



**ROTORUA**  
**LAKES COUNCIL**  
Te kaunihera o ngā roto o Rotorua

# Transport Procurement Strategy

Revision Information

Version 4.0

Transportation Procurement Strategy 2022

Prepared by

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## **FORWARD**

### **Purpose of the Transport Procurement Strategy**

This strategy is Rotorua Lake Council's (Council) Procurement Strategy for roading works as required by the Waka Kotahi NZ Transport Agency Procurement Manual (latest amendment April 2022). The purpose of the strategy is to demonstrate how Council will procure its approved roading programme in accordance with Council's Organisational Procurement Strategy whilst continuing to meet the requirements of the Land Transport Management Act 2003 (LTMA).

### **Further Reading**

- Procurement - A Statement of Good Practice (Office of the Auditor - General, 2007)
- Procurement - Good practice guidelines for public entities (Office of the Auditor - General 2007)
- Managing Conflicts of Interest: Guidance for Public Entities (Office of the Auditor-General, 2007)
- Regional Procurement Principles, Policy and Framework for all Waikato Councils
- Sustainable Procurement in Government – NZ Business Council for Sustainable Development
- An Introduction to Public Procurement – Office of Government Commerce (UK)
- New Zealand Transport Agency Procurement Manual
- New Zealand Transport Agency Programme and Funding Manual
- RLC Sustainability Policy
- Waka Kotahi NZ Transport Agency Procurement Manual Amendment 6 (2019)
- Waka Kotahi NZ Transport Agency National Land Transport Programme (2024-27)  
<https://www.nzta.govt.nz/planning-and-investment/nltp/2021/NLTP-2024-27.pdf>
- The Construction Sector Accord (2019) - <https://www.constructionaccord.nz/the-accord/>
- Local Government Procurement (Office of the Auditor - General, 2020) -  
<https://oag.parliament.nz/2020/local-govt-procurement/local-govt-procurement-article>
- Introducing our work about Procurement (Office of the Auditor - General 2018)  
<https://oag.parliament.nz/2018/procurement>
- Managing Conflicts of Interest: A Guide for the Public Sector (Office of the Auditor-General, 2020) -  
<https://oag.parliament.nz/2020/conflicts>
- NZ Government Procurement Rules 4th Ed (MBIE 2020) -  
<https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/>
- Mastering Procurement: A Structured Approach to Strategic Procurement (MBIE 2011) -  
<https://www.procurement.govt.nz/assets/procurement-property/documents/guide-mastering-procurement.pdf>
- The Three Waters Reform Programme - <https://threewaters.govt.nz/>
- Rotorua Lakes Council Long Term Plan 2024-2034 – <https://www.rotorualakescouncil.nz/our-council/plans-policies-bylaws/long-term-plan>

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## 1 EXECUTIVE SUMMARY






This document contains the Council's strategy to deliver the transport investment as committed in the LTP 2024-27 programme.

### 1.1 Requirements

The LTMA requires recipients of the National Land Transport Programme funding (NLTP) to use procurement procedures designed to obtain best value for money, enable fair competition, and encourage competitive and efficient markets. All Approved Organisations must have a Waka Kotahi endorsed Procurement Strategy. The Strategy will be reviewed and updated regularly and formally reviewed and updated at least once every three years, in conjunction with the Council's LTP cycle.

### 1.2 Scope of Roding Business

The Rotorua Lakes Roding network consists of 1008kms of road, (886km sealed and 122km unsealed) or 256kms of footpath, 4845 streetlights, 82 bridges (including 33 major culverts), 37,834m of culvert and over 1,000 intersections. Vehicles travelled a combined 375,123,000 kilometers last year on our network.

Sealed Roads	
	889km of sealed roads
Unsealed Roads	
	118km of unsealed roads
Drainage	
	517km of kerb and channel and 54km of culverts
Structures	
	80 bridges, 28 large culverts / underpasses and 3,100m of retaining walls
Environmental	
	Environmental activities including management of roadside vegetation, street cleaning, and removal of litter and detritus





Traffic Facilities	
	10,963 signs, 3 sets of traffic signals, 5,056 streetlights, road markings and 144 bus shelters
Footpath and Cycling	
	383km of Footpaths and 52 km cycling routes (includes shared path, cycle lane and cycle path)
Traffic Facilities	
	10,963 signs, 3 sets of traffic signals, 5,056 streetlights, road markings and 144 bus shelters
Footpath and Cycling	
	383km of Footpaths and 52 km cycling routes (includes shared path, cycle lane and cycle path)

Figure 1 shows a snapshot of the land transport assets.

The forecast 10-year spend (uninflated) as proposed in the 2024-34 Infrastructure Plan is as follows:

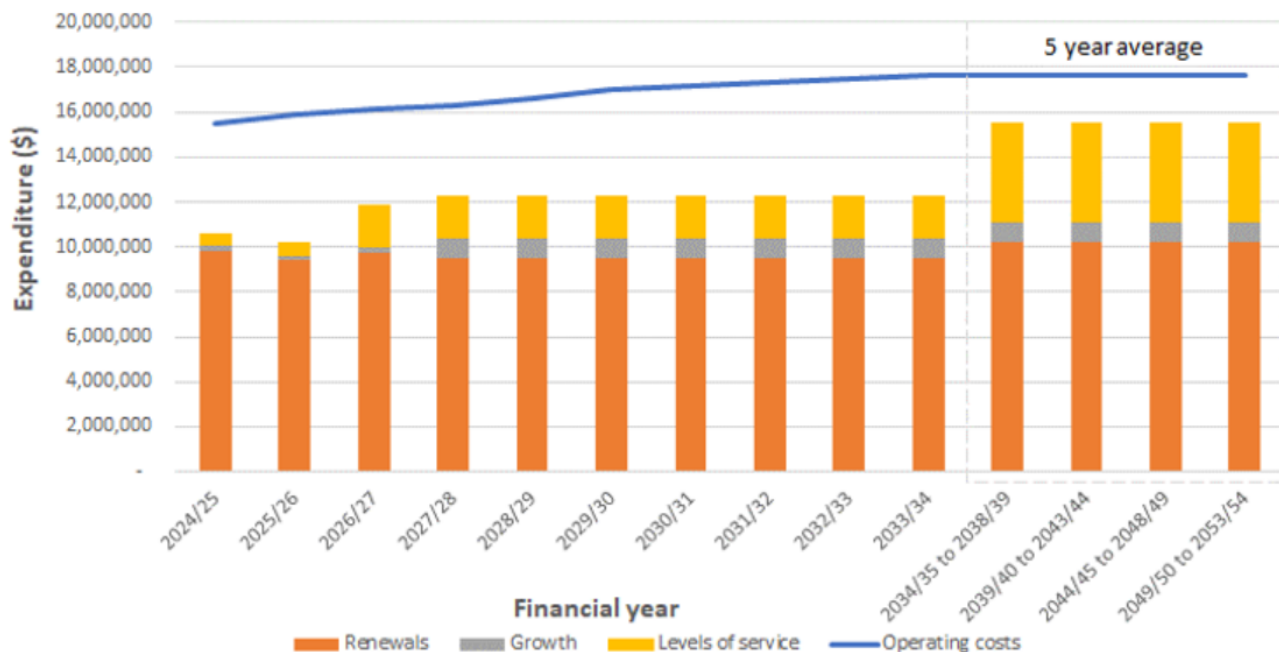


Figure 2 shows the forecast 10-year spend as proposed in the 2024-34 Infrastructure Forecast Long Term Plan

Budgeted funding has been maintained close to expected required funding for both Required Funding and LTP Budgeted Funding – Opex and Capex (Renewals and Growth). Projects that did not make the 2024-27 NLTP have been subsequently pushed out further, and are still held for consideration in the future LTP.

### **1.3 Key issues and opportunities to obtain best value for money**

The current key issues are:

- Changing procurement environment with the introduction of MBIE’s Broader Outcomes and greater consideration of risk allocation through procurement.
- While Global disruption in the supply chain and international shipping delays are not as disruptive as they were during COVID, incidents like the Suez blockage still pose a significant risk.
- The recent down turn and costs of living has seen contractors leave the market and more competition for work driving competitive pricing. It is expected we will continue to see this effect into 2026.
- The Governments push for growth in urban and commercial/industrial areas is driving a greater need for improvements to existing infrastructure.
- Changes in Government Policy from cycle ways and speeds zone confuses requirements and long term planning which can affect value.

The current opportunities are:

- Ongoing procurement continuous improvement to achieve strategic goals of ours and our partners, e.g. training, encouraging more local employment and increasing certainty and resilience in local employment.
- Strategic Partnerships and preferred suppliers to achieve community outcomes.
- Establish some upfront risk sharing discussions with contractors.

In 2008 RLC conducted a major review of procurement practices, and introduced dedicated procurement resource, and the table below shows the timeline:

<b>2008-2012 Early Stage</b>	<b>2012-16 Improvements</b>	<b>2025 Update</b>	<b>Desired Future State</b>
Decentralised <b>operating model</b> and a ‘silo’ based approach to procurement. Engagement of Management Toolbox to improve the procurement function and reduce the number of suppliers.	Centralised procurement of key supply categories, more collaborative teamwork and coordinated organisation- wide focus on procurement.	A recognition that a Centre Led/Hybrid approach would be the best fit; whereby Procurement maintain the procurement policy and processes, and develop strategy and collaborate on major tenders, and supplier relationships.	The desired future state is working towards RLC staff taking greater ownership of their procurements and the procurement team take more of an advisory role. This would show there is a high general understanding of procurement requirements and the policy.



<b>2008-2012 Early Stage</b>	<b>2012-16 Improvements</b>	<b>2025 Update</b>	<b>Desired Future State</b>
<b>Buying responsibility</b> at low levels.	Buying responsibility at various levels but now within clear guidelines.	Buyers are well educated and some are training towards Waka Kotahi qualified evaluator status.	Have at least 2 Waka Kotahi qualified tender evaluators
Multiple <b>supply</b> relationships.	Fewer supply relationships.	Many new supply relationships with construction and consultancy firms. SRM work started to identify key strategic suppliers.	The procurement team having a up to date supplier matrix identifying strategic suppliers down to transactional suppliers and working SRM according to value and risk.
<b>Number of suppliers</b> prohibits procurement discipline.	Continuing to manage supplier numbers downward and apply procurement disciplines.	Focus on have market competitive number of suppliers and over use, often more market driven due to a down turn in work available.	Understanding supplier number according to what we want to achieve i.e where do we need to be to get competitive competition rather than a race to the bottom.
Relatively few standardised <b>procurement processes</b> .	Procurement business case, analytical process and vendor management process implemented. Procurement policy updated.	Clear policy, strategy, spend data, and procedures.	The procurement Policy is understood by a greater number of RLC staff and is able to be applied to their department spend appropriately.
No pressure for <b>change</b> .	Climate of change management established and full support for initiatives provided by CE and Management Team. A positive, adaptive continuous improvement culture.	New policy and procurement thresholds has seen greater compliance to procurement procedures and openness to work with the procurement team.	On going growth in the understanding of the procurement policy and Government Procurement Rules. Early involvement of the procurement team in larger higher risk procurements, or where they want to see higher focus on broader outcomes.
Manual (written hard copy) <b>purchase orders</b> .	Electronic purchase orders.	TechOne implemented and bedding in is required. Contracts module is in place and registry is being built up.	Daily use of the One Council module for Contract Management and enterprise budgeting

2008-2012 Early Stage	2012-16 Improvements	2025 Update	Desired Future State
<b>Preferred Suppliers Management</b>	Preferred supplier onboarding process refined to match the Procurement Rules.	Responses are increasing with each PSP approach to market, 23% Maori owned business accepted in the 2024 PSP.	Continued growth in diversity of the preferred supplier panel and support for the local economy
<b>Total annual suppliers &gt;4,000.</b>	Total annual suppliers 2,600 (a reduction of 35%).	Total annual suppliers remains approximately 3,000	Aim is to have access to a supplier base that provides competition and value to procurements, this is not a defined number more so a capability and capacity metric based on where the market for a specific outcome is at.

Figure 3 shows development in procurement structure, capability and tactics.

#### 1.4 Rooding Category Overview

The largest spend categories for RLC are construction, roading and water related activities, for which virtually all work is subject to formal tender processes.

- Construction approximately 20% of total spend
- Rooding approximately 15% of total spend
- Water and Sewerage approximately 10% of total spend

The top eight suppliers for the RLC by spend are,

1. Fulton Hogan
2. Campbell Infrastructure Ltd
3. Downer NZ Ltd
4. GHD Ltd

#### 1.5 Recommendation

Waka Kotahi:

- Endorses the Rotorua Lakes Council Procurement Strategy.

Rotorua Lakes Council:

- Acknowledges that Waka Kotahi have yet to approved a variation to allow the Council to extend the following contracts beyond five years, and RLC will request approval in year five of the contract:
  - 19/046 Rooding Network Maintenance and Management Contract.
  - 19/061 Streetlight Maintenance and Renewals.
  - 19/048 Bus Shelter Installation and Maintenance.

## 2 POLICY CONTEXT

### 2.1 Defining procurement

Procurement means the acquisition of all goods, works and services provided by, or for the Council. Procurement covers every aspect of the procurement cycle from determining and specifying the needs of the service through the Long Term Plan and/or Annual Plan, through to the acquisition and delivery of goods and services as well as the relationship management of the supplier(s) involved. The procurement process finishes at the disposal of those goods or works or when the service contracts or agreements come to an end.

### 2.2 Strategic Procurement Framework

Waka Kotahi requires Council to have a procurement strategy that documents our long term approach to the procurement of transport sector activities funded under section 25 of the Land Transport Management Act 2003 and its amendments. To develop a consistent and coherent Strategy covering all Council roading activities, Council's approach has been to develop a Procurement Policy for all of Council's procurement activities.

Council takes a strategic approach to procurement, recognising the importance of this function in achieving its broader outcomes, sourcing suppliers and managing relationships to successfully deliver against LTP and Annual Plan objectives and business needs, whilst delivering overall public value.

In 2024 the RLC has put 15 staff through the MBIE "demystifying procurement" course, building on the fifty or more already trained. There are another 25 booked on a March 2025 Course, the intent is to continue to build a wider understanding of procurement principles and risks. RLC currently has two NZTA-approved qualified tender evaluators.

**The traditional approach to procurement:** - Little time is spent on planning and effort is generally brought to bear when it comes to approaching the market. As a consequence of insufficient analysis in the planning stages increasing levels of effort are required through contract and relationship management. If the procurement is not reviewed there is little opportunity to benefit from lessons learned.



Figure 6 Traditional approach to Procurement (MBIE)

**Strategic approach to procurement:** - Methodically work through each stage in the procurement process. The time taken to plan, research and analyse add significant value to identifying solutions that will meet the needs. A focus on relationship development and management means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. A strategic approach delivers greater value in the long run, and bring a greater focus on the total cost of ownership (TCO).

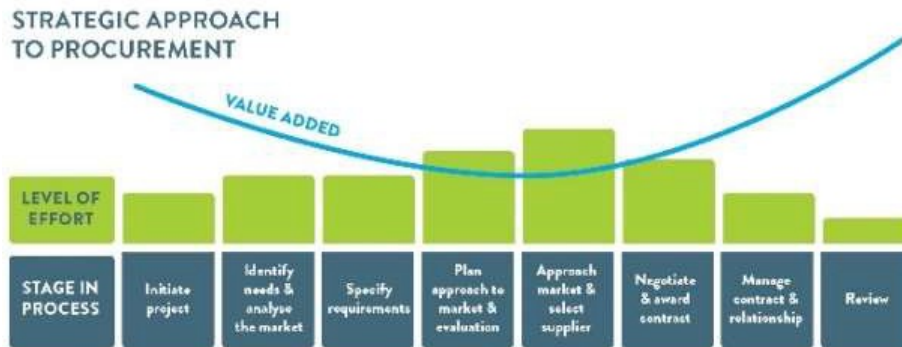


Figure 7 Strategic approach to Procurement (MBIE)

The strategic approach ensures greater emphasis on the planning and review stages. This can reduce the risk of issues arising in the management of the contract and relationship stage. By placing a higher emphasis on the Review phase, this also provides benefits by providing both Council and the

Supplier the opportunity to share and benefit from feedback, risk analysis and lessons learned. This also supports a focus on continuous improvement, and ultimately, potential improvements in public value from future procurements.

## 2.3 Procurement Principles

Council applies the five overarching MBIE procurement principles:



Figure 8 MBIE Procurement Principles, adopted by RLC

In undertaking procurement, Council must operate within a policy framework which includes wider Council strategic objectives and outcomes, Ministry of Business, Innovation and Employment (MBIE), Office of the Auditor – General guidance and Waka Kotahi procurement rules, and a legislative and regulatory framework. This section will provide an overview of these policy areas, as outlined in the framework below.



Figure 9 Linking RLC Strategic Objectives to the Strategic Procurement Framework

## 2.4 Alignment to legislative and strategic context

As a public body Council has responsibilities to consider, not just the financial implications for Council of its procurement decisions, but also the short and long term outcomes for the community. The main legislative driver being the Local Government (Community Well-being) Amendment Act 2019, which provides for local authorities to play a broad role in promoting the social, economic, environmental and cultural well-being of their communities, taking a sustainable development approach.

Environmental Opportunities:

- Protecting and sustaining our environment
- Environmental awareness and responsibility is promoted within the community.
- We support programmes that promote environmental benefit and sustainability.
- We are responsive to climate change.

Economically Progressive:

- Supporting a thriving, sustainable economy
- We have financially sustainable decision making and work programmes.
- We provide new infrastructure as an economic stimulus for our district.
- Rotorua Lakes is a great place to invest and do business.

External strategic priorities for the next 3 years:

- Creating vibrant communities – we celebrate all the things residents love about Rotorua Lakes and foster connections with people and places.
- Nurturing and respecting our unique culture and heritage – in partnership with tangata whenua, we increase our communities' awareness, understanding and appreciation of the district's history and significant sites.
- Effectively planning and providing for growing communities – our population is increasing because Rotorua Lakes is a desirable place to live, work, play and invest. Growth is forecasted to continue and we need robust planning and infrastructure to create liveable communities.
- Preparing for climate change – we are experiencing the impacts of climate change in Rotorua Lakes and must actively respond to ensure we have resilient communities.
- Leading the recovery of Rotorua Lakes – in partnership with iwi, we lead the community in the economic and social recovery of the district in response to the global COVID-19 pandemic. We enhance our communities' resilience for the future.

In addition to Council's own 2030 Vision, and the New Zealand Government's new/draft 2030 vision for procurement there are requirements from Government on Council around standards of good practice and ensuring delivery of public value. Public value means achieving the best possible value from a procurement. For example, procurement offers the opportunity to support NZ businesses and can also contribute positively towards achieving environmental outcomes by supporting New Zealand's transition to a low emissions economy or reducing waste.

## **2.5 Alignment to procurement rules**

The NZ Government Procurement Rules are the Government's standards of good practice for government procurement. The Rules focus mainly on the process of sourcing and are a flexible framework designed to help agencies make balanced procurement decisions. As a public sector agency, local councils are encouraged to follow the Rules to achieve Public Value.

Rotorua Lakes Council is also a participating Council in the Waikato Regional Procurement Principles, Policy and Framework, developed by the Waikato LASS, now CoLAB, which contains principles to ensure we uphold the integrity of our procurement and provide clear guidance on how procurement is undertaken. The procurement principles and policy within this document align with the Government Procurement Rules and emphasises the public value aspect that needs to be considered for all procurement.

The regulatory environment outlined above places requirements on us as a Council and impacts how we run our organisation. It allows us to identify if we are merely complying, or if we are exceeding these requirements. We want to use our procurement approach to exceed these requirements and help us to really deliver on our community outcomes.

## **2.6 Alignment with Waka Kotahi's Procurement Manual**

As an approved organisation, Waka Kotahi pay funds from the National Land Transport Fund (NLTF) to Council for activities approved for funding in the National Land Transport Programme (NLTP). To maintain its status as an approved organisation, Council must meet requirements under s20 of the

Land Transport Management Act 2003. The relationship between Waka Kotahi and Council is further explained under Section 2.5 – Legislative and Regulatory Framework.

In addition to Council’s objectives, this procurement strategy is required to achieve the procurement outcomes required by Waka Kotahi, as documented in the Waka Kotahi Procurement Manual Amendment 6 (2019). By meeting the requirements of Waka Kotahi Procurement Manual, Council will also meet the applicable requirements of the Government Procurement Rules (4th Edition).



Figure 10: Overall procurement process – from activity selection to output delivery, from the Waka Kotahi Procurement Manual (recoloured)

## 2.7 Broader outcomes

The Government Procurement Rules requires each agency to consider and incorporate, where appropriate, Broader Outcomes when purchasing goods, services or works. Broader Outcomes are the secondary benefits that are generated from the procurement activity. They are designed to provide public value from government procurement. They can realise environmental, social, economic or cultural benefits. Broader Outcomes require you to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment, and the NZ economy. These Broader Outcomes align well with Council’s Community Outcomes. They encourage increasing access for NZ businesses, workforce skills and development training, supporting the procurement of low-waste and low-emissions goods and services, ensuring compliance with employment standards and health and safety requirements. Using the Broader Outcomes and lining these up with our Community Outcomes means that as a Council we will ensure that our procurement is helping to stimulate the Rotorua Lakes economy, supporting local employment and ensuring that local benefit is achieved from how we deliver our services. Waka Kotahi also detail the four target outcome areas of environment and sustainability; Māori business and Tangata whenua; economic and employment; and community and culture.

The updated Government Procurement Rules include requirements to leverage the following broader outcomes from agency procurement activities and identified specific contracts or sectors.

1. Access for New Zealand businesses - increase New Zealand businesses’ access to government procurement; increasing the number of New Zealand businesses contracting directly to government, and within the supply chain. This includes Māori, Pasifika and regional businesses, as

- well as social enterprises.
2. Construction sector skills and training - grow the size and skill level of the domestic construction sector workforce; the Government is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces.
  3. Employment standards and health and safety - ensure suppliers and their sub-contractors comply with employment standards, and health and safety requirements. This priority protects workers from unfair and unsafe behaviour, and incentivises well-performing firms while ensuring they are not undercut by firms who have reduced costs through poor labour practices.
  4. Reducing emissions and waste - support the transition to a net zero emissions economy and assist the Government meet its goal of significant reduction in waste. Aim to achieve positive environmental outcomes through sustainable procurement by buying low emissions and low waste goods, services and works.



Figure 11: Objectives within the Framework for delivering Broader Outcomes - Framework for Delivering Broader Outcomes, Waka Kotahi 2020

## 2.8 Health and Safety

Council recognises its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such requires all of its suppliers to take practical steps to ensure safe work practices are employed. Council requires all of its suppliers to comply with these requirements also recognising that in a contracting chain there are shared responsibilities under HSWA to consult, cooperate and coordinate activities with supplier and contractors.

It is a requirement of Council that contractors undertaking work on behalf of Council are SHE prequalified, and some are also SiteWise Green accredited (although this is not a requirement). SHE PreQual requires a pre-qualification which verifies that contractors have effective health and safety management systems and are holding current and relevant insurances.

Council's Health and Safety team provide advice on procurement including the procurement planning stage, tender document preparation, contractor health and safety plan reviews, and audits as appropriate. A comprehensive health and safety training programme is provided to staff by the Health and Safety team and external providers.



There is an opportunity to include some closer scrutiny to tenders, through reviewing their methodology and intended staff hours required to deliver, to consider whether this raises any concerns around fatigue and potential for serious harm incidents.

## 2.9 Project Management

The Project Management Lifecycle in Council requires projects to be managed through the following stages:



Figure 12 Project Management Lifecycle

**Stage 1: Initiate** - consists of a Project Proposal which represents an approval gateway. The proposal defines and justifies launching a project, addresses legislative requirements, outlines the benefits, strategic alignment, key dependencies, and highlights resources required to undertake the project.

**Stage 2: Business Case** - consists of an analysis demonstrating that the project is feasible and further defining the costs, risks and resources required to deliver the project. It also details the governance of the project. Rotorua Lakes has a template for a simple business case (Procurement Plan) which is used for every project requiring funding approval. The project may then go on to drafting a complex business case (Strategic Assessment).

**Stage 3: Plan** - consists of the detailed project planning prior to implementation. This stage requires development of the Implementation Plan, which provides an opportunity to redefine scope, refine objectives and develop a course of action and methodology for the delivery of the project. As part of the project planning a risk register is produced and actively managed by the project manager during project implementation.

**Stage 4: Implementation** - During the implementation stage, the Project Manager will focus on:

- Delivering the project as set out in the Implementation Plan.
- Ensuring that the defined project goals and benefits will be met at project completion.
- Managing risks.
- Project change control if required.
- Communicating and reporting regularly with the Project Sponsor, Business Owner, team members and key stakeholders.
- Following Council processes, for example, procurement and records management.

**Stage 5: Close and Evaluate** - Once the project has been completed it needs to be closed and evaluated to ensure it meets the original project goals/ benefits, and to ensure outstanding risks and/ or benefit realisation items are passed over from the project team to the Business Owner.

Stage 6: Benefit Realisation - This stage is about monitoring the realisation of the benefits as originally indicated in the business case. Review of benefits to ensure that those identified at the start of the project have been realised, and that any additional benefits that resulted have been acknowledged and maximised.

### 3 ORGANISATIONAL PROCUREMENT STRATEGY PRINCIPLES

In the current environment where our District is recovering from a period of economic recession and global uncertainty, this procurement strategy will focus on key areas to assist in resetting and rebuilding our Rotorua Lakes economy. We want to support the development of a sustainable and thriving economy, and to be socially responsible using our knowledge and resources within Rotorua Lakes for the benefit of the whole community. We are going to focus on the following principles, which will be updated to address issues as they are identified.

#### 3.1 Principle 1: Public Value

When assessing procurement options, Council uses 'Public Value' as a means of determining the best outcome from funds to be spent. The principle of public value is not solely focused on price but is about getting the best possible result over the whole-of-life of the goods, services or works. This includes using resources effectively, economically, and without waste, and taking into account the total costs and benefits (TCO), and its contribution to the results Council is trying to achieve (such as social or environmental outcomes).

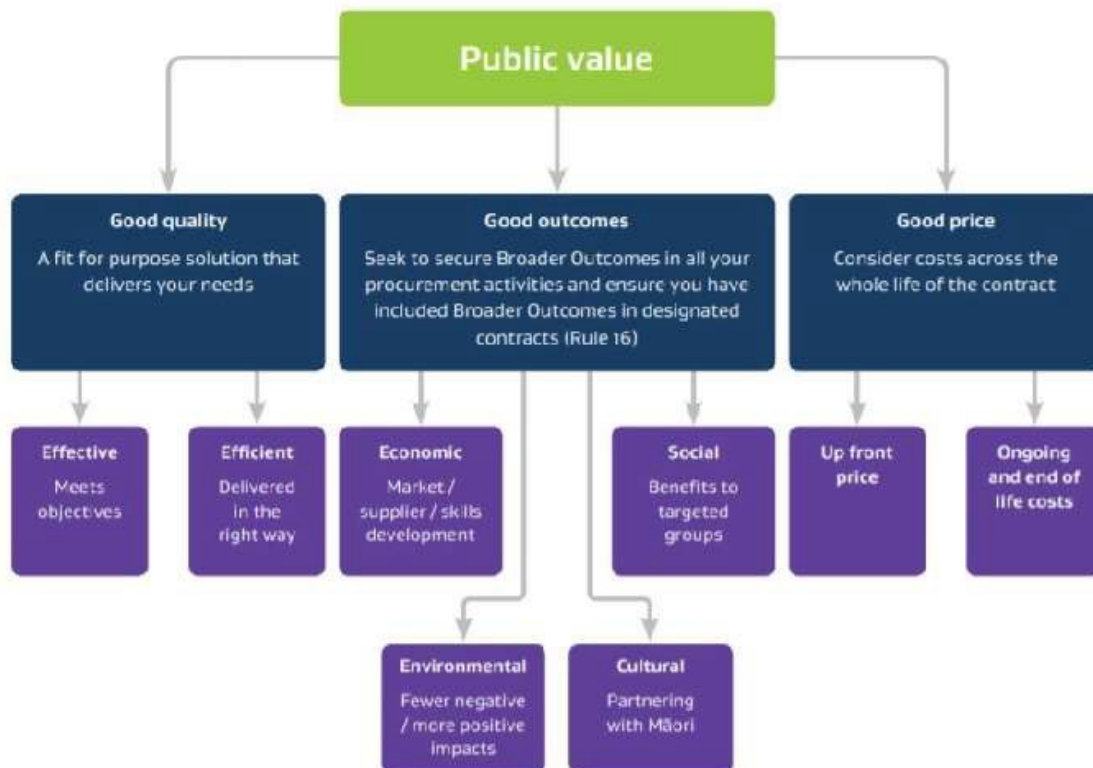


Figure 13: Public Value Guide, extracted from MBIEs Government Procurement Rules, 4th Edition 2019.

The concept of public value does not minimise the importance of achieving a good price (costs across the whole of life of the contract) but encourages employees to consider a broader range of benefits that can be achieved through the procurement of goods and services.

### **3.2 Principle 2: Consider Broader Outcomes**

Sustainability is of strategic and statutory importance to Council. The Local Government Act 2002 requires Council to take a sustainable approach by taking into account 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. Sustainability must therefore be considered throughout the entire procurement process. This is in line with a shift in the Government Procurement Rules (4th Edition) 2019 to focus on the 'broader outcomes' of procurement. RLC has been running various forms of sustainable initiatives, and this has been evolving since the new initiative started in 2013.

Expanding broader outcomes to achieve strategic goals of our own and of our partners, e.g. training, encouraging more local employment and increasing certainty and resilience in local employment.

Sustainable procurement means that when buying goods or services, Council will consider:

- Strategies to avoid unnecessary consumption and manage demand minimising environmental impacts of the goods/services over the whole-of-life of the goods or service.
- Suppliers' socially responsible practices including compliance with legislative obligations to employees, value over the whole-of-life, rather than just the initial cost.

Issues that impact on sustainability include:

- climate change
- optimising use of natural resources
- minimising use of hazardous substances
- waste minimisation
- job creation
- health & safety compliance
- equality
- fair pay for suppliers' staff
- economic regeneration
- building sustainable markets
- legal compliance
- public image protection and enhancement
- engagement with iwi and hapū organisations, Māori businesses and social enterprises

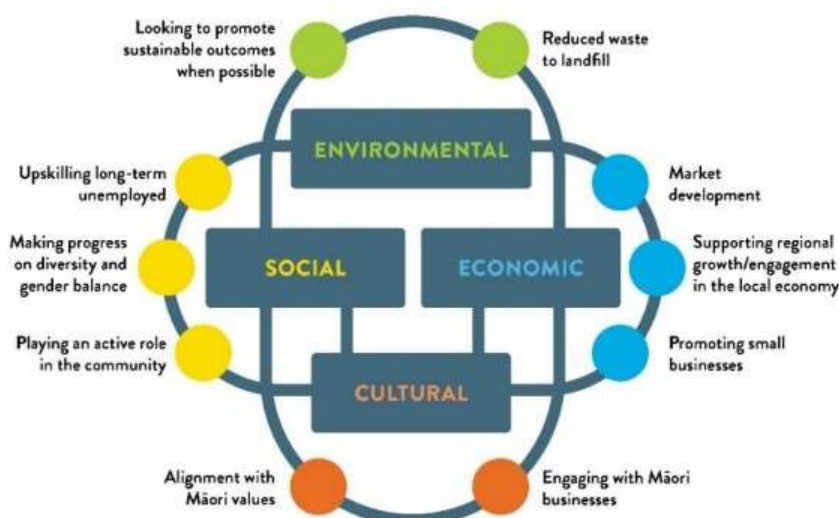


Figure 14 Examples of Broader Outcomes - NZ Govt. Procurement Rules (4th Ed) 2019 (re-coloured).

Broader outcomes are the secondary benefits that are generated by the way an activity is procured or delivered. These outcomes can be environmental, social, economic or cultural benefits and deliver long-term public value. Waka Kotahi supports the inclusion of Broader Outcomes for Waka Kotahi-funded contracts where appropriate eg. when price quality supplier selection methods are used and broader outcomes are evaluated as a non-price attribute.

RLC has a 'Buying Local' strategy or attribute which is not currently permissible when considering Waka Kotahi funded contracts. However, on non Waka Kotahi funded contracts, a Local Economic Impact and Broader Outcomes component is generally applied to the procurement process as it can impact on the economy directly and indirectly:

Directly:

- By supporting local sustainable businesses that are more likely to survive, expand, innovate, train and invest.
- Supporting training, new opportunities, and employment security.
- Encouraging participation of Maori businesses thereby increasing engagement and employment.
- Including supply chain opportunities to maximise local contribution.
- Supporting local manufacturers and businesses that source goods manufactured locally.

Indirectly:

- Supporting community linkages e.g. local businesses encouraged to support local initiatives, which increases liveability through employment opportunities and encouraging leadership.
- Supporting sustainable activity in the local economy, which can have broader impacts through encouraging more sustainable industries and businesses.

Council chooses to focus on local economic impact of a procurement process rather than trying to define who is a local supplier. This is key because this is where we will see the benefits within our District – employment, involvement in our community and spend within our community. There will

often be a requirement for suppliers to have local knowledge and presence in the Rotorua Lakes community e.g. an out of zone business may rent premises in the region or employ local people.

The application of this approach should not in any way conflict with the Government Procurement Rules, which requires that broader outcomes are incorporated in a way that does not discriminate against any supplier.

### **3.3 Principle 3: Be Sustainable**

The procurement system will ensure that opportunities for social, economic, environmental and cultural interests and outcomes will be actively considered. This principle is about wider considerations for our procurement and looks for opportunities to include these and encourage uptake in the Rotorua Lakes community by:

- seeking multiple outcomes from every dollar spent
- encouraging demonstration of greater resource efficiency (e.g. energy generation and use)
- allowing staff to consider wider impacts such as environmental sustainability (e.g. carbon reduction opportunities), and economic sustainability
- supporting innovation and actively search for the best use of our physical resources. The inclusion of a sustainable approach will encourage greening of the supply chain. Using a sustainable approach also requires looking at long term costs and benefits. Short term fixes can impose long term costs on ratepayers.

This principle means that every procurement must consider social, economic, environmental and cultural outcomes or impacts early in the procurement process, but recognises that not every procurement will need to address the full range in the final stages of the procurement process. The opportunity to consider these impacts are applied whenever these are possible, relevant and proportionate.

The Government Procurement Rules include a supplier code of conduct, which outlines expectations of suppliers and their subcontractors around ethical behaviour, labour and human rights, health, safety and security, environmental sustainability and corporate social responsibility. The expectations outlined in this can be applied to our suppliers as these are minimum standards we would expect our suppliers to be implementing. Sustainable outputs and measures can be requested and weighted as part of tenders, which will encourage uptake of environmental practices.

### **3.4 Māori, Mana Whenua, Mātaawaka**

Rotorua Lakes Council is committed to lifting Māori economic and social well-being and recognising Māori cultural values and perspectives. Progressive procurement can make a material difference for positive outcomes by including objectives that:

- Support Te Ao Māori cultural competency and knowledge within the supplier's workforce;
- Give due effect to Te Tiriti o Waitangi (Treaty of Waitangi);
- Provide employment opportunities and career pathways for Māori.

## **4 SPEND ANALYSIS**

### **4.1 Roading Category Analysis (Transport)**

The Roding category has been the biggest category historically in previous years, although recently it has been surpassed by the Construction category. Which is now the biggest spend category, due to significant projects at Te Whare Taonga o Te Arawa - Rotorua Museum and the Sir Howard Morrison Performing Arts Centre (SHMPAC).

## **5 PROCUREMENT ENVIRONMENT**

A robust procurement process was undertaken for determining the Roding Network Maintenance and Management Contract. The new Roding Network Maintenance and Management Contract started on 1 July 2020. Contract Performance Appraisals are undertaken at defined periods throughout the contract to ensure that the contractor is still performing and delivering to agreed levels of service.

### **5.1 Supply Overview**

Like any smaller Council the contractor available to Rotorua Lakes is influenced by the activity in surrounding Bay of Plenty districts including Tauranga, Hamilton, our geographical position and national economic stability. In 2023 the RLC were receiving limited responses to tenders released (0-3 submissions), following our high profile Preferred Supplier approach to market campaign we started receiving double the amount of submission (4-8 submissions). The recent slowdown in infrastructure spend from the government and local entities has seen a large volume of contractors and consultants contacting the RLC looking to provide services.

We would state most of the issues COVID-19 has caused have now dissipated and the current market is influenced by other factors, like a change in government, housing policy changes and larger infrastructure project delayed.

Over the last 12 months (2024) there have been significant value to be obtained on the open tender market due to competition for work. As a council we are very aware of pricing that is too low and posing a risk across the project. RLC has not had any contractors fail to complete any work with in the agreed budget to date but values, contracts and performance are monitored closely to ensure compliance is met.

### **5.2 Capital Works Providers**

The physical works supplier market in the Bay of Plenty is follow the supplier market, and still offering diversity and competition across small, medium and large national suppliers.

Rotorua Lakes Council strives to provide good clear documentation with robust plans on measure and value contracts to ensure risks are allocated appropriately. Engagement with prospective bidders starts early to ensure they are ready for the tender period. When we have identified an opportunity to explore some upfront risk sharing discussions with contractors, we will consider packages of work to trial this on initially. More of our urban contracts are becoming multi-disciplinary, e.g. stormwater and roading. Rotorua Lakes Council requires SHE Pre-Qual contractor health and safety evaluation for all physical works contractors.

### **5.3 In-house Professional Services**

Professional services are tendered out, or accessed through the CoLAB Professional Services Panel (PSP) or Standing contracts we have with Tier 1 consultancies. Rotorua Lakes outsources its pavement rehabilitation and urban upgrade designs for Capital Projects. Some minor pavement design may be carried out in-house where appropriate. Resurfacing seal designs are reviewed by the Transport Services team, for delivery by the maintenance contractor.

Rotorua Lakes has a combination of professional services and in-house resource for asset management and MSQA capability services within the Transport team. Rotorua Lakes Council also procures MSQA services to support the delivery of the roading programme for larger projects, on an as required basis.

Rotorua Lakes Council Transport Services team's organisation chart is shown in Appendix 1.

### **5.4 Professional Services Providers**

The central location of Rotorua Lakes provides a sizeable market of consultant organisations, many of whom are national companies providing services to many regions throughout New Zealand. Similarly, smaller consultancies are also able to provide specialist services.

We do ensure that any organisation we look to engage with understands Rotorua unique Geo thermal and caldera geo physical make up. Understanding these aspects to a high level can have a significant impact of feasibility studies and design of infrastructure.

RLC utilise the CoLAB Professional Services Panel (PSP) for small engagements for professional services, and look to spread work packages across the panel, choosing consultants for their strengths.

Current engagements include:

- General structure inspections (including Bridge Management) Beca/ Waikato LASS Joint contract, WSP inspections, Pattle Delamore Partners (Three Waters), Data management, RAMM, Specialist SME advice, and small independent consultants as required.

### **5.5 Future Procurement**

Council has received a large number of bids on its recent tenders, driven by current economic influences. Therefore it is believed that the LPC (Lowest Price Conforming) is obtaining value from the market. Where other advanced methods are intended to be used such as Target Price, (PNP) Purchaser Nominated Price, and (QBM) Quality Based Method; this will be by prior approval from Waka Kotahi. Due to the ongoing value being demonstrated by this approach, no changes to the current procurement methodology are planned. However, on occasion similar works may be undertaken as an addition/variation to an existing contract where this is considered the most prudent and appropriate procurement. The value of the additional work will generally be less than \$100,000.

As most of our Rehabilitation projects are of a relatively small value (i.e. around \$500,000), the Lowest Price Conforming supplier selection method is generally utilised where the work is of low risk and well scoped (for higher risk projects, PQM is preferable). Consideration is given to combining some of these projects into a slightly more bundled package to gain increased economy of scale. This has proven cost

effective and achieved good results, and has attracted and supported competitive small to medium sized local & specialist contractors, in the industry (including bridge inspections) which is a further benefit to the community.

Rotorua Lakes are using the Tech one Contracts Module. The contracts module will provide real-time reporting on contracts, and allow for management of contract risk and activities with automated contract reviews including options for Contract KPI, Contractor Performance and internal Risk Management.

The emerging structure is a Centre-Led/Hybrid model, whereby a lean and agile procurement function supports the Transport, Construction and other project teams with clear policy, procedures and guidelines. The Procurement function issues Tenders via Tenderlink and/ or GETS (in accordance with Waka Kotahi Procurement Manual) on behalf of the teams procuring the goods, services or works, and collaborates on major tenders or projects when appropriate or required to do so.

#### **Smart Buying Approach**

Rotorua Lakes aims to develop greater awareness of market constraints, such as for materials and resources, to deliver on contract objectives. Market engagement is one tool that will be carried out to identify likely issues and opportunities in delivery and better understanding of risk sharing between the parties.

We will continue to seek further opportunities to increase the supply base through early engagement and through collaboration with neighbouring road controlling authorities. Opportunities currently include:

- Traffic Signals Management – Bay of Plenty wide, with Tauranga City Council for traffic signals management and maintenance.
- We will continue to work collaboratively with BOP LASS & Waikato LASS authorities as appropriate, and when new opportunities arise.

## **6 APPROACH TO DELIVERING THE WORK PROGRAMME**

### **6.1 Maintenance and Operation of local Roads**

The Transport Activity Management Plan 2024-27 sets out how the roading network will be operated and maintained on a day-to-day basis. Maintenance activities cover:

- programmed maintenance where a base level of maintenance is carried out to a predetermined level of service.
- condition maintenance, where maintenance is carried out as a result of condition or performance evaluation, and
- reactive response where maintenance is carried out in response to reported problems or system defects.

Currently our road maintenance, resealing and 3rd party contract management are delivered through one contract, the Roothing Network Maintenance and Management Contract. This contract enables a contractor to manage and programme all works. It also enables efficiencies in administration costs and



economies of scale, all Reseals and footpath maintenance and renewals are included within this contract. However, pavement rehabilitations, seal extensions and larger area wide treatments are tendered separately as below. Some small capital projects are occasionally delivered by the Maintenance Contract. We also have short term (3 year) minor works contracts for both roading and storm water.

Rotorua Lakes acknowledges the shift of neighbours away from Alliance style contract arrangements favouring more traditional measure and value contracts. After consideration of the network need and current arrangement we believe that the more traditional arrangement with Asset Management in-house remains appropriate to meet the needs of the Rotorua Lakes community and for cost efficiency and effectiveness. It also continues to be preferable within the existing contract term to continue to keep some road maintenance elements separate from the General Maintenance Contract to ensure better value and flexibility in the way we manage our road improvements. This also maintains some small packages of work to ensure local/small contractors are able to compete. Additionally; where packages of work tie in with works from other departments, separate contracts enable combining works together.

The General Road Maintenance contract term currently ends on 30 June 2025, with a three year plus two year extension permitted under the contract to potentially extend to 30 June 2030. Performance under this contract has been acceptable and like it will be extended, subject to Waka Kotahi approval.

Traffic operations is one area where a regional collaborative contract is in effect. Waka Kotahi, Tauranga City Council, Rotorua Lakes Council, Taupō District Council and Whakatāne District Council have a single contract for maintenance and operations of traffic signals and electronic signage. The contract is managed by the Tauranga Traffic Operations Centre and delivers efficiencies to all participating authorities, as they have the necessary expertise and integration with State Highway network.

For transport professional services to access a wider market Council has split its operational and capital contracts as capital can be delivered by the wider consulting industry. However operational services must be delivered locally. RLC combined operational professional services with the network maintenance contract, a model based on the Network Operating Contracts. Discussions with the industry have identified that inclusion of the resealing programme into the maintenance contract had some distinct advantages particularly with the pre-seal repair programme. This overall methodology should attract a wider participation in the tender process and add efficiencies to overall delivery. A longer timeframe than five years is required for these contracts (10 years via prior approval by Waka Kotahi) because these required a variation to the Waka Kotahi Procurement Rules.

## **6.2 Delivering the Programme**

The long-term plan 2024 – 2034 identifies nine key themes. Each will have a significant procurement focus over the next ten years. They are:

1. Connected and resilient
2. Employment and economy
3. Tourism
4. Housing
5. Active

6. Environment
7. Safety
8. Mana Whenua/Tāngata Whenua
9. Arts and culture

Continuing to deliver quality services will always be Council's priority. We also have the responsibility to ensure that the community's significant asset holdings are maintained so they will continue to function now and well into the future. For this reason, significant funds are allocated in the plan to maintain, renew and improve key infrastructure assets such as roads, footpaths, cycleways, stormwater drainage, waste water, water supply as well as sports and recreation, community and cultural facilities. This also includes plans to further develop the local economy through the creation of vibrant, well designed and desirable public places across the district.

A new contract for the provision of various services for the effective management of the Transport Network and assets for a period of 10 years commenced on 1 July 2020. The contract comprises a consolidation of a number of distinct but related services, including:

- Roads and Pavement Maintenance
- Footpath Maintenance
- Local Road Network Traffic Management
- Road Resurfacing (various types)
- Corridor environmental services (cleaning etc.)
- Management of 3rd party maintenance contractors
- Asset Management inputs
- Database Management (RAMM)
- Establishing Forward Works Programme
- Some Capital Works

### **6.3 Current Procurement**

Procurement Plans are required for all procurements with anticipated expenditure over \$100,000 and required to be openly tendered, unless otherwise justified and approved by the Chief Executive in the Procurement Plan.

Direct appointment or 3 quotes may be considered for minor works, specialist or sole suppliers for purchases less than \$100,000.

### **6.4 Future Procurement**

Imminent changes to the Waters Group (drinking water, wastewater and stormwater), as a result of the Nationwide Waters done well Reform Programme, may affect the wider engineering expertise within Council. And there may still be a latent need within Council for resourcing of special projects regionally. However in principle RLC is in favour of the water Reform Programme providing our concerns are addressed. The reservations we have are with regards to the latest round of proposed changes regarding governance, structure and representation.

The New Zealand Government has a Procurement Strategy in draft 'Procurement for the Future' whereby the strategic direction and actions they are setting out will fundamentally change the way government procurement operates.

Rotorua Lakes is going to sign up as a member to the CoLAB to the Professional Services Panel (PSP) for engagement of consultants. This provides competitive pricing with pre-evaluated consultants broken down into their tier levels for services.

Minor improvements are generally completed with pavement rehabilitation projects to achieve safety or other improvements with economies of scale within the project. Other improvements generally include drainage improvements, the installation of signage or markings and as such are completed as part of the relevant maintenance contracts. Minor structures work, including guard rail improvements and installations will often also be completed under maintenance contracts where relevant rates and resources have been provided in tendering for those contracts. If there is a significant parcel of similar improvements work developed in any year (e.g. pedestrian and cycling improvements) this work would be generally tendered using the lowest price conforming evaluation methodology. In this situation there may be scope for extending the quantity of works under the tendered rates. Miscellaneous minor improvement projects and cycleways may be delivered under the Minor Works – Transport contract.

For a schedule of future procurement activities refer to Appendix 4

## **6.5 Professional Services**

The Transport Services team has a small in-house function to provide network management services to the Council. There is a contract in place for the business unit in line with the NLTP funding. The use of the in-house professional services unit has been previously approved by Waka Kotahi.

Where specialist professional services are required, Rotorua Lakes Council will utilise the Waikato LASS Professional Services Panel, and other long term contracted professional service providers as required. The business unit currently utilises external professional services for investigation, design and some MSQA services and some asset management functions. RAMM database maintenance and management has recently been taken in-house.

RLC do not currently utilise the Bay of Plenty Road Asset Technical Accord (RATA) which has a goal of achieving best practice road asset management by improving capability, capacity and outcomes through effective collaboration.

## **6.6 Sustainable Transport - Cycling and Cycleways**

With a change of government there is less focus on cycleways, where practical the RLC would still include cycleways in to a design as part of our multi use transport plans. Rotorua has international recognition for cycling enthusiasts on the local trails, and cycling in town is an extension of this. Road safety education is also delivered in by Transport Services staff in collaboration with other agencies and service providers.

## **6.7 Local Authority Shared Services**

There are two Local Authority Shared Services entities that overlap the Rotorua region. Waikato Local Authority Shared Services (Waikato LASS) was established in 2005 to promote shared services between local authorities across the Waikato region, and the Bay of Plenty Local Authority Shared Services (BOP LASS) was established in 2008 to promote shared services between local authorities across the Bay of Plenty region. By working together with either Waikato LASS or BOP LASS RLC can reduce costs, achieve effectiveness and efficiency gains, reduce duplication of effort and eliminate waste through repetition, promote and contribute to the development of best practice, and improve customers' experiences.

In 2019 Waikato LASS retendered its Professional Services Panel, and has since rebranded as Co Lab. This provides a framework arrangement with a panel of professional service providers to offer Waikato LASS members better value for money, greater capacity and access to a wider range of expertise than other procurement arrangements. It allows the Participating Councils to select from a pre-approved panel of those professional service providers it wishes to use for any particular engagement on terms and conditions already agreed, without having to enter into a new contract with the professional service providers each time this occurs. This avoids both the cost and delay (for both Councils and professional service providers) of conducting a fresh procurement for each piece of work. It is RLC's intention to use the new CoLAB Professional Services Panel (PSP) from 2025.

## **6.8 Project Management**

Management of capital projects is undertaken in-house where possible. The Transport Services team manages many of its smaller or less complex projects themselves. Rotorua Lakes also has a strategic Infrastructure Team that provides specialist project management services and advice to wider council to deliver the major and complex capital projects programme.

# **7 IMPLEMENTATION**

## **7.1 Capability and Capacity**

Council recognises that a critical factor in achieving best public value is having the capability and capacity to successfully deliver the procurement programme. Procurement is Centre Led (or hybrid) across Council, however the Procurement Team Lead has responsibility for the development of the organisation's procurement policies and strategies and in the provision of advice and recommendations on procurement matters. Within Council there is also support available from some specialists in the implementation of procurement processes to ensure compliance with policies and processes. Council has no internal specialist roading design team and relies on the consulting industry to deliver the roading programme. There is limited availability in the local consulting engineer market. Council outsources the professional services management of the roading network and all significant works (over \$100,000) by competitive tender.

Within the Transport and Project Delivery teams, Rotorua Lakes utilises in-house expertise to manage tenders where possible.

The number of qualified Waka Kotahi tender evaluators is as follows:

Trained - 2 staff

The teams are continuing to encourage training of staff to further develop skills within the team in relation to procurement expertise.

There is a need for 'smarter buyers' (pages 36 and 37 of the RMTF report). This is a theme that underpins a number of the conclusions of a recent review is that RCA's (Road Controlling Authorities) must be both efficient and effective managers of their road assets and smart buyers of the services they require. These issues strongly relate to the concept of 'smart procurement' with a balanced focus across 'the three E's':

1. Economy – through securing (or supporting) the provision of products, materials and expertise at the quality, in the volumes and at the times and locations required, at the lowest price.
2. Efficiency – through the processes used, including standard documentation and contracting forms selected for achieving best cost / quality and outcomes; and knowledge of the product / materials and supplier market applied
3. Effectiveness – taking opportunities for changing from traditional products and materials by maintaining support for innovation in the nature and characteristics of products and materials, and for a strong supplier market.

The impact of raising the capability of RCA's would include reduced supplier selection process costs, better management of risk and more objective assessment of performance for use in future supplier selection processes. The contracting industry has provided the following useful analysis of the characteristics of a smart buyer: Some RCAs are smart buyers but this is believed to be the exception.

The Smart Buyer self-assessment for the Transport team shows a developing in procurement function, detailed scoring is shown in Appendix 2.

Probity auditors are managed internally at Rotorua Lakes through the use of qualified tender evaluators and the Procurement Team Lead. Probity auditors will be selected for their independence from the team managing the procurement. The Engineer to Contract role is generally outsourced externally, although we have in-house capacity which is dedicated to specific non-Waka Kotahi projects. Safety auditor capacity is resourced through the Professional Services Panel by regionally based consultants if required.

## **7.2 Tender Evaluation**

To assess tenders, Council will establish a team with a minimum of three evaluators which may include individuals with technical, cultural, financial or legal expertise, depending on the project requirements. The TET (Tender Evaluation Team) may request additional expert advice from outside of the team during the evaluation process. All team members are required to complete a Conflict of Interest declaration and sign a Confidentiality Agreement. For Waka Kotahi-funded projects over \$200,000 the TET must include a certified Waka Kotahi Tender Evaluator.

### **7.3 Negotiation with Suppliers**

Where appropriate, Council will negotiate with the preferred supplier(s) prior to tender acceptance or contract award. Negotiation may be used to clarify understanding on aspects of the proposal or tender, test underlying assumptions, or to achieve an improvement in value. RLC has established a Panel of Preferred Suppliers under Rule 57 of the Government Procurement Rules.

### **7.4 Due Diligence**

Council undertakes due diligence to independently verify the ability of the supplier to fully deliver the outcomes required over the duration of the contract.

Due diligence may include:

- Reference checks
- Analysis of ownership
- Qualification checks
- Analysis of Delivery
- Analysis of Finances
- Site visit (to supplier)
- Site visit (customer)
- Reputation research
- Security checks

If a serious issue arises during due diligence that cannot be resolved by the supplier, they will be removed from further consideration and the next ranked supplier promoted to preferred status.

### **7.5 Notification of Tender Results and Contract Awards**

Council will notify all suppliers in writing of the tender outcome. All suppliers are offered the opportunity to receive feedback on their response. This is recognised as an important step for improving the quality of submissions and supporting a competitive market.

### **7.6 Performance Measurement and Monitoring**

All contracts are required to be approved in our contracts module, and standard review requirements are currently being developed for the module. This will include requirements to review aspects such as Health & Safety, contractor performance, delivery on agreed outcomes which may include local contribution. Recently we have introduced annual reviews of KPI's to provide additional feedback to contractors throughout the contract. This is particularly valuable to our longer term maintenance contracts where continuous improvement is encouraged.

### **7.7 Communications Plan**

Council intends to work more closely with local suppliers and will allow more regular market briefing sessions for public tenders. Rotorua Lakes has a general desire to work alongside industry to help develop our supplier base and their ability to compete for tenders. Council is using Tenderlink to advertise on Waka Kotahi funded contracts. Advertisements must also be advertised through GETS as

required in Rule 10.6 of the Procurement Manual. Rotorua Lakes will provide its work programme pipeline on its website, and will utilise GETS to advertise notices of upcoming tender opportunities. Rotorua Lakes will publish this strategy on its website once adopted by Council to allow transparency.

## **7.8 Implementation Plan**

The Transportation Activity Management Plan provides details of the investment programme and intentions of Council to invest in the procurement programme. Projects within the TAMP have been allocated to project managers and will be developed in accordance with the Project Management Lifecycle. In addition, the Transportation team is currently undertaking development of a capacity plan and a programme delivery plan to create a more detailed plan to ensure appropriate resourcing is in place to deliver on the 2024-27 forward works and capital projects programmes.

## **7.9 Corporate Ownership and Internal Endorsement**

This Procurement Strategy is owned by the Manager - Transport Services. Implementation of the procurement programme will be undertaken by the Transport Team with support from the Procurement Team Lead and Project Delivery team. Internal endorsement of this procurement strategy is required from the Manager - Transport Services and Procurement Team Lead.

# **8 CONCLUSION**

## **8.1 Conclusion**

The Procurement Strategy Principles outlined earlier for the organisation have a clear line of sight to Council's vision and Key Outcomes. They provide a high level approach which focus on key areas. These Principles may be added or changed as our economy or environment changes because we want to make our strategy appropriate and agile to cope with the now and also to help us think about the future. The Principles will translate further into real processes and actions that will help staff to meet the Principles and through that, ensure that we are achieving the vision of Rotorua Lakes:

# **Vision for Rotorua**

## **A Better Rotorua for All**

Council has a vision for a "better Rotorua for all". What Council delivers and how during the next 10 years will help to realise the vision.

Figure 18 Rotorua: Vision for Rotorua

The New Zealand Government also has a 2030 Vision for Procurement Strategy:

**'A fair, transparent, inclusive and efficient procurement system that delivers high public value to all New Zealanders'.**

There is an opportunity to become a 'Smart Buyer' over the next few years, improve the Smart buyer self-assessment score from its currently rating of developing.

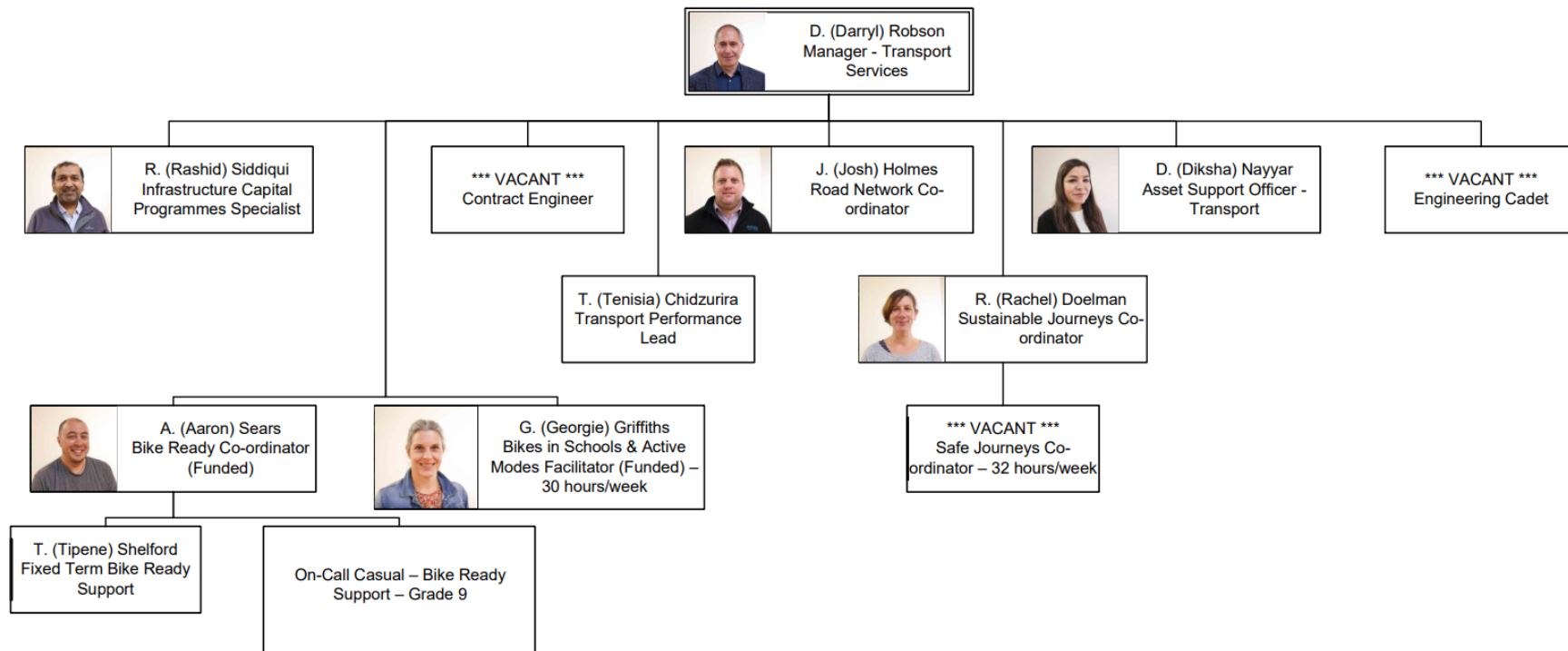
Council recognises that a critical factor in achieving best public value is having the capability and capacity to successfully deliver the procurement programme. Clear visibility of procurement spend is also a key asset in not only focusing the combined efforts of the Infrastructure team, but also shaping the strategic direction.



## Appendix 1 – Organisation Chart

Monday, 24 February 2025

### INFRASTRUCTURE & ASSETS – TRANSPORT SERVICES



## Appendix 2 – Smart Buyer Self-Assessment

Rotorua Lakes use the Smart Buyer Assessment tool in Transport Insights to self-evaluate where we sit within the Smart Buyer matrix. From this we can take an honest look at how we are tracking from where we were and where we want to be. Latest self-assessment was carried out in March 2025.

# Smart Buyer Assessment

## Rotorua Lakes Council

Score for 2024/25

57 / 70

2019/20 2024/25

Developing: Our organisation has embraced the principles of being a smart buyer but can still create further improved value for our communities

1	<b>Fully understands the different contracting models available</b> The team has experience in using a range of contract models available	4	5
2	<b>Holds meetings that updates the contracting industry on the forward works programme and any changes it is taking in approach, and proactively engages with the contracting industry to ensure that gains optimal value out of any changes being implemented</b>	3	3
3	<b>Has sufficient robust data (or is in the process of gathering robust data) on our networks that enables optimal integrated decision-making</b> We have a great RAMM dataset that is maintained and used by our contractors to plan our renewal and resal programmes.	5	4
4	<b>Has access to expertise that fully enables best use of the data available</b> Our resources have been increased who have the ability to run reports from RAMM.	5	3
5	<b>Is open to alternative tenders to those proposed in the contract documents</b> Yes we are always open to alternative tenders however we don't often get any but have promoted this with some suppliers over the past year instead of them tagging tenders.	5	5
6	<b>Understands risk and how to allocate and manage it</b> We have been more proactive in getting our designs completed and tendered to the market to construct during the dry season which is one of the biggest risks. We also have a Project Management Office that now adds oversight around risk management.	5	5
7	<b>Has a Council that is prepared to pay more now to achieve a lower whole of life cost</b>	3	4
8	<b>Actively pursues value for money &amp; does not always award contracts to the lowest price</b> For transport this is generally LPC because the designs are well defined and quantified however we do have our Road Maintenance, Streetlight Maintenance and Professional Services done via PQM and Quality Based	4	4
9	<b>Is able to manage supplier relationships / contracts to ensure that expenditure is optimal and sustains infrastructural assets at appropriate levels of service</b> Hold regular meetings with our two main contracts for Road Maintenance and Design - and run KPI assessments on these contracts.	5	5

<b>10 Supports ongoing skill and competency training and development for its staff</b> Training is now budgeted and staff have recently gone on NZS3910:2023 training and practical application of NZS3910	<div>4</div> <div>3</div>
<b>11 Actively participates in gatherings to share and gain knowledge within the sector</b> We have our industry meetings with Road Efficiency Group, collaboration with our peers within BOP region.	<div>4</div> <div>4</div>
<b>12 Is effective in keeping up with best practice in procurement including best practice RFP / contract documentation</b> Procurement are looking to refresh their RFT templates to be consistent with the MBIE format, although we have used this for a few of our recent tenders. We have two qualified NZTA evaluators and have had a few staff go on the Clever Buying course.	<div>4</div> <div>4</div>
<b>13 Regularly seeks and receives candid feedback from suppliers on its own performance as a client and consistently looks to improve its performance</b>	<div>3</div> <div>3</div>
<b>14 Explores opportunities for collaboration by either sharing in-house resources with neighbours, or by procuring together or tendering together. That exploration could be through an LGA s17A evaluation of transport function delivery options</b>	<div>3</div> <div>3</div>

## Score and Interpretation

The submitted score will show on the RCA Reports.

### 65 to 70

*A smart buyer:* Our organisation is a smart buyer. We help to minimise rate increases by maximising the value created for our community

### 55 to 64

*Developing:* Our organisation has embraced the principles of being a smart buyer but can still create further improved value for our communities.

### 30 to 54

*Limited:* Our organisation currently has limited capability to maximise the value created from being a smart buyer.

### 0 to 29

*Basic:* Our organisation is focused on tender process and compliance. We have not developed the capability to realise any of the value created for our community from being a smart buyer.

## The need for 'smarter buyers'

A theme that underpins a number of the conclusions of this review is that RCAs must be both efficient and effective managers of their road assets and smart buyers of the services they require. These issues strongly relate to the concept of 'smart procurement' with a balanced focus across 'the three Es':

1. economy – through securing (or supporting) the provision of products, materials and expertise at the quality, in the volumes and at the times and locations required, at the lowest price
2. efficiency – through the processes used, including standard documentation and contracting forms selected for achieving best cost / quality and outcomes; and knowledge of the product / materials and supplier market applied
3. effectiveness – taking opportunities for changing from traditional products and materials by maintaining support for innovation in the nature and characteristics of products and materials, and for a strong supplier market

The impact of raising the capability of RCAs would include reduced supplier selection process costs, better management of risk and more objective assessment of performance for use in future supplier selection processes.

The contracting industry has provided the following useful analysis of the characteristics of a smart buyer: Some RCAs are smart buyers, but

this is believed to be the exception.

**Smart buyers have:**

- An improved understanding of costs that better inform their decision-making process
- An 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 best value for money
- Outsource work to the detriment of asset knowledge
- Choose contract forms that are fashionable, not well understood and poorly managed
- Lack technical and contractual management skills
- Lack asset management skills that prevent the development of robust forward work programmes
- Do not support forward work programmes with appropriate budgets

Task Force members debated the nuances around individual items in these lists but believe that they provide a platform on which to build a list of the characteristics that would be exhibited by an RCA that has the capability and the capacity to be a smart buyer.

**One Task Force member described a smart buyer in the following terms:**

A 'smart buyer' RCA ensures its staff are up-to-date, regularly shares best practice experiences with colleagues from other agencies and supports and resources their teams appropriately in the recognition that getting the strategic direction right is a very small cost compared to the consequence of getting it wrong. This requires staff to be involved in regular training, attendance and participation in sector gatherings, and involvement in NZTA investigating teams and the like. Ironically in the interests of 'cost-saving' many agencies are limiting staff involvement in these activities. A smart buyer does not ask the question – what if I train my staff and they leave? – but rather asks the question – what if I don't train my staff and they stay?

**Trend comparison:**

The Report tab compares the answers for the last three assessments. If you were to repeat this assessment annually, how do you expect it to change, which questions will show the greatest change (up or down) and what action / inaction on the part of your organisation will have been the driver of that change?

### Appendix 3 – Existing Term Service Transport Contracts

Contract Description	Supplier	Contract Number	Total Contract Value (\$)	Start Date	End Date	Revised End Date	Duration (Years)	Procurement Method	Opportunities for Innovation and Broader Outcomes
Roading Network Maintenance and Management Contract 2020-2030	Fulton Hogan	19-046	\$127,000,000	July 2020	June 2025	June 2030 (subject to NZTA approval)	5 + 3 + 2	Two-stage (ROI & RFT) – Quality Based Selection	
Bus Shelter Installation and Maintenance 2020-2030	Combined Road & Traffic Systems Ltd	19-048	\$3,733,362	October 2020	June 2030	June 2030 (subject to NZTA approval)	10	Price Quality Method	
Streetlight LED Conversion & Maintenance Contract 2020-2030	McKay Ltd	19-061	\$4,548,079	July 2020	June 2025	June 2030 (subject to NZTA approval)	5 + 3 + 2	Price Quality Method	
Signs and Street Furniture Maintenance 2023-2026	Directionz Limited	23-002	\$970,852.16	April 2023	March 2022	March 2026	2 + 1	Lowest Price Conforming	
Professional Services Panel CoLAB	CoLAB/WLASS		Panel	July 2020	June 2023	June 2025	3 + 2	Quality Based Selection	
Rotorua District Roadmarking 2024-2026	Roadrunner Markers Ltd	24-020	\$1,062,551.72	Oct 2024	June 2026		2	Lowest Price Conforming	
Minor Works Transport Network 2022 - 2025	Campbell Infrastructure Ltd	22-015	\$3,887,168	July 2022	June 2025		3	Lowest Price Conforming	

## Appendix 4 – Future Procurement for Transport Contracts

Activity	Open/Closed	Delivery Model	Estimated Contract Value (\$)	Start Date	End Date	Number per Year	Duration (Years)	Supplier Selection Method
Pavement rehabilitation	Open	Staged	\$0.3m - \$1.5m	July 2025	Ongoing	1-3	<1 year	<ul style="list-style-type: none"> <li>LPC (well-scoped)</li> <li>PQM (complex)</li> </ul>
Rural Seal Extension	Open	Staged	\$0.3m - \$1.2m	July 2025	Ongoing	1-2	<1 year	<ul style="list-style-type: none"> <li>LPC (well-scoped)</li> <li>PQM (complex)</li> </ul>
Minor Safety/Resilience Improvements	Open	Staged	\$0.1m - \$1.5m	July 2025	Ongoing	1-2	<1 year	<ul style="list-style-type: none"> <li>LPC (well-scoped)</li> <li>PQM (complex)</li> </ul>
Professional Services (2025-2027)	Closed	Supplier Panel (CoLAB)	varies	July 2025	June 2027	Varies	2 years	<ul style="list-style-type: none"> <li>Panel (CoLAB)</li> </ul>
Professional Services (2027-2032)	Open	Staged	\$5m - \$8m	July 2027	June 2032	Term	5 years	<ul style="list-style-type: none"> <li>PQM or Quality Based</li> </ul>
Cycleways and Shared Paths	Open	Staged	\$0.1m - \$1.5m	July 2027	Ongoing	1-2	<1 year	<ul style="list-style-type: none"> <li>LPC (well-scoped)</li> <li>PQM (complex)</li> </ul>

Activity	Open/Closed	Delivery Model	Estimated Contract Value (\$)	Start Date	End Date	Number per Year	Duration (Years)	Supplier Selection Method
Minor Works Transport	Open	Staged	\$5m	July 2027	June 2030	Term	3-year term	• LPC
Signs and Street Furniture Maintenance	Open	Staged	\$1.2m - \$1.5m	April 2026	March 2029	Term	2 + 1	• LPC
Rotorua District Roadmarking	Open	Staged	\$1.2m - \$1.5m	Oct 2027	June 2030	Term	2 + 1	• LPC