport 2024/25 – 2033/34 (GPS):
 - Economic Growth and Productivity
 - Increased maintenance and resilience
 - Safety
 - Value for money

Council's ability to give effect to each of these priorities will be severely undermined should the proposed changes be adopted, and we suggest these proposed changes will result in outcomes contrary to the direction being sought by government.

- 2.3. We note that the GPS describes how different funding and financing sources will contribute to land transport investments, with government seeking a range of options to address potential funding gaps. Council supports Central Government and NZTA exploring alternative means of funding.

3. What will the proposed FAR changes mean for your organisation's planning for and/or investment in maintenance and resilience? For example, would your organisation invest more in resilience and if not, what incentives would you need to improve the resilience of your transport infrastructure?

- 3.1. Council would like to increase investment to improve local road resilience, however, faces challenges in being able to achieve this at a material level. These include:
 - NZTA's funding allocation for the operation, maintenance, renewal and improvements of Wairoa's local road network is typically less than requested.
 - Affordability for ratepayers to increase investment to a level needed to improve local road network resilience (under normal FAR).
- 3.2. Council suggests the use of a Targeted Enhanced Financial Assistance Rate for Council's in greatest need of improving local road network resilience. Recent years have shown how vulnerable the Wairoa district, and surrounding Gisborne and Hawke's Bay regions, are to significant storm events. Reducing future damage and associated emergency works funding requirements requires targeted resilience investment that is affordable to Wairoa's ratepayers.

4. Are there any transitional issues that NZTA needs to consider in relation to emergency works that occur prior to 1 July 2025?

- 4.1. Councils are currently in the process of finalising their Long-Term Plans and have already submitted funding applications to the 2024-27 National Land Transport Programme (NLTP). The proposed changes present a large financial risk that, due to the announcement timing of proposed policy changes, are no longer able to be considered in Council's planning cycle.
- 4.2. Had the proposed policy changes been announced earlier, Council would have considered the associated financial risks/impacts as part of the Land Transport Activity Management Plan and Long-Term Plan development, and likely sought additional funding under Work Category 140: Minor Events.
- 4.3. Council recommends that if policy changes are made which introduce new financial risks to Council's, they are implemented as part of the next NLTP, so we are able to assess and allow for the associated financial risks.

Regarding proposed changes to definitions, processes, and operational policies

5. Are there any issues in applying these proposed changes? For example, what further guidance is required? What other changes are required?

- 5.1. Council supports the proposed emergency works definitions, and the added clarity this provides.
- 5.2. Other feedback is as noted above.

6. Are there any proposed changes that your organisation does not support? Please tell us why?

- 6.1. As noted, above.

7. Are there other policy, planning or process changes that you think are needed? Please tell us what and why?

- 7.1. As noted above.

Uneconomic Transport Infrastructure Policy

8. Are there any other issues with this policy that you think need to be addressed?

- 8.1. Council acknowledges and appreciates the provision of improved information and guidance regarding NZTA's Uneconomic Transport Infrastructure Policy.
- 8.2. Council seeks additional information regarding the provision of funding necessary to undertake the policy application process.

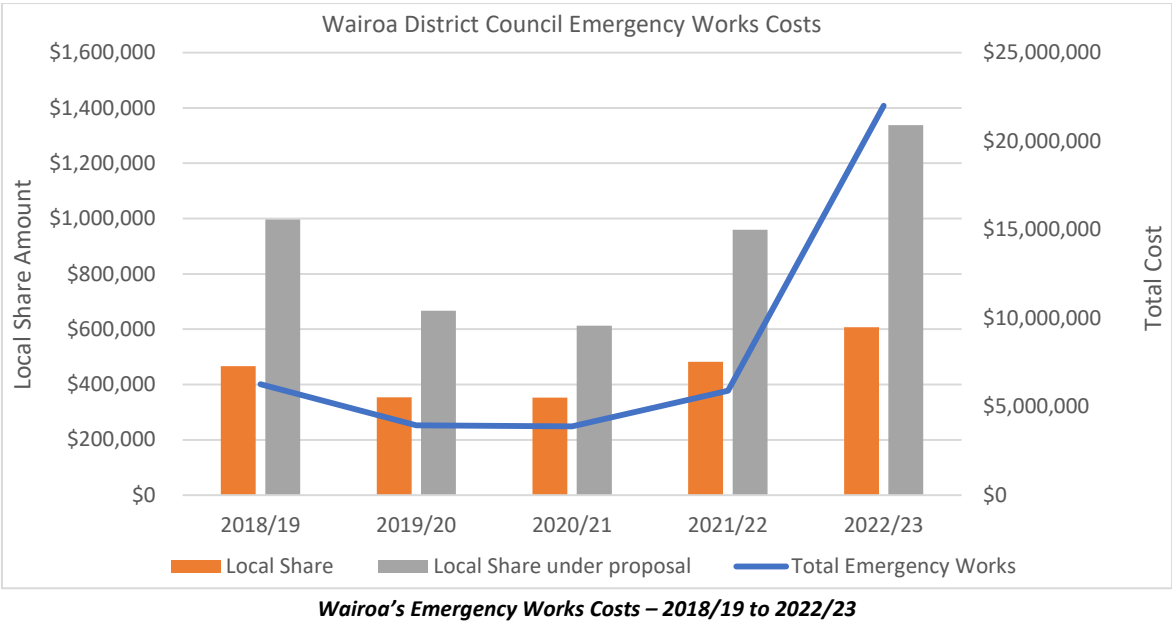
2. Conclusion

Whilst Council acknowledges the financial pressures and constraints NZTA is facing, we believe the proposed changes to emergency works funding are unaffordable for districts like Wairoa and we fiercely oppose their adoption.

We cannot afford the status quo – what makes NZTA think we can afford the proposed changes?

For the 2018/19 – 2022/23 financial years, Wairoa District Council has spent more than \$40M on local road emergency works. We are grateful for the significant funding provided from Central Government via the NLTF as without this, repairs to the network could not be completed.

Council’s share over these years has been ~\$2.3M – a small portion by comparison and a very small value for Central Government / NZTA, however a significant financial burden for Council and our ratepayers. Under the proposed change to the enhanced financial assistance rate (i.e., from FAR+20% to FAR+10%), Council’s share would have been more than \$4.5M – which is unaffordable given our small ratepayer base and socioeconomic conditions. The Wairoa community simply cannot absorb the likely rates increase required to survive the proposed funding changes.



The proposed changes are a double whammy setback

As our climate changes, and the frequency and intensity of severe weather events increase, as will Annual Exceedance Probability (AEP) models. We have seen this recently with Cyclone Gabrielle which, pre-February 2023, would have been deemed a 1-in-1,000 year event but has now been judged a 1-in-550 year event¹. NZTA’s proposed change to qualifying events, from a 1-in-10 year event to 1-in-20 year event, does not only mean that events less than 1-in-20 year AEP no longer qualify for emergency works funding, but that events recently considered a 1-in-20 year event will also not be funded (due to the AEP changes).

Inconsistent Policy

The 1-to-2-year proposed transition to the new FAR is totally unmanageable and inconsistent with NZTA’s current transition policy for changing FAR. The current policy provides for a 3-year transition for Councils to find alternative funding sources when the regular FAR review results in a reduction in FAR. Usually these reductions are a maximum of up to 3% meaning that if there was a reduction in FAR of 10% the transition period should be 10 years.

¹ <https://www.hbrc.govt.nz/our-council/cyclone-gabrielle-response/niwa-modelling-cyclone-gabrielle-flooding/>

This isn't just about roads

Wairoa is an extremely vulnerable district, both in terms of geography and socioeconomics, and NZTA are well aware how vulnerable Wairoa's road network is due to topography, geology, climate, land use activities, and recent severe weather events.

Our people are suffering and struggling to afford today's cost of living. NZTA's proposed changes will directly result in even higher living costs (as Council's rates requirement increases) or a lower standard of living due to Council's inability (due to funding) to repair future storm damage - it is highly likely to be both. And although not a driving factor, it should be noted that investment in Wairoa's local road network (including emergency works) creates numerous employment and training opportunities for locals. It is likely some of our most vulnerable community members will be worst affected by the proposed changes.

Explore alternative options

Council acknowledges the significant financial constraints our country is facing with regards to the National Land Transport Fund, and accept that changes to the status quo are required. However, we implore NZTA not to process with the proposed changes to qualifying events and enhanced FAR, and instead explore other opportunities to reduce transport cost burdens on NZ Inc.

Our recent submission to the Draft Government Policy Statement on Land Transport 2024-34 (GPS) included a suggestion that Government reviews the drivers of much discussed transport funding increases. We recommend reviewing regulatory requirements/standards related to workplace health and safety (e.g., Health & Safety at Work Act 2015 and associated precedents), temporary traffic management, aggregate sourcing (e.g., Resource Management Act) with a view to ensuring value-for-money and fit-for-purpose outcomes. We suggest that significant savings could be realised if pragmatic regulatory requirements are put in place, without additional risk to people or environment.

8.3 PROCUREMENT POLICY & STRATEGY UPDATE 2023

Author: Mike Hardie, Pouwhakarae - Hua Pumau | Group Manager Assets & Infrastructure

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices:

1. Procurement Policy 2023 - DRAFT - Tracked changes [↓](#)
2. Procurement Strategy 2023 - DRAFT - tracked changes [↓](#)
3. Procurement Strategy 2023 - Final [↓](#)
4. NZTA Endorsement Letter [↓](#)

PURPOSE

1.1 To provide Council the updated procurement policy and strategy.

RECOMMENDATION

The Pouwhakarae - Hua Pumau | Group Manager Assets & Infrastructure RECOMMENDS that Council endorses the Procurement Policy and Strategy 2023.

BACKGROUND

- 1.2 It is a requirement for Council to have a procurement policy and strategy.
- 1.3 Council currently has an endorsed 2020 policy and strategy.
- 1.4 The strategy is reviewed every three years in line with the NZTA (funding partner) requirements. The policy is due for review.
- 1.5 Previous papers and workshops have focused on incorporating broader outcomes into the policy and strategy.
- 1.6 The proposed strategy has been endorsed by NZTA (Please see attached).

2. POLICY REVIEW

- 2.1 Please see the attached policy review with tracked changes.
- 2.2 The key proposed changes from the 2020 policy is the inclusion of broader outcomes, with a focus on allowing the Tender Evaluation Panel to approve strategic direction based on a contract by contract basis.

3. STRATEGY REVIEW

- 3.1 Please see the attached strategy with tracked changes and the final proposed version of the strategy.
- 3.2 The key proposed changes from the 2020 strategy are the inclusion of broader outcomes and the increases in financial thresholds for non-NZTA subsidised spend. There is a key focus on ensuring that local suppliers that contribute to the local economy are supported through the procurement processes.

4. OPTIONS

- 4.1 The options identified are:

- a. Endorse the reviewed Procurement Policy 2023 and the Procurement Strategy 2023.
- b. Do not endorse the reviewed Procurement Policy 2023 and the Procurement Strategy 2023.

4.2 The preferred option is Option A this contributes to the following community outcomes

Cultural wellbeing	Economic wellbeing	Social Wellbeing	Environmental Wellbeing
Valued and cherished community.	Strong and prosperous economy.	Safe, supported and well-led community.	Protected and healthy environment

5. CORPORATE CONSIDERATIONS

What is the change?

5.1 The major change is including broader outcomes and financial threshold increases.

Compliance with legislation and Council Policy

5.2 This complies with policy/strategy review and amendments.

What are the key benefits?

- 5.3 Key funding partner NZTA have signed of the strategy, which shows confidence in the processes that are being undertaken.
- 5.4 Broader outcomes inclusion shows the commitment to look at factors outside just price that are important to the Wairoa District Council.
- 5.5 Increase in financial thresholds allow for a smoother process to engage key suppliers to carry out important work or supply important goods/services.

What is the cost?

5.6 This particular policy/strategy review process has no impact on cost. It is important that the policy/strategy is followed to ensure a consistent approach and ensure value for money.

What is the saving?

n/a

Service delivery review

n/a

Maori Standing Committee

5.7 This matter has not been referred to the MSC

6. SIGNIFICANCE

6.1 This policy/strategy review does not trigger the significance and engagement policy.

7. RISK MANAGEMENT

7.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:[\[Type here\]](#)

Human	Financial	Regulatory
Low	Medium	Low
Operations	Employees	Image & Reputation
Low	Low	Medium

Who has been consulted?

No formal consultation has been carried out

Further Information

N/a

References (to or from other Committees)

N/a

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Wairoa District Council

PROCUREMENT POLICY 2023



TE WAIROA
WAIROA DISTRICT

Prepared By	Assets & Infrastructure Group Manager
Adopted by	WDC Elected Members
Date	June 2024

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PROCUREMENT POLICY 2023

SUMMARY

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PURPOSE –to state the requirements and expectations of procurement carried out by the Council					
SCOPE					
Application		Intention		Support	
<ul style="list-style-type: none">Applies to all Wairoa District Council employeesDoes not apply to Council Controlled Organisations		<ul style="list-style-type: none">is intended for all procurement associated with the Council’s teams and individuals completing their everyday work in the normal way		<ul style="list-style-type: none">is to be supported by appropriate management procedures for its effective enactment	
Procurement Policies					
OAG Principles and Guidelines	Probity	Value for Money	The Local Supply Chain	Management of Risk	Management of Risk – trials and innovation
Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General.	Procurement is to be conducted with probity.	The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising: <ul style="list-style-type: none">whole of life costs,transactional costs for suppliers and Council, andnegative impacts on the local supply chain and well-being of the community	Where practicable, procurement processes are to consider the sustainable development of the local supply chain	Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically: <ul style="list-style-type: none">implementing Procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.Developing and implementing risk management plans for high risk procurements	Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community
Transparency and Confidentiality					
Procurement processes are to be transparent where feasible with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders except where sensitive commercial information is compromised by doing so					
Reporting					
The status of procurement within the District is to be routinely reported to the Finance, Audit & Risk Committee					
Community outcomes					
Opportunity to further enhance community outcomes is to be considered as part of procurement processes					
Implementation					
The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place					



PROCUREMENT POLICY 2023

PROCUREMENT RELATIONSHIP TO COUNCIL'S VISION AND COMMUNITY OUTCOMES

Vision – Connected Communities. Desirable Lifestyles. Treasured Environments

Community Outcomes		
Economic Wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
<ul style="list-style-type: none"> A strong, prosperous and thriving economy A safe and integrated infrastructure 	<ul style="list-style-type: none"> A community that values and promotes its culture and heritage Safe and accessible recreational facilities Supportive, caring and valued communities Strong district leadership and a sense of belonging 	<ul style="list-style-type: none"> A safe and secure community A lifetime of good health, education and wellbeing An environment that is appreciated, protected and sustained for future generations.

Procurement Principles*

Value for Money	Openness, Transparency, and Fairness	Accountability and Integrity	Lawfulness	Appropriate Management of Risk	Sustainability
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Procurement Policy Focus Areas

OAG Principles & Guidelines	Probity	Public Value	The Local Supply Chain	Management of Risk	Management of Risk – trials and innovation	Transparency and Confidentiality	Reporting	Broader Outcomes	Implementation
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Procurement Objectives*

To select the right supplier who can deliver what is needed, at a fair price and on time	To deliver best value for money over the whole life of the goods, service or asset	To promote efficient purchasing practices and their continuous improvement	To appropriately manage risk in relation to purchasing of goods and service	To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers	To ensure that all decisions are robust and defensible	To ensure adequate probity – integrity and honesty	To contribute to the achievement of community outcomes	To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals	To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities
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Page 5

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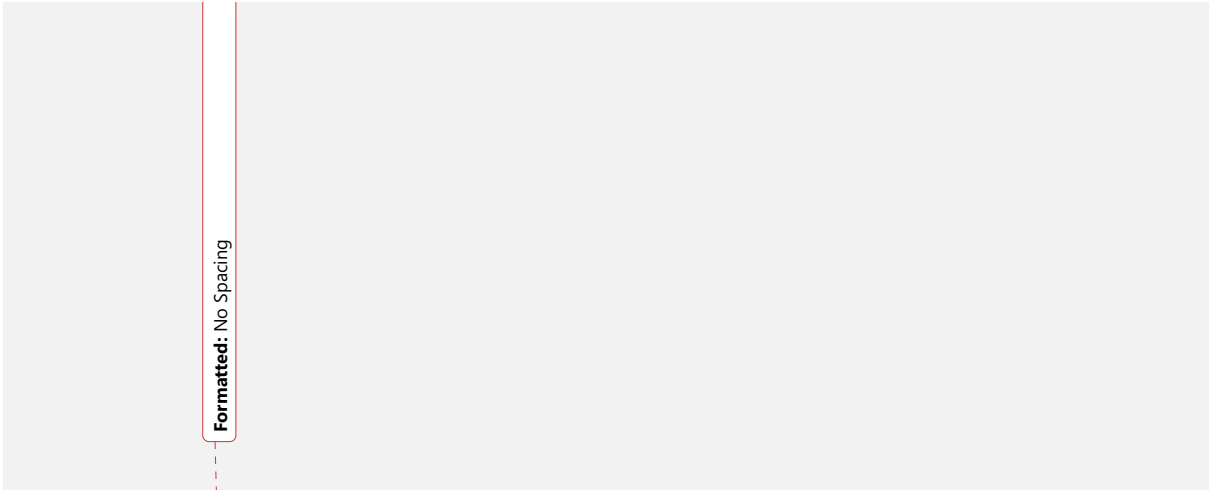
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PROCUREMENT POLICY 2023

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* As stated in Procurement Strategy



1 Overview

Procurement is the planning, decision-making, and implementation process used to obtain goods and services. It covers the whole cycle from identification of needs through to the commitment to purchase goods or services, including entering into and managing the provision of goods and/or services by contracts until the contract obligations have been fulfilled. The NZ Government definition is:

All aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset.

This Procurement Policy provides strategic direction for the procurement of goods and services. It does not delve into the detailed operational processes required for its successful implementation and delivery. This policy is to be supported by appropriate management strategies and procedures for its effective enactment. The Chief Executive and the Senior Leadership Team (SLT) are to ensure successful implementation and delivery of the policies as stated.

Part of Council’s strategic and governance role is to ensure that its statutory responsibilities, duties and powers are carried out at the most effective and efficient levels. This policy sets out the procurement expectations.

1.1 Purpose

The purpose of this policy is to state the requirements and expectations of procurement carried out by the Council.

1.2 Scope

This policy does not apply to Council Controlled Organisations.

Applies to the procurement cycle for Council’s activities across all of Council’s departments.

1.3 Extent of Responsibility

Council retains ultimate responsibility for its governance, statutory and financial responsibilities, duties and powers at all times. No delegation relieves Council of the liability or responsibility for the performance of the delegated responsibility, duty or power.

Those with responsibility for a delegated task or function have the authority to carry it out effectively.

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Irrespective of whether the policy or documented management procedures support an action, employees must have regard to the potential reputational consequences for Council, and in these cases should consider seeking guidance from their manager.

Unless otherwise expressly stated all financial values stated are GST exclusive

This policy is to be read in conjunction with the Wairoa District Council Delegations Manual.

1.4 Policy Limitations

This policy relates to procurement only.

The meaning of procurement

Procurement covers any commitment or expenditure that binds the Council to make payment to or otherwise confer a benefit on an external party. It includes all contracts and contract variations, memorandum of understandings, rents and leases for equipment, as well as purchase orders, works orders, and other purchases of goods and services.

Procurement Activities Specifically Excluded

- exercise of the authority to approve payroll.
- exercise of the authority over those matters covered by the Council’s Treasury Policy.
- exercise of the authority to remit rates or other amounts due to the Council, or to write off bad debts. The remission of rates is the subject of the Council’s Rates Remission and Postponement Policy. The authority to write off bad debts is dealt with by separate delegation.
- gifts and koha, which are dealt with by the Council’s Koha Policy and Donations and Sponsorship Policy.

Policy Breach

A breach of the Procurement Policy may be considered as potential misconduct or serious misconduct and will be handled in accordance with existing disciplinary procedures.

Any user who becomes aware of a breach of this policy is to follow the process in the “Protected Disclosures Policy”.

1.5 Auditor General’s Guidance

In June 2008, the Office of the Auditor General published a good practice guide, “Procurement guidance for public entities”, under Section 21 of the Public Audit Act 2001. Paragraphs 2.3 and 2.4 of this guide note the following basic principles that govern all public spending

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2.3 *There are some basic principles that govern the use of all public funds. They should be considered when considering any funding arrangement with an external party. This includes procuring goods or services. The international literature on this area includes many different versions of the principles that need to be considered. They cover similar ground. We summarise the basic principles as:*

- **Accountability** – Public entities should be accountable for their performance and be able to give complete and accurate accounts of the use they have put public funds to, including funds passed on to others for particular purposes. They should also have suitable governance and management arrangements in place to oversee funding arrangements.
- **Openness** – Public entities should be transparent in their 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.
- **Value for money** – Public entities should use resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).
- **Lawfulness** – Public entities must act within the law and meet their legal obligations.
- **Fairness** – Public entities have a general public law obligation to act fairly and reasonably. Public entities must be, and must be seen to be, impartial in their decision-making. Public entities may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way they conduct the relationship.
- **Integrity** – Anyone who is managing public resources must do so with the utmost integrity. The standards applying to public servants and other public employees are clear, and public entities need to make clear when funding other organisations that they expect similar standards from them.

2.4 *By applying these principles sensibly, public entities can demonstrate that they are spending public money wisely, and properly managing the process for spending it*

Paragraph 2.5 of the guide lists a number of practical considerations public entities should consider when giving effect to the basic principles listed above. Of particular relevance to Wairoa District Council are the following:

- **The goal** – It is important for the public entity to focus on what it is trying to achieve. The process should not dominate at the expense of the outcome.

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- **Simplicity and proportionality** – The requirements put in place for the funding arrangement should be as simple and practical as possible, considering the amounts involved, the complexity, and the level of risk. It is appropriate to consider compliance costs for both parties and seek to reduce them where possible.
- **The risk** – Public entities need to identify risks in or around the funding arrangement and to consider how to manage those risks. This should not be seen as encouragement to be overly risk averse. The key is to get the right balance between risk and expected benefit, and to do so consciously

The guide also includes the following observations pertinent to Wairoa District Council in paragraphs 2.19 to 2.21

- 2.19 A public entity should develop its own procurement policies and procedures that are tailored to its working environment and that take into account the basic principles in paragraph 2.3, the practical considerations in paragraph 2.5,
- 2.20 Publishing an unambiguous procurement policy and following that policy reduces the risk of challenges to the decision-making process and may reduce the cost of procuring. It also helps retain credibility with suppliers. Clear processes can help ensure that the procurement policy is consistently followed.
- 2.21 A public entity should be aware of the risk of developing an overly rigid or prescriptive procurement policy that effectively fetters its discretion. When developing procurement policies and specific tender or proposal documentation, entities need to be aware of the risks of limiting their ability to exercise discretion. The risks may be greater when the public entity is performing a statutory function in procuring goods or services.

1.6 Other Council documents relating to this policy

The following table summarises the relationship between this policy and other documents relating to procurement.

Document	Purpose	Current Status
Financial Delegations Policy	To support safe, efficient and cost-effective procurement and payment of goods and services.	In place. To be reviewed as other documents are developed.
Procurement Strategy 2023 ³⁰	To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.	Procurement Strategy (2021 ⁷) is in place and will be modified.
Tendering Process and Contract Management Manual	To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts in order to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts.	Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. Under development. In place.

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PROCUREMENT POLICY 2023

Document	Purpose	Current Status
Contract Template for infrastructure maintenance and projects	To facilitate consistent and efficient generation of contract documents.	Has been developed by staff and is being used
Risk Management Policy	To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.	In place
Protected Disclosures Policy	To set out the means by which Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000	In place
Fraud Policy	To facilitate the development of controls that will aid in the detection and prevention of fraud	In place

1.7 Roles and responsibilities

Role	Responsibility
Council	Set the strategic direction and procurement policies
Tender Evaluation Panel	Governance oversight in setting tenders and review tender evaluation reports, outside of the Council meeting cycle as outlined in the Delegations Manual.
Council staff	Implement strategic direction, provide professional guidance on policies, monitor implementation

1.8 Change history

Amendment(s)	Date	Updated by and authority
Updated	June 2024	Assets & Infrastructure Group, WDC
Signed off SLT		
Adopted by Council		

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1. acting fairly, impartially and with integrity
2. being accountable and transparent
3. being trustworthy and acting lawfully
4. managing conflicts of interest
5. securing commercially sensitive and confidential information.

As a public entity, it is important that Council has an ethical, transparent approach with ethical behaviour underpinning procurement processes.

2.3 Value for Money

2.3.1 Policy statement

The procurement process, where practicable, is to seek to deliver value for money to the Wairoa community by minimising

- whole of life costs,
- transactional costs for suppliers and Council, and
- negative impacts on the local supply chain and well-being of the community.

2.3.2 Considerations and reasons

The lowest price does not always result in the most cost-effective services, particularly for high-cost long-life infrastructure investments. Two common examples of not achieving cost-effective services through acceptance of the lowest price are poor workmanship and choice of the wrong capital solution. For example;

- Poor workmanship that reduces the life of the product by 20% increases the average whole of life expenditure by 25% per annum.
- Different capital solutions generally come with different whole of life operating and maintenance costs. When these are taken into account the most cost-effective whole of life option may not be the option with the lowest initial capital cost.

Transactional costs are not insignificant for both the Council and suppliers. This can be particularly true for smaller scale contracts. The costs for Council to prepare documents, advertise, evaluate tenders, and award contracts can be nearly as much for a small contract as for one of substantial value. At the same time, costs for suppliers to prepare bids and submit tenders can also be substantial. If there are several tenderers bidding for a contract of say, less than \$30,000 in value, it is not inconceivable for the total costs of Council and the bidders will be more than the contract value. Transactional costs should be considered when choosing the procurement process methodology.

Council is one of the largest entities within the community and has influence on the health and well-being of its citizens. This includes influence and impact on the local supply chain. Protecting the local supply chain may increase the direct cost to Council and subsequently its ratepayers but the overall benefits to the local community of doing so

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may mean that the additional cost is still value for money. For this reason, the value for money consideration should take into account the marginal costs of sustaining the local supply chain and any resulting long-term consequences for the community, both directly and indirectly. This also applies to the next policy statement.

- Options for achieving value for money include:
- collaboration with other councils and/or purchasers
 - selecting an alternative delivery model
 - scoping the works differently
 - bundling the contract items differently

2.4 The Local Supply Chain

2.4.1 Policy statement

Where practicable, procurement processes are to consider the sustainable development of the local supply chain.

2.4.2 Considerations and reasons

It is difficult for communities the size of Wairoa to provide learning and development opportunities larger centres can offer. This often means youth do not have the opportunity to upskill locally and consequently move to larger centres for training. It can also mean local businesses struggle to gain, train, and retain a skilled workforce. This in turn makes it challenging for local businesses secure specialised Council work.

- Council can adopt methodologies, or processes or include contract conditions that will help develop the local supply workforce. Examples are;
- specifying a requirement to employ and train local residents in large contracts,
 - identifying and nominating a local supplier as a subcontractor for a component of work
 - investing in additional supervision and direction for works of a modest scale

The second to last paragraph in 2.4.22-3.2 above also applies to this policy statement.

2.4.3 Broader Outcomes

- Wairoa District Council makes a commitment to the delivery of the “Broader Outcomes” principles outlined in the Government Procurement Rules 4th edition, and this commitment has been included within the Procurement Policy and Strategy. Specifically, this commitment will aim to:
- Encourage suppliers to meet the Social, Cultural, Economic and Environmental objectives of the Broader Outcomes through the inclusion of appropriate non-price attribute questions in the tender documents. This inclusion will be subject to the scope

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- and scale of the work required. The tender responses will be weighted and scored to reward those tenderers who recognise and can deliver these outcomes.
- Provide a scale and continuity of work within the district that will make it financially viable for at least two Tier 1 (large national) or Tier 2 (large regional) contractors to remain established within the region.
 - Utilise the existing local contractors to expedite the competitive pricing and construction timeframes for work packages within the district, but without disadvantaging the wider supplier market or eroding any aspects of the Public Value elements.
 - Regularly monitor and report the benefits of utilising local contracting resources, the efficiency of the procurement process, contractor performance, value for money outcomes and further opportunities for improvement.
 - Engage with the contracting industry through Early Contractor Involvement (ECI) in the project cycle and seek feedback around design options.
 - Continue to build trust and confidence between the parties through regular communication, continuity of experienced personnel and excellent project/contract management practices.

Of all the broader outcomes, there is a large focus on the importance of Social benefits that suppliers give back to the Wairoa District communities. i.e sponsorship, employment etc.

Depending on the size and scale of the work required, Council officers will set appropriate broader outcome non-price attributes up to the one third ideally. i.e 33% weighting on broader outcomes, 33% weighting on relevant skills/relevant experience/methodology etc. and 33% weighting on price.

These weightings will be determined contract by contract, and presented to the Tender Evaluation Panel (along with the Broader Outcome specific criteria) prior to the tender/contract being released.

2.5 Management of Risk

2.5.1 Policy statement

Risk is to be managed by adopting procedures pertinent to the complexity and scale of work involved, and more specifically:

- Implementing procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.

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- **Developing and implementing risk management plans for high risk procurements.**

2.5.2 Considerations and reasons

Transfer of risk to suppliers can result in significant, and often unnecessary, cost increases. The OAG guidelines note

Public entities need to identify risks in or around the funding arrangement and to consider how to manage those risks. This should not be seen as encouragement to be overly risk averse. The key is to get the right balance between risk and expected benefit, and to do so consciously.

The OAG guidelines further note

A public entity should be aware of the risk of developing an overly rigid or prescriptive procurement policy that effectively fetters its discretion. When developing procurement policies and specific tender or proposal documentation, entities need to be aware of the risks of limiting their ability to exercise discretion. The risks may be greater when the public entity is performing a statutory function in procuring goods or services.

Council manages contracts of various sizes. Some of the larger contracts, such as the road maintenance contracts, have multiple repeatable tasks of relatively low value and modest consequences in the event of failure. Provided this is the case and procedures are in place to address any causes of failure, these contracts can be considered to be of high value and low risk. This can be contrasted with smaller contracts of much lower total value requiring specialist installation unfamiliar to Council staff with severe consequences if carried out incorrectly. Examples of this would be sophisticated water treatment equipment and technologies, or commissioning and implementing a new information or accounting system.

Figure 2 of paragraph 3.12 in the OAG guidelines shows *how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category.*

Figure 2: Analysing type of procurement to identify procurement method

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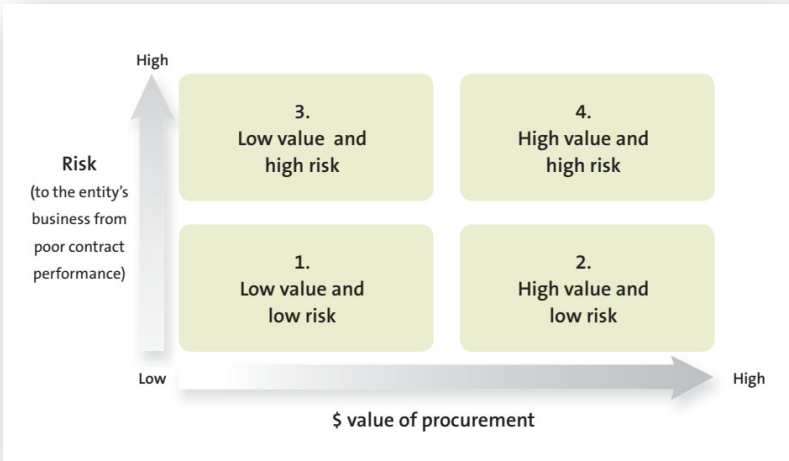
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This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured, and the guidelines provide additional details on the categories.

This policy recognises that standard contract conditions along with fit for purpose tendering and contract management procedures, when properly applied, are useful mechanisms for mitigating risk associated with much of the goods and services the Council is procuring. For this reason, the policy limits the requirements for developing and implementing contract specific risk management plans to high risk procurements only.

2.6 Management of Risk – trials and innovation

2.6.1 Policy statement

Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community.

2.6.2 Considerations and reasons

Council recognises that from time to time trialling of new products, technologies, concepts and techniques may ultimately lead to benefits for the community either immediately or long-term. Council supports the trial of new technologies as a potential procurement outcome, and accepts there is a higher degree of risk to Council in these situations.

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outcomes beyond the enhancements that would be delivered by the project or service alone. Where possible Council will leverage off procurement processes to help achieve broader strategic goals and have a strategic and linked up approach to how services are delivered and support the community’s social, cultural, environmental, and economic wellbeing.

2.10 Implementation

2.10.1 Policy statement

The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place.

2.10.2 Considerations and reasons

As the sole employee directly appointed by Council, the Chief Executive is responsible for ensuring Council policies are implemented.

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3 Procurement Objectives

The table below outlines Council's procurement objectives and the relevant policy provisions. The Procurement Strategy develops the approaches to be taken for delivering the objectives

PROCUREMENT OBJECTIVE	RELEVANT POLICY PROVISIONS	Formatted Table
To select the right supplier who can deliver what is needed, at a fair price and on time.	<ul style="list-style-type: none"> • OAG Principles and Guidelines • Value for Money • Management of Risk • Community outcomes 	Formatted: Indent: Left: 1.27 cm Formatted: Font: Source Sans Pro
To deliver best value for money over the whole life of the goods, service or asset	<ul style="list-style-type: none"> • Value for Money • The Local Supply Chain • Reporting 	Formatted: Font: Source Sans Pro
To promote efficient purchasing practices and their continuous improvement	<ul style="list-style-type: none"> • Reporting • Management of Risk • Implementation 	Formatted: Font: Source Sans Pro
To appropriately manage risk in relation to purchasing of goods and services	<ul style="list-style-type: none"> • OAG Principles and Guidelines • Management of Risk • Management of Risk – trials and innovation 	Formatted: Font: Source Sans Pro
To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers	<ul style="list-style-type: none"> • OAG Principles and Guidelines • Probity • Transparency and Confidentiality 	Formatted: Font: Source Sans Pro
To ensure that all decisions are robust and defensible	<ul style="list-style-type: none"> • Probity • OAG Principles and Guidelines • Reporting • Management of Risk • Implementation 	Formatted: Font: Source Sans Pro
To ensure adequate probity – integrity and honesty	<ul style="list-style-type: none"> • OAG Principles and Guidelines • Probity 	Formatted: Font: Source Sans Pro
To contribute to the achievement of community outcomes	<ul style="list-style-type: none"> • Community outcomes • The Local Supply Chain • Value for Money 	Formatted: Font: Source Sans Pro
To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy, and Manuals	<ul style="list-style-type: none"> • Implementation • OAG Principles and Guidelines • Probity • Reporting 	Formatted: Font: Source Sans Pro



PROCUREMENT POLICY 2023

PROCUREMENT OBJECTIVE	RELEVANT POLICY PROVISIONS
To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities	<ul style="list-style-type: none">• Implementation• OAG Principles and Guidelines• Reporting• Probity

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Wairoa District Council



PROCUREMENT STRATEGY
2023²
WAIROA DISTRICT COUNCIL

[January November 20232](#)



PROCUREMENT STRATEGY 2023³²

WAIROA DISTRICT COUNCIL
PROCUREMENT STRATEGY 2023³²

Prepared By -----
Rowan Kyle
WSP

Approved By

(Wairoa District Council)

Date: ~~January 2023~~ Nov 2022



PROCUREMENT STRATEGY 2023

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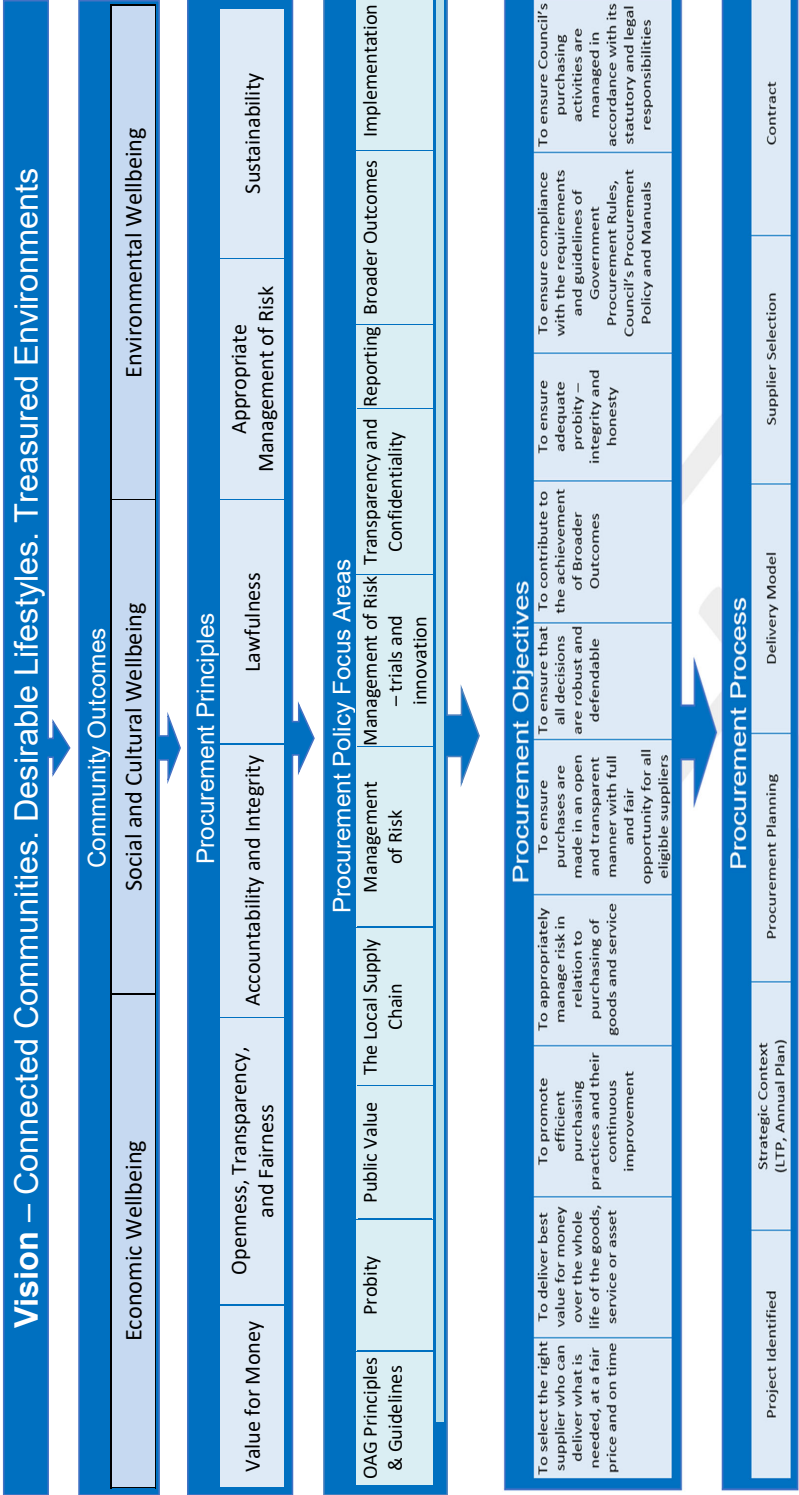
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PROCUREMENT STRATEGY 2023-24

PROCUREMENT SUMMARY



PROCUREMENT STRATEGY 2023²

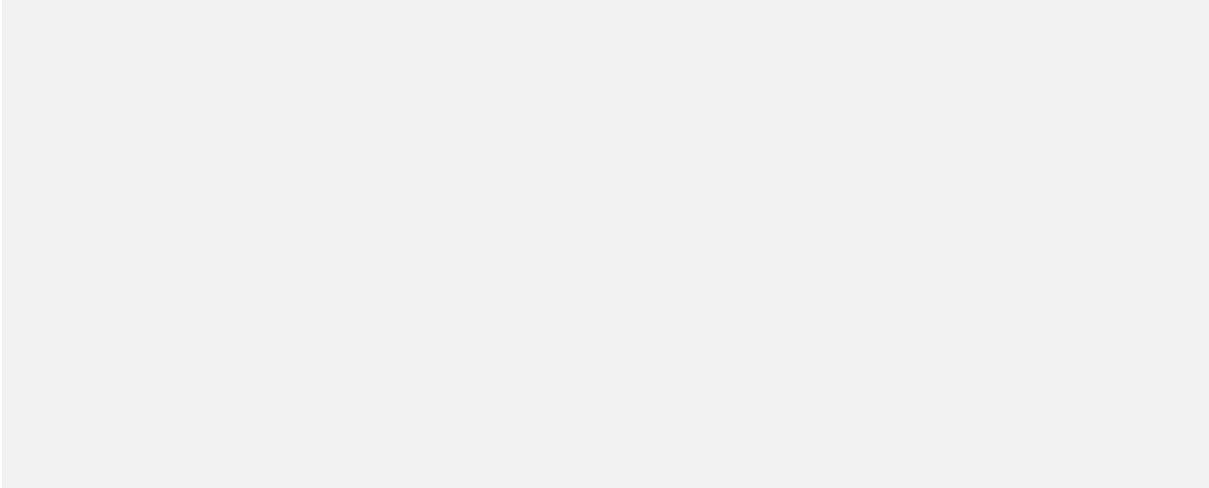
COUNCIL DOCUMENTS RELATING TO THIS PROCUREMENT STRATEGY


The following table summarises the relationship between this strategy and other documents relating to procurement.

Document	Purpose	Status at March/January 2023/2023
Procurement Policy 2020	To state the requirements and expectations of procurement carried out by the Council	In Place
Financial Delegations Policy	To support safe, efficient, and cost-effective procurement and payment of goods and services.	In place. To be reviewed as other documents are developed.
Procurement Strategy 2022/2023 (this document)	To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.	Procurement Strategy (2020) is in place and will be superseded by this 2022/2023 Strategy.
Progressive Procurement Supplier Guide	This guide has been prepared by Hastings District Council in collaboration with Napier City Council, Central Hawkes Bay District Council, Wairoa District Council, and Hawkes Bay Regional Council. The guide sets out what may be required from the market when tendering for work, with a specific focus on Social, Cultural, Economic and Environmental Wellbeing.	In place and available on the Council website. https://www.wairoadc.govt.nz/assets/Document-Library/Progressive-Procurement/4600920-ProgressiveProcurementSupplierGuide.pdf
Tendering Process and Contract Management Manual	To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts. The intent is to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts.	Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. <u>Under development.</u>
Contract Template	To facilitate consistent and efficient generation of contract documents.	Has been developed and being used
Risk Management Policy	To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.	In place

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PROCUREMENT STRATEGY 2023 ²		
		
Document	Purpose	Status at March January 2023 ²
Protected Disclosures Policy	To set out the means by which Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000	In place
Fraud Policy	To facilitate the development of controls that will aid in the detection and prevention of fraud	In place
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1. OVERVIEW

1.1 PURPOSE

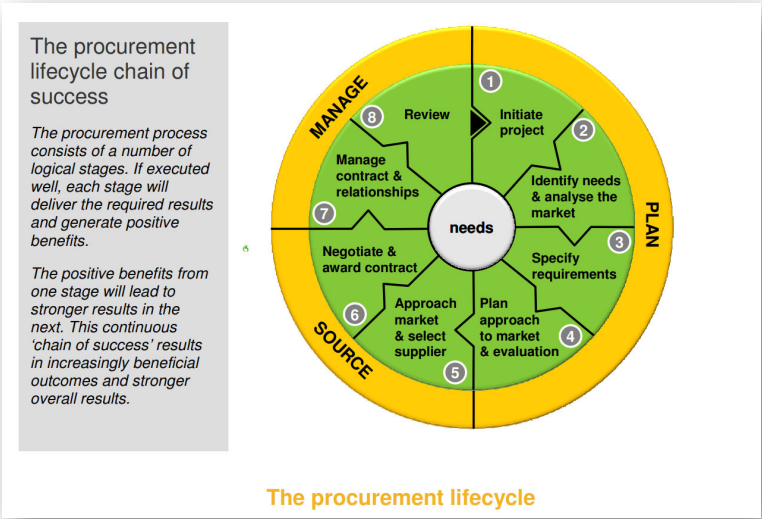
The purpose of this document is to outline the strategies staff are to adopt in implementing Council’s Procurement Policy.

1.2 INTRODUCTION

Procurement is ‘the act of obtaining or buying goods or services or works from an external source’¹, often via a tendering or competitive bidding process. The term ‘procurement’ covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset.

In June 2019 Central Government through MBIE published the 4th Edition of the Government Procurement Rules² as a standard of good practice for strategic procurement’ noting it is a guide for government agencies.

Central government has identified a procurement lifecycle chain of success³ and Local Government New Zealand (LGNZ) in collaboration with Waka Kotahi - New Zealand Transport Agency (NZTA). The Road Efficiency Group (REG) are progressively introducing the concepts into the transportation sector to further enhance the level of procurement guidance and successful outcomes.



As they have become available, the concepts embodied within these documents have been incorporated into Wairoa District Council’s approach to procurement.

¹ As outlined by the Office of the Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency’s Procurement Manual

² Government Procurement Rules – 4th Edition Published June 2019

³ ‘Mastering procurement – A structured approach to strategic procurement’ First Published March 2011, Government Procurement Solutions - Ministry of Economic Development



1.3 EXTENT OF STRATEGY

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

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

In 2020 a Procurement Strategy applicable to all the organisation’s operations was developed and adopted by Council. Due to the bulk of the procurement occurring in the ongoing management and maintenance of infrastructural assets, the 2020 strategy primarily focussed on the infrastructure activities, which include:

Core Activities

- 1. Transportation (a focus of this Strategy to comply with Waka Kotahi requirements)
- 2. Three Waters Services (water supply, wastewater, and stormwater)
- 3. Waste Management

Non-Core Infrastructure Activities

- 4. Property including
 - Parks and Reserves
 - Airport
 - Cemeteries
 - Buildings

This 2022/2023 revision continues to build on the 2020 Strategy and seeks to be more applicable across the whole council. It has also been expanded around the inclusion of the “Broader Outcomes” as defined in the Government Procurement Rules. To give effect to these outcomes, a region wide Progressive Procurement Supplier Guide has been jointly developed by Wairoa District Council, Napier City Council, Hastings District Council, Central Hawkes Bay District Council and Hawkes Bay Regional Council.

Following a Council Extraordinary Meeting held on 4th October 2022, guidelines for the inclusion of RFX questions specific to Wairoa District Council were adopted. These have been included as **Appendix A** to this strategy. WDC, along with some of other the above Councils listed above, have developed specific **Progressive Procurement Toolkits** that have embodied these elements, along with guidelines for tender response evaluation criteria, the development of KPI’s and measurement of outcomes.

~~Nevertheless,~~ Due to scale and volume of work, the more complex processes in this strategy will generally continue to apply mainly to larger procurements involving infrastructural assets.

1.4 UPDATES SINCE THE 2020 STRATEGY

Council has now developed a Procurement Policy which includes a core suite of policies stating Council’s requirements for procurement.

Where appropriate this updated strategy has been further aligned with requirements of the Government Procurement Rules, specifically the recognition and delivery of defined Broader Outcomes as required under Rule 16. As a local government agency, Wairoa District Council (WDC) is defined as being part of the Public Sector, and therefore compliance with the Government Rules is “Encouraged” under Rule 5.

The joint development and adoption of the Progressive Procurement Supplier Guide and Toolkit outlines the requirements of the Broader Outcomes components of the Government Procurement Rules. This Guide provides a set of questions that can be used by Council in seeking Tenderer responses on their methodology for meeting Social, Cultural, Economic and Environmental Wellbeing. Rules 6, 7 and 8 should be considered when preparing tenders and defining value thresholds that may require the inclusion of these components.

The Road Efficiency Group, formed by Local Government New Zealand (LGNZ) and Waka Kotahi, continues to develop ongoing processes to improve the delivery of road transportation services such as the One Network Framework and supporting tools for data management. A number of these tools are related to procurement and have been referred to when appropriate.



With climate change driven weather events increasing in frequency and severity, Wairoa district may need to respond to a greater number of emergency events such as intense rainfall, flooding, and land movement in the future. While the general rules around the procurement of Emergency Works responses and repairs remain unchanged, this version has included a strategy for a greater utilisation of local resources with the objective of minimising the time to service level reinstatement, where this outcome is paramount to the well-being of the local community.

To facilitate a quicker response and increase procurement efficiently, this strategy has included a relaxation to the threshold values for Direct Appointment and Close Contest tendering. This will provide greater flexibility to Council in utilising existing local contracting resources to undertake these works. The adoption of such approaches however must still be justifiable in terms of Public Value and value for money outcomes.

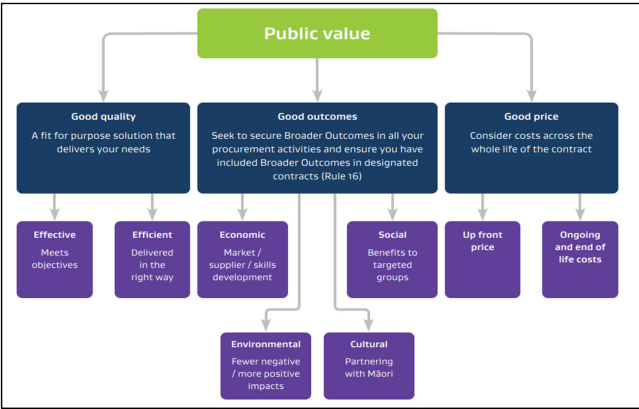
1.5 PUBLIC VALUE

Previous strategies have focused on a whole-of-life approach implementing good asset management, including optimised lifecycle managementmanagement, and modelling, as being key to successful procurement and delivery of services.

The key drivers of this approach are regarded as:

- The development of an effective forward work plan for asset maintenance and renewal
- Appropriate, efficient, and compliant supplier selection procedures
- Maintaining capacity and competitiveness in the local market including sustaining the local supply chain
- Successful delivery of works and services (the right outcome on time and within budget)

However, the Government Procurement Rules requires agencies to also identify and include the concept of Public Value. This requires agencies to take into consideration a wider range of factors in their Procurement Strategy. This broader approach commits Council to seek social and environmentally sustainable options and not necessarily the lowest cost ones. The factors contributing to Public Value are outlined in the following diagram taken from the Government Procurement Rules document.



1.6 ENDORSEMENT & REVIEW

Responsibility for the Strategy and its currency primarily lies with the Group Manager: Community Assets and Services, who is also responsible for the continuity of subsidised transport funding.

Reviews and Waka Kotahi endorsement of the procurement strategy is a requirement for continued funding.

As such, this Strategy will be reviewed on a triennial basis.

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As part of this overall review of procurement processes, Council’s Tender Evaluation procedures are also being updated.

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2. STRATEGIC GOALS AND COMMUNITY OUTCOMES

WDC acknowledges the significant role of its activities in the achievement of Community Outcomes. To support this, each activity has a Strategic Goal or “*Why we do it*”; this is an important component in the procurement framework.

Meeting the activity goals is dependent on appropriate and effective procurement processes.

The table below illustrates how each activity contributes to the adopted Community Outcomes and shows the strategic goal for each activity.

ACTIVITY GROUP	ACTIVITY	ACTIVITY GOAL
Water Services ⁴	Water Supply	To comply with the New Zealand Drinking Water Standards, 2005 (Revised 2018) and the NZ Health Drinking Water Act. Comply with current Water Safety Plans and the management of drinking water infrastructure.
	Stormwater	Effective and efficient management of the collection and disposal of stormwater to ensure that the capacity of available facilities is optimised, and that the environment is not compromised.
	Wastewater	Reliable and safe collection and disposal of sewage.
Waste Management		Reliable and safe collection and disposal of waste including increased recycling and waste minimisation wherever possible.
Transport	Land Transport	Provision of a safe and affordable land transport network that contributes to the outcomes of the Land Transport Management Act and the objectives of the Regional Land Transport Strategy.
	Airport	To provide a safe and cost-effective facility to meet current needs.
Community Facilities	Cemeteries	Reliable and safe management and operation of public cemeteries.
	Buildings	Reliable and safe management and operation of Council’s public buildings.
	Library	To promote the library to the wider community as a centre for information, ideas and works of the imagination.
	Parks & Reserves	Continued access to and sustainable management of parks & reserves.
Regulatory & Planning	Resource Planning	To ensure that relevant legislation, regulations, and bylaws are monitored and enforced such that Council meets its requirements.
	Environmental Health	To ensure that relevant legislation, regulations, and bylaws are implemented such that Council meets its requirements and statutory obligations.
	Building Control	To provide an acceptable standard of building development within the district through the positive application of the Building Act 2004 and Act processes.
	Bylaw compliance	To ensure that relevant legislation, regulations, and bylaws are monitored and enforced such that Council meets its requirements.
Corporate Activities	Financial Services	To provide certainty of sustainable funding for Council’s ongoing operations.
	Information Technology	To enhance service delivery and improve efficiency through prudent and productive ICT investment.
	Corporate Support Services	To provide support to Council’s various corporate structures, assist with ensuring compliance with bylaws and regulations.

⁴ May be subject to the implementation of the Government’s Three Waters Legislation.



3. PROCUREMENT POLICY

Council has developed a Procurement Policy, which states the requirements and expectations of procurement carried out by the Council. The objective of the Policy is to enhance Council's professional integrity, accountability, and probity across all its activities.

3.1 PROCUREMENT POLICY PROVISIONS

1. OAG Principles and Guidelines

Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General.

2. Probity

Procurement is to be conducted with probity.

3. Public Value

The procurement process, where practicable, is to seek to deliver Public Value through

- Good Quality – Fit for Purpose Solutions
- Good Outcomes – Inclusive of Economic, Social, Environmental and Cultural requirements of Communities
- Good Price – Competitive sustainable supply chain with minimised transactional costs for suppliers and Council.

4. The Local Supply Chain Management

Where practicable, procurement processes are to consider the sustainable development of the local supply chain.

5. Management of Risk

Risk is to be managed by adopting procedures pertinent to the complexity and scale of the required ~~works,~~ ~~and~~ ~~works, and~~ more specifically:

- Implementing procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.
- Developing and implementing risk management plans for high-risk procurements.

6. Management of Risk – trials and innovation

Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community.

7. Transparency and Confidentiality

Procurement processes are to be transparent where feasible, with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders. The only exception to this is where sensitive commercial information would be compromised by doing so.

8. Reporting

The status of procurement within the district is to be routinely reported to the Finance, Audit & Risk Committee.

9. Implementation

The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place.



3.2 PROCUREMENT OBJECTIVES

The table below outlines Council's procurement objectives and how these can be achieved:

PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To select the right supplier who can deliver what is needed, at a fair price and on time.	OAG Principles and Guidelines Public Value Management of Risk Community outcomes	Understand the community needs and their desired outcomes. Understand the market environment and potential suppliers Develop accurate scope, specification, and schedule (including review) Evaluate options for the most appropriate form of delivery Tender documents to be clear and concise with tender evaluation criteria included Ensure the sustainability of a healthy local supplier market that maximises the number of capable and experienced tenderers. Utilise existing local suppliers for the pricing of Emergency Works, including the use of Closed Contest where appropriate, to minimise the time for urgent repairs.
To deliver best value for money over the whole life of the goods, service, or asset	Public Value The Local Supply Chain Management Reporting	Understand whole-of-life costs of the goods / asset. Promoting longer construction periods for maintenance contracts to encourage establishment and development of the local supply chain Balancing the bundling of work to suit local procurement environment and geographic area. Identify areas where levels of service are not being met and propose solutions Contract performance reviews and reporting
To promote efficient purchasing practices and their continuous improvement	Reporting Broader Outcomes Management of Risk Implementation	Regular audits / reviews including Tri-annual review of Procurement Strategy. Staff training on the full procurement process Staff sharing and learning from successes and failures Follow industry best-practice and keep up with the play with ongoing development (e.g., REG programme) Seek feedback from suppliers Collaborative / joint procurement with other territorial authorities and agencies including the use of the Progressive Procurement Supplier Guidelines in tender documents.
To appropriately manage risk in relation to purchasing of goods and services	OAG Principles and Guidelines Management of Risk Management of Risk – trials and innovation	Identify and understand procurement risks, including the risks associated with delivering the service, and how to manage them Establish a risk matrix and determine the appropriate mechanism for managing the risk Determine the appropriate criteria and expertise for the type of services to be procured. For example, high risk and/or complex construction requiring specialised professional design services.

PROCUREMENT STRATEGY 2023²

PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers	OAG Principles and Guidelines Probity Transparency and Confidentiality	<p>Ensure appropriate tender / procurement procedures are implemented in accordance with Council's Procurement Strategy with all decisions documented.</p> <p>Except for urgent Emergency repairs, Works <u>valued up to \$200,000 (inclusive) may be procured through direct appointment.</u></p> <p><u>Works valued between \$200,001 to \$500,000 (inclusive) may be procured through closed contest, with a minimum of two, but preferably three invited tenderers.</u></p> <p><u>Works valued above \$500,000 are to be procured through an open contest tender process, unless an alternative approach can be justified and approved.</u></p> <p>Compliance with the procedures within the Waka Kotahi Procurement Manual for all subsidised roading works.</p> <p><u>On a case-by-case basis, approval from Waka Kotahi may be sought for a relaxation of the Procurement Manual threshold values where this can be justified on the basis of procurement efficiency, time saving and better value for money outcomes.</u></p> <p><u>Establish appropriate thresholds for selection methods</u></p>
To ensure that all decisions are robust and defensible	Probity OAG Principles and Guidelines	<p>Procurement strategy and tender procedures to be followed</p> <p>Staff training on the full procurement process</p> <p>All decisions documented</p>
To ensure adequate probity – integrity and honesty	Reporting Management of Risk Implementation	<p>Latest Waka Kotahi Procurement Manual to be complied with for all their funded works. Written approval must be sought for any departure from the rules.</p> <p>For Waka Kotahi funded projects or contracts deemed to be high value and/or medium to high risk, the Tender Evaluation Team (TET) must include a certified tender evaluator.</p>
To contribute to the achievement of community outcomes	Broader Outcomes The Local Supply Chain management	<p>Consider Community outcomes and related activity goals in the development of any scope of works, goods, or services to be procured</p> <p>Leverage off procurement processes to help achieve broader strategic goals and contribute to economic, environmental, social, and cultural community outcomes</p> <p>Bundle or unbundle work as appropriate to ensure a good mix of suppliers, including developing and sustaining the local supply chain without compromising effectiveness</p>



PROCUREMENT STRATEGY 20232

PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals, and Government Procurement Rules	Implementation OAG Principles and Guidelines Probity Reporting	Ongoing staff training Regular review of procurement practices including seeking feedback on procurement procedures from suppliers and stakeholders Use of the example supplier responses provided in the Progressive Procurement Supplier Guide and other sources where appropriate Use REG Procurement Strategy assessment and Waka Kotahi audits to develop and maintain procurement delivery at an appropriate level
To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities	Implementation OAG Principles and Guidelines Reporting Probity	Continuous review of legal and regulatory requirements Staff Training Compliance with regulations and standards such as Government Procurement Rules, Waka Kotahi Procurement Manual Manual, and funding application requirements.



4. LEGISLATION & REGULATORY REQUIREMENTS

4.1 GENERAL

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

- Local Government Act 2002
- Official Information Act 1982
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Fair Trading Act 1986
- Health and Safety at Work Act 2015
- Land Transport Management Act 2003.

Council has public law obligations that could apply to aspects of a procurement process. Council's fundamental public law obligation is always to act fairly and reasonably, and in keeping with the law.

It is also good practice to consider guidance such as OAG procurement guidelines for public entities and the Government Procurement Rules.

4.2 LOCAL GOVERNMENT ACT 2002 (LGA)

The purchase of goods or services must be consistent with the principles of the LGA. Under s14 and ss77-81 of the LGA, local authorities are required to:

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

4.3 WAKA KOTAHI FUNDED TRANSPORT ACTIVITIES

4.3.1 Land Transport Management Act 2003

A Procurement Strategy is required by Waka Kotahi for funded land transport activities as part of meeting the requirements of Section 25 of Land Transport Management Act 2003 (LTMA).

Section 25: Procurement Procedures:

- (1) the Agency must approve 1 or more procurement procedures that are designed to obtain the best value for money spent by the Agency and approved organisations, having regard to the purpose of this Act.
- (2) In approving a procurement procedure, the Agency must also have regard to the desirability of—
 - a. Enabling persons to compete fairly for the right to supply outputs required for approved activities, if 2 or more persons are willing and able to provide those outputs; and
 - b. Encouraging competitive and efficient markets for the supply of outputs required for approved activities.
- (3) Every approved procurement procedure must specify how procurement is to be carried out (which may differ for different kinds of procurement)

The purpose of the LTMA, under Section 3 is 'to contribute to an effective, efficient, and safe land transport system in the public interest'

Waka Kotahi requires that Council have a procurement strategy that documents Council's long-term integrated approach to the procurement of transport sector activities funded under Section 20 of the LTMA.



4.3.2 Waka Kotahi Procurement Manual

Chapter 4 of the Waka Kotahi procurement Manual 'Strategic Approach to Procurement' states the following:

- A procurement strategy documents an approved organisation's long-term integrated approach to the procurement of transport sector procurement activities funded under s20 of the LTMA
- The planning for all procurement activities should involve a process of identifying and understanding the objectives of the activity, the relevant supplier market, the associated risks and the nature and quality of the goods and services to be purchased. This understanding must then be documented in a strategy
- A procurement strategy will explain an approved organisation's approach to the purchase of goods and services to ~~suppliers, Waka~~suppliers, Waka KotahiKotahi, and other stakeholders.

This procurement strategy is designed to link WDC strategic goals and objectives with the procurement context of the LTMA, specifically value for money, fairness, competition, and efficiency.

4.4 REG DEVELOPMENTS

LGNZ and Waka Kotahi have formed a sector wide group, REG, to implement the recommendations of the 2011 Road Maintenance Task Force. One key aim of previous REG development programmes has been to improve procurement practice across the sector. A Procurement Strategy Assessment tool has been developed which enables Council to assess the content of this strategy and identify ongoing areas for improvement.

4.5 GOVERNMENT PROCUREMENT RULES - 2019

The New Zealand Government ~~has published~~has published a document 'Government Rules of Sourcing - Rules for Planning your Procurement, Approaching the Market and Contracting'. This document is relevant to Council's operations.

The associated document "Government Procurement Rules" details actions that are mandatory for central government agencies. These agencies are required to have policies in place that incorporate the five principles of government procurement. These principles are:

1. Plan and manage for great results
2. Be fair to all suppliers
3. Get the right supplier
4. Get the best deal for everyone
5. Play by the rules

While the rules are not mandatory for local government, the principles are still applicable and the document notes: *Wider State Sector and Public Sector agencies are encouraged to have regard to the Rules as good practice guidance.*

The full document can be downloaded from the following link:

<https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>

Rules 6, and 7 set out the Value Threshold for Goods, Services, Refurbishment, and New Construction Works that require the Agency to apply the rules. Council shall review the need for compliance with the rules on a case-by-case basis based upon the contract value.

4.6 OFFICE OF THE AUDITOR GENERAL - PROCUREMENT GUIDANCE FOR PUBLIC ENTITIES: GOOD PRACTICE GUIDE

Published in 2008, the guidelines outline 'good practice that public entities should use to procure goods or services'.

This includes the development of Procurement Strategies as well as various procurement processes and has contributed to the development of Wairoa District Council's Procurement Policy.



5. PROCUREMENT ENVIRONMENT

5.1 PHYSICAL ENVIRONMENT

Wairoa's remote geographic location impacts on our procurement environment. To attract non-resident contractors, consultants, and other suppliers to tender for work where appropriate, smart packages must be developed that optimise the quantum and the type of work that best align with marketplace capabilities and establishment economies.

5.2 MARKET ENVIRONMENT

5.2.1 Local Supply Chain

It is difficult for communities the size of Wairoa to provide learning and development opportunities larger centres can offer. The limited availability of local post-secondary school training and education opportunities means that a high proportion of youth that have successfully qualified at secondary school leave the district to develop their careers. It can also mean local businesses struggle to gain, train, and retain a skilled workforce. Council, as steward of the community's infrastructural assets and responsible for local community governance and compliance, is involved in some of the more significant investments that occur within the district. In this regard Council's approach to procurement can directly and indirectly impact on the development and sustainability of the local supply chain, particularly with respect to professional and technical services.

Wairoa District Council makes a commitment to the delivery of the "Broader Outcomes" principles outlined in the Government Procurement Rules 4th edition, and this commitment has been included within this strategy. Specifically, this commitment will aim to:

- Encourage suppliers to meet the Social, Cultural, Economic and Environmental objectives of the Broader Outcomes through the inclusion of appropriate non-price attribute questions in the tender documents. This inclusion will be subject to the scope and scale of the work required. The tender responses will be weighted and scored to reward those tenderers who recognise and can deliver these outcomes.
- Provide a scale and continuity of work within the district that will make it financially viable for at least two Tier 1 (large national) or Tier 2 (large regional) contractors to remain established within the region.
- Utilise the existing local contractors to expedite the competitive pricing and construction timeframes for work packages within the district, but without disadvantaging the wider supplier market or eroding any aspects of the Public Value elements.
- Regularly monitor and report the benefits of utilising local contracting resources, the efficiency of the procurement process, contractor performance, value for money outcomes and further opportunities for improvement.
- Engage with the contracting industry through Early Contractor Involvement (ECI) in the project cycle and seek feedback around design options.
- Continue to build trust and confidence between the parties through regular communication, continuity of experienced personnel and excellent project/contract management practices.

5.2.2 Physical Works Providers

Wairoa District Council is served by a range of competent suppliers. Some of the large national organisations have bases in Hawke's Bay and Gisborne, and there are various smaller companies based in the district.

Council's geographic location can be an impediment to outside contractors. Nevertheless, Council has managed to maintain a competitive market for most of its general civil works with a range of local contractors capable of supplying most of the range of services needed. Efforts to nurture this marketplace include unbundling work packages, maintaining a regular workflow by softening out peaks where possible i.e., weather dependant work not conflicting with civil works, and communicating workflow annually with adequate notice. Despite these efforts to nurture the market Council has at times failed to secure competitive bids on key contracts, for example the Waste Management, and Unsealed Roads Maintenance Contracts. Competition is also less evident in



specialised areas such as streetlight maintenance and road-marking. The limited number of potential suppliers willing to bid for contracts continues to require careful attention if value for money is to be consistently achieved.

It is desirable to proactively support the local supply chain and there are advantages to the Wairoa community if it can be sustained and further developed. This requires flexibility in Council's approach with special consideration given to mechanisms that foster involvement of locally based contractors. These mechanisms might include:

- A requirement for a permanent local presence
- A requirement for a percentage of local subcontractor involvement in larger contracts
- Establishing a development programme in which the Council works collaboratively with the local contractor providing additional supervision and guidance on specific projects and activities
- Using a framework/panel contractual arrangement that readily enables Council to select local suppliers for projects of an appropriate size and scale. However, the establishment of a framework/supply panel requires approval from Waka Kotahi for the delivery of subsidised land transport activities. Refer Procurement Manual, section 10.5 Procurement procedure advanced components.
- Strategically bundling or unbundling work packages to be attractive to local suppliers who have the capacity to undertake the works in an efficient way.
- Where appropriate and permitted under the procurement rules utilise the availability of the existing suppliers for pricing of works under a Closed Contest to expedite procurement and construction timeframes.
- Developing and strengthening relationships with locally based suppliers which will assist with capability, capacity, and sustainability of the supplier market. This might include, for example, encouraging training and skills development programmes, cadetships etc.
- Professional Services Providers:

The WDC Infrastructure Business Unit (IBU), formed in 2010, provides professional engineering and management services to transport based activities. Council's asset manager and area engineers are tasked with managing physical works contracts and collecting information regarding the cost to maintain Council's road and other infrastructure assets, to ensure that decision-making is optimised.

Where necessary the in-house team are complemented by a range of professional services providers. Design and planning inputs for construction projects are largely outsourced.

While there are likely to be advantages to the Wairoa community if there is some capacity in private professional consulting services available locally, it is difficult to envisage this being a reality soon. By establishing the IBU, Council has provided a local presence of professional services and has further opportunity to build the local skill set in this area by providing cadetships for school leavers should the demand arise.

5.2.3 Specialist Suppliers

Council is also reliant on various specialists such as information technology providers, where these more specialised areas extend beyond Council's skills and equipment.

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

5.2.4 Council Controlled Organisations

The Local Government Act 2002 defines CCOs as entities in which the Council has more than 50% shareholding, or the ability to appoint more than 50% of the directors.

Council believes that it is important to maintain expertise in construction, roading and maintenance work in the Wairoa district, and to reduce costs to the ratepayer by providing effective competition.

The benefits of maintaining existing CCO's, or establishing additional CCO's to meet specific needs, will be regularly reviewed.



Quality Roding and Services (Wairoa) Ltd

Quality Roding and Services (Wairoa) Ltd (QRS) is a Council Controlled Trading Organisation (CCTO), 100% owned by the Wairoa District Council since 1994.

QRS specialises in construction and maintenance of all types of civil construction, infrastructure and roading, and provides such services to Council through maintenance and capital works contracts.

In addition to Council’s road maintenance contracts, QRS also operates a unit that is responsible for some of the State Highway maintenance works. This external work has been beneficial to QRS as it has permitted additional skills and experience to be developed which are then available to Council for its local road network maintenance. Where appropriate other similar opportunities should continue to be explored where these will directly enhance the growth of skills and experience of the local employees.

QRS, as a CCO, is subject to the same procurement procedures as other organisations working in the district and Council needs to maintain rigorous adherence to Waka Kotahi guidelines to ensure these are not compromised.

5.2.5 Other Agencies / Sectors

Other agencies that impact on our markets include the level of work being carried out on the Waka Kotahi highways, Hastings District Council and Gisborne District Council. These agencies, along with local farming and forestry companies, provide a base load of work which complements the ability of local contractors to service the district’s infrastructure needs.

The ability to collaborate with other Territorial Local Authorities is especially relevant for the land transport activity on the borders of our unsealed network (e.g., Whakatane District Council on the S.H.38-S.P.R.38 route) and Waka Kotahi within our sealed road environment.

Council currently conducts joint procurement with the four other Hawke’s Bay Councils for some services like electricity, insurance, website hosting and development.



6. PROCUREMENT PRINCIPLES

Council has identified a list of 'procurement principles' which are in general accordance with those included in the 'OAG: Procurement Guidelines for Public Entities' and Council's Procurement Policy.

Principle		Council Will:
Public Value	<p>The key components of Public Value are regarded as:</p> <ul style="list-style-type: none"> Robust planning to identify an effective work plan and the delivery of Good Quality The delivery of Good Outcomes through meeting Community needs around Economic, Social, Environmental and Cultural needs. Appropriate and efficient supplier selection procedures to ensure a Good Price Maintaining capacity and competitiveness in the local market Successful delivery of works and services (on time and within budget) Monitor and regularly report on the outcomes from the current procurement strategy and opportunities for further improvement. 	<ul style="list-style-type: none"> Define appropriate and achievable Broader Outcomes that will meet the Economic, Social, Environmental and Cultural requirements of communities. Monitor and report achievements to assess continuous improvement in the provision of services Use resources effectively, economically and without waste Have due regard for total costs and benefits of a contract and contribution to the outcomes in the Long-Term Plan (LTP) and Annual Plan Select the best possible outcome for the total cost of ownership or whole-of-life cost (not necessarily lowest price). Engage with other departments, councils, and organisations where possible in order to leverage supply requirements Consider amounts involved, complexity and level of risk when determining the requirements for the procurement process
Sustainability	<p>Sustainability is a statutory or strategic requirement for councils. For example, the Local Government Act 2002 requires local authorities to take a sustainable development approach, by carefully considering the social, economic, environmental, and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment, and the needs of future generations.</p>	<ul style="list-style-type: none"> Minimise environmental footprint by purchasing goods and services with less harmful impacts on the environment whenever practicable; Consider economic, environmental, cultural, and social impacts over the life cycle of goods or services; Ensure resources are used efficiently and effectively to improve the overall quality of life of people in the local community. Use contract delivery models that have due regard to the sustainability of the marketplace Carefully consider the effect that sustaining the local supply chain can have on whole of community costs when considering the quantum and nature of work to be tendered Where appropriate consider setting a portion of work in large contracts to be subcontracted to local suppliers

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Principle		Council Will:
Openness, Transparency & Fairness	Gives confidence to suppliers and reduces probity risks.	<ul style="list-style-type: none"> Be impartial in decision-making –treating all suppliers equally and fairly Ensure suppliers have full and fair opportunity to compete and participate, including local suppliers Observe ethical standards, principles, and behaviour throughout the procurement process Provide responses to any mid-procurement process questions to all confirmed participants and in an equal, timely and transparent fashion Consider sub-contracting various pieces of work in big projects Provide clarity around assessment processes and procurement tools, such as tender evaluation matrices
Accountability and Integrity	<p>Every person involved with a contract will ensure the most favourable terms possible, with appropriate priority and balance being given to specified qualitative and other non-price and price attributes</p> <p>Projects shall not arbitrarily be separated into discrete parts so as to avoid the necessity for entering into a particular procurement process</p>	<ul style="list-style-type: none"> Be accountable for performance and be able to provide a complete and accurate account of the use of public funds; Assess and document effectiveness, efficiency, and value for money; Follow suitable governance and management processes, including adherence to good administrative practice, legislation, ethical requirements, and other policies Maintain appropriate records relating to procurement activities that allow for subsequent review of the decision-making process Be aware of requirements related to conflicts of interest - Identify, notify, and manage any conflicts of interest using sound judgement practice Apply confidentiality obligations throughout the entire procurement process and after the contract has terminated or expired. Meet regulatory standards
Lawfulness		<ul style="list-style-type: none"> Council will act within the law and meet its legal obligations
Appropriate Management of Risk	<p>Managing risk appropriately leads to better outcomes for all involved including less likelihood of:</p> <ul style="list-style-type: none"> The integrity of the assets, goods or services being compromised Financial loss and additional costs Public safety being compromised resulting in sickness, pandemic, injury, or death 	<ul style="list-style-type: none"> Adopt procedures pertinent to the complexity and scale of work involved Implement procurement approaches that allocate risk to the party most suited to managing it Accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community Develop and implement risk management plans for high-risk procurements



7. PROCUREMENT RISK

7.1 MANAGING RISK

Council's Risk Management Policy clearly defines Council's approach to risk and how it is to be managed.

As 'procurement' covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset⁵, all stages of the procurement process need to be assessed for risk and processes adopted that mitigate these risk as far as is practicable.

Council aims to get the right balance between risk and expected benefit – to be risk aware, not necessarily risk averse. Through its risk mitigation processes Council seeks to select and apply appropriate control measures, techniques, and management principles to reduce either the likelihood of an occurrence or its consequences or both. Risk can never be totally eliminated⁶. The intention is to minimise the likelihood of negative impacts and unwanted outcomes occurring as a result of wrong choices being made in the procurement process.

7.2 ASSESSING RISK

Council's Risk Management Policy provides guidance on assessing risk. The policy's appendices summarise the key elements.

APPENDIX 1: PROBABILITY/LIKELIHOOD LEVELS

1 Likely	<ul style="list-style-type: none"> The event will probably occur in most circumstances; or, Not quarterly but within 6 months. 70% chance of occurring in the next 12 months.
2 Moderate	<ul style="list-style-type: none"> The event will possibly occur at some time; or, Not within 6 months but at least annually. 50% chance of occurring in the next 12 months.
3 Rare	<ul style="list-style-type: none"> The event could occur at some time; or, Not annually but within 3 years. 20-30% chance of occurring in the next 12 months.
4 Very rare	<ul style="list-style-type: none"> The event may occur only in exceptional circumstances; or, Not every 3 years but at least every 10 years. 10-20% chance of occurring in the next 12 months.
5 Unanticipated	<ul style="list-style-type: none"> The event is not expected to occur; or, Not within 10 years. 2% chance of occurring in the next 12 months.

⁵ See para 1.2

⁶ Risk Management Policy (2017): page 2 – Risk mitigation definition.



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APPENDIX 2: CONSEQUENCE LEVELS

LEVEL	DESCRIPTOR	CATEGORIES						
		Health & Safety	Environmental Contamination	Statutory Obligations	Image & reputation	Loss of Service	Project Delay	Financial Loss
1	Insignificant	No injury or potential minor injury	No contamination	Internal query	Customer complaint	Unable to operate for less than 1 day	Less than 6 months	<\$5,000; Council <\$50,000 Community
2	Minor	Minor injury	On-site release immediately contained	Special Audit by outside agency or enquiry by Ombudsman	Negative community coverage	Unable to operate for 1 day – 3 days	Between 6 month and a year	<\$10,000; Council <\$100,000 Community
3	Moderate	Risk of injury (Some severe injuries or potential injuries (near miss))	On-site release contained with outside assistance	Litigation	Negative community and some regional coverage	Unable to operate for up to a fortnight	Between 1 – 3 years	<\$100,000 Council; <\$500,000 Community
4	Major	Actual injury or risk of serious injury (Significant illness or some deaths (up to 3))	Off-site release with significant detrimental effects	District or Environmental Court	Negative regional and some national media coverage	Unable to operate for up to 1 month	Between 3 – 5 years	<\$500,000 Council; <\$1,000,000 Community
5	Catastrophic	Serious injury and death (Wide-spread illness or several deaths (>3))	Toxic release off-site with major detrimental effect	High Court or Criminal Action	Sustained negative national media coverage	Unable to operate for > 1 month	More than 5 years	>\$1,000,000 Council; >\$5,000,000 Community

APPENDIX 3: COMPARATIVE LEVELS OF RISK

Comparative Levels of Risk		
E	Extreme Risk	Immediate action required to manage risk - reported to Council
H	High Risk	Senior management attention to manage risk - reported to FARC
M	Considerable Risk	Management responsibility must be specified, and risk controls reviewed
L	Low Risk	Managed by routine procedures



APPENDIX 4: of the risk management policy provides the following Risk Matrix

Probability/ Likelihood	Consequences				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likely	M	H	E	E	E
Moderate	M	H	H	E	E
Rare	L	M	H	E	E
Very Rare	L	L	M	H	E
Unanticipated	L	L	M	H	E

7.2.1 Financial Value and Financial Loss

The financial value of a procurement is not necessarily proportional to the potential financial loss. Furthermore, different levels of risk for financial loss may be present at different stages of the procurement process and the impact of these changes over time must be carefully considered at prescribed stages in the project programme.

7.2.2 Supplier Selection and Contract Management

The risks at the Supplier Selection phase of a project are likely to be different from the risks experienced during the contract management phase. Selection of the supplier may have a significant bearing on the level of risk likely to be experienced during delivery of the contract.

7.2.3 Managing the Contributing Factors to Negative Outcomes

The key negative outcomes relating to procurement processes that Council seeks to avoid are tabulated below

Negative Outcomes Council Seeks to Avoid	Procurement process potential contributors							
	poor practice	inadequate scoping	inappropriate contract format	inappropriate design	inappropriate supplier selection	inadequate delivery	inadequate implementation	poor contract management
1. Personal and/or collective harm (injury/death to individuals and/or several of the community)	✓	✓		✓		✓	✓	✓
2. Financial loss and/or compromising the value of the works and assets involved		✓	✓	✓	✓	✓	✓	✓
3. Compromised performance and/or integrity of the works and assets		✓	✓	✓	✓	✓	✓	✓

The above shows that most of the potential contributors to the three key negative outcomes Council wishes to avoid are common to all three. Some of the contributing factors are intertwined, for example;

- Scoping the work correctly and choosing the right supplier will reduce the risk of inappropriate design, and;
- Choosing the right supplier and managing the contract correctly will reduce the risk of inappropriate design and inadequate implementation.



This procurement strategy strongly encourages the building of trust and continuity between Council and its suppliers. However, there is always the risk of a trusting relationship evolving into one of complacency and declining performance overtime. To mitigate this risk, it is recommended that Council benchmarks both the financial and quality outcomes from long-term contracts on a regular basis. This could, for example, include seeking rates for some work elements from the wider market to determine current competitive prices.

7.2.4 Mitigating Procurement Process Risk

Council seeks to mitigate procurement risks by

- 1. Scoping the work correctly
- 2. Choosing the right contract format
- 3. Effective Supply Chain management including encouraging/sustaining a healthy supplier marketplace.
- 4. Selecting the right supplier
- 5. Managing the contract correctly
- 6. Monitoring and reporting on supplier performance
- 7. Incorporating lessons learnt into future contracts.

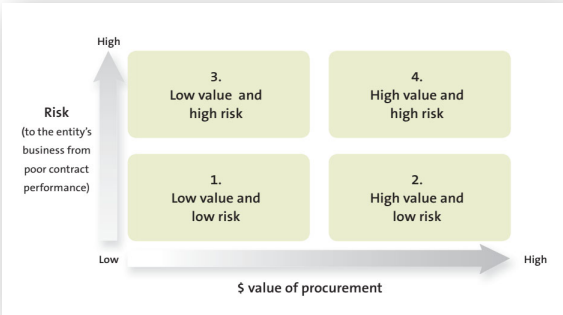
7.2.5 Assessing Project Risk

Council manages contracts of various sizes. Some of the larger ones such as the road maintenance contracts have multiple repeatable tasks of relatively low value, and the subsequent consequences in the event of failure would be modest compared to the value of the contract and total work being delivered. Provided procedures are in place to address any causes of failure, these contracts can be considered to be of high value and low risk. This can be contrasted with smaller contracts of much lower total value requiring specialist installation unfamiliar to Council staff and carrying severe consequences if carried out incorrectly. Examples of this would be sophisticated water treatment equipment and technologies, or commissioning and implementing a new information or accounting system.

Contracts are likely to have different risk profiles in the supplier selection phase from the contract management phase. Using the road maintenance contract as an example; the supplier selection phase can be considered to be high value and high risk but if the right supplier is selected, the contract management risk is more likely to be low value – medium risk. This is because the likely financial value of nonconforming items delivered under the contract, and the risks associated with these works, are small when compared to the total values and risks being considered under the selection process.

Figure 2 of paragraph 3.12 in the OAG guidelines shows *how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category.*

Figure 2: Analysing type of procurement to identify procurement method





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This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured, and the guidelines provide additional details on the categories.

Council's Procurement Policy recognises that when properly applied; standard contract conditions in conjunction with fit for purpose tendering and contract management procedures, are useful mechanisms for mitigating risk associated with much of the goods and services the Council procures. For this reason, the policy limits the requirements for developing and implementing contract specific risk management plans to high-risk procurements only.

The OAG Procurement Guide in para 3.13 on page 29 introduces the Queensland Government Department of Public Works' Better Purchasing Guide Developing "Agency Purchasing Procedures" (which can be found on its website at www.qgm.qld.gov.au). Figure 3 shows how the four-quadrant analysis can be developed into a basic procurement strategy. It also sets out the issues a public entity should consider when developing procurement procedures for each category.

Figure 3, Options for approaching markets is copied on the following pages:

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
Low value and low risk (Quadrant 1)		
Goods or services in this category are usually low value. These goods or services can be routinely procured or procured as required. They are generally goods or services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with procuring them may be of greater cost than the items themselves. Generally, there are competitive local supply markets for goods or services in this category, even at the local level. The skills required for these types of transactions are generally administrative.	Keep procurement in this quadrant relatively simple to minimise procurement and transaction costs. Devolve procurement and associated budgets to the lowest practical geographic level where competitive local markets exist. Establish efficient local procurement arrangements to minimise processing costs. Document the administrative procedures for procuring goods or services in the entity's procurement policies and procedures.	What are the goods or services procured in this category? For the different goods, services, or groups of items in this category, what procurement methods will minimise processing costs and deliver value for money? How will the number of competitive offers needed to deliver value for money, probity, and accountability be determined? Who will be doing procurement activities in this category? What skill levels are required to do the various types of procurements? What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability? What other procedures, documentation and records are needed to manage the procurement function in this category?
High value and low risk (Quadrant 2)		
Goods or services in this category are generally widely used by public entities, they have no special quality, safety, reliability, or environmental implications, they are simple to specify, and they have common standards. Procurement of these items is often in high volumes but with sometimes low value individual transactions. There are often whole-of-entity or syndicated arrangements for supply of these goods or services.	Aim to ensure that total costs, including the costs of processing large numbers of low value transactions, are reduced. Consider using standing offer arrangements with electronic ordering and transaction processes. Aggregate procurement to increase the attractiveness of buying the goods or services, thus increasing the competitiveness of the pricing.	What are the goods or services purchased in this category? Where are the competitive markets for these goods or services? Does the aggregation of procurement at the local level for particular product types warrant a full service provider with regional delivery capability? Where is it practical to establish standing offer arrangements or other methods of supply? Are processes such as electronic ordering/paying or other processes available to reduce processing costs?

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Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
<p>Buying is usually an administrative task (for example, booking travel).</p> <p>However, high level procurement skills are required to establish and manage these arrangements (for example, setting up travel arrangements).</p>	<p>Document the administrative procedures for buying in the entity's procurement policies and procedures.</p> <p>Consider if there is a need to address environmental issues about disposal, waste management recycling, handling, or storage.</p>	<p>How will the buying strategies to deliver value for money, probity and accountability be determined?</p> <p>What skills are needed to establish and buy from standing offer arrangements?</p> <p>What skills are needed for the other buying methods used in this category?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/approvals, are needed for management control and to ensure probity and accountability?</p>
Low value and high risk (Quadrant 3)		
<p>Goods or services in this category are usually highly specialised (for example, high-tech medical equipment).</p> <p>There are often very few potential suppliers. There are relatively few transactions in this category.</p> <p>High-level procurement and technical skills are required to establish and manage these arrangements.</p> <p>Price may not be the principal factor in the procurement.</p>	<p>Reduce exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/or changing the demand requirements of the public entity.</p> <p>Prepare individual strategies or procurement plans for each procurement project in this category.</p>	<p>An individual procurement strategy/plan will need to be developed for each item in this category. The public entity's procurement policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place to do procurement and contract management in this category?</p> <p>How will the required procurement, technical and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/approvals, are needed for management control and to ensure probity and accountability?</p>



PROCUREMENT STRATEGY 2022-2023

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
High value and high risk (Quadrant 4)		
<p>Goods or services in this category are often a complex "bundle" or "package" of services and associated goods that are critical to the service delivery of the public entity.</p> <p>Long-term relationships with suppliers are common. Supplier attitudes to the public entity as a customer are often critical to the value the entity will derive from the delivery of the goods and/or services.</p> <p>High-level purchasing and technical skills are required to establish and manage the procurement process.</p>	<p>Focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with the public entity.</p> <p>Manage the relationship with the supplier to obtain value for money.</p> <p>Have a detailed understanding of what is required, how the arrangement should be managed, and the market characteristics.</p> <p>Develop individual procurement strategies or plans for each procurement project in this category.</p>	<p>Buying strategies will have been developed for each item in this category. The public entity's policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place for doing purchasing and contract management in this category?</p> <p>How will the required purchasing, technical, and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will the projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities, are needed for management control and to ensure integrity and accountability?</p>

7.3 RISK PROFILES BY CATEGORY – SUPPLIER SELECTION

A. The work categories council procures can be grouped as follows:

Category	Abbreviation	Description
Infrastructural operations maintenance and renewals	AM	The AM category includes the general maintenance, operations and renewal activities for infrastructural assets including roads, dams, three waters reticulation pipes and water reservoirs. This also includes programmed emergency response on non-critical assets.
Infrastructural assets creation	AC	The AC category includes the construction and programmes of works required to bring new infrastructure assets into service
Critical infrastructure asset maintenance, operations, and renewals	CA	The CA category includes the maintenance operations and renewal of critical infrastructural assets such as water supply treatment, wastewater treatment, stormwater pump stations, critical lifeline assets, technology-based assets, and airport maintenance
Critical infrastructure asset creation	CC	The CC category covers the programming and construction required to provide new critical service and assets
Professional Services	PS	The PS category includes all engineering, legal, and compliance related professional services. This includes design, planning research, laboratory testing, resource consenting, management, and legal advice

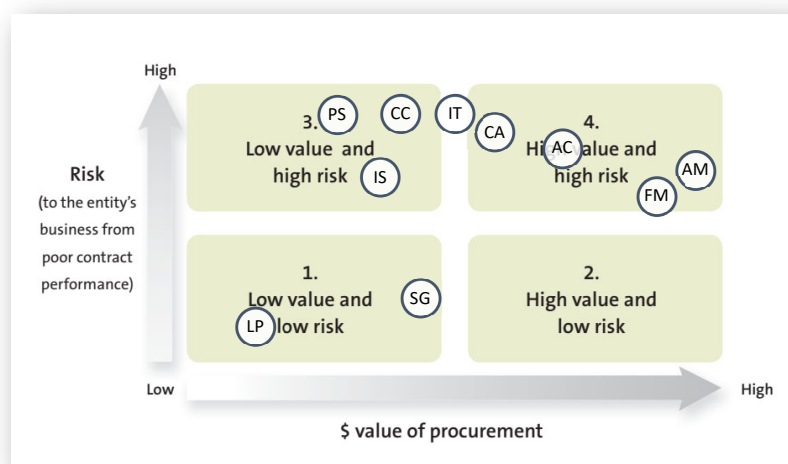
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Category	Abbreviation	Description
Supply of goods	SG	The SG category includes the supply of all goods, and materials where the installation or use of the goods and materials will be by another party. It includes the supply of mechanical plant, bulk chemicals, and consumables not covered by All of Government and similar contractual arrangements.
Land and property acquisition	LP	The LP category includes all land and property acquisitions either through purchase or by easement or other access agreement
Facilities maintenance operations and Renewals	FM	The FM category includes the maintenance and renewal activities for council's facilities including Council buildings, halls, parks, reserves cemeteries, public toilets, and the like.
Emergency Management	EM	The EM category covers emergency response activities required before planned responses can be implemented.
New Information Technology	IT	The IT category includes the acquisition and supply of new information technology services and equipment
Information Systems servicing	IS	The IS category includes the servicing of information technology services and equipment

B. Risk profiles by category – supplier selection:

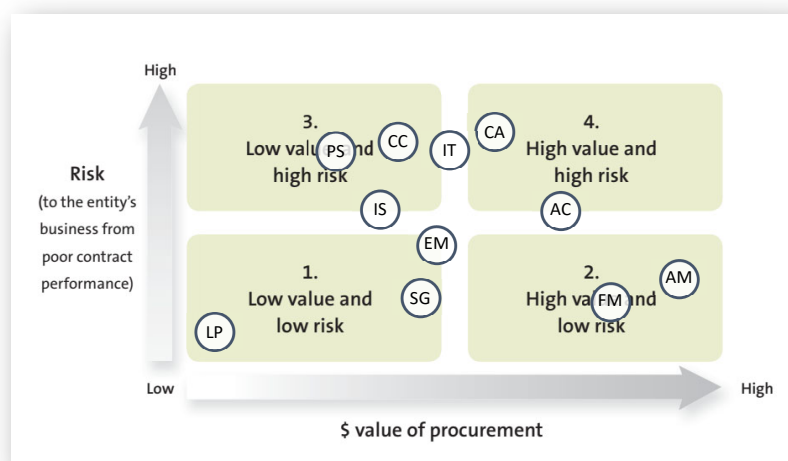




PROCUREMENT STRATEGY 2022-2023

C. Risk profiles by category – Contract management

This assumes the right supplier has now been selected



7.4 SPECIFIC RISKS ASSOCIATED WITH PROCUREMENT

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

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

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Identifying the Need / Planning		
Not fully understanding the need	<ul style="list-style-type: none"> Inappropriate service specified Purchase of unsuitable product or service Money wasted Lack of tenders Council exposed to unnecessary risk: <ul style="list-style-type: none"> financial failure leading to investment in assets being compromised delivery failure leading to injury or sickness Health and Safety obligations not met 	<ul style="list-style-type: none"> Analyse need accurately adopt procedures pertinent to the complexity and scale of work involved allocate risk to the party most suited to managing it Develop clear scope of work / outcomes Set appropriate timeframes Consult with users and test against community outcomes develop and implement risk management plans for high-risk procurements
Insufficient funding	<ul style="list-style-type: none"> Delay in making the purchase Additional costs for re-tender Partial delivery Desired performance levels cannot be delivered Projects abandoned 	<ul style="list-style-type: none"> Obtain appropriate approvals before undertaking process Improve planning Check for hidden charges in offer of service Ensure appropriate delivery model is used Ensure risks are allocated appropriately



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PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Selecting the Form of Delivery / Method of Selection		
Failure to identify potential sources / suppliers	<ul style="list-style-type: none"> Lack of offers from suitable tenderers insufficient funds resulting from lack of competition 	<ul style="list-style-type: none"> Improve procurement planning processes Improve market knowledge Ensure market is informed Consider early Contractor involvement Seek industry participation
Inappropriate form of delivery or selection method used	<ul style="list-style-type: none"> Need to seek offers again May not achieve outcomes Possible cost variations Failure to obtain value for money Loss of opportunity to leverage off the project for wider community outcomes Loss of opportunity to build and sustain local supply chain 	<ul style="list-style-type: none"> Engage with industry prior to selecting delivery model Improve implementation of procurement policies, guidelines, and practices Forward planning Choose the appropriate contract delivery model Seek review of selection method
Contract Documentation		
Wrong choice of contract delivery model Inadequate scope / specification / schedule Providing inadequate information	<ul style="list-style-type: none"> Inadequate responses from tenderers Outcomes not met Variety of offers (difficult to evaluate) Loading of costs in offers Having to provide clarifying information, causing delays in tender closing Risks inappropriately allocated Additional tender costs 	<ul style="list-style-type: none"> Ensure full understanding of delivery model options Consider early contractor involvement Ensure appropriate contract delivery model chosen Ensure specification is consistent with needs Use functional and performance specifications Staff training in contract documentation preparation Review tender documents before issuing include evaluation criteria
Terms and conditions unacceptable to tenderers	<ul style="list-style-type: none"> Loading of costs in offers Having to modify tender terms and conditions Low response 	<ul style="list-style-type: none"> Early contractor involvement Use standard conditions of contract (e.g., NZS3910 for construction contracts) Select appropriate documentation / specifications for goods and services
Expectations of buyer and tenderer not matching	<ul style="list-style-type: none"> Contract disputes Delivery delays Cost variations Reduction in value for money Purchase of less suitable product Inefficient use of resources 	<ul style="list-style-type: none"> Improve communication Early contractor involvement Document review prior to release Conditions of Contract / Terms of Agreement to form part of RFT Record each party's obligations Clarify all ambiguities before signing contract
Tender Procedures		
Insufficient number of responses	<ul style="list-style-type: none"> Re-tender Increased costs Delayed delivery to the client Poor value for money due to limited competition 	<ul style="list-style-type: none"> Ensure appropriate contract delivery model chosen Assess advertising methods Improve market knowledge Provide potential tenderers with advance notice of tender requests Improve tender documentation and specifications Allow sufficient time for tenderers to respond Seek feedback from known suppliers on their non-response

PROCUREMENT STRATEGY [2022-2023](#)

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Failure to fully follow evaluation procedures	<ul style="list-style-type: none"> Inconsistent evaluations Possible complaints from tenderers Subjective not objective evaluation of offers Probity Issues 	<ul style="list-style-type: none"> Improve tender assessment and evaluation processes through staff training Maintain, audit and review evaluation procedures Ensure that TET Understand confidentiality obligations
Selecting an inappropriate supplier	<ul style="list-style-type: none"> Failure to fulfil the contract Money wasted Council exposed to unnecessary risk resulting in investment being compromised and/or injury and/or sickness 	<ul style="list-style-type: none"> Evaluation review prior to award Minimum 3 people on TET Waka Kotahi certified tender evaluator to be part of TET for contracts with an estimate > \$200,000 include appropriate and measurable evaluation criteria Have appropriate risk response strategy Ensure clear and applicable termination clauses are available within contract documents Reject unacceptable offers
Local supplier not successful	<ul style="list-style-type: none"> Public perception and reality of loss to local economy 	<ul style="list-style-type: none"> Management of local economy issues within the contract document Ensure wider community costs have been considered and logical, justifiable reasons for non-selection of local supplier are available
Contract Management		
Variations	<ul style="list-style-type: none"> Unanticipated cost increases Delays in delivery Contract disputes 	<ul style="list-style-type: none"> Review contract document prior to release Ensure work is properly scoped Identify potential variations in advance Accurate records Include process for assessing variations
Failure of either party to reflect the terms offered and agreed in the contract	<ul style="list-style-type: none"> Contract disputes Delays in delivery Legal action Poor supplier/customer relationship 	<ul style="list-style-type: none"> Ensure good contract administration Ensure clear and applicable termination clauses are available within contract documents Performance management Staff training Hold regular inspections / meetings and ensure progress reports Good record keeping and documentation
Inadequately administering the contract	<ul style="list-style-type: none"> Cost increases Outcomes not achieved Delivery of unsatisfactory product / service Contract/supply disputes 	<ul style="list-style-type: none"> Maintain good practice Staff know responsibilities and accountabilities and are suitably trained & experienced in contract management Engage external support where insufficient in-house capacity / capability
Commencement of work by the supplier before contract in place	<ul style="list-style-type: none"> Potential liability to pay for unauthorised work Possibility of legal action for perceived breach of contract 	<ul style="list-style-type: none"> Accept all contracts in writing Ensure approvals are received before allowing work to start
Key personnel not available	<ul style="list-style-type: none"> Outcomes not met Progress disrupted Less expertise 	<ul style="list-style-type: none"> Include requirement in specification and ensure compliance

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8. PROCUREMENT PROGRAMME

8.1 OVERVIEW

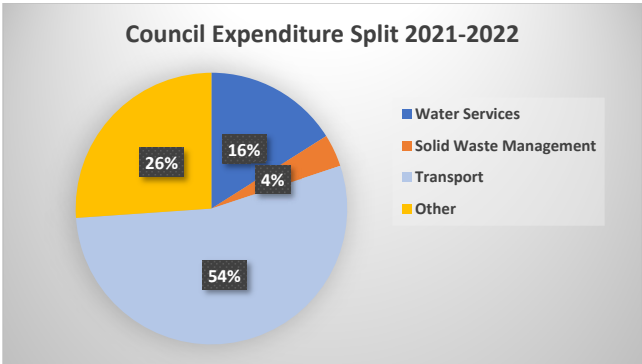
The 10-year procurement programme for Council Activities is outlined in the Wairoa District Council Long-Term Plan (LTP) with the Infrastructure Strategy providing a 30-year assessment of significant issues and planning for Council’s core activities of roading, 3 waters and waste management.

Issues that affect the accuracy and validity of the programme include:

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

Council expenditure (both Operating and Capital Expenditure) is dominated by the core infrastructure activities which account for around 74% of Council expenditure as shown in the table and chart below:

Activity	Expenditure 2021-2022	
	Expenditure - Thousands	% of Total Split
Water Services	\$7,944	16%
Solid Waste	\$1,915	4%
Transport	\$26,759	54%
Other	\$12,935	26%





8.2 LAND TRANSPORT ACTIVITY

8.2.1 Waka Kotahi Specific Requirements – Land Transport

Where Waka Kotahi has a role as a funding partner, regional alignment and prioritisation of subsidised transport activities is undertaken through the Regional Transportation Programme which is then submitted for funding to the NLTP managed by Waka Kotahi. Activities that are approved for funding are then implemented by Council utilising the appropriate delivery model and supplier selection method to suit the task.

For all financially assisted roading contracts, the procedures shall be in accordance with the provisions of the Waka Kotahi Procurement Manual and the Waka Kotahi Planning and Investment Knowledge Base (<http://www.nzta.govt.nz/resources/planning-and-investment-knowledge-base/>). Any deviations should be outlined in a procurement plan, documenting the reasoning for any departure from the policy.

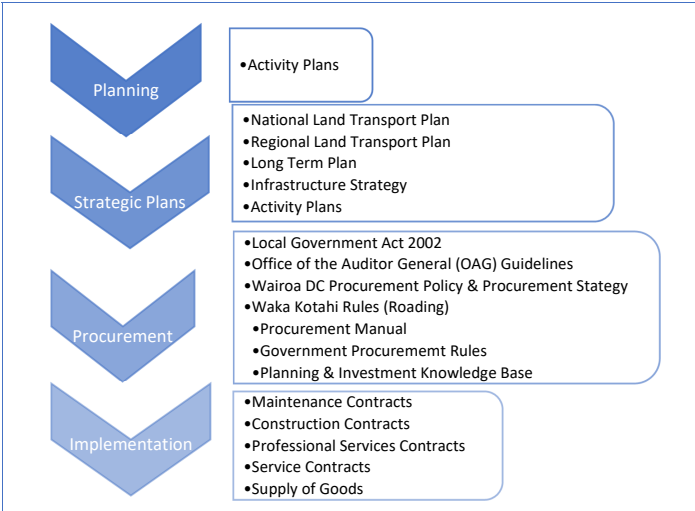
For large projects where tendering costs are likely to be high, a two-part selection process may be used. Where a two-part tendering process is used the short-listing procedure will be in accordance with the provisions in the Waka Kotahi Procurement Manual or as stated in the request for tender.



9. PROCUREMENT OF COUNCIL ACTIVITIES

9.1 GENERAL

The diagram below outlines the procurement process from the identification of works through the specific Activity Plans through to implementation of the projects.



PLANNING AND IMPLEMENTATION FRAMEWORK

9.2 ROADING WORKS (PRINCIPLES GENERALLY APPLY TO OTHER ASSETS AS WELL)

The table below outlines the current process for the procurement of specific roading services. (The approach taken here in terms of work categories is generally applied to other asset groups.) Please note any contracts with a duration greater than 5 years need to be approved by Waka Kotahi.

WORKS	FORM OF DELIVERY & SUPPLIER SELECTION	DISCUSSION
General Maintenance & Operations with some renewals	Traditional - Price Quality	<p>This is the most significant component of our procurement of subsidised roading services. These needs are currently met through two separate activity-based contracts:</p> <ul style="list-style-type: none">• Sealed pavement maintenance (programme developed by Council)• Unsealed pavement maintenance and renewals (outcomes-based contracts) <p>This format of the contracts was implemented in 2013 with enhancements in the 2018 contracts which include renewals such as resurfacing, rehabilitations and Heavy Metal Build Up's to ensure a sustainable contract. –</p> <p>Current contracts:</p> <p>Unsealed Pavement Maintenance (18/02): Expires 01/07/21. Two 12-month renewal extensions have been agreed.</p> <p>Sealed Pavement Maintenance (18/01): Expires 01/07/21. Two 12-month renewal extensions have been agreed</p>

PROCUREMENT STRATEGY ~~2022~~2023

WORKS	FORM OF DELIVERY & SUPPLIER SELECTION	DISCUSSION
Annual Programmes of Works	Traditional <i>Lowest Price Conforming Negotiation</i>	Annual Programmes of Work may include: <ul style="list-style-type: none"> Structures maintenance and Renewals – works are identified through a matrix used by consultant to prioritise works to an annual budget Minor safety / improvement works Where appropriate and within financial limits, components of the annual programme may be negotiated through existing maintenance contracts.
Street Lighting	Traditional <i>Lowest Price Conforming</i>	Maintenance requirements are reducing with the introduction of LED lighting. A direct appointment may be made for streetlight maintenance and renewals in the future, should approval be gained for this approach due to reduced requirements and lack of resources.
Professional Services	Traditional Direct appointment <i>Lowest Price Conforming Price Quality</i>	Professional services are generally outsourced to preferred providers supplying technical expertise with works within specified financial thresholds. Larger commissions are often sought through competitive procedures, typically using a price quality method of selection. Target price methods of procurement may be utilised such as where scope cannot be fully defined at time of tender or where innovation is to be encouraged. Professional Services contract renewed in 2020
Emergency Works and Flood Damage Repairs	In a typical year, Wairoa experiences flood damage in the order of \$2 - \$4 Million. The approach for this work is one that is designed very much around value for money principles. Area Engineers, Contractor representatives and Council staff assess the damage and collate the individual sites. The procurement method selected will depend on risk and criteria such as: <ul style="list-style-type: none"> Risk to the public Scale of works Complexity of works A portion of the expected annual flood damage clean up and repairs required has been included in the maintenance contracts.	
	<i>Low Risk Non-complex works</i>	Either no design required or specific design and low value. Generally undertaken through negotiation with maintenance contractor/s or as invited tenders (for works ≤ \$200,000) using lowest price conforming method of selection – benefits of bundling works / sites into a single contract considered on a case-by-case basis. WDC is guided by Waka Kotahi rules, guidelines and advice when assessing benefits of negotiation versus tendering.
	<i>Medium to High Risk Complex works such as coastal / river works</i>	Full engineering design required and resource consent and / or building consent may be required. Projects may be bundled based on construction type, location, and timing in order to deliver most effective solution. Council m <u>Generally procured through open tender or may use a Closed Contest with a minimum of 2, but preferably 3, invited tenderers for works valued between \$200,001 and \$500,000 unless otherwise justified.</u> <u>For works valued greater than \$500,000, an Open Contest shall be used.</u> ECI is encouraged <u>for all tenders where it is likely the input from the contracting industry can add value to Council during the design and construction phases.</u>



9.3 THE 3-WATERS – WATER SUPPLY, WASTEWATER AND STORMWATER

9.3.1 Routine Maintenance and Operations

To date, maintenance contracts for the water activities have been undertaken in the following format:

- Water supply reticulation maintenance – within the urban limits of Wairoa Frasertown and Tuai.
- Wastewater – Wairoa, Tuai, Mahia and Opoutama
- Stormwater maintenance – within the urban limits of Wairoa

Council has re-tendered these contracts as a combined 3-waters maintenance contract which is common practice across New Zealand. The selection method used was a price-quality basis of evaluation, seeking innovation in delivery of the combined service.

This new contract started 1st July 2017 with a two-year term and provision for two 2-year roll-overs at the discretion of the Principal. A two-year extension has been agreed in 2020.

The new contract anticipates the following key changes to improve overall maintenance of the systems and delivery of the service:

- More ownership of the assets by Council staff through greater monitoring, inspections, and programme development;
- Combining of the contracts will have cost savings in the management of the contracts;
- Efficiencies across the contract by combining water supply, wastewater, and stormwater maintenance with provision for renewals;
- Asset management planning is enhanced.

The operation and maintenance of the Frasertown Water Treatment Plant is excluded from the contract as the treatment plant is managed and operated by Council staff with specialist services engaged as required.

The Mahia and Opoutama Wastewater have been commissioned and the maintenance and operations of these schemes are to be incorporated as a variation into the existing 3 waters contract.

At the time of this review, 3-Waters legislation was yet to be finalised and it was not possible to determine how this may impact on Council's management of these assets. Future procurement reviews will need to include any changes to 3-Waters asset management subject to the final outcome of this process.

9.3.2 Capital Works / Renewals

Capital and renewal works for the water, wastewater and stormwater assets has traditionally been tendered as separate packages of work.

The new 3-waters operations and maintenance contract has provision for negotiation with the maintenance contractor to undertake renewals works (only as directed by the Engineer and within appropriate procurement financial limits).

9.4 WASTE MANAGEMENT

The current waste management contract has been in place since 2019.

The contract is both an operational and maintenance contract:

- Waste and recycling collection and disposal in Wairoa, Frasertown and Mahia
- Operation and maintenance of the Wairoa landfill

The option of a regional landfill operation has been investigated and proposed in the past with the aim of increasing the sustainability of the landfill as general practice reduces the amount of waste (per household) being disposed is reducing in line with the Waste Management and Minimisation Act 2008.



9.5 OTHER INFRASTRUCTURE ASSETS

Other infrastructure assets include:

- Parks and reserves
- Cemeteries
- Airport
- Property

Various maintenance contracts are in place for each of these activities, typically for a three-year term with the provision for 2 x 1-year roll-overs.

Contracts are generally procured through open tender on a lowest-price conforming basis, being non-complex and relatively low value.

Local contractors have been encouraged to tender for these works.

Note: A further review of the benefits associated with the development and implementation of a district wide solid waste and recycling contract has been completed in May 2022. This will be considered by Council along with the potential bundling of other property and facility management contracts. If accepted, these various contracts and agreements will be progressively combined into three district wide contracts covering all Council Reserves and Cemeteries, Cleaning and Sanitary Services and Solid Waste and Recycling activities.

9.6 GOVERNMENT FUNDED DEVELOPMENT PROJECTS AND EMERGENCY WORKS

Several large development projects have been directly funded by Government, then administered and successfully completed using Council contractors over the previous two years. In addition to these works, the district remains prone to climate change induced weather events that require repairs to be funded directly from Government agencies or through Waka Kotahi. Given the scale and scope of these works, a specific section has been added to this procurement strategy.

The approach to be adopted in procuring suppliers for these works will be dependent upon several factors:

- The importance attached to the completion of the work (asset criticality) and delivery timeframes
- The scope and complexity of the work necessitating specialist resources
- The required lead-in time required to complete necessary investigations, design, consenting and tendering activities.

In some instances, especially where time is of the essence such as with initial enabling works or first response activities, it can be vital that there is a minimum of delay, and work should be undertaken by existing contractors using either Dayworks or defined Emergency Repair rates included in their contracts.

Following any initial phase then the following procurement options should be formally evaluated to identify the one which would have the highest Public Value:

- a) Open Contest with tenders invited from the wider supplier market
- b) Closed Contest with RFP's requested from Council's existing suppliers
- c) Direct Appointment where specialist resources are required, and it is unlikely any more than one tender would be received through an Open Contest.
- d) Prices requested from existing suppliers and where accepted the work undertaken as a variation to existing contracts.

While options b) and d) are likely to expedite the procurement process, their selection must be justifiable when considering all the factors comprising the Public Value objectives. It will then be necessary for Council to have this justification formally accepted by any external stakeholder (e.g., Waka Kotahi for subsidised works or Government funded projects) before proceeding further with any tendering steps.

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Under any Direct Appointment or Closed Contest, it will be necessary for Council to have assurance around market prices for the work to be undertaken. Confidence around pricing can be achieved through either:

- The development of an independent Price Estimate using known market rates for the same or similar work elements. In some instances, an independent review of the Price Estimate should also be undertaken.
- Council occasionally returning to an Open Contest (where possible) to test the level of market interest and the rates compared to those provided under a Closed Contest. This would provide confidence that value for money outcomes were still being achieved.

9.7 NON-ASSET ACTIVITIES

9.7.1 All of Government Contracts / Standing Agreements

'All of Government' contracts are procurement arrangements where Council buys directly from suppliers for an agreed period of time. These arrangements are appropriate for goods of low value, have no special requirements, are easy to specify and have common standards.

Implemented by New Zealand Government – Procurement, the 'All of Government Contracts' use the collective power of Government by establishing supply agreements for selected common goods and services.

Council currently follows the All of Government Contracts for the following activities:

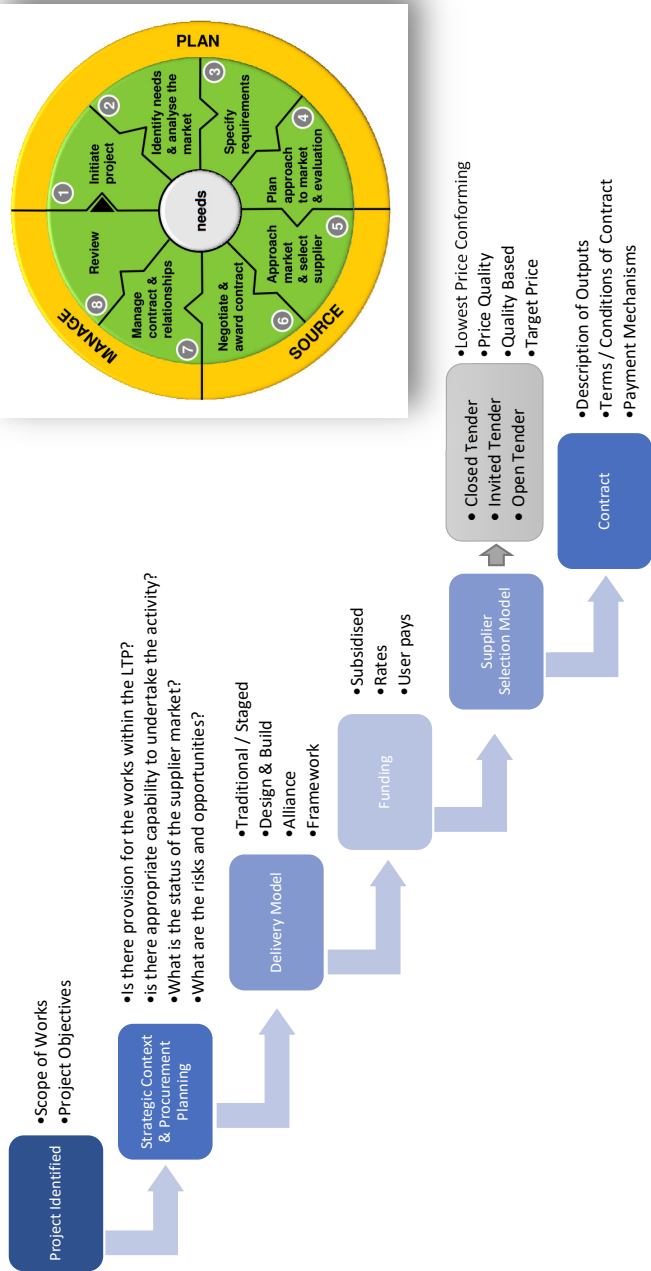
- Advertising media
- Air travel services
- Banking services
- IT Hardware
- Motor vehicles
- Print technology and associated services
- Mobile, voice and data services
- Office supplies



10. GENERAL PROCUREMENT APPROACH

10.1 OVERVIEW

The diagram below outlines the stages of procurement, of particular relevance to infrastructure works for WDC, but applicable to all activities. As further procurement processes evolve and are refined over time Council will review its processes in light of the Procurement lifecycle (inset)





10.2 PROCUREMENT PLANNING – GENERAL

Prior to the engagement of any supplier of goods or services, procurement planning is required to ensure the best value for money.

The planning process is to be relevant to the scale and complexity of the procurement and should be tailored appropriately.

As a minimum the process should include:

1. Reporting to the Infrastructure Committee as follows:
 - a. Prior to the start of a new financial year a summary of the anticipated tenders to be carried out during the year, estimated value, expected delivery model, and proposed selection procedure.
 - b. Exception reports as required when there are significant deviations from the indicated programme or issues arise that may put Council's reputation at risk.
 - c. A quarterly update that summarises progress and status of projects along with any significant changes to their procurement risks.
2. When renewal of an existing contract is being considered, a review of the current contract:
 - a. Is it delivering on its objectives?
 - b. Are the appropriate levels of service being met?
 - c. Are the agreed Broader Outcomes for the community being met?
3. Consideration of the Strategic Context:
 - a. Market circumstances and any potential changes;
 - b. Previous performance of likely bidders;
 - c. Risks and comity (mutual recognition of legislative, executive, and judicial acts) of the proposal;
 - d. Opportunities for innovation;
 - e. Potential to integrate across other activities;
 - f. Potential to enhance community outcomes by leveraging off the proposal;
 - g. Potential to sustain and/or grow the local supply chain
 - h. Consideration of business case principles including capacity and capability of Council officers to manage and deliver the procurement programme;
 - i. Review of issues in similar contracts (if any) that have previously been delivered;
 - j. Use s20 process of the LTMA for funded projects in terms of strategic procurement objectives.
4. How can delivery be improved?
 - a. Scope and cost of delivery;
 - b. Potential 'bundling' or "unbundling" of works;
 - c. Length of contract;
 - d. Potential for local supply-chain involvement (Open or Closed Contests);
 - e. Alternative delivery models.
5. Determination of the preferred Format of Contract Delivery – *what type of contract will the works / services be delivered under?* (Refer 10.4 below)
6. Determination of appropriate Selection Procedure – *how will the preferred supplier be decided?* (Refer ~~10.5~~10.5 below)

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10.3 PROCUREMENT PLANNING – ROAD MAINTENANCE

10.3.1 Background

In 2011, the Road Maintenance Task Force, engaged by the Government, identified that Road Controlling Authorities need to be 'Smart Buyers'.

These principles can be used across all Council Activities.

Smart Buyers have:

- *Improved understanding of costs that better inform their decisions*
- *Understanding of the impact delivery models and supplier selection criteria can have on the value of contracts*
- *Robust forward work programmes that are communicated to the industry and supported by budgets that*
- *Allows the work to be completed*
- *Knowledge of the network to determine treatments required based on physical evidence and supported by knowledge of the costs involved*
- *In house expertise that aids the decision-making process and allows acceptance of innovative solutions possibly with or without the involvement of consultants*
- *A clear understanding of risk and how it is allocated and managed*
- *An understanding that lowest price will not always deliver desirable outcomes*
- *An understanding that being prepared to pay more may result in enhanced whole of life value for money*

Not so Smart Buyers:

- *Award contracts predominately based on price – with little appreciation of any risk to Public Value or best value for money*
- *Outsource work to the detriment of asset knowledge*
- *Choose contract forms that are fashionable, but are not well understood and are poorly managed*
- *Lack technical and contractual management skills*
- *Lack asset management skills – prevents the development of robust forward work programmes*
- *Do not support forward work programmes with appropriate budgets*

10.3.2 Road Maintenance Procurement: Delivery Model Guidelines 2016

Following on from the Road Maintenance Task Force, the REG, developed by Waka Kotahi, have produced a report 'Road Maintenance Procurement: Delivery Model Guidelines' to assist in making and improving road maintenance delivery model decisions as part of the process.

The guidelines present a selection matrix of key client drivers to help determine and plan for a preferred road maintenance delivery model.

It is important for Council to understand the importance of key 'client drivers' and the characteristics of the various delivery models. This understanding is required to use the matrix proposed in the report to deliver the best road maintenance delivery model.

The Guidelines also introduce alternative delivery models which should be considered for future road maintenance contracts:

- Traditional / Staged
- Performance
- Alliance / Collaborative
- Framework (relatively new concept in NZ and is untested)

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10.3.3 Key Drivers

The following key drivers affect WDC’s method of procurement and delivery for all activities:

- WDC staff Smart Buying capability and capacity
- WDC availability of resources including asset data
- Desired level of control and involvement in the work programme
- Supplier market for the works / services including capability and number of potential suppliers
- Risk appetite
- Appetite for improved value for money and continuous improvement

Other drivers for WDC include:

- Ability to decide all requirements prior to tendering
- Whether cost can be determined prior to committing to tender
- Robustness and sustainability of the local supply chain
- Enhancement of community outcomes
- Scale and complexity of the works
- Council resource capacity that would be required to efficiently and effectively manage the contracts and contractors involved. The greater the number of individual contractors, the greater level of resource time and input that will be committed.

10.4 FORMS OF DELIVERY MODEL

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

	Staged / Traditional
Potential for Innovation Increases 	<p>Where the client wants to retain control over the programme of works, where delivery is likely to be on a measure and value basis, and where the client wants to encourage a healthy market environment with limited suppliers</p> <ul style="list-style-type: none">• The Client has scope, schedule, and programme certainty• Contract is simple / non-complex / low risk• Small to medium sized contracts• Short, medium, or long-term contract duration with potential rollover• Direct negotiation / lowest price conforming / price-quality methods of procurement• Method of payment typically measure and value
	<p>Framework (sometimes referred to as a 'Panel')</p> <p>Where the client wants to have a number of typically pre-qualified suppliers on hand to work as directed</p> <ul style="list-style-type: none">• Fosters long-term client/supplier relationships• Provides a choice of suppliers for selection is short notice• Provides opportunities for a panel of suppliers to work together to provide increased value for money• Enables risk sharing• Flexible• Agile – provides ability with minimum preparation required to respond to sudden increases in demand (e.g., emergencies) or new works associated with development etc.• Provides ability to manage workload across the supply chain• Provides opportunity to progressively develop collaboration

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	<p>This model is still evolving in New Zealand and is not suitable if the Council cannot provide the resources to manage multiple suppliers. There are considerable costs with establishing and maintaining a Framework and for this format to be worthwhile these costs need to be less than the sum of procuring and managing separate contracts. To be fair to the suppliers on the panel, there needs to be a consistent quantity of work regularly tendered out. Typically, this may be large amounts of relatively routine and low risk activities.</p>
	<p>Performance [Design and Build]</p>
	<p>Where the client wants to set performance measures and hold the contractor accountable for delivering them</p> <ul style="list-style-type: none"> • To encourage innovation • Contract is more complex • Medium to large sized contracts • Typically, price-quality methods of procurement • Client has sufficient asset information for contractor to confidently price contract • Self-certification with client-controlled checks • Well-balanced risk profile • Certainty in expenditure and rates
	<p>Alliance / Collaborative Model</p>
	<p>This form of delivery provides flexibility and risk sharing in a formalised 'team approach' with the contractor focused on network outcomes. Because there is limited price tension, with rates and quantities negotiated throughout the duration of the contract, this model requires a high level of trust between the parties.</p> <ul style="list-style-type: none"> • Flexibility and risk sharing • Client wants to and has the capability to be directly involved in the contract • Client is uncertain of contract scope, required performance and programme and/or needs to make significant cost savings • Large / complex contracts • Longer term contract duration with potential rollover • Price-quality methods of procurement • Sharing knowledge and experience • The Asset and or its condition has a high rate of change

Guidance on selecting the right delivery model for the contract being considered is available in the REG booklet 'Road maintenance procurement: Delivery model selection guidelines' available at: <https://www.nzta.govt.nz/assets/Road-Efficiency-Group-2/docs/reg-procurement-delivery-models-guidelines-march-2018.pdf>

10.5 SUPPLIER SELECTION METHODS

10.5.1 General

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

- Comprehensive long-term contracts for maintenance works which require high levels of capacity, capability, and certainty
- Smaller packages to enable smaller local suppliers to supply services to Council and their community
- Larger packages for capital projects involving complex design, project management and construction
- The acknowledgement of the roles of specialists



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

10.5.2 Expression / Registration of Interest

The tender process may, depending on the scale and complexity of the goods or services being purchased, include an initial Registration of Interest (ROI) or Expression of Interest (EOI) phase as a means of establishing more information about the goods or services, the market, and the capability of suppliers to satisfy the procurement need.

It may also be used as a means of selecting a short-list of organisations for the RFT/RFP phase.

This stage would be followed by a Request for Proposal (RFP) or Request for Tender (RFT).

10.5.3 Early Contractor Involvement

Early contractor involvement (ECI) can complement either a traditional, or a design and build delivery model. Typically, ECI is used to get early advice and involvement from a contractor into the buildability and optimisation of design. For maintenance contracts ECI can help refine the scoping and scheduling of the works. It facilitates an early understanding of requirements, therefore enabling innovation and value for money.

Normally a preselection process limiting the number of potential bidders is carried out prior to embarking on an ECI process. Bidders are generally sensitive to sharing innovative practice in front of their competitors and the more bidders remaining the more challenging it can be for clients to manage suppliers' confidentiality and intellectual property.

10.5.4 Register of Preferred Suppliers

This essentially comprises two categories:

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

With a relatively small marketplace the establishment of such a register, typically using a pre-qualification process, may facilitate the assignment of minor works to local contractors, particularly for the non-core activities such as trades (plumbing and electrical works).

A Register of Preferred Suppliers reduces the need for repeated processes in selecting suppliers with associated time and cost savings to all parties. Setting up and maintaining such a register comes at a cost and Council may seek to spread these costs by sharing resources from adjacent Council's where this arrangement can be agreed.

Such an arrangement is effectively in place for many suppliers through the 'All of Government Contracts' process used by Council.

Larger contractors, including local, regional, and national contractors, would be encouraged for larger scale core activity works such as road and water maintenance contracts.

Hence, the extent of such a panel/s and the type of works to be included would need to be assessed and agreed. A pre-qualification process would need to be undertaken to enable organisations to be included in the register/s for specific works.

Waka Kotahi Funded Works

A separate Waka Kotahi approval will be required if this option is pursued.



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10.5.5 Financial Thresholds & Descriptions

WDC standard procurement processes are based primarily on monetary thresholds. The table below summarises the typical procurement options and thresholds:

CONTRACT VALUE		GENERAL DESCRIPTION		
METHOD OF SELECTION		\$0 - \$250,000	\$250,000.01 - \$500,000	Over \$500,000
DIRECT APPOINTMENT / PREFERRED SUPPLIER		✓	x	x
CLOSED CONTEST / INVITED TENDER		✓	✓	x
		<p>An invited or closed <u>contest</u> tender is the same as a public tender with the exception that the invitation to tender is limited to a selected <u>group</u> or panel of potential tenderers / proposers.</p> <p>All contracts for the supply of works and services likely to involve expenditure <u>between \$40,000 to \$200,000 (inclusive)</u> shall be submitted to a minimum of two but preferably three selected / suitable contractors / suppliers.</p> <p>Where a register of preferred suppliers is in place, invitations to participate in a closed <u>contest</u> tender must be sent to all current suppliers on the register.</p> <p><i>If only one supplier is identified, the Council may negotiate the terms, including price, of a contract with that supplier using the direct appointment supplier selection method</i></p>		
		<p>Methods of Evaluation</p> <ul style="list-style-type: none">• Lowest Price• Conforming• Price Quality• Quality Based• Target Price		

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CONTRACT VALUE	GENERAL DESCRIPTION			
	METHOD OF SELECTION	\$0 - \$24,000,000	\$24,000,000 - \$50,000,000	Over \$50,000,000
PUBLIC (OPEN) CONTEST, INCLUDING VARIATIONS TO EXISTING CONTRACTS		✓	✓	✓
APPROVED PROCUREMENT PLAN		✓	✓	✓



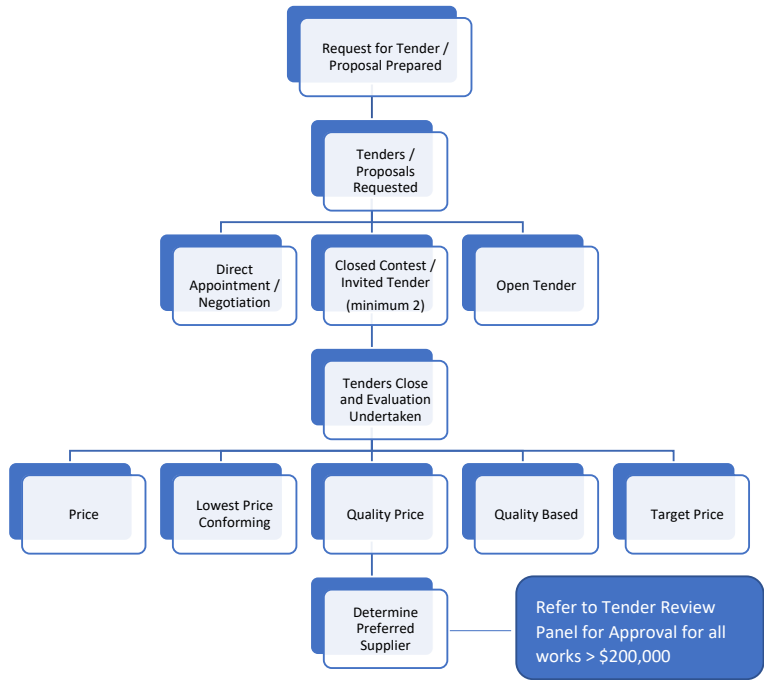
10.6 TENDER PROCEDURES

10.6.1 General

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

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

10.6.2 Flow Chart of the Tender Process





10.6.3 Methods of Evaluation

Refer to WDC Tender Evaluation Manual which outlines the process to be followed in the evaluation of tenders / proposals.

For all subsidised roading contracts, the Waka Kotahi Procurement Manual should be complied with.

The evaluation methods that are commonly used are outlined below:

Negotiation	Works < \$100,000 Low risk / small scale / non-complex works Only one capable supplier tenders the works either due to a limited market or availability of specialist skills
Lowest Price Conforming	Low risk / non-complex works Lowest price conforming should be used where it is determined that best value for money will be obtained by having suppliers compete on price alone. The preferred supplier is the supplier that offers the lowest price and meets all the minimum requirements specified
Quality Price	The quality attributes of suppliers are scored and balanced against price through a specified formula to determine the preferred supplier. Council is effectively willing to pay a premium for a higher quality service.
Quality Based	The preferred supplier is selected solely on quality through non-price attributes. A price is then negotiated with the preferred supplier, based on their price proposal, submitted with the tender. The quality-based method should be used where it has been determined that the best value for money will be obtained by selecting the supplier on the basis of supplier quality alone. There is no competition on price.
Target Price	Where Council is unable to specify the outputs required but has a budget and can specify the desired outcomes Best value for money is then obtained by selecting the supplier that provides the best proposal for the price set out in the RFP



11. MANAGEMENT & IMPLEMENTATION

11.1 TENDER REVIEW PANEL

All tenders with an estimated expenditure in excess of \$200,000 shall be subject to the approval of the Tender Review Panel (TRP).

The Tender Review Panel will comprise the following elected members and Council Officers:

- The Mayor
- Chief Executive Officer
- The Infrastructure and Regulatory Committee Chair, and/or the
- An Independent Member of the Infrastructure and Regulatory Committee.

Other Council personnel may be invited to join the TRP to assist where jointly agreed by the Panel members.

The TRP will complete their review and report their recommendations on tender acceptance within 7 days of receiving the tender evaluation report from the TET, Financial, Audit and Risk Committee.

- The TRP officers shall report to Council on what tenders have, or have not, been accepted during the subsequent Council meeting.

11.2 CONDITIONS OF CONTRACT

Infrastructure contracts are generally based on the NZS 3910 framework.

This framework currently consists of three building and civil engineering contract types:

- NZS 3910:2013 – Construction (Construction contract)
- NZS 3916:2013 – Design and Construct (D&C Construct contract)
- NZS 3917:2013 – Fixed Term (Fixed Term contract)

These three separate standards provide tailored conditions of contract for the different situations and procurement arrangements that commonly feature in the New Zealand construction sector.

11.3 HEALTH AND SAFETY

The health and safety implications of any proposed procurement should be assessed before, during and after the procurement with particular emphasis on the following:

- Ensure the importance of workplace safety is reflected in all procurement and selection criteria and/or decisions where appropriate;
 - this includes defining responsibilities, with specific provisions for subcontractors
- During procurement, identify hazards and risks associated with the works, goods, or services.

Health and safety standards shall be set for each contract with minimum standards relative to the risk of the project and in accordance with the requirements of the Health and Safety at Work Act.

Costs will only take precedence over health and safety when the cost of eliminating a health and safety risk is “grossly disproportionate” to the risk itself.

Council uses the SiteWise NZ - Contractor Health & Safety System.

11.4 CONTRACT MANAGEMENT APPROACH

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

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

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

11.5 RECORD KEEPING

Appropriate records of procurement activity in general and specific information relating to individual contracts are to be kept. In the case of individual contracts, relevant information of meetings and engagements is to be recorded. This is to be at a level of detail that reflects the importance and merit of the engagement and may be a simple diary note, a site diary record, or a detailed minute of a discussion held, etc.

11.6 PERFORMANCE MONITORING, EVALUATION AND REPORTING

Performance management and monitoring are an essential part of the procurement process. Contract documents are to specify clear outcomes and state how the supplier's performance will be monitored and evaluated. Consideration is to be given to;

- How the supplier interacts with
 - The public
 - Other suppliers
 - WDC representatives
- The quality of the work provided
- The timeliness of delivery
- The contribution to enhanced delivery and improved value for money
- The delivery of agreed Broader Outcomes targets relating to Social, Cultural, Economic and Environmental pledges. As these non-price elements may have been scored highly in the tender evaluation process and could have had a significant contribution to the selection of the contractor, it is essential they are delivered during the project. These elements must be included on contract specific PACE or similar performance evaluation forms and regularly discussed. In some instances, consideration should be given to linking these performance measures to either supplier pre-qualification for future work, contract extensions and/or performance payments.

Information gathered in this evaluation process will be taken into consideration in the evaluation of future tenders.

11.7 CONTRACT VARIATIONS

Contract variations are to be in keeping with the Financial Delegations Register and/or criteria specified within the contract documents.

11.8 CONTRACT TERMINATION

Requests for tender are to clearly state that the lowest or any tender may not be accepted, and contract documentation is to clearly outline reasons and processes that will be applied in the event of a decision to terminate the contract.

11.9 COMMUNICATION

11.9.1 Elected Members

Formal reports are provided when decisions are required relating to funding or policy matters. The key reference documents from a procurement perspective are the Long-Term Plan and Activity Management Plan that sets the scene for the ensuing 10 years. Monthly updates are provided through the CEO's update report.

The Infrastructure Committee of Council will be responsible for overseeing the procurement of works and services.

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Specific pre- and post-procurement Council involvement is to be determined through the Infrastructure Committee on a regular basis, or at Council's discretion.

11.9.2 WDC Management

Management and other staff have access to all the same reports as elected members including detailed Asset Management Plans.

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

11.9.3 Other Approved Organisations & Suppliers

Council maintains extensive engagement with Waka Kotahi, Hastings, Central Hawke's Bay, Napier and Gisborne councils through regional land transport and utility operator liaison groups.

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

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

Formal communication to the market of proposed programmes is through the LTP.

Once approved the most up to date Procurement Strategy will be uploaded to the Wairoa District Council website.

11.10 DELEGATIONS

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

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

11.11 INTERACTION WITH OTHER DOCUMENTATION

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

- Financial delegations
- Waka Kotahi Programming Planning and Funding Manual
- Waka Kotahi Procurement Manual
- Council Tender Evaluation Procedures Manual.

11.12 REVIEW AND IMPROVEMENT

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

The following procurement items have been identified as future actions:

- Continued staff development, in particular in the areas of procurement, asset knowledge, risk assessment and management, and contract management;
- Continued staff involvement in using and improving the recently developed Tendering Process and Contract Management Manual;
- This Procurement Strategy will be reviewed on a tri-annual basis or earlier if significant change is warranted;
- Recommendations from s17A service delivery reviews will be incorporated as they are undertaken and as appropriate.



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12. APPENDIX A: ADOPTED BROADER OUTCOMES AND RFX QUESTION CRITERIA

The following Table includes the generic Progressive Procurement Guide RFX questions and comments regarding their use in Council contracts. Generally, 3 to 5 of the following questions would be used, however the inclusion of these (if any) must be assessed against the size and scope of the contract along with the Public Value that will be derived.

SECTION 1 - SOCIAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
1.1	<p>Health and Wellbeing</p> <p><i>Detail the employee health, support and wellbeing initiatives provided directly by your organisation and/or prime contractor/sub-contractor, as applicable on an ongoing basis or as part of this project.</i></p> <p><i>Detail who the wellbeing initiatives are available to and whether there are any prerequisites to qualify employees, contractors, sub-contractors, volunteers etc. to be eligible? Is there a dedicated mentor or counsellor available for priority groups? *</i></p> <p>Or for professional services.</p> <p><i>Detail employee health, support and wellbeing initiatives provided by your organisation and who these are available to. Confirm whether your organisation has a dedicated mentor/counsellor available for any employees within priority groups* to ensure their best chance of success?</i></p> <p><i>*Note: Priority groups include, but are not limited to apprentices, cadets, graduates, Māori, Pasifika, ethnically diverse, refugee background, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</i></p>	<ul style="list-style-type: none"> • A requirement for all tenders, as it should align with their own H&SE systems and the obligations under the HSWA 2015. • Useful to have the tenderer identify whether these support initiatives are provided internally or are contracted in, including organisational names. • May overlap with other Health and Safety Prequalification requirements such as SiteWise or SiteSafe Certification etc.
1.2	<p>Community Sponsorship and Support</p> <p><i>Evaluate suppliers based on the level of positive social impact they will give back to the community through:</i></p> <p><i>i. Supporting charities</i></p> <p><i>ii. Supporting social enterprises</i></p> <p><i>iii. Providing volunteers</i></p> <p>Further evaluation considerations:</p> <ul style="list-style-type: none"> • Consider the dollar value of support and duration of support. • Consider the level of positive sustainable, social, or environmental outcomes to be achieved based on the support. 	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to the impact of the contract works on local communities, and the opportunities to improve outcomes on a case-by-case basis.



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ID #	RFX Question Example	WDC Specific Comment
	<ul style="list-style-type: none"> Consider whether the organisation supported specifically supports the local community, local environment, uses sustainable practices or supports positive social outcomes. 	
1.3	<p>Local Stakeholder Engagement</p> <p>Detail the specifics of the local stakeholders your organisation will be engaging with that may have an interest in this project/contract. Detail how this will encourage community collaboration and provide positive social-economic and/or environmental outcome.</p> <p>Or for professional services</p> <p>Detail any ongoing relationships your organisation has with local stakeholders and explain how these relationships support positive socio-economic and/or environmental outcomes.</p>	<ul style="list-style-type: none"> Include only if there will be a clear need to engage with local stakeholders as a critical requirement of the Supplier's activities. Consideration should be given to the development of collaborative relationships with stakeholders, where these will result in better outcomes.
1.4	<p>Future Generations</p> <p>Detail how your organisation will support the development of young people/rangatahi within the community.</p> <p>Or for professional services</p> <p>Detail how your organisation supports the development and/or education of young people/rangatahi either internally (within your organisation) or externally (within the community).</p>	<ul style="list-style-type: none"> A requirement for all tenders as this is directly linked to future economic growth within the district. Could possibly overlap with Question # 3.4

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SECTION 2 – CULTURAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
2.1	<p>Mana Whenua Engagement</p> <p>Detail the level to which your organisation (and prime Māori Cultural Heritage and Worldview</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will be incorporating and respecting Māori culture, values, and perspectives into the project and/or beyond its lifespan, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p> <p>Or for professional services</p> <p>Explain how awareness of Māori culture, values and perspectives are incorporated into your organisation, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line</p>	<ul style="list-style-type: none"> A requirement for all tenders. Contract specific opportunities for early engagement, employment, training, and on-going communication should be identified. Where the iwi, and/or hapū groups within a project geographic area are identified, then the RFX should provide specific contact details.

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ID #	RFX Question Example	WDC Specific Comment
	<p>with Te Tiriti o Waitangi contractors/sub-contractors, as applicable) will be engaging with or involving mana whenua, or specific iwi and/or hapū groups in this project/contract, and whether there will be a dedicated contact to support positive, meaningful ongoing engagement.</p> <p>Or for professional services</p> <p>Detail the level to which your organisation currently engages or involves mana whenua, mātāwaka or specific iwi groups to support positive, meaningful ongoing engagement that reflects Aotearoa New Zealand's cultural heritage.</p>	
2.2	<p>Māori Cultural Heritage and Worldview</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will be incorporating and respecting Māori culture, values, and perspectives into the project and/or beyond its lifespan, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p> <p>Or for professional services</p> <p>Explain how awareness of Māori culture, values and perspectives are incorporated into your organisation, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p>	<ul style="list-style-type: none"> • A requirement for all tenders. • Outcomes must be aligned with the needs and values of the local Māori communities. • Requirements for engagement at project commencement (e.g., opening ceremonies, blessings), and the inclusion of cultural recognition through signage and artwork etc.
2.3	<p>Diversity and Inclusion</p> <p>Detail how your organisation (prime contractors/sub-contractors, as applicable) will be showing commitment to diversity and inclusion either specifically within this project and/or as business-as-usual. Provide the details of any accreditations, programmes, or memberships that your organisation has with formal bodies and policies or recruitment processes that demonstrate a commitment to diversity and inclusion.</p> <p>Detail how your organisation (and prime contractors/sub-contractors, as applicable) will demonstrate equitable gender employment practices and any initiatives in place to support or encourage women into 'non-traditional' trades professions (e.g., construction, engineering) and/or senior leadership roles within this project.</p> <p>Or for professional services</p> <p>Detail how your organisation shows its support of diversity and inclusion in the workplace. Provide the details of any accreditations, programmes, or memberships that your organisation has with formal bodies and policies or</p>	<ul style="list-style-type: none"> • A requirement for all tenders. This is to ensure there are on-going incentives within RFX's for all WDC suppliers to have diversity in their work force, and an organisational culture of inclusivity.

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ID #	RFX Question Example	WDC Specific Comment
	<p><i>recruitment processes that demonstrate a commitment to diversity and inclusion.</i></p> <p><i>Demonstrate how your organisation supports equitable gender employment practices and any initiatives in place to support or encourage women into senior leadership or 'non-traditional' roles within the organisation. Provide gender diversity metrics for senior leadership positions within your organisation.</i></p> <p><i>*Note: Diversity and inclusion includes but is not limited to ethnicity, culture, gender, gender identity, age, or under-represented groups.</i></p>	

SECTION 3 - ECONOMIC WELLBEING

ID #	RFX Question Example	WDC Specific Comment
3.1	<p>Innovation</p> <p><i>Detail any bespoke or innovative initiatives that your organisation (and prime contractors/sub-contractors, as applicable) will provide to support or enhance social, cultural, economic and/or environmental community outcomes.</i></p> <p><i>Explain whether this (or these) initiative(s) will provide benefit for the lifetime of the project only, or whether there will be longer term outcomes and if so, the expected duration and effects.</i></p> <p>Or for professional services</p> <p><i>Detail any bespoke or innovative initiative(s) that your organisation provides to support or enhance positive social, cultural, economic and/or environmental community outcomes. (These initiatives may be internal or external).</i></p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Some contract models may drive innovation (e.g., Design Build) without the need for the inclusion of this Question.
3.2	<p>Employment</p> <p><i>How many FTE jobs do you already have based in the Wairoa district? How many new FTE jobs do you expect to create in the Wairoa district as a result of this contract or project?</i></p> <p>Or for professional services</p> <p><i>How many new FTE jobs do you expect to create as a result of this contract or project?</i></p>	<ul style="list-style-type: none"> • A requirement for all tenders as this will underpin future economic growth within the district. • The Question should identify the permanence of the employment beyond the term of the contract.

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ID #	RFX Question Example	WDC Specific Comment
3.3	<p>Employing Priority Groups</p> <p><i>Will your organisation hire anyone from priority groups for this project/contract and if so, how many from each group and through what recruitment process?</i></p> <p><i>Provide details on any ongoing mentoring support or similar that will be provided to those within this priority group.</i></p> <p><i>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</i></p> <p>Or for professional services</p> <p><i>Detail the current hires that your organisation has from priority groups (refer below) and the recruitment process followed to reach the nominated target group(s)?</i></p> <p><i>Provide details on any ongoing mentoring support or similar that is provided to those within priority groups.</i></p> <p><i>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</i></p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to the scope of the works and the opportunities these provide to priority groups.
3.4	<p>Upskilling and Training</p> <p><i>Explain how your organisation (and prime contractor/sub-contractors, as applicable) will provide opportunities for upskilling or training for those involved in the project/contract and the specifics of the opportunities available. Provide specific details on who the training and upskilling will be available to and the types of training your organisation will be providing. Specifically, detail whether your organisation will provide upskilling and training opportunities for:</i></p> <ul style="list-style-type: none"> • Māori and/or Pasifika people • Other priority groups* • The domestic construction sector workforce. <p><i>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</i></p> <p>Or for professional services</p> <p><i>Detail the upskilling and training opportunities your organisation provides or sponsors for employees. Provide specific details on who the training and upskilling opportunities are available to and not available to.</i></p>	<ul style="list-style-type: none"> • As this aspect will be a significant contributor to future economic growth within the district, it is suggested that it is included in all construction and maintenance contracts.



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ID #	RFX Question Example	WDC Specific Comment
	<p><i>Specifically, detail whether your organisation provides upskilling and training opportunities for:</i></p> <ul style="list-style-type: none"> • Māori and/or Pasifika people • Other priority groups* • The domestic construction sector workforce. <p><i>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</i></p>	
3.5	<p>Local Supply Chain</p> <p><i>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will support:</i></p> <ul style="list-style-type: none"> • Supplier diversity in the supply-chain throughout delivery of the project/contract. This may include, (but is not limited to) supporting small businesses, contractors, sub-contractors, social enterprises, socially innovative businesses, female owned businesses and/or Māori or Pasifika owned businesses. • Local industry for key material requirements [insert example materials here relevant to project] to encourage local employment, support NZ made and reduce waste and emissions. Provide information on whether your organisation uses services, purchases materials, products and/or goods that are ethically sourced. • Market accessibility to enable small-medium businesses to participate in projects with greater ease and fewer barriers to entry. (For example, by supporting processes and contract models that provide manageable scale and term considerations.) <p><i>Provide specific details of the businesses your organisation will be supporting and their core industry; and/or the duration of the support to be provided to the above.</i></p> <p>Or for professional services</p> <p><i>Explain how your organisation (and prime contractors/sub-contractors, as applicable) supports:</i></p> <ul style="list-style-type: none"> • Supplier diversity in the supply-chain throughout delivery of services. This may include, (but is not limited to) supporting small businesses, contractors, sub-contractors, social enterprises, socially innovative businesses, female owned businesses and/or Māori or Pasifika owned businesses. • Local industry for key material requirements or services to encourage local employment, support NZ made and reduce waste and emissions. Provide information on whether your organisation uses services, purchases 	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to situations where supply chain management and securing of resources (including sub-contractors) for the project, will be critical to its overall success.



PROCUREMENT STRATEGY 2022/2023

ID #	RFX Question Example	WDC Specific Comment
	<p>materials, products and/or goods that are ethically sourced.</p> <ul style="list-style-type: none"> Market accessibility to enable small-medium businesses to work with your organisation with greater ease and fewer barriers to entry. (For example, by supporting processes and contract models that provide manageable scale and term considerations.) <p>Provide specific details of the businesses your organisation will be supporting and their core industry; and/or the duration of the support to be provided to the above.</p>	

SECTION 4 - ENVIRONMENTAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
4.1	<p>Environmental Guardianship</p> <p>Provide details on how your organisation (and prime/sub-contractors, as applicable) will support the protection and enhancement of the natural environment during this project (noting the natural environment includes wildlife, fauna, and flora).</p> <p>Examples include, but are not limited to: environmental education / communication / behaviour change programmes, community driven environmental protection projects, partnering with bodies that invest in and promote ecological conservation and natural heritage enhancements, recycling, resource recovery, use of biodegradable products, volunteering, fundraising for environmental protection causes, and support to innovations/organisations that support New Zealand's natural heritage and biodiversity preservation.</p> <p>Or for professional services</p> <p>Provide details on how your organisation supports the protection and enhancement of the natural environment (noting the natural environment includes wildlife, fauna and flora) on an ongoing basis.</p> <p>Examples include, but are not limited to: environmental education / communication / behaviour change programmes, community driven environmental protection projects, partnering with bodies that invest in and promote ecological conservation and natural heritage enhancements, recycling, resource recovery, use of biodegradable products, volunteering, fundraising for environmental protection causes, and support to innovations/organisations that support New Zealand's natural heritage and biodiversity preservation.</p>	<ul style="list-style-type: none"> Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. Consideration should be given to any projects on the SP38 road, other sites bordering on to the Te Urewera National Park or other areas of natural beauty.

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ID #	RFX Question Example	WDC Specific Comment
4.2	<p>Responsible Water Management</p> <p><i>Explain your organisation's (and prime contractors/sub-contractors, as applicable) plan to ensure that water use, wastewater, stormwater and/or run-off has the least negative impact on the environment and any water related innovations that will be implemented to support protection of the natural environment and its resources during this project/contract.</i></p> <p>Or for professional services</p> <p><i>Explain any measures your organisation takes to ensure wastewater, stormwater and/or run-off has the least negative impact on the environment (where applicable) and/or any water related innovations your organisation supports to ensure protection of the natural environment.</i></p>	<ul style="list-style-type: none"> • Use for all contracts that will have a potential impact on natural water resources.
4.3	<p>Waste Management</p> <p><i>Provide details on how your organisation (and prime contractors/sub-contractors) will minimise waste to landfill, increase resource recovery, and reduce or eliminate the impacts of hazardous waste on the environment during this project/contract. Detail how your organisation will ensure all involved in the project are aware of waste management guidelines.</i></p> <p>Or for professional services</p> <p><i>Provide details on the measures your organisation takes to minimise waste to landfill and increase resource recovery, as business as usual. Detail how your employees made aware of organisation-wide waste management and minimisation approach.</i></p>	<ul style="list-style-type: none"> • Use for all tenders that will have the potential for moderate, or greater, consumption of natural resources or production of waste materials.
4.4	<p>Reducing Carbon Emissions</p> <p><i>Explain the measures your organisation (and prime contractor/sub-contractors) will take to reduce fuel consumption and CO2 emissions and limit the project's carbon footprint. Provide details on how your organisation plans to achieve energy efficiencies on this project and whether these efficiencies can be measured.</i></p> <p>Or for professional services</p> <p><i>Explain the measures your organisation takes to reduce fuel consumption and CO2 emissions, and limit its carbon footprint, noting New Zealand's commitment to the United Nations Sustainability Goals. Provide detail on any energy efficiencies your organisation measures and provide an overview of results where possible.</i></p>	<ul style="list-style-type: none"> • A requirement for all tenders.

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Wairoa District Council



PROCUREMENT STRATEGY 2023
WAIROA DISTRICT COUNCIL

June 2023



WAIROA DISTRICT COUNCIL PROCUREMENT STRATEGY 2023

Prepared By

Rowan Kyle

WSP

Approved By

.....

(Wairoa District Council)

Date: June 2023



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PROCUREMENT STRATEGY 2023

PROCUREMENT SUMMARY

Vision – Connected Communities. Desirable Lifestyles. Treasured Environments

Community Outcomes

Economic Wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
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Procurement Principles

Value for Money	Openness, Transparency, and Fairness	Accountability and Integrity	Lawfulness	Appropriate Management of Risk	Sustainability
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Procurement Policy Focus Areas

OAG Principles & Guidelines	Probity	Public Value	The Local Supply Chain	Management of Risk	Management of Risk – trials and innovation	Transparency and Confidentiality	Reporting	Broader Outcomes	Implementation
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Procurement Objectives

To select the right supplier who can deliver what is needed, at a fair price and on time	To deliver best value for money over the whole life of the goods, service or asset	To promote efficient purchasing practices and their continuous improvement	To appropriately manage risk in relation to purchasing of goods and service	To ensure purchases are made in an open and transparent manner with full opportunity for all eligible suppliers	To ensure that all decisions are robust and defensible	To contribute to the achievement of Broader Outcomes	To ensure adequate probity – integrity and honesty	To ensure compliance with the requirements and guidelines of Government Rules, Council's Procurement Policy and Manuals	To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities
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Procurement Process

Project Identified	Strategic Context (LTP, Annual Plan)	Procurement Planning	Delivery Model	Supplier Selection	Contract
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PROCUREMENT STRATEGY 2023

COUNCIL DOCUMENTS RELATING TO THIS PROCUREMENT STRATEGY

The following table summarises the relationship between this strategy and other documents relating to procurement.

Document	Purpose	Status at January 2023
Procurement Policy 2020	To state the requirements and expectations of procurement carried out by the Council	In Place
Financial Delegations Policy	To support safe, efficient, and cost-effective procurement and payment of goods and services.	In place. To be reviewed as other documents are developed.
Procurement Strategy 2023 (this document)	To outline and document the strategies staff are to adopt in implementing Council's Procurement Policy.	Procurement Strategy (2020) is in place and will be superseded by this 2023 Strategy.
Progressive Procurement Supplier Guide	This Guide has been prepared by Hastings District Council in collaboration with Napier City Council, Central Hawkes Bay District Council, Wairoa District Council, and Hawkes Bay Regional Council. The guide sets out what may be required from the market when tendering for work, with a specific focus on Social, Cultural, Economic and Environmental Wellbeing.	In place and available on the Council website. https://www.wairoadc.govt.nz/assets/Document-Library/Progressive-Procurement/4600920-ProgressiveProcurementSupplierGuide.pdf
Tendering Process and Contract Management Manual	To provide guidance and operational processes for staff engaging in competitive procurement and/or involved in managing contracts. The intent is to achieve a consistent approach across the Council and mitigate process and common risks associated with contracts.	Reviews existing Draft Tenders Procedures Manual and expands this by adding contract management guidance. Under development.
Contract Template	To facilitate consistent and efficient generation of contract documents.	Has been developed and being used
Risk Management Policy	To guide the assessment and direct the mitigation approach for risks associated with decisions and practices.	In place



PROCUREMENT STRATEGY 2023

Document	Purpose	Status at January 2023
Protected Disclosures Policy	To set out how Wairoa District Council employees can disclose information in the manner provided by the Protected Disclosures Act 2000	In place
Fraud Policy	To facilitate the development of controls that will aid in the detection and prevention of fraud	In place



1. OVERVIEW

1.1 PURPOSE

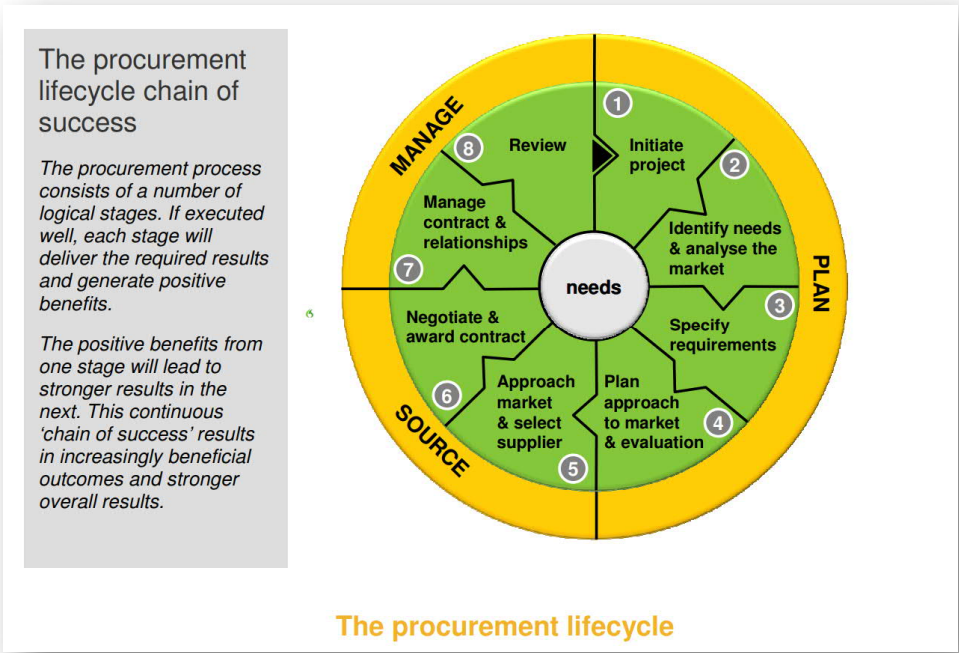
The purpose of this document is to outline the strategies staff are to adopt in implementing Council's Procurement Policy.

1.2 INTRODUCTION

Procurement is ‘the act of obtaining or buying goods or services or works from an external source’¹, often via a tendering or competitive bidding process. The term ‘procurement’ covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset.

In June 2019 Central Government through MBIE published the 4th Edition of the Government Procurement Rules² as a standard of good practice for strategic procurement’ noting it is a guide for government agencies.

Central government has identified a procurement lifecycle chain of success³ and Local Government New Zealand (LGNZ) in collaboration with Waka Kotahi - New Zealand Transport Agency (NZTA). Te Ringa Maimoa (Roding Efficiency Group - REG) are progressively introducing the concepts into the transportation sector to further enhance the level of procurement guidance and successful outcomes.



As they have become available, the concepts embodied within these documents have been incorporated into Wairoa District Council's approach to procurement.

¹ As outlined by the Office of the Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency's Procurement Manual

² Government Procurement Rules – 4th Edition Published June 2019

³ 'Mastering procurement – A structured approach to strategic procurement' First Published March 2011, Government Procurement Solutions - Ministry of Economic Development



1.3 EXTENT OF STRATEGY

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

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

In 2020 a Procurement Strategy applicable to all the organisation's operations was developed and adopted by Council. Due to the bulk of the procurement occurring in the ongoing management and maintenance of infrastructural assets, the 2020 strategy primarily focussed on the infrastructure activities, which include:

Core Activities

1. Transportation (a focus of this Strategy to comply with Waka Kotahi requirements)
2. Three Waters Services (water supply, wastewater, and stormwater)
3. Waste Management

Non-Core Infrastructure Activities

4. Property including
 - Parks and Reserves
 - Airport
 - Cemeteries
 - Buildings

This 2023 revision continues to build on the 2020 Strategy and seeks to be more applicable across the whole council. It has also been expanded around the inclusion of the "Broader Outcomes" as defined in the Government Procurement Rules. To give effect to these outcomes, a region wide Progressive Procurement Supplier Guide has been jointly developed by Wairoa District Council, Napier City Council, Hastings District Council, Central Hawkes Bay District Council and Hawkes Bay Regional Council.

Following a Council Extraordinary Meeting held on 4th October 2022, guidelines for the inclusion of RFX questions specific to Wairoa District Council were adopted. These have been included as Appendix A to this strategy. WDC, along with some of other Councils listed above, have developed specific Progressive Procurement Toolkits that have embodied these elements, along with guidelines for tender response evaluation criteria, the development of KPI's and measurement of outcomes.

Due to scale and volume of work, the more complex processes in this strategy will generally apply to larger procurements involving infrastructural assets.

1.4 UPDATES SINCE THE 2020 STRATEGY

Council has now developed a Procurement Policy which includes a core suite of policies stating Council's requirements for procurement.

Where appropriate this updated strategy has been further aligned with requirements of the Government Procurement Rules, specifically the recognition and delivery of defined Broader Outcomes as required under Rule 16. The Wairoa District Council (WDC) is defined as being part of the Public Sector and therefore compliance with the Government Rules relating to the Broader Outcomes is "Encouraged" under Rule 5. However, there are other rules within the Waka Kotahi Procurement Manual, such as Section 10.6A dealing with the Supplier Selection Process, which are mandatory.

The joint development and adoption of the Progressive Procurement Supplier Guide and Toolkit outlines the requirements of the Broader Outcomes components of the Government Procurement Rules. This Guide provides a set of questions that can be used by Council in seeking Tenderer responses on their methodology for meeting Social, Cultural, Economic and Environmental Wellbeing. Rules 6, 7 and 8 should be considered when preparing tenders and defining value thresholds that may require the inclusion of these components.

The Te Ringa Maimoa (Road Efficiency Group - REG), formed by Local Government New Zealand (LGNZ) and Waka Kotahi, continues to develop ongoing processes to improve the delivery of road transportation services



such as the One Network framework and supporting tools for data management. A number of these tools are related to procurement and have been referred to when appropriate.

With climate change driven weather events increasing in frequency and severity, Wairoa district may need to respond to a greater number of emergency events such as intense rainfall, flooding, and land movement in the future. While the general rules around the procurement of Emergency Works responses and repairs remain unchanged, this version has included a strategy for a greater utilisation of local resources with the objective of minimising the time to service level reinstatement, where this outcome is paramount to the well-being of the local community.

To facilitate a quicker response and increase procurement efficiently relating to anticipated Climate Changed induced Emergency Events, this strategy recognises the discretion provided by Waka Kotahi in procuring suppliers for co-funded Emergency Works reinstatement. Where savings in both time procurement time and costs can be demonstrated, emergency repair work will also be undertaken as approved variations to existing Council contracts. This will provide greater flexibility to Council in utilising existing local contracting resources to undertake these works. The adoption of such approaches however must still be justifiable in terms of Public Value, value for money outcomes and must still comply with Waka Kotahi procurement rules for co-funded repairs. Refer to Section 10.5.5 for Threshold Values and Descriptions.

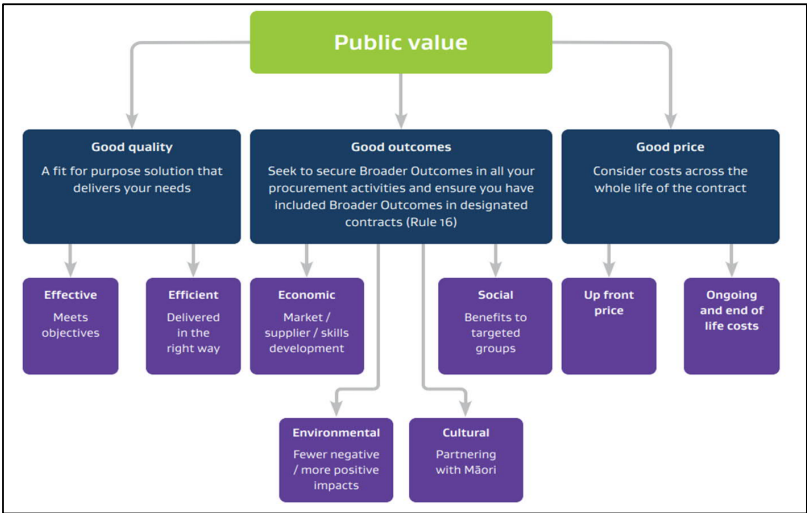
1.5 PUBLIC VALUE

Previous strategies have focused on a whole-of-life approach implementing good asset management, including optimised lifecycle management, and modelling, as being key to successful procurement and delivery of services.

The key drivers of this approach are regarded as:

- The development of an effective forward work plan for asset maintenance and renewal
- Appropriate, efficient, and compliant supplier selection procedures
- Maintaining capacity and competitiveness in the local market including sustaining the local supply chain
- Successful delivery of works and services (the right outcome on time and within budget)

However, the Government Procurement Rules requires agencies to also identify and include the concept of Public Value. This requires agencies to take into consideration a wider range of factors in their Procurement Strategy. This broader approach commits Council to seek social and environmentally sustainable options and not necessarily the lowest cost ones. The factors contributing to Public Value are outlined in the following diagram taken from the Government Procurement Rules document.





1.6 ENDORSEMENT & REVIEW

Responsibility for the Strategy and its currency primarily lies with the Group Manager: Community Assets and Services, who is also responsible for the continuity of subsidised transport funding.

Reviews and Waka Kotahi endorsement of the procurement strategy is a requirement for continued funding.

As such, this Strategy will be reviewed on a triennial basis.

As part of this overall review of procurement processes, Council's Tender Evaluation procedures are also being updated.



2. STRATEGIC GOALS AND COMMUNITY OUTCOMES

WDC acknowledges the significant role of its activities in the achievement of Community Outcomes. To support this, each activity has a Strategic Goal or “Why we do it;” this is an important component in the procurement framework.

Meeting the activity goals is dependent on appropriate and effective procurement processes.

The table below illustrates how each activity contributes to the adopted Community Outcomes and shows the strategic goal for each activity.

ACTIVITY GROUP	ACTIVITY	ACTIVITY GOAL
Water Services ⁴	Water Supply	To comply with the New Zealand Drinking Water Standards, 2005 (Revised 2018) and the NZ Health Drinking Water Act. Comply with current Water Safety Plans and the management of drinking water infrastructure.
	Stormwater	Effective and efficient management of the collection and disposal of stormwater to ensure that the capacity of available facilities is optimised, and that the environment is not compromised.
	Wastewater	Reliable and safe collection and disposal of sewage.
Waste Management		Reliable and safe collection and disposal of waste including increased recycling and waste minimisation wherever possible.
Transport	Land Transport	Provision of a safe and affordable land transport network that contributes to the outcomes of the Land Transport Management Act and the objectives of the Regional Land Transport Strategy.
	Airport	To provide a safe and cost-effective facility to meet current needs.
Community Facilities	Cemeteries	Reliable and safe management and operation of public cemeteries.
	Buildings	Reliable and safe management and operation of Council's public buildings.
	Library	To promote the library to the wider community as a centre for information, ideas and works of the imagination.
	Parks & Reserves	Continued access to and sustainable management of parks & reserves.
Regulatory & Planning	Resource Planning	To ensure that relevant legislation, regulations, and bylaws are monitored and enforced such that Council meets its requirements.
	Environmental Health	To ensure that relevant legislation, regulations, and bylaws are implemented such that Council meets its requirements and statutory obligations.
	Building Control	To provide an acceptable standard of building development within the district through the positive application of the Building Act 2004 and Act processes.
	Bylaw compliance	To ensure that relevant legislation, regulations, and bylaws are monitored and enforced such that Council meets its requirements.
Corporate Activities	Financial Services	To provide certainty of sustainable funding for Council's ongoing operations.
	Information Technology	To enhance service delivery and improve efficiency through prudent and productive ICT investment.
	Corporate Support Services	To provide support to Council's various corporate structures, assist with ensuring compliance with bylaws and regulations.

⁴ May be subject to the implementation of the Government's Three Waters Legislation.



3. PROCUREMENT POLICY

Council has developed a Procurement Policy, which states the requirements and expectations of procurement carried out by the Council. The objective of the Policy is to enhance Council's professional integrity, accountability, and probity across all its activities.

3.1 PROCUREMENT POLICY PROVISIONS

1. OAG Principles and Guidelines

Procurement shall be carried out in a manner that is in keeping with the Principles and Guidelines promoted by the Auditor General.

2. Probity

Procurement is to be conducted with probity.

3. Public Value

The procurement process, where practicable, is to seek to deliver Public Value through

- Good Quality – Fit for Purpose Solutions
- Good Outcomes – Inclusive of Economic, Social, Environmental and Cultural requirements of Communities
- Good Price – Competitive sustainable supply chain with minimised transactional costs for suppliers and Council.

4. The Local Supply Chain Management

Where practicable, procurement processes are to consider the sustainable development of the local supply chain.

5. Management of Risk

Risk is to be managed by adopting procedures pertinent to the complexity and scale of the required works, and more specifically:

- Implementing procurement approaches that allocate risk to the party most suited to managing it – Council is prepared to accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community.
- Developing and implementing risk management plans for high-risk procurements.

6. Management of Risk – trials and innovation

Council is prepared to accept higher risks for the trialling of new products and techniques that may ultimately lead to benefits for the community.

7. Transparency and Confidentiality

Procurement processes are to be transparent where feasible, with successful tender bids being disclosed publicly and the range of bids received being disclosed to all bidders. The only exception to this is where sensitive commercial information would be compromised by doing so.

8. Reporting

The status of procurement within the district is to be routinely reported to the Finance, Audit & Risk Committee.

9. Implementation

The Chief Executive is to ensure appropriate policies, procedures and guidelines relating to procurement are in place.



3.2 PROCUREMENT OBJECTIVES

The table below outlines Council's procurement objectives and how these can be achieved:

PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To select the right supplier who can deliver what is needed, at a fair price and on time.	OAG Principles and Guidelines Public Value Management of Risk Community outcomes	Understand the community needs and their desired outcomes. Understand the market environment and potential suppliers. Develop accurate scope, specification, and schedule (including review) Evaluate options for the most appropriate form of delivery. Tender documents to be clear and concise with tender evaluation criteria included. Ensure the sustainability of a healthy local supplier market that maximises the number of capable and experienced tenderers. Utilise existing local suppliers for the pricing of Emergency Works, including the use of a Closed Contest where appropriate, to minimise the time for urgent repairs. For co-funded land transport projects, this option must still comply with the Waka Kotahi Procurement Manual rules and approval sought under S25(1) LTMA where any proposed procurement process would extend beyond the discretion already provided to approved organisations for Emergency Works reinstatement.
To deliver best value for money over the whole life of the goods, service, or asset	Public Value The Local Supply Chain Management Reporting	Understand whole-of-life costs of the goods / asset. Promoting longer construction periods for maintenance contracts to encourage establishment and development of the local supply chain. Balancing the bundling of work to suit local procurement environment and geographic area. Identify areas where levels of service are not being met and propose solutions. Contract performance reviews and reporting
To promote efficient purchasing practices and their continuous improvement	Reporting Broader Outcomes Management of Risk Implementation	Regular audits / reviews including Tri-annual review of Procurement Strategy. Staff training on the full procurement process Staff sharing and learning from successes and failures. Follow industry best-practice and keep up with the play with ongoing development (e.g., REG programme) Seek feedback from suppliers. Collaborative / joint procurement with other territorial authorities and agencies including the use of the Progressive Procurement Supplier Guidelines in tender documents.
To appropriately manage risk in relation to purchasing of goods and services	OAG Principles and Guidelines Management of Risk Management of Risk – trials and innovation	Identify and understand procurement risks, including the risks associated with delivering the service, and how to manage them. Establish a risk matrix and determine the appropriate mechanism for managing the risk. Determine the appropriate criteria and expertise for the type of services to be procured. For example, high risk and/or complex construction requiring specialised professional design services.



PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To ensure purchases are made in an open and transparent manner with full and fair opportunity for all eligible suppliers	OAG Principles and Guidelines Probity Transparency and Confidentiality	<p>Ensure appropriate tender / procurement procedures are implemented in accordance with Council's Procurement Strategy with all decisions documented.</p> <p>Excluding any co-funded land transportation activities, Works valued up to \$200,000 (inclusive) may be procured through direct appointment.</p> <p>The procurement of any co-funded works through direct appointment will be limited to a maximum value of \$100,000 in accordance with Section 10.9 of the Procurement Manual.</p> <p>Excluding any co-funded land transportation activities, Works valued between \$200,001 to \$500,000 (inclusive) may be procured through a closed contest, with a minimum of two, but preferably three invited tenderers.</p> <p>The procurement of any co-funded works through a closed contest will be limited to a maximum contract value of \$200,000 in accordance with Section 10.9 of the Procurement Manual. A Closed Contest shall endeavour to seek tender prices from three capable suppliers. Where a closed contest identifies only two willing and able suppliers, despite reasonable efforts to identify a minimum of three, the supplier selection process may proceed with the two that have been identified using one of the available supplier selection methods.</p> <p>Where Council identifies the need for any alternative approach for the procurement of suppliers for its co-funded land transportation activities, Waka Kotahi approval for the approach shall be sought in advance. The Procurement manual provides discretion in some cases as set out in the following Practice Note – Competition and Options for Supplier Selection: https://www.nzta.govt.nz/assets/resources/procurement-manual/docs/practice-note-competition-supplier-selection-20170707.pdf</p>
To ensure that all decisions are robust and defensible	Probity OAG Principles and Guidelines	<p>Procurement strategy and tender procedures to be followed.</p> <p>Staff training on the full procurement process</p> <p>All decisions documented.</p>
To ensure adequate probity – integrity and honesty	Reporting Management of Risk Implementation	<p>Latest Waka Kotahi Procurement Manual to be complied with for all their funded works. Written approval must be sought for any departure from the rules.</p> <p>For Waka Kotahi funded projects or contracts deemed to be high value and/or medium to high risk, the Tender Evaluation Team (TET) must include a certified tender evaluator.</p>
To contribute to the achievement of community outcomes	Broader Outcomes The Local Supply Chain management	<p>Consider Community outcomes and related activity goals in the development of any scope of works, goods, or services to be procured.</p> <p>Leverage off procurement processes to help achieve broader strategic goals and contribute to economic, environmental, social, and cultural community outcomes.</p> <p>Bundle or unbundle work as appropriate to ensure a good mix of suppliers, including developing and sustaining the local supply chain without compromising effectiveness</p>



PROCUREMENT OBJECTIVE	RELEVANT PROCUREMENT POLICY PROVISIONS	HOW OBJECTIVE CAN BE MET
To ensure compliance with the requirements and guidelines of Council's Procurement Policy, Strategy and Manuals, and Government Procurement Rules	Implementation OAG Principles and Guidelines Probity Reporting	Ongoing staff training. Regular review of procurement practices including seeking feedback on procurement procedures from suppliers and stakeholders. Use of the example supplier responses provided in the Progressive Procurement Supplier Guide and other sources where appropriate. Use REG Procurement Strategy assessment and Waka Kotahi audits to develop and maintain procurement delivery at an appropriate level.
To ensure Council's purchasing activities are managed in accordance with its statutory and legal responsibilities	Implementation OAG Principles and Guidelines Reporting Probity	Continuous review of legal and regulatory requirements. Staff training. Compliance with regulations and standards such as Government Procurement Rules, Waka Kotahi Procurement Manual, and funding application requirements.



4. LEGISLATION & REGULATORY REQUIREMENTS

4.1 GENERAL

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

- Local Government Act 2002
- Official Information Act 1982
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Fair Trading Act 1986
- Health and Safety at Work Act 2015
- Land Transport Management Act 2003.

Council has public law obligations that could apply to aspects of a procurement process. Council's fundamental public law obligation is always to act fairly, reasonably, and in keeping with the law.

It is also good practice to consider guidance such as OAG procurement guidelines for public entities and the Government Procurement Rules.

4.2 LOCAL GOVERNMENT ACT 2002 (LGA)

The purchase of goods or services must be consistent with the principles of the LGA. Under s14 and ss77-81 of the LGA, local authorities are required to:

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

4.2.1 Services Delivery Review – Local Government Act 2002 – Section 17A

The previous Services Delivery Review specific to Council's Land Transportation services was undertaken in January 2020.

This identified the preferred option for delivery of Council's Land Transportation Services was to maintain the status quo of outsourced physical works contractors, managed through an in-house professional services business unit. The business unit would in turn be supported by outsourced specialists on an "as required" basis. The principal objective is to sustain an adequate level of supplier competition and capability within the district. It also remains vital that at least two tier 1 road maintenance contractors continue to have depots within Wairoa township and that they are provided with sustainable quantities of work into the foreseeable future. In addition, a growing list of capable sub-contractors must continue to be encouraged to provide a level of local resourcing to the tier 1 suppliers and ensure industry growth continues.

The 2020 review also identified the status quo as the preferred option for the delivery of Professional Services, with the WDC in-house business unit supported through an outsourced Professional Services contract for specialist services for a range of activities, ranging from Forward Work Programme development, asset management, surveying, design, procurement, tender document preparation, MSQA etc.

A 3+2-year Professional Services contract (Contract No. 20/04) was tendered and was awarded on the 1st of August 2020.



Given the importance of the above requirements to the maintenance and renewal of Council's roading infrastructure, it is desirable the next S17A review is completed before the end of 2023 taking the following factors into consideration:

- Council's Sealed and Unsealed Road Maintenance Contracts will terminate in July 2025 and a S17A Review is required within 2 years of the contracts terminating (S17A (2(b))), but also subject to S17A (3(b)), regarding review cost versus benefits.
- Allowing 12 months for tendering and award means that an independent S17A review, Council's acceptance of any recommendations and subsequent pre-tendering supplier market engagement must be completed by July 2024 at the latest.

These timeframes indicate that the procurement programme for these two road maintenance contracts must be established and confirmed by July 2023.

4.3 WAKA KOTAHI FUNDED TRANSPORT ACTIVITIES

4.3.1 Land Transport Management Act 2003

A Procurement Strategy is required by Waka Kotahi for funded land transport activities as part of meeting the requirements of Section 25 of Land Transport Management Act 2003 (LTMA).

Section 25: Procurement Procedures:

- (1) the Agency must approve 1 or more procurement procedures that are designed to obtain the best value for money spent by the Agency and approved organisations, having regard to the purpose of this Act.
- (2) In approving a procurement procedure, the Agency must also have regard to the desirability of—
 - a. Enabling persons to compete fairly for the right to supply outputs required for approved activities, if 2 or more persons are willing and able to provide those outputs; and
 - b. Encouraging competitive and efficient markets for the supply of outputs required for approved activities.
- (3) Every approved procurement procedure must specify how procurement is to be carried out (which may differ for different kinds of procurement)

The purpose of the LTMA, under Section 3 is 'to contribute to an effective, efficient, and safe land transport system in the public interest'.

Waka Kotahi requires that Council have a procurement strategy that documents Council's long-term integrated approach to the procurement of transport sector activities funded under Section 20 of the LTMA.

4.3.2 Waka Kotahi Procurement Manual

Chapter 4 of the Waka Kotahi procurement Manual 'Strategic Approach to Procurement' states the following:

- A procurement strategy documents an approved organisation's long-term integrated approach to the procurement of transport sector procurement activities funded under s20 of the LTMA.
- The planning for all procurement activities should involve a process of identifying and understanding the objectives of the activity, the relevant supplier market, the associated risks and the nature and quality of the goods and services to be purchased. This understanding must then be documented in a strategy.
- A procurement strategy will explain an approved organisation's approach to the purchase of goods and services to suppliers, Waka Kotahi, and other stakeholders.

This procurement strategy is designed to link WDC strategic goals and objectives with the procurement context of the LTMA, specifically value for money, fairness, competition, and efficiency.

4.4 TE RINGA MAIMO A (REG) DEVELOPMENTS

LGNZ and Waka Kotahi have formed a sector wide group, REG, to implement the recommendations of the 2011 Road Maintenance Task Force. One key aim of previous REG development programmes has been to improve procurement practice across the sector. A Procurement Strategy Assessment tool has been developed which enables Council to assess the content of this strategy and identify ongoing areas for improvement.



4.5 GOVERNMENT PROCUREMENT RULES - 2019

The New Zealand Government has published a document 'Government Rules of Sourcing - Rules for Planning your Procurement, Approaching the Market and Contracting.' This document is relevant to Council's operations.

The associated document "Government Procurement Rules" details actions that are mandatory for central government agencies. These agencies are required to have policies in place that incorporate the five principles of government procurement. These principles are:

1. Plan and manage for great results.
2. Be fair to all suppliers.
3. Get the right supplier.
4. Get the best deal for everyone.
5. Play by the rules.

While some of the rules are not mandatory for local government, the principles are still applicable and the document notes: Wider State Sector and Public Sector agencies are encouraged to have regard to the Rules as good practice guidance.

However, other Government Procurement Rules and those set out in the Waka Kotahi Procurement Manual for co-funded activities, will take precedent and are mandatory.

The full document can be downloaded from the following link:

<https://www.procurement.govt.nz/assets/procurement-property/documents/government-procurement-rules.pdf>

Rules 6, and 7 set out the Value Threshold for Goods, Services, Refurbishment, and New Construction Works that require the Approved Organisation to apply the rules. Council shall review the compliance requirement for each of the rules on a case-by-case basis subject to estimated contract value.

4.6 OFFICE OF THE AUDITOR GENERAL - PROCUREMENT GUIDANCE FOR PUBLIC ENTITIES: GOOD PRACTICE GUIDE

Published in 2008, the guidelines outline 'good practice that public entities should use to procure goods or services'.

This includes the development of Procurement Strategies as well as various procurement processes and has contributed to the development of Wairoa District Council's Procurement Policy.



5. PROCUREMENT ENVIRONMENT

5.1 PHYSICAL ENVIRONMENT

Wairoa's remote geographic location impacts on our procurement environment. To attract non-resident contractors, consultants, and other suppliers to tender for work where appropriate, smart packages must be developed that optimise the quantum and the type of work that best align with marketplace capabilities and establishment economies.

5.2 MARKET ENVIRONMENT

5.2.1 Local Supply Chain

It is difficult for communities the size of Wairoa to provide learning and development opportunities larger centres can offer. The limited availability of local post-secondary school training and education opportunities means that a high proportion of youth that have successfully qualified at secondary school leave the district to develop their careers. It can also mean local businesses struggle to gain, train, and retain a skilled workforce. Council, as steward of the community's infrastructural assets and responsible for local community governance and compliance, is involved in some of the more significant investments that occur within the district. In this regard Council's approach to procurement can directly and indirectly impact on the development and sustainability of the local supply chain, particularly with respect to professional and technical services.

Wairoa District Council makes a commitment to the delivery of the "Broader Outcomes" principles outlined in the Government Procurement Rules 4th edition, and this commitment has been included within this strategy. Specifically, this commitment will aim to:

- Encourage suppliers to meet the Social, Cultural, Economic and Environmental objectives of the Broader Outcomes through the inclusion of appropriate non-price attribute questions in the tender documents. This inclusion will be subject to the scope and scale of the work required. The tender responses will be weighted and scored to reward those tenderers who recognise and can deliver these outcomes.
- Provide a scale and continuity of work within the district that will make it financially viable for at least two Tier 1 (large national) or Tier 2 (large regional) contractors to remain established within the region.
- Utilise the existing local contractors to expedite the competitive pricing and construction timeframes for work packages within the district, but without disadvantaging the wider supplier market or eroding any aspects of the Public Value elements.
- Regularly monitor and report the benefits of utilising local contracting resources, the efficiency of the procurement process, contractor performance, value for money outcomes and further opportunities for improvement.
- Engage with the contracting industry through Early Contractor Involvement (ECI) in the project cycle and seek feedback around design options.
- Continue to build trust and confidence between the parties through regular communication, continuity of experienced personnel and excellent project/contract management practices.

5.2.2 Physical Works Providers

Wairoa District Council is served by a range of competent suppliers. Some of the large national organisations have bases in Hawke's Bay and Gisborne, and there are various smaller companies based in the district.

Council's geographic location can be an impediment to outside contractors. Nevertheless, Council has managed to maintain a competitive market for most of its general civil works with a range of local contractors capable of supplying most of the range of services needed. Efforts to nurture this marketplace include unbundling work packages, maintaining a regular workflow by softening out peaks where possible i.e., weather dependant work not conflicting with civil works, and communicating workflow annually with adequate notice. Despite these efforts to nurture the market Council has at times failed to secure competitive bids on key contracts, for example the Waste Management, and Unsealed Roads Maintenance Contracts. Competition is also less evident in



specialised areas such as streetlight maintenance and road-marking. The limited number of potential suppliers willing to bid for contracts continues to require careful attention if value for money is to be consistently achieved.

It is desirable to proactively support the local supply chain and there are advantages to the Wairoa community if it can be sustained and further developed. This requires flexibility in Council's approach with special consideration given to mechanisms that foster involvement of locally based contractors. These mechanisms might include:

- A requirement for a permanent local presence
- A requirement for a percentage of local subcontractor involvement in larger contracts
- Establishing a development programme in which the Council works collaboratively with the local contractor providing additional supervision and guidance on specific projects and activities.
- Using a Prequalification Framework and/or Supplier Panel arrangement that readily enables Council to select local suppliers for projects of an appropriate size and scale. It should be noted that the use of Prequalification of suppliers for any co-funded works does not require Waka Kotahi approval. However, the use of a Supply Panel is an advanced component and will therefore require approval from Waka Kotahi prior to proceeding. Refer Procurement Manual, section 10.5 Procurement procedure advanced components.
- Strategically bundling or unbundling work packages to be attractive to local suppliers who have the capacity to undertake the works in an efficient way.
- Where value for money can be demonstrated, and if permitted in the Procurement Manual rules, utilise the availability of the existing suppliers for pricing of works under a Closed Contest to expedite procurement and construction timeframes.
- Developing and strengthening relationships with locally based suppliers which will assist with capability, capacity, and sustainability of the supplier market. This might include, for example, encouraging training and skills development programmes, cadetships etc.
- Professional Services Providers:

The WDC Infrastructure Business Unit (IBU), formed in 2010, provides professional engineering and management services to transport based activities. Council's asset manager and area engineers are tasked with managing physical works contracts and collecting information regarding the cost to maintain Council's road and other infrastructure assets, to ensure that decision-making is optimised.

Where necessary the in-house team are complemented by a range of professional services providers. Design and planning inputs for construction projects are largely outsourced.

While there are likely to be advantages to the Wairoa community if there is some capacity in private professional consulting services available locally, it is difficult to envisage this being a reality soon. By establishing the IBU, Council has provided a local presence of professional services and has further opportunity to build the local skill set in this area by providing cadetships for school leavers should the demand arise.

5.2.3 Specialist Suppliers

Council is also reliant on various specialists such as information technology providers, where these more specialised areas extend beyond Council's skills and equipment.

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

5.2.4 Council Controlled Organisations

The Local Government Act 2002 defines CCOs as entities in which the Council has more than 50% shareholding, or the ability to appoint more than 50% of the directors.

Council believes that it is important to maintain expertise in construction, roading and maintenance work in the Wairoa district, and to reduce costs to the ratepayer by providing effective competition.



The benefits of maintaining existing CCO's, or establishing additional CCO's to meet specific needs, will be regularly reviewed.

Quality Roothing and Services (Wairoa) Ltd

Quality Roothing and Services (Wairoa) Ltd (QRS) is a Council Controlled Trading Organisation (CCTO), 100% owned by the Wairoa District Council since 1994.

QRS specialises in construction and maintenance of all types of civil construction, infrastructure and roading, and provides such services to Council through maintenance and capital works contracts.

In addition to Council's road maintenance contracts, QRS also operates a unit that is responsible for some of the State Highway maintenance works. This external work has been beneficial to QRS as it has permitted additional skills and experience to be developed which are then available to Council for its local road network maintenance. Where appropriate other similar opportunities should continue to be explored where these will directly enhance the growth of skills and experience of the local employees.

QRS, as a CCO, is subject to the same procurement procedures as other organisations working in the district and Council needs to maintain rigorous adherence to Waka Kotahi guidelines to ensure these are not compromised.

5.2.5 Other Agencies / Sectors

Other agencies that impact on our markets include the level of work being carried out on the Waka Kotahi highways, Hastings District Council and Gisborne District Council. These agencies, along with local farming and forestry companies, provide a base load of work which complements the ability of local contractors to service the district's infrastructure needs.

The ability to collaborate with other Territorial Local Authorities is especially relevant for the land transport activity on the borders of our unsealed network (e.g., Whakatane District Council on the S.H.38-S.P.R.38 route) and Waka Kotahi within our sealed road environment.

Council currently conducts joint procurement with the four other Hawke's Bay Councils for some services like electricity, insurance, website hosting and development.



6. PROCUREMENT PRINCIPLES

Council has identified a list of 'procurement principles' which are in general accordance with those included in the 'OAG: Procurement Guidelines for Public Entities' and Council's Procurement Policy.

Principle		Council Will:
Public Value	<p>The key components of Public Value are regarded as:</p> <ul style="list-style-type: none"> Robust planning to identify an effective work plan and the delivery of Good Quality The delivery of Good Outcomes through meeting Community needs around Economic, Social, Environmental and Cultural needs. Appropriate and efficient supplier selection procedures to ensure a Good Price Maintaining capacity and competitiveness in the local market Successful delivery of works and services (on time and within budget) Monitor and regularly report on the outcomes from the current procurement strategy and opportunities for further improvement. 	<ul style="list-style-type: none"> Define appropriate and achievable Broader Outcomes that will meet the Economic, Social, Environmental and Cultural requirements of communities. Monitor and report achievements to assess continuous improvement in the provision of services. Use resources effectively, economically and without waste. Have due regard for total costs and benefits of a contract and contribution to the outcomes in the Long-Term Plan (LTP) and Annual Plan Select the best possible outcome for the total cost of ownership or whole-of-life cost (not necessarily lowest price). Engage with other departments, councils, and organisations where possible to leverage supply requirements. Consider amounts involved, complexity and level of risk when determining the requirements for the procurement process
Sustainability	<p>Sustainability is a statutory or strategic requirement for councils. For example, the Local Government Act 2002 requires local authorities to take a sustainable development approach, by carefully considering the social, economic, environmental, and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment, and the needs of future generations.</p>	<ul style="list-style-type: none"> Minimise environmental footprint by purchasing goods and services with less harmful impacts on the environment whenever practicable; Consider economic, environmental, cultural, and social impacts over the life cycle of goods or services; Ensure resources are used efficiently and effectively to improve the overall quality of life of people in the local community. Use contract delivery models that have due regard to the sustainability of the marketplace. Carefully consider the effect that sustaining the local supply chain can have on whole of community costs when considering the quantum and nature of work to be tendered. Where appropriate consider setting a portion of work in large contracts to be subcontracted to local suppliers



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Principle		Council Will:
Openness, Transparency & Fairness	Gives confidence to suppliers and reduces probity risks.	<ul style="list-style-type: none"> Be impartial in decision-making –treating all suppliers equally and fairly. Ensure suppliers have full and fair opportunity to compete and participate, including local suppliers. Observe ethical standards, principles, and behaviour throughout the procurement process. Provide responses to any mid-procurement process questions to all confirmed participants and in an equal, timely and transparent fashion. Consider sub-contracting various pieces of work in big projects. Provide clarity around assessment processes and procurement tools, such as tender evaluation matrices
Accountability and Integrity	<p>Every person involved with a contract will ensure the most favourable terms possible, with appropriate priority and balance being given to specified qualitative and other non-price and price attributes.</p> <p>Projects shall not arbitrarily be separated into discrete parts to avoid the necessity for entering into a particular procurement process</p>	<ul style="list-style-type: none"> Be accountable for performance and be able to provide a complete and accurate account of the use of public funds; Assess and document effectiveness, efficiency, and value for money; Follow suitable governance and management processes, including adherence to good administrative practice, legislation, ethical requirements, and other policies. Maintain appropriate records relating to procurement activities that allow for subsequent review of the decision-making process. Be aware of requirements related to conflicts of interest - Identify, notify, and manage any conflicts of interest using sound judgement practice. Apply confidentiality obligations throughout the entire procurement process and after the contract has terminated or expired. Meet regulatory standards
Lawfulness		<ul style="list-style-type: none"> Council will act within the law and meet its legal obligations
Appropriate Management of Risk	<p>Managing risk appropriately leads to better outcomes for all involved including less likelihood of:</p> <ul style="list-style-type: none"> The integrity of the assets, goods or services being compromised. Financial loss and additional costs Public safety being compromised resulting in sickness, pandemic, injury, or death 	<ul style="list-style-type: none"> Adopt procedures pertinent to the complexity and scale of work involved. Implement procurement approaches that allocate risk to the party most suited to managing it. Accept management of risk where transfer of that risk to the suppliers would incur significant additional costs to the community. Develop and implement risk management plans for high-risk procurements



7. PROCUREMENT RISK

7.1 MANAGING RISK

Council's Risk Management Policy clearly defines Council's approach to risk and how it is to be managed.

As 'procurement' covers all aspects of the acquisition and delivery of goods or services, from the identification of needs to the end of a contract, or the end of the useful life and subsequent disposal of an asset⁵, all stages of the procurement process need to be assessed for risk and processes adopted that mitigate these risk as far as is practicable.

Council aims to get the right balance between risk and expected benefit – to be risk aware, not necessarily risk averse. Through its risk mitigation processes Council seeks to select and apply appropriate control measures, techniques, and management principles to reduce either the likelihood of an occurrence or its consequences or both. Risk can never be totally eliminated⁶. The intention is to minimise the likelihood of negative impacts and unwanted outcomes occurring because of wrong choices being made in the procurement process.

7.2 ASSESSING RISK

Council's Risk Management Policy provides guidance on assessing risk. The policy's appendices summarise the key elements.

APPENDIX 1: PROBABILITY/LIKELIHOOD LEVELS

1 Likely	<ul style="list-style-type: none"> The event will probably occur in most circumstances; or, Not quarterly but within 6 months. 70% chance of occurring in the next 12 months.
2 Moderate	<ul style="list-style-type: none"> The event will possibly occur at some time; or, Not within 6 months but at least annually. 50% chance of occurring in the next 12 months.
3 Rare	<ul style="list-style-type: none"> The event could occur at some time; or, Not annually but within 3 years. 20-30% chance of occurring in the next 12 months.
4 Very rare	<ul style="list-style-type: none"> The event may occur only in exceptional circumstances; or, Not every 3 years but at least every 10 years. 10-20% chance of occurring in the next 12 months.
5 Unanticipated	<ul style="list-style-type: none"> The event is not expected to occur; or, Not within 10 years. 2% chance of occurring in the next 12 months.

⁵ See para 1.2

⁶ Risk Management Policy (2017): page 2 – Risk mitigation definition.



APPENDIX 2: CONSEQUENCE LEVELS

LEVEL	DESCRIPTOR	CATEGORIES						
		Health & Safety	Environmental Contamination	Statutory Obligations	Image & reputation	Loss of Service	Project Delay	Financial Loss
1	Insignificant	No injury or potential minor injury	No contamination	Internal query	Customer complaint	Unable to operate for less than 1 day	Less than 6 months	<\$5,000; Council <\$50,000 Community
2	Minor	Minor injury	On-site release immediately contained	Special Audit by outside agency or enquiry by Ombudsman	Negative community coverage	Unable to operate for 1 day – 3 days	Between 6 month and a year	<\$10,000; Council <\$100,000 Community
3	Moderate	Risk of injury (Some severe injuries or potential injuries (near miss))	On-site release contained with outside assistance	Litigation	Negative community and some regional coverage	Unable to operate for up to a fortnight	Between 1 – 3 years	<\$100,000 Council; <\$500,000 Community
4	Major	Actual injury or risk of serious injury (Significant illness or some deaths (up to 3))	Off-site release with significant detrimental effects	District or Environmental Court	Negative regional and some national media coverage	Unable to operate for up to 1 month	Between 3 – 5 years	<\$500,000 Council; <\$1,000,000 Community
5	Catastrophic	Serious injury and death (Wide-spread illness or several deaths (>3))	Toxic release off-site with major detrimental effect	High Court or Criminal Action	Sustained negative national media coverage	Unable to operate for > 1 month	More than 5 years	>\$1,000,000 Council; >\$5,000,000 Community

APPENDIX 3: COMPARATIVE LEVELS OF RISK

Comparative Levels of Risk		
E	Extreme Risk	Immediate action required to manage risk - reported to Council
H	High Risk	Senior management attention to manage risk - reported to FARC
M	Considerable Risk	Management responsibility must be specified, and risk controls reviewed
L	Low Risk	Managed by routine procedures



APPENDIX 4: of the risk management policy provides the following Risk Matrix

Probability/ Likelihood	Consequences				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likely	M	H	E	E	E
Moderate	M	H	H	E	E
Rare	L	M	H	E	E
Very Rare	L	L	M	H	E
Unanticipated	L	L	M	H	E

7.2.1 Financial Value and Financial Loss

The financial value of a procurement is not necessarily proportional to the potential financial loss. Furthermore, different levels of risk for financial loss may be present at different stages of the procurement process and the impact of these changes over time must be carefully considered at prescribed stages in the project programme.

7.2.2 Supplier Selection and Contract Management

The risks at the Supplier Selection phase of a project are likely to be different from the risks experienced during the contract management phase. Selection of the supplier may have a significant bearing on the level of risk likely to be experienced during delivery of the contract.

7.2.3 Managing the Contributing Factors to Negative Outcomes

The key negative outcomes relating to procurement processes that Council seeks to avoid are tabulated below.

Negative Outcomes Council Seeks to Avoid	Procurement process potential contributors							
	poor practice	inadequate scoping	inappropriate contract format	inappropriate design	inappropriate supplier selection	inadequate delivery	inadequate implementation	poor contract management
1. Personal and/or collective harm (injury/death to individuals and/or several of the community)	✓	✓		✓		✓	✓	✓
2. Financial loss and/or compromising the value of the works and assets involved		✓	✓	✓	✓	✓	✓	✓
3. Compromised performance and/or integrity of the works and assets		✓	✓	✓	✓	✓	✓	✓

The above shows that most of the potential contributors to the three key negative outcomes Council wishes to avoid are common to all three. Some of the contributing factors are intertwined, for example;

- Scoping the work correctly and choosing the right supplier will reduce the risk of inappropriate design, and;
- Choosing the right supplier and managing the contract correctly will reduce the risk of inappropriate design and inadequate implementation.



This procurement strategy strongly encourages the building of trust and continuity between Council and its suppliers. However, there is always the risk of a trusting relationship evolving into one of complacency and declining performance overtime. To mitigate this risk, it is recommended that Council benchmarks both the financial and quality outcomes from long-term contracts on a regular basis. This could, for example, include seeking rates for some work elements from the wider market to determine current competitive prices.

7.2.4 Mitigating Procurement Process Risk

Council seeks to mitigate procurement risks by

- 1. Scoping the work correctly
- 2. Choosing the right contract format
- 3. Effective Supply Chain management including encouraging/sustaining a healthy supplier marketplace.
- 4. Selecting the right supplier
- 5. Managing the contract correctly
- 6. Monitoring and reporting on supplier performance
- 7. Incorporating lessons learnt into future contracts.

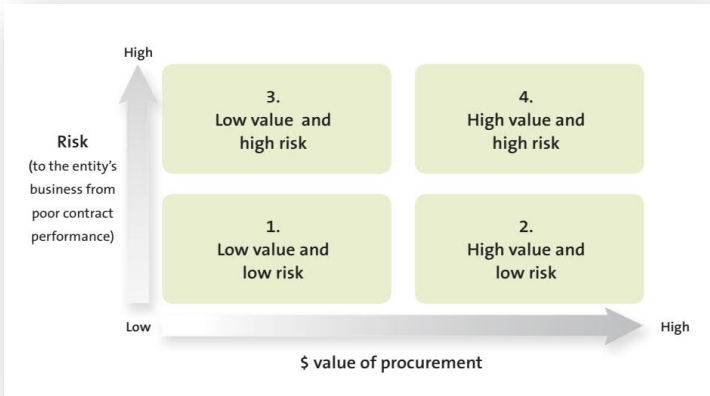
7.2.5 Assessing Project Risk

Council manages contracts of various sizes. Some of the larger ones such as the road maintenance contracts have multiple repeatable tasks of relatively low value, and the subsequent consequences in the event of failure would be modest compared to the value of the contract and total work being delivered. Provided procedures are in place to address any causes of failure, these contracts can be of high value and low risk. This can be contrasted with smaller contracts of much lower total value requiring specialist installation unfamiliar to Council staff and carrying severe consequences if carried out incorrectly. Examples of this would be sophisticated water treatment equipment and technologies, or commissioning and implementing an improved information or accounting system.

Contracts are likely to have different risk profiles in the supplier selection phase from the contract management phase. Using the road maintenance contract as an example; the supplier selection phase can be high value and high risk but if the right supplier is selected, the contract management risk is more likely to be low value – medium risk. This is because the likely financial value of nonconforming items delivered under the contract, and the risks associated with these works, are small when compared to the total values and risks being considered under the selection process.

Figure 2 of paragraph 3.12 in the OAG guidelines shows how the risk and value of the procurement provides a useful categorisation of goods and services as a means for identifying and developing different strategic responses for each category.

Figure 2: Analysing type of procurement to identify procurement method.





This approach can help a public entity to choose an appropriate procurement strategy to address the risk and value of the goods or services being procured, and the guidelines provide additional details on the categories.

Council's Procurement Policy recognises that when properly applied; standard contract conditions in conjunction with fit for purpose tendering and contract management procedures, are useful mechanisms for mitigating risk associated with much of the goods and services the Council procures. For this reason, the policy limits the requirements for developing and implementing contract specific risk management plans to high-risk procurements only.

The OAG Procurement Guide in para 3.13 on page 29 introduces the Queensland Government Department of Public Works' Better Purchasing Guide Developing "Agency Purchasing Procedures" (which can be found on its website at www.qgm.qld.gov.au). Figure 3 shows how the four-quadrant analysis can be developed into a basic procurement strategy. It also sets out the issues a public entity should consider when developing procurement procedures for each category.

Figure 3, Options for approaching markets is copied on the following pages:

Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
Low value and low risk (Quadrant 1)		
<p>Goods or services in this category are usually low value. These goods or services can be routinely procured or procured as required. They are generally goods or services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with procuring them may be of greater cost than the items themselves.</p> <p>Generally, there are competitive local supply markets for goods or services in this category, even at the local level.</p> <p>The skills required for these types of transactions are generally administrative.</p>	<p>Keep procurement in this quadrant relatively simple to minimise procurement and transaction costs.</p> <p>Devolve procurement and associated budgets to the lowest practical geographic level where competitive local markets exist.</p> <p>Establish efficient local procurement arrangements to minimise processing costs.</p> <p>Document the administrative procedures for procuring goods or services in the entity's procurement policies and procedures.</p>	<p>What are the goods or services procured in this category?</p> <p>For the different goods, services, or groups of items in this category, what procurement methods will minimise processing costs and deliver value for money?</p> <p>How will the number of competitive offers needed to deliver value for money, probity, and accountability be determined?</p> <p>Who will be doing procurement activities in this category?</p> <p>What skill levels are required to do the various types of procurements?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What other procedures, documentation and records are needed to manage the procurement function in this category?</p>
High value and low risk (Quadrant 2)		
<p>Goods or services in this category are generally widely used by public entities, they have no special quality, safety, reliability, or environmental implications, they are simple to specify, and they have common standards.</p> <p>Procurement of these items is often in high volumes but with sometimes low value individual transactions. There are often whole-of-entity or syndicated arrangements for supply of these goods or services.</p>	<p>Aim to ensure that total costs, including the costs of processing large numbers of low value transactions, are reduced.</p> <p>Consider using standing offer arrangements with electronic ordering and transaction processes.</p> <p>Aggregate procurement to increase the attractiveness of buying the goods or services, thus increasing the competitiveness of the pricing.</p>	<p>What are the goods or services purchased in this category?</p> <p>Where are the competitive markets for these goods or services?</p> <p>Does the aggregation of procurement at the local level for particular product types warrant a full service provider with regional delivery capability?</p> <p>Where is it practical to establish standing offer arrangements or other methods of supply?</p> <p>Are processes such as electronic ordering/paying or other processes available to reduce processing costs?</p>



Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
<p>Buying is usually an administrative task (for example, booking travel).</p> <p>However, high level procurement skills are required to establish and manage these arrangements (for example, setting up travel arrangements).</p>	<p>Document the administrative procedures for buying in the entity's procurement policies and procedures.</p> <p>Consider if there is a need to address environmental issues about disposal, waste management recycling, handling, or storage.</p>	<p>How will the buying strategies to deliver value for money, probity and accountability be determined?</p> <p>What skills are needed to establish and buy from standing offer arrangements?</p> <p>What skills are needed for the other buying methods used in this category?</p> <p>What expenditure and procurement authorities/approvals are needed for management control and to ensure probity and accountability?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/approvals, are needed for management control and to ensure probity and accountability?</p>
Low value and high risk (Quadrant 3)		
<p>Goods or services in this category are usually highly specialised (for example, high-tech medical equipment).</p> <p>There are often very few potential suppliers. There are relatively few transactions in this category.</p> <p>High-level procurement and technical skills are required to establish and manage these arrangements.</p> <p>Price may not be the principal factor in the procurement.</p>	<p>Reduce exposure to limited sources of supply. This can be done through actively identifying alternative sources of supply and/or changing the demand requirements of the public entity.</p> <p>Prepare individual strategies or procurement plans for each procurement project in this category.</p>	<p>An individual procurement strategy/plan will need to be developed for each item in this category. The public entity's procurement policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place to do procurement and contract management in this category?</p> <p>How will the required procurement, technical and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities/approvals, are needed for management control and to ensure probity and accountability?</p>



Characteristics	Basic procurement strategy	Issues to consider when developing procurement procedures
High value and high risk (Quadrant 4)		
<p>Goods or services in this category are often a complex “bundle” or “package” of services and associated goods that are critical to the service delivery of the public entity.</p> <p>Long-term relationships with suppliers are common. Supplier attitudes to the public entity as a customer are often critical to the value the entity will derive from the delivery of the goods and/or services.</p> <p>High-level purchasing and technical skills are required to establish and manage the procurement process.</p>	<p>Focus on ensuring that the successful supplier has the ability, availability, and resources needed to work with the public entity.</p> <p>Manage the relationship with the supplier to obtain value for money.</p> <p>Have a detailed understanding of what is required, how the arrangement should be managed, and the market characteristics.</p> <p>Develop individual procurement strategies or plans for each procurement project in this category.</p>	<p>Buying strategies will have been developed for each item in this category. The public entity's policies and procedures need to provide an efficient mechanism to do these procurement projects.</p> <p>What organisational systems and procedures need to be in place for doing purchasing and contract management in this category?</p> <p>How will the required purchasing, technical, and other expertise be identified for each project?</p> <p>How will project managers be identified and what responsibilities and authority will they have?</p> <p>How will the projects be integrated into the public entity's other business activities?</p> <p>What systems and supporting procedures, including expenditure and procurement authorities, are needed for management control and to ensure integrity and accountability?</p>

7.3 RISK PROFILES BY CATEGORY – SUPPLIER SELECTION

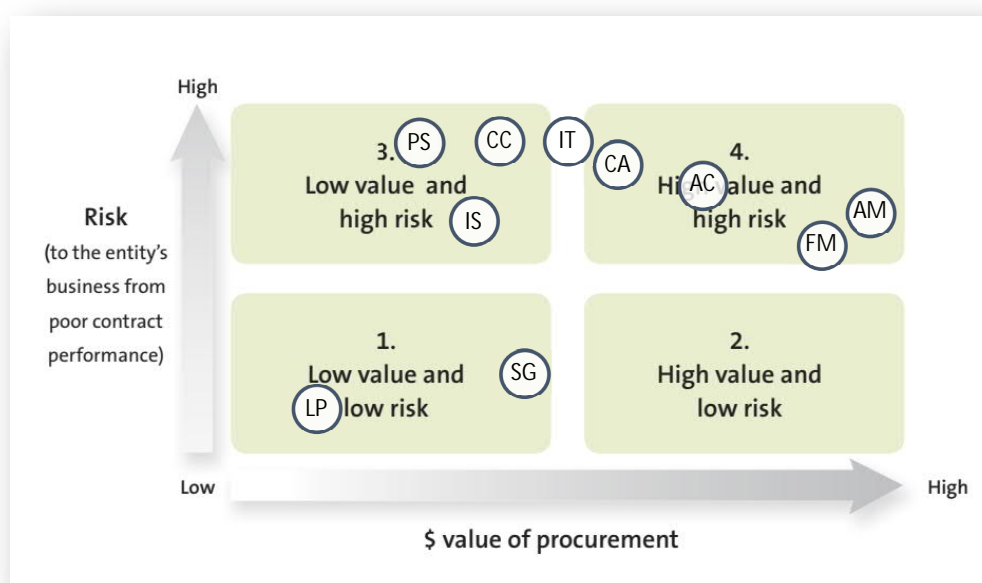
A. The work categories council procures can be grouped as follows:

Category	Abbreviation	Description
Infrastructural operations maintenance and renewals	AM	The AM category includes the general maintenance, operations and renewal activities for infrastructural assets including roads, dams, three waters reticulation pipes and water reservoirs. This also includes programmed emergency response on non-critical assets.
Infrastructural assets creation	AC	The AC category includes the construction and programmes of works required to bring new infrastructure assets into service
Critical infrastructure asset maintenance, operations, and renewals	CA	The CA category includes the maintenance operations and renewal of critical infrastructural assets such as water supply treatment, wastewater treatment, stormwater pump stations, critical lifeline assets, technology-based assets, and airport maintenance
Critical infrastructure asset creation	CC	The CC category covers the programming and construction required to provide new critical service and assets
Professional Services	PS	The PS category includes all engineering, legal, and compliance related professional services. This includes design, planning research, laboratory testing, resource consenting, management, and legal advice



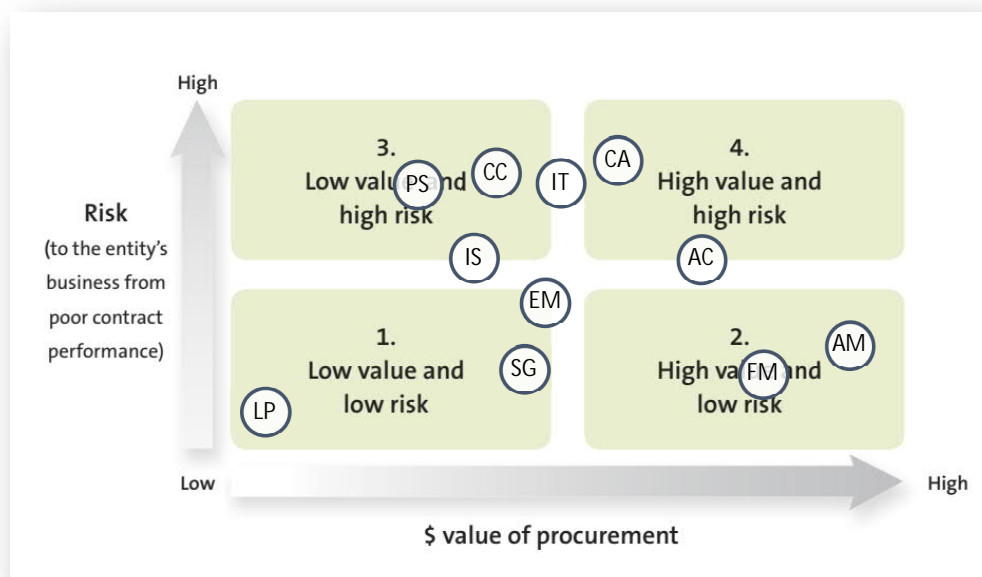
Category	Abbreviation	Description
Supply of goods	SG	The SG category includes the supply of all goods, and materials where the installation or use of the goods and materials will be by another party. It includes the supply of mechanical plant, bulk chemicals, and consumables not covered by All of Government and similar contractual arrangements.
Land and property acquisition	LP	The LP category includes all land and property acquisitions either through purchase or by easement or other access agreement
Facilities maintenance operations and Renewals	FM	The FM category includes the maintenance and renewal activities for council's facilities including Council buildings, halls, parks, reserves cemeteries, public toilets, and the like.
Emergency Management	EM	The EM category covers emergency response activities required before planned responses can be implemented.
New Information Technology	IT	The IT category includes the acquisition and supply of new information technology services and equipment
Information Systems servicing	IS	The IS category includes the servicing of information technology services and equipment

B. Risk profiles by category – supplier selection:





- C. Risk profiles by category – Contract management
This assumes the right supplier has now been selected.



7.4 SPECIFIC RISKS ASSOCIATED WITH PROCUREMENT

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

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

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Identifying the Need / Planning		
Not fully understanding the need	<ul style="list-style-type: none"> Inappropriate service specified. Purchase of unsuitable product or service Money wasted. Lack of tenders Council exposed to unnecessary risk: <ul style="list-style-type: none"> financial failure leading to investment in assets being compromised. delivery failure leading to injury or sickness. Health and Safety obligations not met 	<ul style="list-style-type: none"> Analyse need accurately. adopt procedures pertinent to the complexity and scale of work involved. allocate risk to the party most suited to managing it. Develop clear scope of work / outcomes. Set appropriate timeframes. Consult with users and test against community outcomes. develop and implement risk management plans for high-risk procurements
Insufficient funding	<ul style="list-style-type: none"> Delay in making the purchase. Additional costs for re-tender Partial delivery Desired performance levels cannot be delivered. Projects abandoned 	<ul style="list-style-type: none"> Obtain appropriate approvals before undertaking process. Improve planning. Check for hidden charges in offer of service. Ensure appropriate delivery model is used. Ensure risks are allocated appropriately



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PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Selecting the Form of Delivery / Method of Selection		
Failure to identify potential sources / suppliers	<ul style="list-style-type: none"> Lack of offers from suitable tenderers. insufficient funds resulting from lack of competition 	<ul style="list-style-type: none"> Improve procurement planning processes. Improve market knowledge. Ensure market is informed. Consider early Contractor involvement. Seek industry participation
Inappropriate form of delivery or selection method used	<ul style="list-style-type: none"> Need to seek offers again. May not achieve outcomes. Possible cost variations Failure to obtain value for money. Loss of opportunity to leverage off the project for wider community outcomes. Loss of opportunity to build and sustain local supply chain 	<ul style="list-style-type: none"> Engage with industry prior to selecting delivery model. Improve implementation of procurement policies, guidelines, and practices Forward planning Choose the appropriate contract delivery model. Seek review of selection method
Contract Documentation		
Wrong choice of contract delivery model Inadequate scope / specification / schedule Providing inadequate information	<ul style="list-style-type: none"> Inadequate responses from tenderers Outcomes not met. Variety of offers (difficult to evaluate) Loading of costs in offers Having to provide clarifying information, causing delays in tender closing. Risks inappropriately allocated. Additional tender costs 	<ul style="list-style-type: none"> Ensure full understanding of delivery model options. Consider early contractor involvement. Ensure appropriate contract delivery model chosen. Ensure specification is consistent with needs. Use functional and performance specifications. Staff training in contract documentation preparation Review tender documents before issuing. include evaluation criteria
Terms and conditions unacceptable to tenderers	<ul style="list-style-type: none"> Loading of costs in offers Having to modify tender terms and conditions. Low response 	<ul style="list-style-type: none"> Early contractor involvement Use standard conditions of contract (e.g., NZS3910 for construction contracts) Select appropriate documentation / specifications for goods and services
Expectations of buyer and tenderer not matching	<ul style="list-style-type: none"> Contract disputes Delivery delays Cost variations Reduction in value for money Purchase of less suitable product Inefficient use of resources 	<ul style="list-style-type: none"> Improve communication. Early contractor involvement Document review prior to release Conditions of Contract / Terms of Agreement to form part of RFT. Record each party's obligations. Clarify all ambiguities before signing contract
Tender Procedures		
Insufficient number of responses	<ul style="list-style-type: none"> Re-tender Increased costs Delayed delivery to the client Poor value for money due to limited competition 	<ul style="list-style-type: none"> Ensure appropriate contract delivery model chosen. Assess advertising methods. Improve market knowledge. Provide potential tenderers with advance notice of tender requests. Improve tender documentation and specifications. Allow sufficient time for tenderers to respond.



PROCUREMENT STRATEGY 2023

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
		<ul style="list-style-type: none"> Seek feedback from known suppliers on their non-response
Failure to fully follow evaluation procedures	<ul style="list-style-type: none"> Inconsistent evaluations Possible complaints from tenderers Subjective not objective evaluation of offers. Probity Issues 	<ul style="list-style-type: none"> Improve tender assessment and evaluation processes through staff training. Maintain, audit and review evaluation procedures. Ensure that TET Understand confidentiality obligations
Selecting an inappropriate supplier	<ul style="list-style-type: none"> Failure to fulfil the contract. Money wasted. Council exposed to unnecessary risk resulting in investment being compromised and/or injury and/or sickness 	<ul style="list-style-type: none"> Evaluation review prior to award Minimum of three people on the TET Waka Kotahi certified tender evaluator to be part of TET for contracts with an estimate > \$200,000. include appropriate and measurable evaluation criteria. Have appropriate risk response strategy. Ensure clear and applicable termination clauses are available within contract documents. Reject unacceptable offers
Local supplier not successful	<ul style="list-style-type: none"> Public perception and reality of loss to local economy 	<ul style="list-style-type: none"> Management of local economy issues within the contract document Ensure wider community costs have been considered and logical, justifiable reasons for non-selection of local supplier are available
Contract Management		
Variations	<ul style="list-style-type: none"> Unanticipated cost increases Delays in delivery Contract disputes 	<ul style="list-style-type: none"> Review contract document prior to release Ensure work is properly scoped. Identify potential variations in advance. Accurate records Include process for assessing variations
Failure of either party to reflect the terms offered and agreed in the contract	<ul style="list-style-type: none"> Contract disputes Delays in delivery Legal action Poor supplier/customer relationship 	<ul style="list-style-type: none"> Ensure good contract administration. Ensure clear and applicable termination clauses are available within contract documents. Performance management Staff training Hold regular inspections / meetings and ensure progress reports. Good record keeping and documentation
Inadequately administering the contract	<ul style="list-style-type: none"> Cost increases Outcomes not achieved. Delivery of unsatisfactory product / service Contract/supplier disputes 	<ul style="list-style-type: none"> Maintain good practice. Staff know responsibilities and accountabilities and are suitably trained & experienced in contract management. Engage external support where insufficient in-house capacity / capability
Commencement of work by the supplier before contract in place	<ul style="list-style-type: none"> Potential liability to pay for unauthorised work. Possibility of legal action for perceived breach of contract 	<ul style="list-style-type: none"> Accept all contracts in writing. Ensure approvals are received before allowing work to start



PROCUREMENT STRATEGY 2023

PROCUREMENT RISK	LIKELY CONSEQUENCES	ACTION
Key personnel not available	<ul style="list-style-type: none">• Outcomes not met.• Progress disrupted.• Less expertise	<ul style="list-style-type: none">• Include requirement in specification and ensure compliance



8. PROCUREMENT PROGRAMME

8.1 OVERVIEW

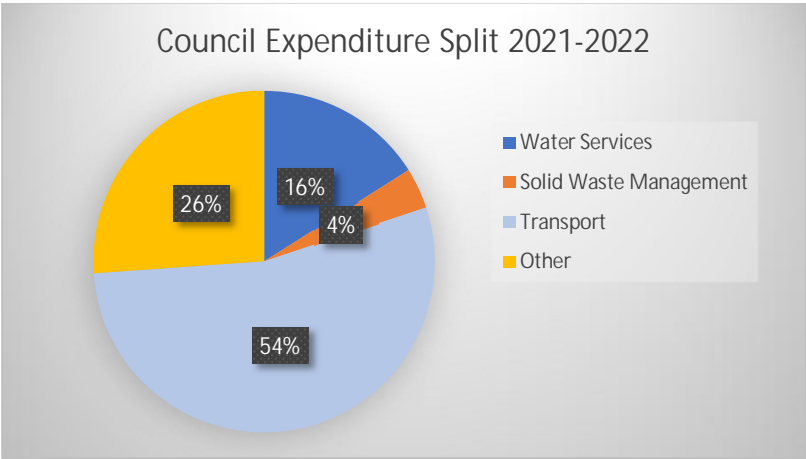
The 10-year procurement programme for Council Activities is outlined in the Wairoa District Council Long-Term Plan (LTP) with the Infrastructure Strategy providing a 30-year assessment of significant issues and planning for Council’s core activities of roading, 3 waters and waste management.

Issues that affect the accuracy and validity of the programme include:

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

Council expenditure (both Operating and Capital Expenditure) is dominated by the core infrastructure activities which account for around 74% of Council expenditure as shown in the table and chart below:

Activity	Expenditure 2021-2022		
	Expenditure - Thousands	% of Total Split	
Water Services	\$7,944	16%	74%
Solid Waste	\$1,915	4%	
Transport	\$26,759	54%	
Other	\$12,935	26%	





8.2 LAND TRANSPORT ACTIVITY

8.2.1 Waka Kotahi Specific Requirements – Land Transport

Where Waka Kotahi has a role as a funding partner, regional alignment and prioritisation of subsidised transport activities is undertaken through the Regional Transportation Programme which is then submitted for funding to the NLTP managed by Waka Kotahi. Activities that are approved for funding are then implemented by Council utilising the appropriate delivery model and supplier selection method to suit the task.

For all co-funded roading contracts, the procedures shall be in accordance with the provisions of the Waka Kotahi Procurement Manual and the Waka Kotahi Planning and Investment Knowledge Base (<http://www.nzta.govt.nz/resources/planning-and-investment-knowledge-base/>). Any deviations should be outlined in a procurement plan, documenting the reasoning and justification for any approved departure (under s25(1) of the LTMA) from the requirements of the Procurement Manual.

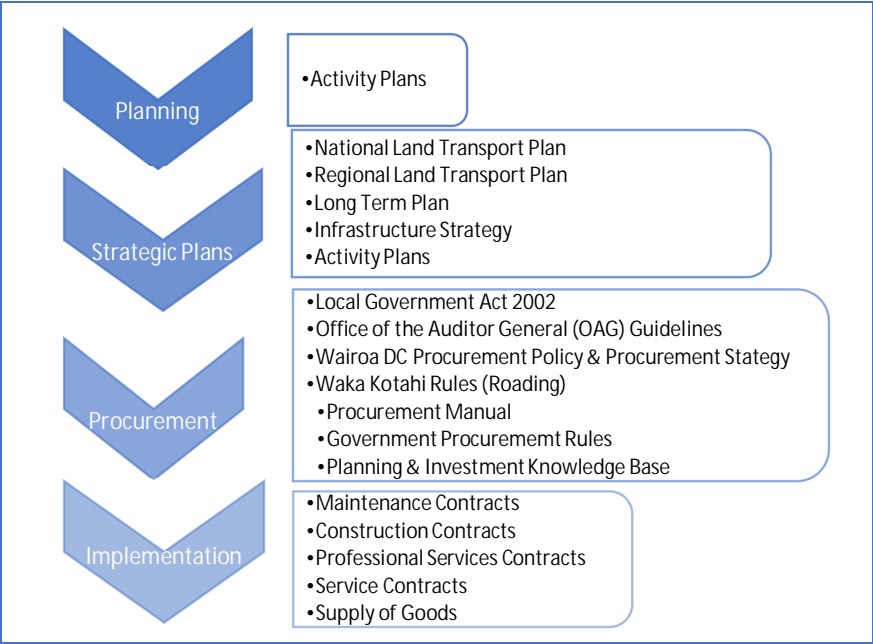
For large projects where tendering costs are likely to be high, a two-part selection process may be used. Where a two-part tendering process is used the short-listing procedure will be in accordance with the provisions in the Waka Kotahi Procurement Manual as stated in the request for tender.



9. PROCUREMENT OF COUNCIL ACTIVITIES

9.1 GENERAL

The diagram below outlines the procurement process from the identification of works through the specific Activity Plans through to implementation of the projects.



PLANNING AND IMPLEMENTATION FRAMEWORK

9.2 ROADING WORKS (PRINCIPLES GENERALLY APPLY TO OTHER ASSETS AS WELL)

The table below outlines the current process for the procurement of specific roading services. (The approach taken here in terms of work categories is generally applied to other asset groups.) Please note any co-funded contracts with a duration greater than 5 years need to be approved by Waka Kotahi.

WORKS	FORM OF DELIVERY & SUPPLIER SELECTION	DISCUSSION
General Maintenance & Operations with some renewals	Traditional - Price Quality	<p>This is the most significant component of our procurement of subsidised roading services. These needs are currently met through two separate activity-based contracts:</p> <ul style="list-style-type: none">• Sealed pavement maintenance (programme developed by Council)• Unsealed pavement maintenance and renewals (outcomes-based contracts) <p>This format of separate contracts and separate contractors was implemented in 2013 with further enhancements in the 2018 procurement round to include renewals such as resurfacing, rehabilitations and Heavy Metal Build Up's to ensure a sustainable contract workload.</p> <p>Current contracts:</p> <p>Unsealed Pavement Maintenance (18/02): Expires 30/06/21. One 2-year and Two 12-month renewal extensions have been approved, extending the contract duration to a maximum of 7 years (30/06/2025).</p>



PROCUREMENT STRATEGY 2023

WORKS	FORM OF DELIVERY & SUPPLIER SELECTION	DISCUSSION
		Sealed Pavement Maintenance (18/01): Expires 30/06/21. One 2-year and Two 12-month renewal extensions have been approved, extending the contract duration to 7 years (30/06/2025). Refer Waka Kotahi Letter of Approval Dated 30 September 2021
Annual Programmes of Works	Traditional Lowest Price Conforming Negotiation	Annual Programmes of Work may include: <ul style="list-style-type: none"> Structures maintenance and Renewals – works are identified through a matrix used by consultant to prioritise works to an annual budget. Minor safety / improvement works. Where appropriate and within financial limits, components of the annual programme may be negotiated through existing maintenance contracts.
Street Lighting	Traditional Lowest Price Conforming	Maintenance requirements are reducing with the introduction of LED lighting. A direct appointment may be made for streetlight maintenance and renewals in the future, should approval be gained for this approach due to reduced requirements and lack of resources.
Professional Services	Traditional Direct appointment Lowest Price Conforming Price Quality	Professional services are generally outsourced to preferred providers supplying technical expertise with works within specified financial thresholds. Larger commissions are often sought through competitive procedures, typically using a price quality method of selection. Target price methods of procurement may be utilised such as where scope cannot be fully defined at time of tender or where innovation is to be encouraged. A new Professional Services contract commenced on 1 August 2020.
Emergency Works and Flood Damage Repairs	In a typical year, Wairoa experiences flood damage in the order of \$2 - \$4 Million. The approach for this work is one that is designed very much around value for money principles. Area Engineers, Contractor representatives and Council staff assess the damage and collate the individual sites. The procurement method selected will depend on risk and criteria such as: <ul style="list-style-type: none"> Risk to the public Scale of works Complexity of works A portion of the expected annual flood damage clean up and repairs required has been included in the maintenance contracts.	
	Low Risk Non-complex works	Either no design required or specific design and low value. Generally undertaken through negotiation with maintenance contractor/s or as invited tenders (for works ≤ \$200,000) using lowest price conforming method of selection – benefits of bundling works / sites into a single contract considered on a case-by-case basis. WDC is guided by Waka Kotahi rules, guidelines and advice when assessing benefits of negotiation versus tendering. For co-funded works Direct Appointment may be used for works less than \$100,000 in value.
	Medium to High Risk Complex works such as coastal / river works	Full engineering design required and resource consent and / or building consent may be required. Projects may be bundled based on construction type, location, and timing to deliver most effective solution. Council may use a Closed Contest with a minimum of 3, invited tenderers for works valued between \$200,001 and \$500,000 unless otherwise justified. For co-funded activities, the value of the works must be less than \$200,000. For works valued greater than \$500,000, (\$200,000 for co-funded activities) an Open Contest shall be used. ECI is encouraged for all tenders where it is likely the input from the contracting industry can add value to Council during the design and construction phases.



9.2.1 Specific Procurement Plan for Sealed and Unsealed Road Maintenance Contracts

As outlined under Section 4.2.1, the procurement of the sealed and unsealed road maintenance contracts will be required during the term of this procurement strategy.

The principal objective of this procurement round is to ensure there is an adequate level of competition through maximising the number of tenderers (a minimum of three for each contract should be targeted) interested in these contracts and that the procurement process results in a minimum of two independent tier 1 contractors (i.e., the same supplier cannot win both contracts as the Lead Contractor) based within the district. In addition, the process should encourage as many local sub-contractors as possible to be involved in the delivery of the maintenance and renewal activities. The need for the inclusion of other Broader Outcomes criteria would also be evaluated.

The following procurement plan outline has been included in this strategy for Waka Kotahi's review and approval, thereby avoiding the need for a separate procurement plan to be developed and submitted.

July 2023 – Dec 2023	Jan 2024 – June 2024	July 2024 – Dec 2024	Jan 2025 – June 2025	July 2025 -
1. Subject to Council Agreement under S17A (3(b)), undertake an Independent S17A Review on Council's Land Transport Activities. 2. Prepare Report and Recommendations 3. Seek Council and Waka Kotahi approval on S17A Review Recommendations 4. Complete Risk Analysis and Run Internal WDC Workshop to identify Risk Mitigation Strategies.	5. Confirm Procurement Model and Market Engagement Plan 6. Undertake Market Engagement Workshops and Analyse Feedback. 7. Subject to Market Analysis and Feedback, confirm Contract Model, Scope of Works, Tenure and Tender Evaluation Criteria including Broader Outcomes requirements. 8. Review and confirm tendering strategy for the two contracts including timing, single or two stage procurement, in parallel or sequential tendering.	9. Confirm Waka Kotahi Approval of Contract Requirements and Evaluation Criteria. 10. Prepare Contract Documents, Schedule of Prices and Estimates. 11. Confirm Estimate Values align with the LTP Funding and WDC Budgets. 12. Hold pre-tender workshop with potential tenderers to reinforce Council's objectives and tendering milestones.	13. Advertise RFT's on GETS – Closing 1 March 2025 at the latest. 14. Tender Evaluation, Negotiation with Preferred Suppliers and Contract Award by 1 May 2025 15. Manage any required transition phase, new supplier establishment and wind up of current contracts by 30 June 2025	16. New Contracts Commence

9.3 THE 3-WATERS – WATER SUPPLY, WASTEWATER AND STORMWATER

9.3.1 Routine Maintenance and Operations

To date, maintenance contracts for the water activities have been undertaken in the following format:

- Water supply reticulation maintenance – within the urban limits of Wairoa Frasertown and Tuai.
- Wastewater – Wairoa, Tuai, Mahia and Opoutama
- Stormwater maintenance – within the urban limits of Wairoa



Council has re-tendered these contracts as a combined 3-waters maintenance contract which is common practice across New Zealand. The selection method used was a price-quality basis of evaluation, seeking innovation in delivery of the combined service.

This new contract started 1st July 2017 with a two-year term and provision for two 2-year roll-overs at the discretion of the Principal. A two-year extension was granted by WDC in 2020.

The new contract anticipates the following key changes to improve overall maintenance of the systems and delivery of the service:

- More ownership of the assets by Council staff through greater monitoring, inspections, and programme development;
- Combining of the contracts will have cost savings in the management of the contracts;
- Efficiencies across the contract by combining water supply, wastewater, and stormwater maintenance with provision for renewals;
- Asset management planning is enhanced.

The operation and maintenance of the Frasertown Water Treatment Plant is excluded from the contract as the treatment plant is managed and operated by Council staff with specialist services engaged as required.

The Mahia and Opoutama Wastewater have been commissioned and the maintenance and operations of these schemes are to be incorporated as a variation into the existing 3 waters contract.

At the time of this review, 3-Waters legislation was yet to be finalised and it was not possible to determine how this may impact on Council's management of these assets. Future procurement reviews will need to include any changes to 3-Waters asset management subject to the final outcome of this process.

9.3.2 Capital Works / Renewals

Capital and renewal works for the water, wastewater and stormwater assets has traditionally been tendered as separate packages of work.

The new 3-waters operations and maintenance contract has provision for negotiation with the maintenance contractor to undertake renewals works (only as directed by the Engineer and within appropriate procurement financial limits).

9.4 WASTE MANAGEMENT

The current waste management contract has been in place since 2019.

The contract is both an operational and maintenance contract:

- Waste and recycling collection and disposal in Wairoa, Frasertown and Mahia
- Operation and maintenance of the Wairoa landfill

The option of a regional landfill operation has been investigated and proposed in the past with the aim of increasing the sustainability of the landfill as general practice reduces the amount of waste (per household) being disposed in line with the Waste Management and Minimisation Act 2008.

9.5 OTHER INFRASTRUCTURE ASSETS

Other infrastructure assets include:

- Parks and reserves
- Cemeteries
- Airport
- Property



Various maintenance contracts are in place for each of these activities, typically for a three-year term with the provision for 2 x 1-year roll-overs.

Contracts are generally procured through open tender on a lowest-price conforming basis, being non-complex and relatively low value.

Local contractors have been encouraged to tender for these works.

Note: A further review of the benefits associated with the development and implementation of a district wide solid waste and recycling contract has been completed in May 2022. This will be considered by Council along with the potential bundling of other property and facility management contracts. If accepted, these various contracts and agreements will be progressively combined into three district wide contracts covering all Council Reserves and Cemeteries, Cleaning and Sanitary Services and Solid Waste and Recycling activities.

9.6 GOVERNMENT FUNDED DEVELOPMENT PROJECTS AND EMERGENCY WORKS

Several large development projects have been directly funded by Government, then administered and successfully completed using Council contractors over the previous two years. In addition to these works, the district remains prone to climate change induced weather events that require repairs to be funded directly from Government agencies or through Waka Kotahi. Given the scale and scope of these works, a specific section has been added to this procurement strategy.

The approach to be adopted in procuring suppliers for these works will be dependent upon several factors:

- The importance attached to the completion of the work (asset criticality) and delivery timeframes.
- The scope and complexity of the work necessitating specialist resources.
- The required lead-in time required to complete necessary investigations, design, consenting and tendering activities.

In some instances, especially where time is of the essence such as with initial enabling works or first response activities, it can be vital that there is a minimum of delay, and work should be undertaken by existing contractors using either Dayworks or defined Emergency Repair rates included in their contracts.

Following any initial phase then the following procurement options should be formally evaluated to identify the one which would have the highest Public Value:

- a) Open Contest with tenders invited from the wider supplier market.
- b) Closed Contest with RFP's requested from Council's existing suppliers.
- c) Direct Appointment where specialist resources are required, and it is unlikely any more than one tender would be received through an Open Contest.
- d) Prices requested from existing suppliers and where accepted the work undertaken as a variation to existing contracts.

Options b) and c) must comply with the requirements of Section 10.9 of the Procurement Manual for all co-funded works, and in some instances further approval from Waka Kotahi may be required under s25(1) of the LTMA.

While options b) and d) are likely to expedite the procurement process, their selection must be justifiable when considering all the factors comprising the Public Value objectives. It will then be necessary for Council to have this justification formally accepted by any external stakeholder (e.g., Waka Kotahi for co-funded works or Government funded projects) before proceeding further with any tendering steps.

Where Option b) is to be used extensively, Council may consider the development and implementation of a Prequalification Framework to ensure all the suppliers meet the minimum requirements for capability, resourcing, quality control and health and safety as a pre-requisite for submitting their price. This would also



have the potential of saving both Council and their suppliers time and money through avoiding the need to constantly resubmit this information during the tender evaluation stage.

Under any Direct Appointment or Closed Contest, it will be necessary for Council to have assurance around market prices for the work to be undertaken. Confidence around pricing can be achieved through either:

- The development of an independent Price Estimate using known market rates for the same or similar work elements. In some instances, an independent review of the Price Estimate should also be undertaken.
- Council occasionally returning to an Open Contest (where possible) to test the level of market interest and the rates compared to those provided under a Closed Contest. This would provide confidence that value for money outcomes were still being achieved.

9.7 NON-ASSET ACTIVITIES

9.7.1 All of Government Contracts / Standing Agreements

'All of Government' contracts are procurement arrangements where Council buys directly from suppliers for an agreed period. These arrangements are appropriate for goods of low value, have no special requirements, are easy to specify and have common standards.

Implemented by New Zealand Government – Procurement, the 'All of Government Contracts' use the collective power of Government by establishing supply agreements for selected common goods and services.

Council currently follows the All of Government Contracts for the following activities:

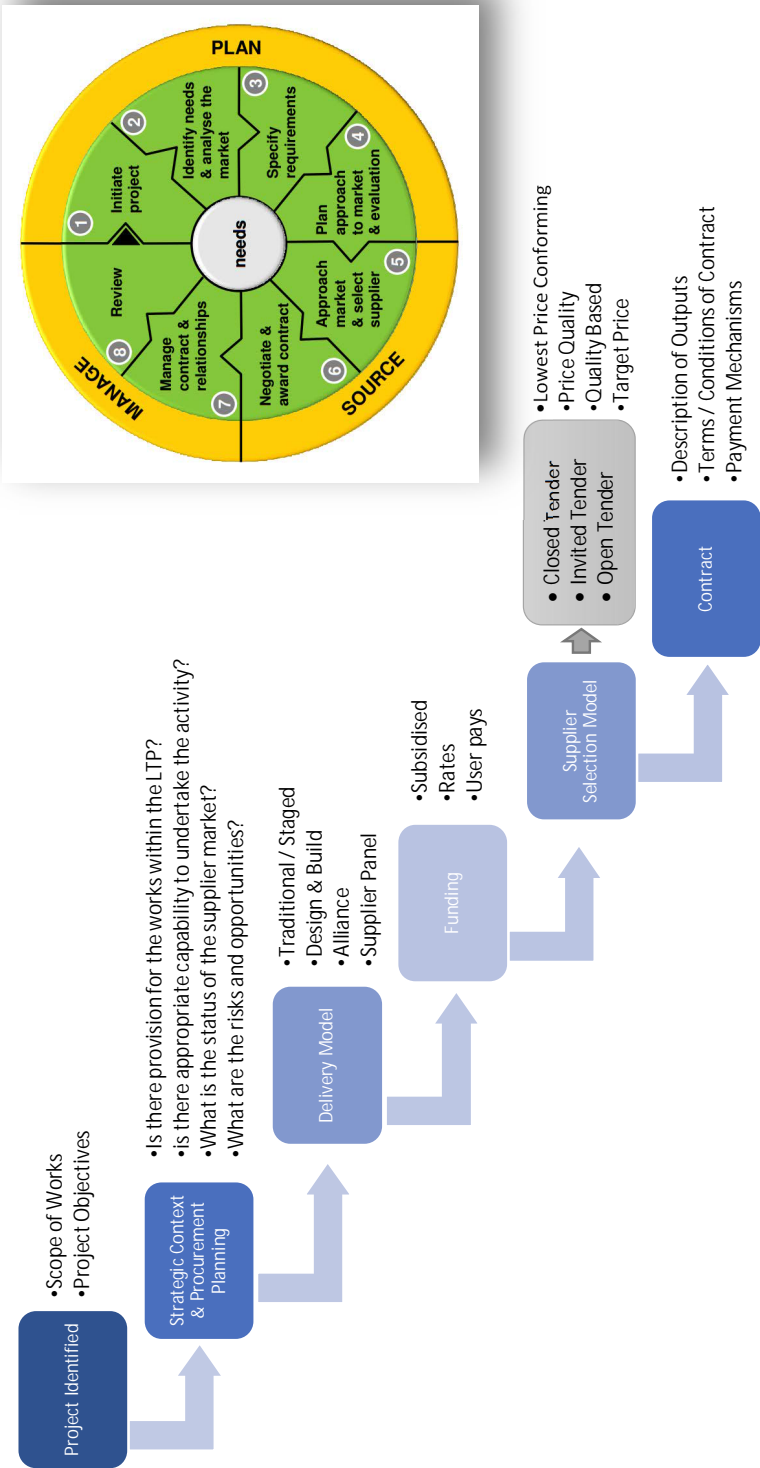
- Advertising media
- Air travel services
- Banking services
- IT Hardware
- Motor vehicles
- Print technology and associated services
- Mobile, voice and data services
- Office supplies



10. GENERAL PROCUREMENT APPROACH

10.1 OVERVIEW

The diagram below outlines the stages of procurement, of particular relevance to infrastructure works for WDC, but applicable to all activities. As further procurement processes evolve and are refined over time Council will review its processes in light of the Procurement lifecycle (inset)





10.2 PROCUREMENT PLANNING – GENERAL

Prior to the engagement of any supplier of goods or services, procurement planning is required to ensure the best value for money.

The planning process is to be relevant to the scale and complexity of the procurement and should be tailored appropriately.

As a minimum the process should include:

1. Reporting to the Infrastructure Committee as follows:
 - a. Prior to the start of a new financial year a summary of the anticipated tenders to be carried out during the year, estimated value, expected delivery model, and proposed selection procedure.
 - b. Exception reports as required when there are significant deviations from the indicated programme or issues arise that may put Council's reputation at risk.
 - c. A quarterly update that summarises progress and status of projects along with any significant changes to their procurement risks.
2. When renewal of an existing contract is being considered, a review of the current contract:
 - a. Is it delivering on its objectives?
 - b. Are the appropriate levels of service being met?
 - c. Are the agreed Broader Outcomes for the community being met?
3. Consideration of the Strategic Context:
 - a. Market circumstances and any potential changes;
 - b. Previous performance of likely bidders;
 - c. Risks and comity (mutual recognition of legislative, executive, and judicial acts) of the proposal;
 - d. Opportunities for innovation;
 - e. Potential to integrate across other activities;
 - f. Potential to enhance community outcomes by leveraging off the proposal;
 - g. Potential to sustain and/or grow the local supply chain.
 - h. Consideration of business case principles including capacity and capability of Council officers to manage and deliver the procurement programme;
 - i. Review of issues in similar contracts (if any) that have previously been delivered;
 - j. Use s20 process of the LTMA for funded projects in terms of strategic procurement objectives.
4. How can delivery be improved?
 - a. Scope and cost of delivery;
 - b. Potential 'bundling' or "unbundling" of works;
 - c. Length of contract;
 - d. Potential for local supply-chain involvement (Open or Closed Contests);
 - e. Alternative delivery models.
5. Determination of the preferred Format of Contract Delivery – what type of contract will the works / services be delivered under? (Refer 10.4 below)
6. Determination of appropriate Selection Procedure – how will the preferred supplier be decided? (Refer 10.5 below)



10.3 PROCUREMENT PLANNING – ROAD MAINTENANCE

10.3.1 Background

In 2011, the Road Maintenance Task Force, engaged by the Government, identified that Road Controlling Authorities need to be 'Smart Buyers'.

These principles can be used across all Council Activities.

Smart Buyers have:

- Improved understanding of costs that better inform their decisions.
- Understanding of the impact delivery models and supplier selection criteria can have on the value of contracts.
- Robust forward work programmes that are communicated to the industry and supported by budgets that.
- Allows the work to be completed.
- Knowledge of the network to determine treatments required based on physical evidence and supported by knowledge of the costs involved.
- In house expertise that aids the decision-making process and allows acceptance of innovative solutions possibly with or without the involvement of consultants
- A clear understanding of risk and how it is allocated and managed.
- An understanding that lowest price will not always deliver desirable outcomes.
- An understanding that being prepared to pay more may result in enhanced whole of life value for money.

Not so Smart Buyers:

- Award contracts predominately based on price – with little appreciation of any risk to Public Value or best value for money.
- Outsource work to the detriment of asset knowledge.
- Choose contract forms that are fashionable but are not well understood and are poorly managed.
- Lack technical and contractual management skills.
- Lack asset management skills – prevents the development of robust forward work programmes.
- Do not support forward work programmes with appropriate budgets.

10.3.2 Road Maintenance Procurement: Delivery Model Guidelines 2016

Following on from the Road Maintenance Task Force, the REG, developed by Waka Kotahi, have produced a report 'Road Maintenance Procurement: Delivery Model Guidelines' to assist in making and improving road maintenance delivery model decisions as part of the process.

The guidelines present a selection matrix of key client drivers to help determine and plan for a preferred road maintenance delivery model.

It is important for Council to understand the importance of key 'client drivers' and the characteristics of the various delivery models. This understanding is required to use the matrix proposed in the report to deliver the best road maintenance delivery model.

The Guidelines also introduce alternative delivery models which should be considered for future road maintenance contracts:

- Traditional / Staged
- Performance
- Alliance / Collaborative
- Supplier Panel (relatively new concept in NZ but has become increasingly popular)



10.3.3 Key Drivers

The following key drivers affect WDC's method of procurement and delivery for all activities:

- WDC staff Smart Buying capability and capacity
- WDC availability of resources including asset data
- Desired level of control and involvement in the work programme
- Supplier market for the works / services including capability and number of potential suppliers.
- Risk appetite
- Appetite for improved value for money and continuous improvement

Other drivers for WDC include:

- Ability to decide all requirements prior to tendering.
- Whether cost can be determined prior to committing to tender.
- Robustness and sustainability of the local supply chain
- Enhancement of community outcomes
- Scale and complexity of the works
- Council resource capacity that would be required to efficiently and effectively manage the contracts and contractors involved. The greater the number of individual contractors, the greater level of resource time and input that will be committed.

10.4 FORMS OF DELIVERY MODEL

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

	Staged / Traditional
	<p>Where the client wants to retain control over the programme of works, where delivery is likely to be on a measure and value basis, and where the client wants to encourage a healthy market environment with limited suppliers.</p> <ul style="list-style-type: none"> • The Client has scope, schedule, and programme certainty. • Contract is simple / non-complex / low risk. • Small to medium sized contracts • Short, medium, or long-term contract duration with potential rollover • Direct negotiation / lowest price conforming / price-quality methods of procurement • Method of payment typically measure and value
	<p>Supplier Panel (sometimes referred to as a 'Panel')</p> <p>Where the client wants to have several typically pre-qualified suppliers on hand to work as directed</p> <ul style="list-style-type: none"> • Fosters long-term client/supplier relationships. • Provides a choice of suppliers for selection is short notice. • Provides opportunities for a panel of suppliers to work together to provide increased value for money. • Enables risk sharing. • Flexible • Agile – provides ability with minimum preparation required to respond to sudden increases in demand (e.g., emergencies) or new works associated with development etc. • Provides ability to manage workload across the supply chain. • Provides opportunity to progressively develop collaboration.



	<p>This model is still evolving in New Zealand and is not suitable if the Council cannot provide the resources to manage multiple suppliers. There may be considerable costs with establishing and maintaining a Supplier Panel and for this format to be worthwhile these costs need to be less than the sum of procuring and managing separate contracts. To be fair to the suppliers on the panel, there needs to be a consistent quantity of work regularly tendered out. Typically, this may be a large amount of relatively routine and low risk activities.</p>
	<p>Performance [Design and Build]</p>
	<p>Where the client wants to set performance measures and hold the contractor accountable for delivering them</p> <ul style="list-style-type: none"> • To encourage innovation • Contract is more complex. • Medium to large contracts • Typically, price-quality methods of procurement • Client has sufficient asset information for contractor to confidently price contract. • Self-certification with client-controlled checks • Well-balanced risk profile • Certainty in expenditure and rates
	<p>Alliance / Collaborative Model</p> <p>This form of delivery provides flexibility and risk sharing in a formalised 'team approach' with the contractor focused on network outcomes. Because there is limited price tension, with rates and quantities negotiated throughout the duration of the contract, this model requires a high level of trust between the parties.</p> <ul style="list-style-type: none"> • Flexibility and risk sharing • Client wants to and has the capability to be directly involved in the contract. • Client is uncertain of contract scope, required performance and programme and/or needs to make significant cost savings. • Large / complex contracts • Longer term contract duration with potential rollover • Price-quality methods of procurement • Sharing knowledge and experience • The Asset and or its condition has a high rate of change

Guidance on selecting the right delivery model for the contract being considered is available in the REG booklet 'Road maintenance procurement: Delivery model selection guidelines' available at:

<https://www.nzta.govt.nz/assets/Road-Efficiency-Group-2/docs/reg-procurement-delivery-models-guidelines-march-2018.pdf>

10.5 SUPPLIER SELECTION METHODS

10.5.1 General

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

- Comprehensive long-term contracts for maintenance works which require high levels of capacity, capability, and certainty.
- Smaller packages to enable smaller local suppliers to supply services to Council and their community.
- Larger packages for capital projects involving complex design, project management and construction.
- The acknowledgement of the roles of specialists



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

10.5.2 Expression / Registration of Interest

The tender process may, depending on the scale and complexity of the goods or services being purchased, include an initial Registration of Interest (ROI) or Expression of Interest (EOI) phase as a means of establishing more information about the goods or services, the market, and the capability of suppliers to satisfy the procurement need.

It may also be used as a means of selecting a short-list of organisations for the RFT/RFP phase.

This stage would be followed by a Request for Proposal (RFP) or Request for Tender (RFT).

10.5.3 Early Contractor Involvement

Early contractor involvement (ECI) can complement either a traditional, or a design and build delivery model. Typically, ECI is used to get early advice and involvement from a contractor into the buildability and optimisation of design. For maintenance contracts ECI can help refine the scoping and scheduling of the works. It facilitates an early understanding of requirements, therefore enabling innovation and value for money.

Normally a preselection process limiting the number of potential bidders is carried out prior to embarking on an ECI process. Bidders are generally sensitive to sharing innovative practice in front of their competitors and the more bidders remaining the more challenging it can be for clients to manage suppliers' confidentiality and intellectual property.

10.5.4 Register of Prequalified Suppliers

This essentially comprises two categories:

- a) Standing arrangements for supply of recurring purchases each of a relatively low value based upon a defined prequalification framework;
- b) Supplier Panel arrangements where a formal contractual arrangement is made with an assessed group of capable suppliers to provide services as and when required based on agreed prices / rates. This option is regarded as an Advanced Component by Waka Kotahi and will require approval before using.

With a relatively small marketplace the establishment of such a Framework, typically using a pre-qualification process, may facilitate the assignment of minor works to local contractors, particularly for the non-core activities such as trades (plumbing and electrical works).

A register of Pre-qualified Suppliers reduces the need for repeated processes in selecting suppliers with associated time and cost savings to all parties. Setting up and maintaining such a framework comes at a cost and Council may seek to spread these costs by sharing resources from adjacent Council's where this arrangement can be agreed.

Such an arrangement is effectively in place for many suppliers through the 'All of Government Contracts' process used by Council.

Larger contractors, including local, regional, and national contractors, would be encouraged for larger scale core activity works such as road and water maintenance contracts.

Hence, the extent of such a framework and the type of works to be included would need to be assessed and agreed. A pre-qualification process would need to be established to enable organisations to be included in the register/s for specific works.

Waka Kotahi Co-Funded Works

Where a Supplier Panel is used under Option b) above, then Waka Kotahi approval will be required before this option is pursued.



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10.5.5 Financial Thresholds & Descriptions

WDC standard procurement processes are based primarily on monetary thresholds. The table below summarises the typical procurement options and thresholds:

CONTRACT VALUE	GENERAL DESCRIPTION			
	METHOD OF SELECTION	\$0 - \$200,000 \$0 - \$100,000 (Co-FUNDED WORKS)	\$200,001 - \$500,000 \$100,001 - \$200,000 (Co-FUNDED WORKS)	OVER \$500,000 OVER \$200,000 (Co-FUNDED WORKS)
DIRECT APPOINTMENT / PREFERRED SUPPLIER		v	x	x
CLOSED CONTEST / INVITED TENDER		v	v	x
<p>In some circumstances, goods, works and services may be secured through direct negotiation typically based on tendered rates where available. Such options may be provided through other contracts, such as emergency repairs and renewals works being procured through existing maintenance contracts.</p> <p>Direct negotiations and appointments may also be made where there is a monopoly supplier or where the costs and benefits of competition may not provide value for money.</p> <p>An invited or closed contest tender is the same as a public tender with the exception that the invitation to tender is limited to a selected group or panel of potential tenderers / proposers.</p> <p>co-funded works shall be submitted to a minimum of three suitable contractors / suppliers.</p> <p>Where a register of prequalified suppliers is in place, invitations to participate in a closed contest tender must be sent to all current suppliers on the register.</p> <p>If, prior to going to market, only one potential tenderer is identified then the options outlined in the following link will need to be considered:</p> <p>https://www.nzta.govt.nz/assets/resources/procurement-manual/docs/practice-note-competition-supplier-selection-20170707.pdf</p> <p>Where, after going to market, only one supplier is identified, Procurement manual, section 5.2 Approach to supplier selection and/or Procurement manual, section 10.8 Competition for supply may apply.</p>				
<p>Methods of Evaluation</p> <ul style="list-style-type: none"> • Lowest Price • Conforming • Price Quality • Quality Based • Target Price <p>Note: The Quality Based Method is an Advanced Component normally applied to Professional Services only. Its use will require Waka Kotahi prior approval.</p>				



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CONTRACT VALUE		GENERAL DESCRIPTION	OVER \$500,000 OVER \$200,000 (CO-FUNDED WORKS)	\$200,001 - \$500,000 \$100,001 - \$200,000 (CO-FUNDED WORKS)	\$0 - \$200,000 \$0 - \$100,000 (CO-FUNDED WORKS)	METHOD OF SELECTION
PUBLIC (OPEN) CONTEST, INCLUDING VARIATIONS TO EXISTING CONTRACTS		<p>All contracts for the supply of works and services that are likely to involve the Council in expenditure of more than \$500,000 (\$200,000 co-funded works) shall be put to open contest tender. Tenders will comprise a Request for Proposal (RFP) or Request for Tender (RFT). An RFP is typically used where the outcome desired can be specified but Council is willing to accept alternative methods of achieving the outcome and is seeking innovation on the part of the suppliers. An RFT is used where the specification or requirements are clearly defined and there is little room for flexibility or innovation.</p> <p>For reinstatement works after an emergency (such as flooding events), Council may call for quotations or order the work directly in lieu of inviting tenders under this strategy. Under the Waka Kotahi Procurement Manual, for roading activities, this is permitted providing those permanent reinstatement / solutions are subject to the normal procurement processes and can demonstrate that Public Value has been maximised.</p>	✓	✓	✓	<p>Methods of Evaluation</p> <ul style="list-style-type: none"> • Lowest Price • Conforming Price Quality • Quality Based • Target Price <p>Note: The Quality Based Method is an Advanced Component normally applied to Professional Services only. Its use will require Waka Kotahi prior approval.</p>
APPROVED PROCUREMENT PLAN		Where an officer assesses that the procurement processes in this Strategy are not appropriate for a project; for example there are insufficient qualified suppliers available to undertake a tender pursuant to this Strategy (or in accordance with the Waka Kotahi Procurement Manual for funded roading projects), or the matter involves proprietary products that are not amenable to tender, then a procurement plan will be prepared outlining the approach proposed to obtain the best overall result for WDC. This plan must be approved in accordance with WDC delegations and by Waka Kotahi for funded projects.	✓	✓	✓	



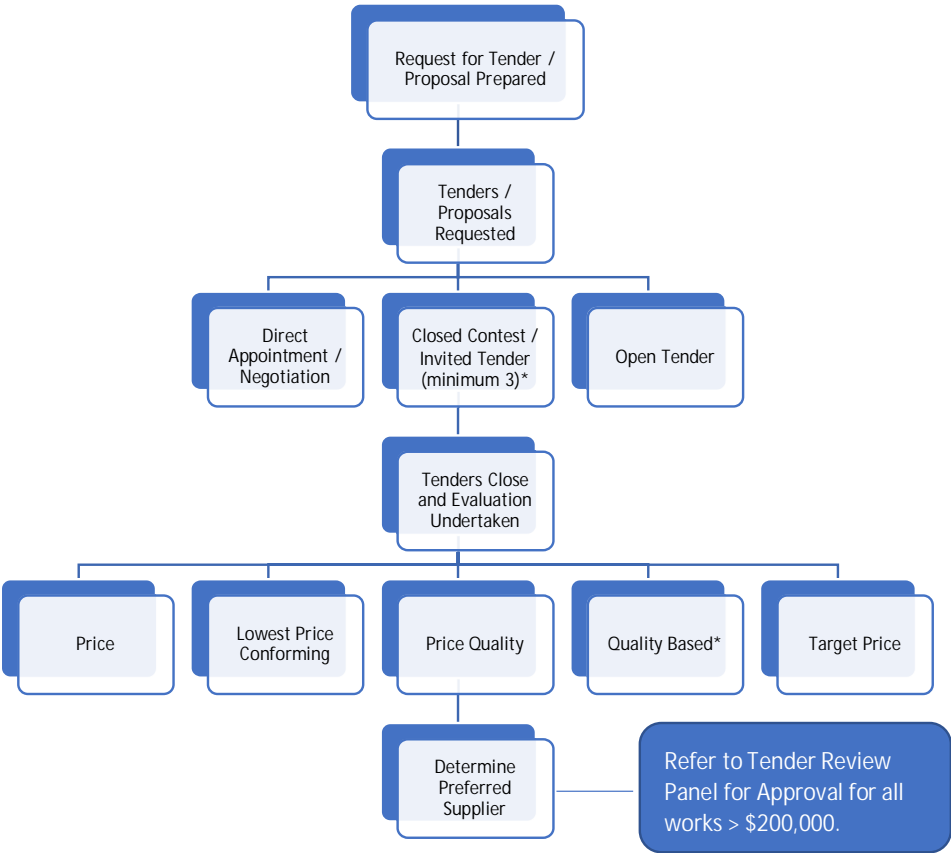
10.6 TENDER PROCEDURES

10.6.1 General

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

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

10.6.2 Flow Chart of the Tender Process



*Note: The Procurement Manual, Section 10.9 Direct appointment and closed contest for low dollar value contracts expectation is for three willing and able suppliers and stipulates ‘Where a closed contest identifies only two willing and able suppliers, despite reasonable efforts to identify a minimum of three, the supplier selection process may proceed with the two that have been identified using one of the available supplier selection methods.

**Note: The Quality Based Method is an Advanced Component normally applied to Professional Services only. Its use will require Waka Kotahi prior approval.



10.6.3 Methods of Evaluation

Refer to WDC Tender Evaluation Manual which outlines the process to be followed in the evaluation of tenders / proposals.

For all subsidised roading contracts, the Waka Kotahi Procurement Manual should be complied with.

The evaluation methods that are commonly used are outlined below:

Negotiation	<p>Works < \$100,000</p> <p>Low risk / small scale / non-complex works</p> <p>Only one capable supplier tenders the works either due to a limited market or availability of specialist skills</p>
Lowest Price Conforming	<p>Low risk / non-complex works</p> <p>Lowest price conforming should be used where it is determined that best value for money will be obtained by having suppliers compete on price alone.</p> <p>The preferred supplier is the supplier that offers the lowest price and meets all the minimum requirements specified</p>
Price Quality	<p>The quality attributes of suppliers are scored and balanced against price through a specified formula to determine the preferred supplier.</p> <p>Council is effectively willing to pay a premium for a higher quality service.</p>
Quality Based	<p>The preferred supplier is selected solely on quality through non-price attributes.</p> <p>A price is then negotiated with the preferred supplier, based on their price proposal, submitted with the tender.</p> <p>The quality-based method should be used where it has been determined that the best value for money will be obtained by selecting the supplier based on supplier quality alone. There is no competition on price.</p>
Target Price	<p>Where Council is unable to specify the outputs required but has a budget and can specify the desired outcomes</p> <p>Best value for money is then obtained by selecting the supplier that provides the best proposal for the price set out in the RFP</p>



11. MANAGEMENT & IMPLEMENTATION

11.1 TENDER REVIEW PANEL

All tenders with an estimated expenditure more than \$200,000 shall be subject to the approval of the Tender Review Panel (TRP).

The Tender Review Panel will comprise the following elected members and Council Officers:

- The Mayor,
- Chief Executive Officer,
- The Infrastructure and Regulatory Committee Chair,
- An Independent Member of the Infrastructure and Regulatory Committee.

Other Council personnel may be invited to join the TRP to assist where jointly agreed by the Panel members.

The TRP will complete their review and report their recommendations on tender acceptance within 7 days of receiving the tender evaluation report from the TET.

The TRP officers shall report to Council on what tenders have, or have not, been accepted during the subsequent Council meeting.

11.2 CONDITIONS OF CONTRACT

Infrastructure contracts are generally based on the NZS 3910 framework.

This framework currently consists of three building and civil engineering contract types:

- NZS 3910:2013 – Construction (Construction contract)
- NZS 3916:2013 – Design and Construct (D&C Construct contract)
- NZS 3917:2013 – Fixed Term (Fixed Term contract)

These three separate standards provide tailored conditions of contract for the different situations and procurement arrangements that commonly feature in the New Zealand construction sector.

11.3 HEALTH AND SAFETY

The health and safety implications of any proposed procurement should be assessed before, during and after the procurement with particular emphasis on the following:

- Ensure the importance of workplace safety is reflected in all procurement and selection criteria and/or decisions where appropriate;
 - this includes defining responsibilities, with specific provisions for subcontractors.
- During procurement, identify hazards and risks associated with the works, goods, or services.

Health and safety standards shall be set for each contract with minimum standards relative to the risk of the project and in accordance with the requirements of the Health and Safety at Work Act.

Costs will only take precedence over health and safety when the cost of eliminating a health and safety risk is "grossly disproportionate" to the risk itself.

Council uses the SiteWise NZ - Contractor Health & Safety System.

11.4 CONTRACT MANAGEMENT APPROACH

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

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



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

11.5 RECORD KEEPING

Appropriate records of procurement activity in general and specific information relating to individual contracts are to be kept. In the case of individual contracts, relevant information of meetings and engagements is to be recorded. This is to be at a level of detail that reflects the importance and merit of the engagement and may be a simple diary note, a site diary record, or a detailed minute of a discussion held, etc.

11.6 PERFORMANCE MONITORING, EVALUATION AND REPORTING

Performance management and monitoring are an essential part of the procurement process. Contract documents are to specify clear outcomes and state how the supplier's performance will be monitored and evaluated. Consideration is to be given to;

- How the supplier interacts with
 - The public
 - Other suppliers
 - WDC representatives
- The quality of the work provided.
- The timeliness of delivery
- The contribution to enhanced delivery and improved value for money
- The delivery of agreed Broader Outcomes targets relating to Social, Cultural, Economic and Environmental pledges. As these non-price elements may have been scored highly in the tender evaluation process and could have had a significant contribution to the selection of the contractor, it is essential they are delivered during the project. These elements must be included on contract specific PACE or similar performance evaluation forms and regularly discussed. In some instances, consideration should be given to linking these performance measures to either supplier pre-qualification for future work, contract extensions and/or performance payments.

Information gathered in this evaluation process will be taken into consideration in the evaluation of future tenders.

11.7 CONTRACT VARIATIONS

Contract variations are to be in keeping with the Financial Delegations Register and/or criteria specified within the contract documents.

11.8 CONTRACT TERMINATION

Requests for tender are to clearly state that the lowest or any tender may not be accepted, and contract documentation is to clearly outline reasons and processes that will be applied in the event of a decision to terminate the contract.

11.9 COMMUNICATION

11.9.1 Elected Members

Formal reports are provided when decisions are required relating to funding or policy matters. The key reference documents from a procurement perspective are the Long-Term Plan and Activity Management Plan that sets the scene for the ensuing 10 years. Monthly updates are provided through the CEO's update report.

The Infrastructure Committee of Council will be responsible for overseeing the procurement of works and services.



Specific pre- and post-procurement Council involvement is to be determined through the Infrastructure Committee on a regular basis, or at Council's discretion.

11.9.2 WDC Management

Management and other staff have access to all the same reports as elected members including detailed Asset Management Plans.

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

11.9.3 Other Approved Organisations & Suppliers

Council maintains extensive engagement with Waka Kotahi, Hastings, Central Hawke's Bay, Napier and Gisborne councils through regional land transport and utility operator liaison groups.

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

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

Formal communication to the market of proposed programmes is through the LTP.

Once approved the most up to date Procurement Strategy will be uploaded to the Wairoa District Council website.

11.10 DELEGATIONS

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

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

11.11 INTERACTION WITH OTHER DOCUMENTATION

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

- Financial delegations
- Waka Kotahi Programming Planning and Funding Manual
- Waka Kotahi Procurement Manual
- Council Tender Evaluation Procedures Manual.

11.12 REVIEW AND IMPROVEMENT

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

The following procurement items have been identified as future actions:

- Continued staff development, especially in procurement, asset knowledge, risk assessment and management, and contract management;
- Continued staff involvement in using and improving the recently developed Tendering Process and Contract Management Manual;
- This Procurement Strategy will be reviewed on a tri-annual basis or earlier if significant change is warranted;
- Recommendations from s17A service delivery reviews will be incorporated as they are undertaken and as appropriate.



12. APPENDIX A: ADOPTED BROADER OUTCOMES AND RFX QUESTION CRITERIA

The following Table includes the generic Progressive Procurement Guide RFX questions and comments regarding their use in Council contracts. Generally, 3 to 5 of the following questions would be used, however the inclusion of these (if any) must be assessed against the size and scope of the contract along with the Public Value that will be derived.

SECTION 1 - SOCIAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
1.1	<p>Health and Wellbeing</p> <p>Detail the employee health, support and wellbeing initiatives provided directly by your organisation and/or prime contractor/sub-contractor, as applicable on an ongoing basis or as part of this project.</p> <p>Detail who the wellbeing initiatives are available to and whether there are any prerequisites to qualify employees, contractors, sub-contractors, volunteers etc. to be eligible? Is there a dedicated mentor or counsellor available for priority groups? *</p> <p>Or for professional services.</p> <p>Detail employee health, support and wellbeing initiatives provided by your organisation and to whom these are available. Confirm whether your organisation has a dedicated mentor/counsellor available for any employees within priority groups* to ensure their best chance of success?</p> <p>*Note: Priority groups include, but are not limited to apprentices, cadets, graduates, Māori, Pasifika, ethnically diverse, refugee background, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</p>	<ul style="list-style-type: none"> • A requirement for all tenders, as it should align with their own H&SE systems and the obligations under the HSWA 2015. • Useful to have the tenderer identify whether these support initiatives are provided internally or are contracted in, including organisational names. • May overlap with other Health and Safety Prequalification requirements such as SiteWise or SiteSafe Certification etc.
1.2	<p>Community Sponsorship and Support</p> <p>Evaluate suppliers based on the level of positive social impact they will give back to the community through:</p> <ol style="list-style-type: none"> Supporting charities Supporting social enterprises. Providing volunteers. <p>Further evaluation considerations:</p> <ul style="list-style-type: none"> • Consider the dollar value of support and duration of support. 	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to the impact of the contract works on local communities, and the opportunities to improve outcomes on a case-by-case basis.



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ID #	RFX Question Example	WDC Specific Comment
	<ul style="list-style-type: none"> Consider the level of positive sustainable, social, or environmental outcomes to be achieved based on the support. Consider whether the organisation supported specifically supports the local community, local environment, uses sustainable practices or supports positive social outcomes. 	
1.3	<p>Local Stakeholder Engagement</p> <p>Detail the specifics of the local stakeholders your organisation will be engaging with that may have an interest in this project/contract. Detail how this will encourage community collaboration and provide positive social-economic and/or environmental outcome.</p> <p>Or for professional services</p> <p>Detail any ongoing relationships your organisation has with local stakeholders and explain how these relationships support positive socio-economic and/or environmental outcomes.</p>	<ul style="list-style-type: none"> Include only if there will be a clear need to engage with local stakeholders as a critical requirement of the Supplier's activities. Consideration should be given to the development of collaborative relationships with stakeholders, where these will result in better outcomes.
1.4	<p>Future Generations</p> <p>Detail how your organisation will support the development of young people/rangatahi within the community.</p> <p>Or for professional services</p> <p>Detail how your organisation supports the development and/or education of young people/rangatahi either internally (within your organisation) or externally (within the community).</p>	<ul style="list-style-type: none"> A requirement for all tenders as this is directly linked to future economic growth within the district. Could possibly overlap with Question # 3.4

SECTION 2 – CULTURAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
2.1	<p>Mana Whenua Engagement</p> <p>Detail the level to which your organisation (and prime Māori Cultural Heritage and Worldview</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will be incorporating and respecting Māori culture, values, and perspectives into the project and/or beyond its lifespan, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p>	<ul style="list-style-type: none"> A requirement for all tenders. Contract specific opportunities for early engagement, employment, training, and on-going communication should be identified. Where the iwi, and/or hapū groups within a project geographic area are identified, then the RFX should provide specific contact details.



ID #	RFX Question Example	WDC Specific Comment
	<p>Or for professional services</p> <p>Explain how awareness of Māori culture, values and perspectives are incorporated into your organisation, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi. (contractors/sub-contractors, as applicable) will be engaging with or involving mana whenua, or specific iwi and/or hapū groups in this project/contract, and whether there will be a dedicated contact to support positive, meaningful ongoing engagement.</p> <p>Or for professional services</p> <p>Detail the level to which your organisation currently engages or involves mana whenua, mātāwaka or specific iwi groups to support positive, meaningful ongoing engagement that reflects Aotearoa New Zealand's cultural heritage.</p>	
2.2	<p>Māori Cultural Heritage and Worldview</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will be incorporating and respecting Māori culture, values, and perspectives into the project and/or beyond its lifespan, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p> <p>Or for professional services</p> <p>Explain how awareness of Māori culture, values and perspectives are incorporated into your organisation, noting that Wairoa District Council has an obligation to recognise and protect Māori rights and interests in line with Te Tiriti o Waitangi.</p>	<ul style="list-style-type: none"> • A requirement for all tenders. • Outcomes must be aligned with the needs and values of the local Māori communities. • Requirements for engagement at project commencement (e.g., opening ceremonies, blessings), and the inclusion of cultural recognition through signage and artwork etc.
2.3	<p>Diversity and Inclusion</p> <p>Detail how your organisation (prime contractors/sub-contractors, as applicable) will be showing commitment to diversity and inclusion either specifically within this project and/or as business-as-usual. Provide the details of any accreditations, programmes, or memberships that your organisation has with formal bodies and policies or recruitment processes that demonstrate a commitment to diversity and inclusion.</p> <p>Detail how your organisation (and prime contractors/sub-contractors, as applicable) will demonstrate equitable gender employment practices and any initiatives in place to support or encourage women into 'non-traditional'</p>	<ul style="list-style-type: none"> • A requirement for all tenders. This is to ensure there are on-going incentives within RFX's for all WDC suppliers to have diversity in their work force, and an organisational culture of inclusivity.



ID #	RFX Question Example	WDC Specific Comment
	<p>trades professions (e.g., construction, engineering) and/or senior leadership roles within this project.</p> <p>Or for professional services</p> <p>Detail how your organisation shows its support of diversity and inclusion in the workplace. Provide the details of any accreditations, programmes, or memberships that your organisation has with formal bodies and policies or recruitment processes that demonstrate a commitment to diversity and inclusion.</p> <p>Demonstrate how your organisation supports equitable gender employment practices and any initiatives in place to support or encourage women into senior leadership or 'non-traditional' roles within the organisation. Provide gender diversity metrics for senior leadership positions within your organisation.</p> <p><i>*Note: Diversity and inclusion includes but is not limited to ethnicity, culture, gender, gender identity, age, or under-represented groups.</i></p>	

SECTION 3 - ECONOMIC WELLBEING

ID #	RFX Question Example	WDC Specific Comment
3.1	<p>Innovation</p> <p>Detail any bespoke or innovative initiatives that your organisation (and prime contractors/sub-contractors, as applicable) will provide to support or enhance social, cultural, economic and/or environmental community outcomes.</p> <p>Explain whether this (or these) initiative(s) will provide benefit for the lifetime of the project only, or whether there will be longer term outcomes and if so, the expected duration and effects.</p> <p>Or for professional services</p> <p>Detail any bespoke or innovative initiative(s) that your organisation provides to support or enhance positive social, cultural, economic and/or environmental community outcomes. (These initiatives may be internal or external).</p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Some contract models may drive innovation (e.g., Design Build) without the need for the inclusion of this Question.



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ID #	RFX Question Example	WDC Specific Comment
3.2	<p>Employment</p> <p>How many FTE jobs do you already have based in the Wairoa district? How many new FTE jobs do you expect to create in the Wairoa district because of this contract or project?</p> <p>Or for professional services</p> <p>How many new FTE jobs do you expect to create because of this contract or project?</p>	<ul style="list-style-type: none"> • A requirement for all tenders as this will underpin future economic growth within the district. • The Question should identify the permanence of the employment beyond the term of the contract.
3.3	<p>Employing Priority Groups</p> <p>Will your organisation hire anyone from priority groups for this project/contract and if so, how many from each group and through what recruitment process?</p> <p>Provide details on any ongoing mentoring support or similar that will be provided to those within this priority group.</p> <p>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</p> <p>Or for professional services</p> <p>Detail the current hires that your organisation has from priority groups (refer below) and the recruitment process followed to reach the nominated target group(s)?</p> <p>Provide details on any ongoing mentoring support or similar that is provided to those within priority groups.</p> <p>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to the scope of the works and the opportunities these provide to priority groups.
3.4	<p>Upskilling and Training</p> <p>Explain how your organisation (and prime contractor/sub-contractors, as applicable) will provide opportunities for upskilling or training for those involved in the project/contract and the specifics of the opportunities available. Provide specific details on who the training and upskilling will be available to and the types of training your organisation will be providing. Specifically, detail whether your organisation will provide upskilling and training opportunities for:</p> <ul style="list-style-type: none"> • Māori and/or Pasifika people • Other priority groups* 	<ul style="list-style-type: none"> • As this aspect will be a significant contributor to future economic growth within the district, it is suggested that it is included in all construction and maintenance contracts.



ID #	RFX Question Example	WDC Specific Comment
	<ul style="list-style-type: none"> • The domestic construction sector workforce. <p>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</p> <p>Or for professional services</p> <p>Detail the upskilling and training opportunities your organisation provides or sponsors for employees. Provide specific details on who the training and upskilling opportunities are available to and not available to. Specifically, detail whether your organisation provides upskilling and training opportunities for:</p> <ul style="list-style-type: none"> • Māori and/or Pasifika people • Other priority groups* • The domestic construction sector workforce. <p>Priority groups include: Māori, Pasifika, woman, ethnically diverse (e.g., refugee background), apprentices / cadets / graduates, long-term unemployed, persons with a disability, mental health history, criminal history, vulnerable youth, and vulnerable society members.</p>	
3.5	<p>Local Supply Chain</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) will support:</p> <ul style="list-style-type: none"> • Supplier diversity in the supply-chain throughout delivery of the project/contract. This may include, (but is not limited to) supporting small businesses, contractors, sub-contractors, social enterprises, socially innovative businesses, female owned businesses and/or Māori or Pasifika owned businesses. • Local industry for key material requirements [insert example materials here relevant to project] to encourage local employment, support NZ made and reduce waste and emissions. Provide information on whether your organisation uses services, purchases materials, products and/or goods that are ethically sourced. • Market accessibility to enable small-medium businesses to participate in projects with greater ease and fewer barriers to entry. (For example, by supporting processes and contract models that provide manageable scale and term considerations.) <p>Provide specific details of the businesses your organisation will be supporting and their core industry; and/or the duration of the support to be provided to the above.</p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to situations where supply chain management and securing of resources (including sub-contractors) for the project, will be critical to its overall success.



ID #	RFX Question Example	WDC Specific Comment
	<p>Or for professional services</p> <p>Explain how your organisation (and prime contractors/sub-contractors, as applicable) supports:</p> <ul style="list-style-type: none"> • Supplier diversity in the supply-chain throughout delivery of services. This may include, (but is not limited to) supporting small businesses, contractors, sub-contractors, social enterprises, socially innovative businesses, female owned businesses and/or Māori or Pasifika owned businesses. • Local industry for key material requirements or services to encourage local employment, support NZ made and reduce waste and emissions. Provide information on whether your organisation uses services, purchases materials, products and/or goods that are ethically sourced. • Market accessibility to enable small-medium businesses to work with your organisation with greater ease and fewer barriers to entry. (For example, by supporting processes and contract models that provide manageable scale and term considerations.) <p>Provide specific details of the businesses your organisation will be supporting and their core industry; and/or the duration of the support to be provided to the above.</p>	

SECTION 4 - ENVIRONMENTAL WELLBEING

ID #	RFX Question Example	WDC Specific Comment
4.1	<p>Environmental Guardianship</p> <p>Provide details on how your organisation (and prime/sub-contractors, as applicable) will support the protection and enhancement of the natural environment during this project (noting the natural environment includes wildlife, fauna, and flora).</p> <p>Examples include but are not limited to: environmental education / communication / behaviour change programmes, community driven environmental protection.</p> <p>projects, partnering with bodies that invest in and promote ecological conservation and natural heritage enhancements, recycling, resource recovery, use of biodegradable products, volunteering, fundraising for environmental protection causes, and support to innovations/organisations that support New Zealand's natural heritage and biodiversity preservation.</p>	<ul style="list-style-type: none"> • Use only for construction contract packages where Council agree that the benefits of its inclusion outweigh the costs. • Consideration should be given to any projects on the SP38 road, other sites bordering on to the Te Urewera National Park or other areas of natural beauty.



ID #	RFX Question Example	WDC Specific Comment
	<p>Or for professional services</p> <p>Provide details on how your organisation supports the protection and enhancement of the natural environment (noting the natural environment includes wildlife, fauna and flora) on an ongoing basis.</p> <p>Examples include but are not limited to: environmental education / communication / behaviour change programmes, community driven environmental protection.</p> <p>projects, partnering with bodies that invest in and promote ecological conservation and natural heritage enhancements, recycling, resource recovery, use of biodegradable products, volunteering, fundraising for environmental protection causes, and support to innovations/organisations that support New Zealand's natural heritage and biodiversity preservation.</p>	
4.2	<p>Responsible Water Management</p> <p>Explain your organisation's (and prime contractors/sub-contractors, as applicable) plan to ensure that water use, wastewater, stormwater and/or run-off has the least negative impact on the environment and any water related innovations that will be implemented to support protection of the natural environment and its resources during this project/contract.</p> <p>Or for professional services</p> <p>Explain any measures your organisation takes to ensure wastewater, stormwater and/or run-off has the least negative impact on the environment (where applicable) and/or any water related innovations your organisation supports to ensure protection of the natural environment.</p>	<ul style="list-style-type: none"> • Use for all contracts that will have a potential impact on natural water resources.
4.3	<p>Waste Management</p> <p>Provide details on how your organisation (and prime contractors/sub-contractors) will minimise waste to landfill, increase resource recovery, and reduce or eliminate the impacts of hazardous waste on the environment during this project/contract. Detail how your organisation will ensure all involved in the project are aware of waste management guidelines.</p> <p>Or for professional services</p> <p>Provide details on the measures your organisation takes to minimise waste to landfill and increase resource recovery, as business as usual. Detail how your employees made</p>	<ul style="list-style-type: none"> • Use for all tenders that will have the potential for moderate, or greater, consumption of natural resources or production of waste materials.



ID #	RFX Question Example	WDC Specific Comment
	aware of organisation-wide waste management and minimisation approach.	
4.4	<p>Reducing Carbon Emissions</p> <p>Explain the measures your organisation (and prime contractor/sub-contractors) will take to reduce fuel consumption and CO2 emissions and limit the project's carbon footprint. Provide details on how your organisation plans to achieve energy efficiencies on this project and whether these efficiencies can be measured.</p> <p>Or for professional services</p> <p>Explain the measures your organisation takes to reduce fuel consumption and CO2 emissions, and limit its carbon footprint, noting New Zealand's commitment to the United Nations Sustainability Goals. Provide detail on any energy efficiencies your organisation measures and provide an overview of results where possible.</p>	<ul style="list-style-type: none">• A requirement for all tenders.



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20 June 2023

Michael Hardie
Transport Asset Manager
Wairoa District Council
PO Box 54
Wairoa 4160

Dear Michael

Transport Activity Procurement Strategy Endorsement

Thank you for your request seeking endorsement from the Waka Kotahi NZ Transport Agency for the Procurement Strategy dated 14 June 2023.

I am pleased to confirm that Waka Kotahi has reviewed the Procurement Strategy dated March 2023. This document forms Wairoa District Council's Procurement Strategy, the requirements of which are outlined in the Waka Kotahi Procurement Manual.

We are satisfied that it meets the requirements of the Waka Kotahi Procurement Manual and formally endorse the Procurement Strategy effective 20 June 2023.

We would like to draw your attention to the following matters. Waka Kotahi:

1. approves the continued use of in-house professional services by Wairoa District Council, in accordance with s26 of the Land Transport Management Act, with much the same scope and scale as it has in the past.
2. approves the continued use of a variation to the rules in the Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* allowing Wairoa District Council to vary the term arrangements of a term service contract once it had been let for the unsealed network road maintenance term service contract from a maximum term of five years (3+1+1 years), to a maximum contract term of seven years (3+2+1+1 years)
3. approves the continued use of a variation to the rules in Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* allowing Wairoa District Council to vary the term arrangements of a term service contract once it had been let for the sealed network road maintenance term service contract from a maximum term of five years (3+1+1 years), to a maximum contract term of seven years (3+2+1+1 years).

The Waka Kotahi Procurement Manual requires approved organisations to review their Procurement Strategy at a minimum once every three years and ensure that they always remain fit for purpose. The Procurement Strategy's endorsement will expire on the 20 June 2026, and you are encouraged to seek endorsement of a new or revised Procurement Strategy in advance of this date.

If you would like to discuss this matter further, please do not hesitate to contact Philip Walker, Approved Organisations Senior Procurement Advisor, directly on 021 633986.

Yours sincerely



Shane Avers

Acting Senior Manager Procurement

cc. Andrea Mitchell – Business Manager – Transport

8.4 LOCAL WATERS DONE WELL - HAWKE'S BAY WATER DRAFT TERMS OF REFERENCE**Author:** Kitea Tipuna, Tumu Whakarae Chief Executive**Authoriser:** Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices:

1. Council Discussion Paper - Hawke's Bay Water [↓](#)
2. Draft Terms of Reference - Hawke's Bay Water [↓](#)

1. PURPOSE

1.1 The purpose of this report is to recommend that Council adopts the 'Terms of Reference for Hawke's Bay Water' (the Terms of Reference). The Terms of Reference are set out in **Attachment 2**.

1.2 The Terms of Reference set out the basis for the four councils (Wairoa District, Central Hawke's Bay District, Hastings District and Napier City) to engage the Hawke's Bay Regional Recovery Agency to programme manage the work required to enable the councils to make a decision on whether to proceed with a joint Water Service Entity for Hawke's Bay (Hawke's Bay Water)

1.3 The work will include the development of a business case for a joint entity and work toward the development of Water Services Delivery Plans to be required under the Government's Local Waters Done Well legislative and Policy Framework.

RECOMMENDATION

The Tumu Whakarae Chief Executive RECOMMENDS that Council receive the report and;

1.1. Adopt the Terms of Reference set out in Attachment 1.

1.2. Note that with its adoption, Council will:

1.2.1. endorse the hiring Project Management support, within the Regional Recovery Agency (RRA), to work on the Hawke's Bay Water programme

1.2.2. endorse the use of \$1.2m plus GST of Local Water Done Well Support Package Funding (previously Council Transition Support and other DiA funds) toward the deliverables outlined in the Terms of Reference

1.2.3. support the Hawke's Bay Water work programme and process, including:

- Engagement with mana whenua
- Providing expertise from council officers to support the process

1.3 Note that as legislation progresses and further Government policy is released, the Terms of Reference may need to be altered as appropriate for context.

EXECUTIVE SUMMARY

Discussion paper attached as appendix 1 along with the draft Terms of Reference attached as appendix 2

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Local Water Done Well – Regional Recovery Agency Terms of Reference for Hawke’s Bay Water

1. Purpose

- 1.1. The purpose of this report is to recommend that Council adopts the ‘Terms of Reference for Hawke’s Bay Water’ (the Terms of Reference). The Terms of Reference are set out in **Attachment 1**.
- 1.2. The Terms of Reference set out the basis for the four councils (Wairoa District, Central Hawke’s Bay District, Hastings District and Napier City) to engage the Hawke’s Bay Regional Recovery Agency to programme manage the work required to enable the councils to make a decision on whether to proceed with a joint Water Service Entity for Hawke’s Bay (Hawke’s Bay Water)
- 1.3. The work will include the development of a business case for a joint entity and work toward the development of Water Services Delivery Plans to be required under the Government’s Local Waters Done Well legislative and Policy Framework.

2. Recommendations

- 2.1. That Council:
- 2.2. Adopt the Terms of Reference set out in Attachment 1.
- 2.3. Note that with its adoption, Council will:
 - 2.3.1. endorse the hiring Project Management support, within the Regional Recovery Agency (RRA), to work on the Hawke’s Bay Water programme
 - 2.3.2. endorse the use of \$1.2m plus GST of Local Water Done Well Support Package Funding (previously Council Transition Support and other DiA funds) toward the deliverables outlined in the Terms of Reference
 - 2.3.3. support the Hawke’s Bay Water work programme and process, including:
 - Engagement with mana whenua
 - Providing expertise from council officers to support the process
- 2.4. Note that as legislation progresses and further Government policy is released, the Terms of Reference may need to be altered as appropriate for context.

3. Background

- 3.1. Central Government has set out the initial policy decisions and proposed legislative changes for the delivery of local water infrastructure and services aimed at achieving the implementation of its Local Water Done Well (LWDW) policy framework.
- 3.2. The first Bill, passed into law in February 2024, repealed the previous Government’s water services legislation and restored continued council ownership and control of water services.
- 3.3. The second Bill – Local Government (Water Services Preliminary Arrangements) Bill – is currently at select committee and is anticipated to be passed in August

2024. This Bill establishes the LWDW framework, and the transitional arrangements for a new water service system for New Zealand.

3.4. Areas of this Bill include:

- 3.4.1. Requiring councils (either individually or collectively) to develop Water Services Plans by mid-2025
- 3.4.2. Requiring councils to provide baseline information about water services operations, assets, revenue, expenditure, pricing, and projected capital expenditure
- 3.4.3. Providing specific consultation and decision-making processes that Territorial Authorities (TAs) may use to establish, join, or amend Council Controlled Organisations (CCOs) that will deliver water services.

3.5. The final Bill is expected to be introduced in December 2024, with policy decisions expected to be announced early in the second half of this year.

4. Discussion

- 4.1. Under the LWDW legislative framework, Hawke's Bay Councils can determine, supported by a feasible business case, whether they wish to establish a regional water services entity. The councils have signalled that there is interest in undertaking business case work collectively in order to support decision making. This has led to the development of the attached Terms of Reference.
- 4.2. In recognition of the existing cross-council coordination function of the Regional Recovery Agency (RRA), it has been agreed between Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke's Bay District Council that the RRA will take on the role of coordinating and programme managing the region's approach to LWDW.
- 4.3. The Terms of Reference set out the detail of this proposed arrangement, covering the objectives and scope of the work, the approach the RRA will take, oversight and reporting, as well as information on the approach, deliverables, timeline and budget.
- 4.4. It is intended that the work will be funded by the councils using remaining Three Waters Transition Funding and in some cases Better Off Funding previously allocated or set aside for Council use. At this stage funding of \$1.33 Million has been identified for the project work.
- 4.5. The focus of this work will be to enable a decision on whether to pursue a joint water services entity for Hawke's Bay. The work will include business case development, work toward developing Water Services Delivery Plan(s) and work on funding and balance sheet separation issues and a range of other matters that will support council decision making.
- 4.6. Adopting the Terms of Reference does not lock the Council into proceeding with a joint Water Service Entity for Hawke's Bay. The work to be completed under the Terms of Reference will enable councils to make properly informed decisions about a joint Water Services Entity and, as importantly, how to address requirements on councils under the LWDW framework.

5. Next steps

5.1. If all Councils adopt the Terms of Reference, the next steps will be to:

5.1.1. publicly announce the agreement of the four Councils to undertake this initial programme of work

5.1.2. recruit a Project Manager to undertake the programme of work set out in the Terms of Reference

5.2. If one or more councils determine not to adopt the Terms of Reference, councils will need to determine how best to proceed to meet emerging requirements on them under the LWDW framework.

6. Attachments:

6.1. Terms of Reference

Draft Terms of Reference – Hawke’s Bay Water

1. Background

There are significant challenges ahead for the delivery of water services. Ageing infrastructure, demands from growth, resilience challenges, the face of climate change and natural disasters, and increasing environmental standards signal increasing investment requirements. Alongside this, Hawke’s Bay councils are committed to working together with mana whenua to ensure that te mana o te wai is at the centre of decision-making on water. The region wants to address these challenges and aspirations in the most cost-effective manner for residents.

The Government has released the first set of policies on the delivery of local water infrastructure and services. These policies and legislative changes establish the Local Water Done Well (LWDW) framework and the transitional arrangements for a new water services system for New Zealand.

Under the LWDW legislation, councils (either individually or collectively) will be required to develop Water Services Plans by mid-2025, as well as take decisions around a future model of water service delivery for their communities. Further information on the policy detail, and the policy areas expected to be included in future legislation is available on the [DIA website](#).

Hawke’s Bay Councils will need to go through the process of determining whether there is appetite, and a feasible business case, for establishing some form of regional water service entity – with a focus on implementing LWDW in a way that best serves Hawke’s Bay communities. Work on a joint Water Services Plan is likely to be contributory work to a decision on a joint water services entity.

In recognition of the existing cross-council coordination function of the Regional Recovery Agency (RRA), it has been agreed between Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke’s Bay District Council that the RRA will take on the role of coordinating the region’s approach to LWDW with a focus on enabling a decision by councils on whether to pursue a joint water services entity.

This Terms of Reference sets out the detail of this arrangement, covering the objectives and scope of the work, the approach the RRA will take, oversight and reporting, as well as information on the team, their deliverables, timetable and budget.

2. Objectives and scope

The objectives of this work are to:

- Provide central coordination across the four councils of the work on future water services delivery in the Hawke’s Bay region in the context of the LWDW policy and legislative framework
- Support engagement with mana whenua, agencies and other stakeholders.

- Provide a primary point of contact with central government, representing local connections and context
- Facilitate the work on LWDW to a critical decision-making point for the Hawke's Bay region – specifically, to enable the four Councils to take a decision on whether to pursue a regional model for water services delivery

Decision-making, specifically on how to implement LWDW, is not in scope of this work. By law, decision-making responsibility sits with the Councils, who will consider decisions following engagement with mana whenua, and subject to the usual legislative requirements around process, engagement and decision making.

3. Approach

The RRA will act as an independent programme manager, facilitator and central point of connection between the Councils and partners, supporting the decision-making process around whether to pursue some form of regional water services entity.

This will involve implementing key tasks:

- Developing the work programme for evaluation and assessment of options and material to inform decision-making, including the development of a business case
- Delivering programme management the work programme, including development of effective plans, processes, budgeting, reporting and monitoring of risks and issues
- Identifying and supervising workstreams, key milestones and immediate gateways to decision-making
- Ensuring the decision-making process meets the requirements of all stakeholders involved and draws extensively on expertise from council officers and mana whenua
- Facilitating engagement with councils, mana whenua, government agencies and other stakeholders to foster collaboration and consensus
- Supporting the Councils (particularly Mayors) as appropriate to engage with mana whenua partners on development of the work.
- Serving as the key point of contact and regional advocate with central government regarding LWDW policy development and implementation, including ensuring alignment of regional initiatives with evolving policy frameworks
- Managing and administering the budget allocated for this work, including engaging consultants as required

4. Team

A Project Manager will be appointed, with the agreement of the four councils, to provide programme management, planning and advice to the senior leadership of the RRA and across the Chief Executives and nominated senior executives of the four collaborating councils. The Project Manager will report to the Chief Executive of the RRA.

The Project Manager will be supported by a small team appropriate to the extent of the work programme. These staff/contractors will be in addition to existing RRA staff, so as not to detract from the core work of the recovery. There will also be external support on specific tasks, such as modelling, which will be managed through appropriate procurement processes.

The team will also engage, along with appropriate Council personnel, with key interested/supporting parties such as Standard and Poor's (S&P) and the Local Government Funding Agency (LGFA).

5. Oversight and Reporting

There will be frequent and open lines of communication between the RRA and Wairoa District Council, Napier City Council, Hastings District Council and Central Hawke's Bay District Council.

The Councils will receive fortnightly written reports on the work, covering progress, matters for discussion/decision, and upcoming milestones.

At key moments in the work, the Council Chief Executives and Mayors will be presented with a series of smaller decision-making gateways to ensure the work does not pursue pathways not endorsed at a council governance level.

The RRA Board will also provide a level of governance oversight of the RRA's work as a part of the Board's broader governance role over the organisation, noting that the councils are the clients and decision makers in respect of the work.

The Project Manager will be responsible for managing the budget allocated to this work and will include regular updates on expenditure as part of this reporting. This work will be overseen by the Chief Executive and Deputy Chief Executive of the HB Regional Recovery Agency.

6. Deliverables

The deliverables for this work include:

- Engagement of project management capability
- Engagement of S&P to conduct a Rating Evaluation Service, and other technical/expert consultants where required (possibly in conjunction with Government)
- Design and coordination of immediate gateways in decision making, in collaboration with council officers and mana whenua
- Regular reporting for the four councils and the RRA Board
- Council-by-council workshops
- A public engagement strategy
- Development of a Business Case to support Council's ultimate decision making and consultation

- Work to support the development of Water Service Delivery Plan(s).

Note that each council will be responsible for undertaking their own post-Business Case evaluation.

7. Timeline

Under LWDW, councils will be required to develop Water Service Delivery Plans by mid-2025 (12 month following assent of the Local Government (Water Services Preliminary Arrangements) Bill (the Bill)). In order to meet that deadline, the four Councils will need to take early decisions on whether a joint approach will be taken to developing the Plan.

Further specific detail and timeframes of the Government's policy will be released in the coming weeks and months as DIA provides further guidance on the water service delivery plan requirements following the Bill's enactment, and the policy decisions for the enduring settings for the new system are announced. The councils' work programme will respond to this emerging detail.

In the context of what is currently known about LWDW, the following is a high-level programme of work:

Stage 1: June-August 2024

- Formalise staffing arrangements, including recruitment of a project manager
- Confirm funding support from DIA for this work
- Initial design of work programme, with a focus on gateways to decision-making (to be finalised on the enactment of Transitional Provisions legislation and announcement of further policy decisions by central government in mid-2024)
- Develop a stakeholder engagement plan, with an immediate focus on council-by-council workshops, and mayoral engagement with PSGEs
- Develop an initial communications plan to bring the public on the journey on the need for water reform
- Engage with central government on the Transitional Provisions legislation, including through the select committee process (expected to be enacted by August 2024)
- Engage with central government on the detail of Water Services Delivery Plans (guidance expected in August 2024)
- Commence work on drafting a joint Water Services Delivery Plan, including working with the four Councils to consolidate all of the information required from each on their water services (as set out in Section 11 of the Bill).
- Engage credit rating agency S&P to conduct a Ratings Evaluation Service analysing how various options for governance, shareholding and operational decision-making of a regional entity will be viewed by S&P. This will have particular regard to the question of whether and how a regional water entity would gain balance sheet separation from the Councils, the impact on existing Council's credit ratings, and the impact this might have on Council balance sheets (as well as the entity's ability to source financing). This will include analysis of how transitional and draft legislation might contribute to balance

sheet separation, for example the roles and requirements of a new water services regulator.

- Engage with LGFA on its views around the financing of water services entities and the effect the creation of an entity would have on the Councils’ ability to borrow if an entity were established.

Stage 2: September-December 2024

- Continue with the work programme and stakeholder engagement, with the focus being on the (approximate) end of year deadline for councils to inform DIA on whether they will be submitting an individual or joint Plan
- Develop analysis and recommendations to the Councils on a joint water services entity
- Develop and agree a consistent methodology for 3 waters asset valuations and undertake revaluations across the 4 councils’ water assets.
- Engage with central government on the policy detail of the Local Government Water Services Bill (due to be introduced in December 2024)

Stage 3: January-August 2025 – *if joint approach to Plan agreed*

- Draft joint Hawke’s Bay Water Services Delivery Plan
- Finalise Business Case – the case for change – to support Council decision making on whether to establish a joint water services entity
- Dependent on council decision-making, undertake public engagement on proposed joint water services entity
- Engage with central Government on the Local Government Water Services Bill, including through the select committee process (expected to be enacted by mid-2025)
- August 2025 (approximate) deadline for councils to submit final Plan to DIA

8. Budget

The RRA will utilise non-recovery funding to support the programme through funding from the four Councils. Funding is being utilised from currently unspent and previously allocated Transition Funding and other funding through the DIA. Funding commitments are as follows:

	TSP – total remaining
Wairoa	\$100k
Napier	\$500k
Hastings	\$500k
CHB	\$100k
TOTAL	\$1.2M

The funding will be held by Hastings District Council on behalf of the councils.

Indicative activities the funding is expected to cover:

- Engagement of analytical and programme management capability to sit within the RRA
- Resource the RRA in a programme coordination capacity
- Ensure expert input from councils by making funding available to backfill responsibilities or engage consultants to help with data provision and analysis
- Financial support for engagement and co-design with partners
- Fund the Rating Evaluation Service process to understand the optimum design of a would-be entity for balance sheet separation and access to lending
- Resource support from expert consultants (e.g. legal, economic and modelling, change management)
- Begin a public communications and engagement activity (for pre-engagement and socialisation to get to the point of decision-making)

9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS

Nil

10 PUBLIC EXCLUDED ITEMS**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
10.1 - River Reserve Restoration Project Update	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7