



Ruapehu District Council
Procurement Strategy
2020-23

Making the most of what we have



Procurement Strategy 2020 - 2023

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Guide to this Strategy

Councils' Procurement Policy and Procurement Manual require Council to maintain a current procurement strategy for Infrastructure and Community Services, and Corporate Services where:

Infrastructure and Community Services: This will include all transport, waters, parks and open spaces, property and facilities and solid waste capital projects and operating and maintenance contracts. For transport, Council is required to maintain an NZTA approved procurement strategy for services funded all, or in part, by NZTA. Many of Council's suppliers are involved with both NZTA and non-NZTA funded activity or are involved in programmes of work in a common place, such as the road corridor.

Corporate Services: This includes office consumables, ITC, banking, insurance, electricity and gas, legal and professional (excluding engineering related), fleet and fuel, animal control, i-sites and all other expenditure. For other spend categories such as electricity, stationery and fleet, Council has access to arrangements made by central government through All of Government contracts (AOG) or through shared procurement with regional organisations such as Manawatu - Whanganui Local Authority Shared Services (MWLASS)

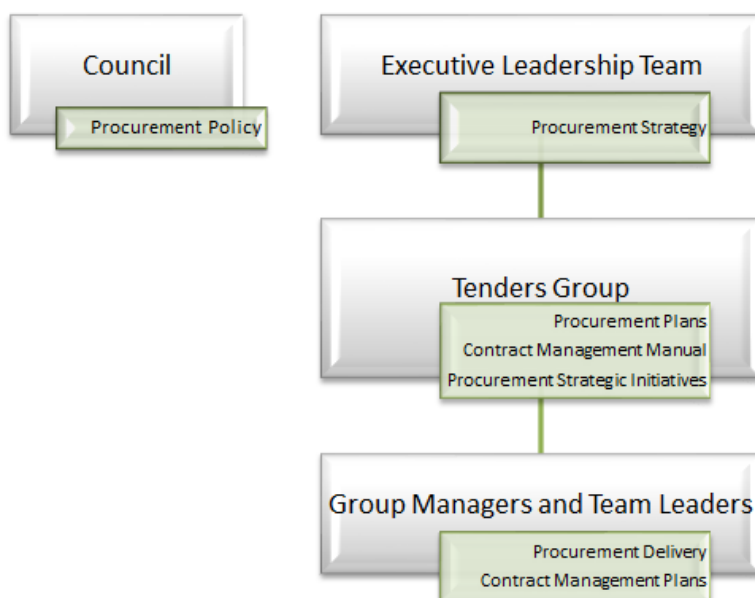
The strategy fits within Councils procurement framework as follows:

Planning – procurement strategy and procurement plans that help us be a smart client and manage risk, resources and relationships to get best value

Sourcing – finding the best suppliers through the right tender and evaluation processes

Managing – getting great value from our suppliers

These are in turn managed through the following governance structure





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Strategy summary – Making the most of what we have

Council last reviewed its procurement strategy in 2014. That review identified the opportunity for Council to take a more strategic approach to its procurement activity i.e. move from a contract by contract view of procurement to one where staff and suppliers were more closely aligned and responsive to the overall programme of work funded to deliver LTP outcomes. This current review has found that this opportunity still exists, but the previously recommended category based approach has not been successful.

Discussions with staff, together with a review of spend and contract data, indicate that Council’s relationships with its main suppliers are strong and many are continuing to prove to be long-lasting. Also, Council’s core sourcing practices are currently well managed from procurement planning through to contract establishment. This has led to this review identifying that the best strategic opportunity for Council’s procurement lies in getting better value from its existing contracts and relationships under the broad theme of ‘Making the most of what we have’ and aligning that to the Plan Source Manage framework as follows:

Making the most of what we have

Focus Area	Strategic Driver	Activities	Benefits
Plan	1 As a relatively remote district we must sustain a robust and competitive supply chain for outsourced services	Supplier Relationships Work closely with our suppliers to better understand how to build long term depth in our supply chains which will include shared long term activity plans	Our economic wellbeing will improve enabling us to deliver more for our community
	2 Increased understanding of how suppliers can contribute to community wellbeings	Wellbeings Grow our understanding of how social procurement initiatives will help realise our wellbeings objectives	Suppliers make a big contribution to our community through things such as their employment and environmental policies and actions
Source	3 Improve our demand predictability and requirements and process standardisation	Communications Adopt current MBIE practice where Council will publish an annual procurement programme identifying key projects or contracts and the procurement options chosen of being considered	Demand predictability and requirements standardisation are proven to reduce cost and increase investment and subsequent productivity in the supply chain



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Focus Area	Strategic Driver	Activities	Benefits
Manage	4 Improved contract management	Contract Management Grow our contract management capability	Fulfilling our role as good custodians and helping our supply partners deliver on their promise and align more strongly to our values and objectives
	5 Growing relationships across Council's strategic supplier family	Collaboration Create opportunities for our strategic suppliers to engage and share how to deliver better value in places where they work beside each other	When suppliers share a common understanding of our values and objectives, they can innovate new ways of working with us, and proactively develop their service offerings to deliver those needs
	6 Cementing continuous improvement practices into our long term contracts	Continuous Improvement Work with our strategic suppliers to develop and maintain a shared continuous improvement process	Continuous improvement practices will mean that we will anticipate and respond to change and lessons learned

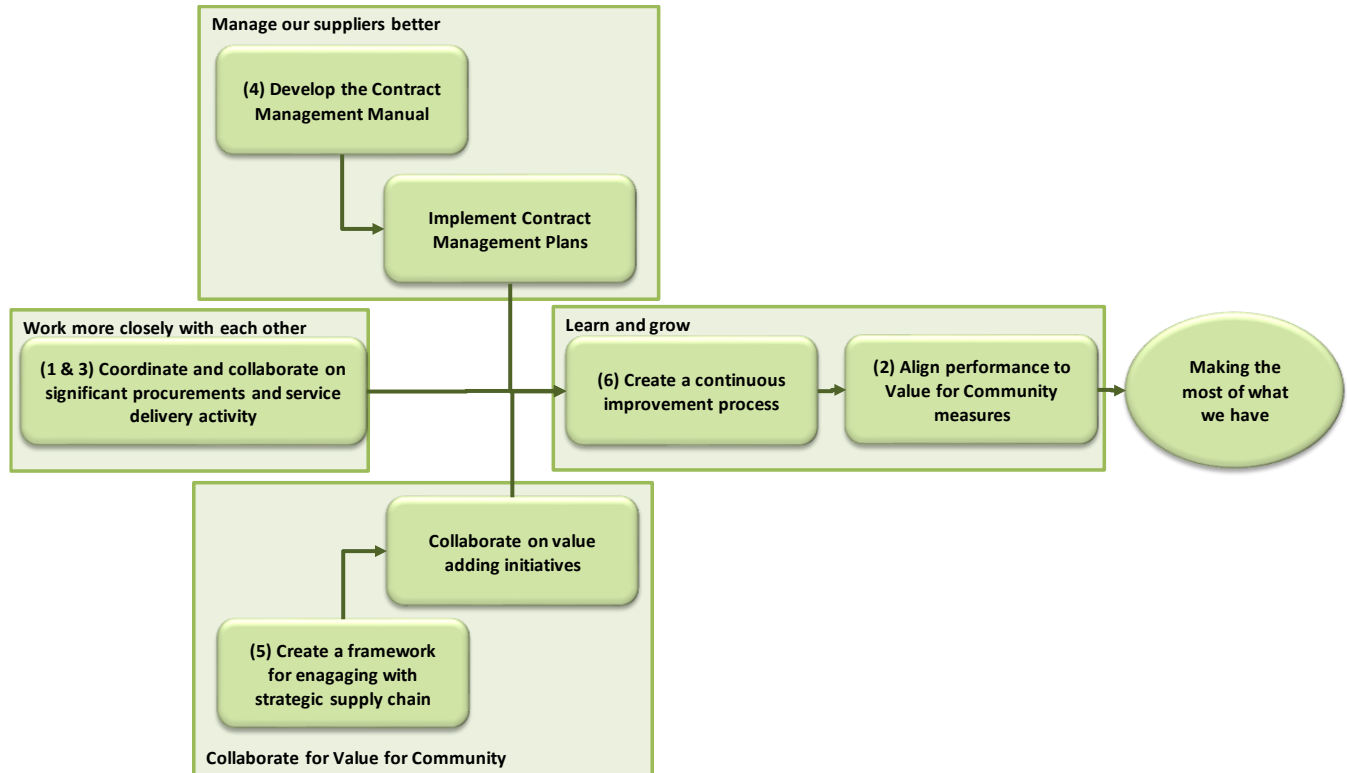
To deliver these benefits this strategy identifies four interdependent workstreams to be delivered during the 2020-23 period. It recognises that a project based approach is more likely to gain traction than the previous category management approach as it will provide more meaningful and measurable milestones for staff and suppliers. It will be easier to create ownership and accountability for project delivery and provide the Tenders Group (as the governance group) a stronger framework for reporting ongoing improvements, and ultimately benefit for Council and its community.

The workstreams are summarised in the following diagram (note numbering aligns to strategic activities noted in table above):



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Procurement Strategic Workstreams



The strategy has identified key dependencies that each of the workstreams will need to consider and manage once they are established as projects by the Tenders Group:

Dependency	Relevance
Strong stakeholder relationships	If all of our supply chain partners, funders and customers understand what we are doing, then we will increase opportunities for better market and service delivery coordination as well as faster responses to change and opportunity
Great contract, asset and financial data and analytics	If we can describe our requirements, and measure and report performance more clearly, then our suppliers will better understand how their contribution is contributing to our success
Buy in from people	Our own staff, and the people from our suppliers who work with them, will all be able to make a better contribution if they understand what we're trying to achieve and why
Resource commitment	To get the best from our suppliers we must make time to work with them and be prepared to invest. This requirement will form part of key team leaders and managers position descriptions and measures



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There are also opportunities identified in previous reviews, and again in this review, that should be considered under the umbrella of the continuous improvement workstream once that project is established. These are summarised for future reference as follows:

Opportunity	Description
Performance management framework	Develop common framework for all significant contracts and include in Contract Management Plans
Goods and services categories	Identify cross organisation spend sub-categories e.g. janitorial consumables, stationery and put them on a regular review programme which may include preferred supplier panels
Numbers of suppliers	The number of active suppliers in the lowest 10-20% of spend continues to grow suggesting an opportunity for supplier rationalisation e.g. preferred or panel suppliers, to reduce cost of business
Community value	Develop small pathfinder projects with key suppliers to gain value from a shared investment in things such as youth employment, moving to electric hand tools or community planting days
Place based forward works planning	Continuing to work with suppliers to coordinate activities by place
Contingency and change management	Building in greater responsiveness and resilience into supplier contracts to manage significant change effectively

Next steps

The next steps for this strategy are:

- Endorsement from the Tenders Group
- Approval by the Executive Leadership Team endorsement from Council
- Endorsement from NZTA (Concurrent process with Council approval)
- Establishment and resourcing of the four workstreams as interdependent projects in a programme of work to deliver this strategy
- Publishing of the strategy including briefing sessions with key internal and external supply chain stakeholders



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Part One – Purpose, Strategic Focus, Dependencies and Activity Profile



Procurement Strategy 2020 - 2023

1. Purpose

The purpose of this strategy is to outline how Council will approach its supply chain relationships over the next three years so that staff have clear guidance as to what activities, initiatives and priorities they should consider when procuring and managing suppliers.

This strategy is developed to meet three key governing requirements:

1. RDC Procurement Policy
2. NZTA Procurement rules <https://www.nzta.govt.nz/resources/procurement-manual/>
3. Long Term Plan (LTP)

The strategy also considers how procurement can help deliver Council's Focus, Mission and Values.

Council's focus is to:

Drive and support the development of safe, prosperous rural communities that are able to capitalise on our agriculture, business and tourism sectors while sustaining our beautiful environment.

Mission:

Our mission is to promote an environment which is sustainable, enhances the quality of life, and meets the needs of our present and future citizens and visitors to the Ruapehu District.

- *Creating and retaining jobs*
- *Growing incomes and opportunities*
- *Increasing the ratepayer base*
- *Providing sustainable infrastructure*
- *Providing value for money in all we do*
- *Ensure the people who benefit from Council spending contribute their fair share of the costs*
- *Working with government and others to gain funding for key projects so as to reduce the financial burden on Ruapehu ratepayers*

Community outcomes:

- *Strong leadership and advocacy*
- *Safe, healthy communities*
- *Thriving economy*
- *Vibrant and diverse living*
- *Thriving natural environment*

Values:

- *Delivering Real Solutions:*
A commitment to approaching every customer and community with the desire to find a satisfying solution to their needs, for a win-win relationship.



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- *Integrity and Credibility:*
This includes doing what we say we will do, when we say we will do it and in an ethical manner.
- *High Performance:*
The satisfaction and excitement of achieving better results and outcomes than before and stretching our capabilities.
- *Respect for Each Other:*
The embracing of diversity and enhancing of better outcomes and relationships through openness, sharing, trust, teamwork and involvement.
- *The Courage to Lead Change:*
Accepting the responsibility to deliver positive change and continuously questioning and striving for improvement in efficiency, and to delivery more for less on behalf of our communities and customers.

2. NZTA Requirements

The New Zealand Transport Agency (NZTA) is a key planning and funding partner for the delivery of Council's Land Transport programme. NZTA maintain a Procurement Manual which outlines the rules for Council to procure third party contracts and compliance with these rules is mandatory in order to secure funding for Land Transport service delivery.

Within the rules, NZTA require Council as and Approved Organisation (AO) to maintain a current procurement strategy. This strategy seeks to address NZTAs requirements for Land Transport as well as outlining its approach to all of Council's procurement of goods and services. This approach is particularly relevant for Council because many suppliers are common to several services across Council such as for Land Transport, Parks and Open Spaces and 3 Waters.

NZTA have some detailed requirements for Land Transport that are not necessary for other services and these are covered in the last section of this strategy.



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3. Strategic issues and focus

The key issues and opportunities that RDC is seeking to address in its supply chain strategy are:

- **Supply chain isolation** – RDC is relatively isolated and therefore has to consider how best to develop sustainable and affordable supply chain capability and capacity.
- **Value for Community** – an increased focus on wellbeings will change the way that we measure how our supply chain is performing and offers an opportunity to understand the value of an investment approach to procurement rather than a leverage approach e.g. Council partnering with suppliers to develop apprenticeship or work experience opportunities for local youth.
- **Demand predictability** – developing supply chain depth and capability will require an ongoing improvement in our forward works planning and associated commitment to suppliers willing to invest in the plant, people and systems we need.
- **Relationships** – Council needs to develop its contract and strategic relationship management capability to ensure it is getting best value from its contracts and collaborating with the supply chain to increase value for community.
- **Continuous improvement** – Council will get better value from its supply chain activities if to grows whole of supply chain capability through continuous improvement processes that become part of how we do things around here.

These issues and opportunities have a common theme of **‘Making the most of what we have’**. This in turn leads to the strategic drivers for this strategy that are aligned to the Plan Source Manage framework as tabled below:

Making the most of what we have

Focus area		Strategic Driver	Activities	Benefits
Plan	1	As a relatively remote district we must sustain a robust and competitive supply chain for outsourced services	Supplier Relationships Work closely with our suppliers to better understand how to build long term depth in our supply chains which will include shared long term activity plans	Our economic wellbeings will improve enabling us to deliver more for our community
	2	Increased understanding of how suppliers can contribute to community wellbeings	Wellbeings Grow our understanding of how social procurement initiatives will help realise our well beings objectives	Suppliers make a big contribution to our community through things such as their employment and environmental policies and actions



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Focus area		Strategic Driver	Activities	Benefits
Source	3	Improve our demand predictability and requirements and process standardisation	Communications Adopt current MBIE practice where Council will publish an annual procurement programme identifying key projects or contracts and the procurement options being considered	Demand predictability and requirements standardisation are proven to reduce cost and increase investment and subsequent productivity in the supply chain
	4	Improved contract management	Contract Management Grow our contract management capability	Fulfilling our role as good custodians and helping our supply partners deliver on their promise and align more strongly to our values and objectives
	5	Growing relationships across Council's strategic supplier family	Collaboration Create opportunities for our strategic suppliers to engage and share how to deliver better value in places where they work beside each other	When suppliers share a common understanding of our values and objectives, they can innovate new ways of working with us, and proactively develop their service offerings to deliver those needs
Manage	6	Cementing continuous improvement practices into our long term contracts	Continuous Improvement Work with our strategic suppliers to develop and maintain a shared continuous improvement process	Continuous improvement practices will mean that we will anticipate and respond to change and lessons learned

Dependencies

Successful implementation of our procurement strategy will require:

Dependency	Benefit or risk
Strong stakeholder relationships	If all of our supply chain partners, funders and customers understand what we are doing, then we will increase opportunities for better market and service delivery coordination as well responding faster to change and opportunity
Great asset and financial data and analytics	If we can describe our requirements, and measure and report performance more clearly, then our suppliers will better understand how their contribution is contributing to our success

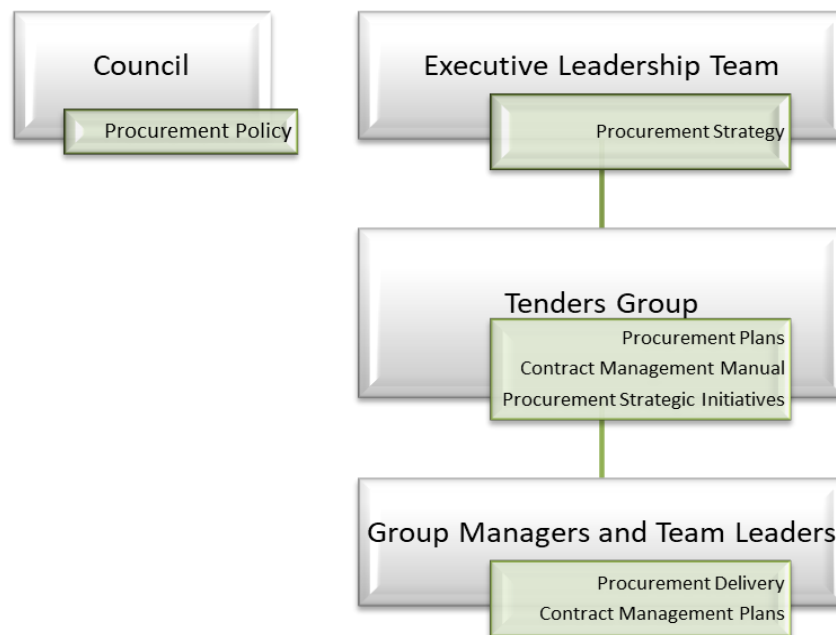


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Dependency	Benefit or risk
Buy in from people	Our own staff, and the people from our suppliers who work with them, will all be able to make a better contribution if they understand what we're trying to achieve and why
Resource commitment	To get the best from our suppliers we must make time to work with them. This requirement will form part of key team leaders and managers position descriptions and measures

4. Procurement Governance

To support delivery of this strategy Councils governance is aligned to policy and responsibility is managed as follows with specific activity approvals (e.g. contract award) aligned to the Financial Delegations policy:





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5. Scope and significant activity

The scope of the strategy will encompass the following:

- All CAPEX and OPEX spend with specific mention of capital projects or programmes and OPEX funded maintenance contracts > \$100,000pa¹
- Relevant Section 17a reviews
- Relevant contract's expiry and term renewals
- Supply chain capability and capacity development
- Identification and development of strategic supply partners
- Value for Community initiatives
- Programme optimisation (e.g. corridor or place-based planning)
- Regional shared opportunities and initiatives
- Relationship and contract management
- Strategic and significant supplier relationship ownership and accountability
- Procure to pay processes (managing the transaction from purchase order or claim to payment)
- Supply chain performance and lessons learned

CAPEX Programme

Council's CAPEX programme is relatively stable, and the following summary is useful to indicate overall value plus relative values across the different services.

Activity	2019-20	2020-21	2021-22
Community Support Total	65,040	52,000	52,000
Overhead Total	878,364	613,400	312,550
Community Facilities Total	1,474,620	1,787,000	3,452,000
Land Transport Total	12,019,008	9,695,844	9,315,854
Sewer Total	790,776	757,698	1,088,519
Storm Water Total	266,160	629,736	321,065
Water Total	2,198,561	1,612,213	2,252,861
Solid Waste Total	126,480	99,000	59,000
Grand Total	17,819,010	15,246,890	16,853,849

OPEX Contracts

¹ \$100k chosen as amount as aligns to when MBIE rules apply (Rule 6) and is the NZTA threshold for direct award (Rule 10.9)



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Council's OPEX commitments are also relatively stable with indicative annual supplier spend based on current asset and infrastructure contracts (IT and after hours call centre to be added) as follows:

Activity	Estimate 2019/20
Community Facilities Total	1,080,000
Land Transport Total	8,470,000
3 Waters Total	1,680,000
Solid Waste Total	570,000
Grand Total	11,800,000

Section 17a Reviews

The following table summarises recent and planned s17a review activity. These are important in the context of this strategy as they usually establish core service delivery decisions such as what to insource or outsource and how i.e. from and internal department to a CCO to a mix of small or large 3rd party contracts. These then inform the detailed procurement planning process.

Service	Date last reviewed	Next scheduled review	Comment
Solid Waste	2017		New contracts being procured 2019
Swimming Pools		2022	
RTO/i-sites	2015		
After hours phone service	2013	2019	Currently being conducted
Land Transport	2014	2021	Prior to next procurement plan
Parks and Reserves	2011	2020	Currently being conducted
Cemeteries	2011	2021	
Social Housing		Before 2021	
Community Halls		Before 2021	
Community Buildings		Before 2021	
Public Toilets		Before 2021	
Libraries	2012	2022	
3 Waters	2011	2026	
Economic Development	2018		
IT Contracts		2020	Currently being conducted



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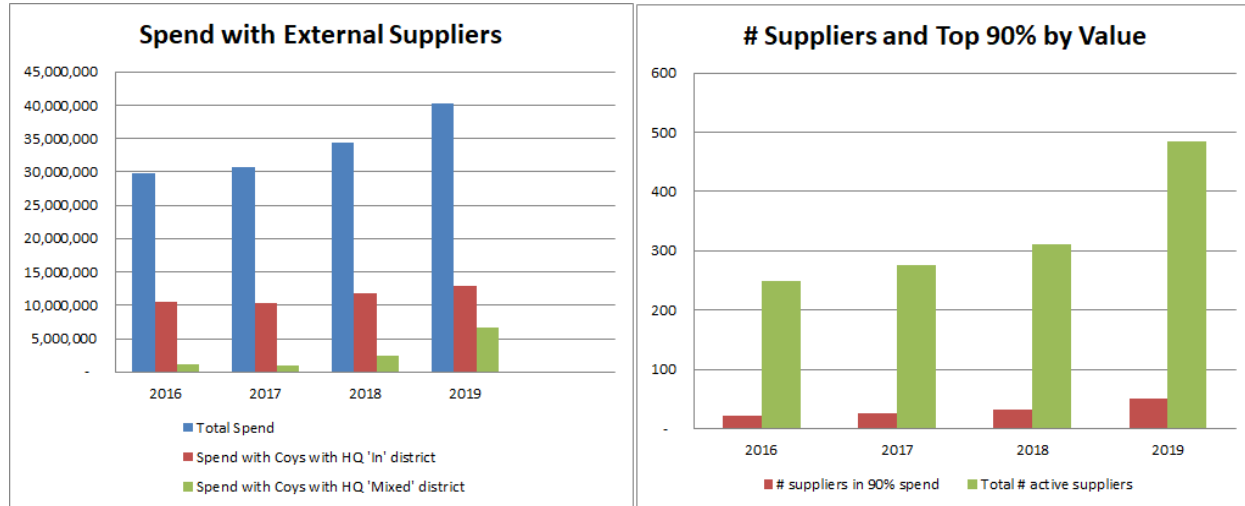
Part Two – Current Supply Chain Environment



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6. Current major suppliers and supply chain partners

External spend and supplier profile



The key trends to note include:

- The number of active suppliers has grown with a 56% growth between FY18 and FY19. This includes the top 90% suppliers by spend which has grown by 11% over each of the last two years. This indicates that new expenditure may be going to new suppliers for high value spend as shown in the table below.
- Data analysis indicates a growth in the number of smaller suppliers (up to \$30kpa) which indicates Council is not consolidating low value spend on a few preferred or panel suppliers which drives up the cost of business.

Significant supplier changes of note in the last year

Top 90% Supplier and spend profile	Comments
Stonecraft Construction - \$585k FY19 and nothing prior	Won a new contract
Macalister Mazengarb - \$500k FY19 and nothing in prior 2 years	Legal advisors
W&W Construction - \$425k FY19 and nothing in prior 2 years	Won a new contract
Ruapehu Aquatics Ltd - \$270K FY19 and only \$38k FY18	Won a new contract
Le Pine and Co Lawyers - \$225k FY19 and nothing prior	Supporting funding activity
Trustpower - \$285k FY19 and nothing prior	Replacing King Country Energy



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Top 90% Supplier and spend profile	Comments
Ruapehu Commercial Cleaning - \$215k and \$147k last 2 years and nothing prior	Won a new contract
Kiwicamp - \$144k FY19 and nothing prior	New supplier

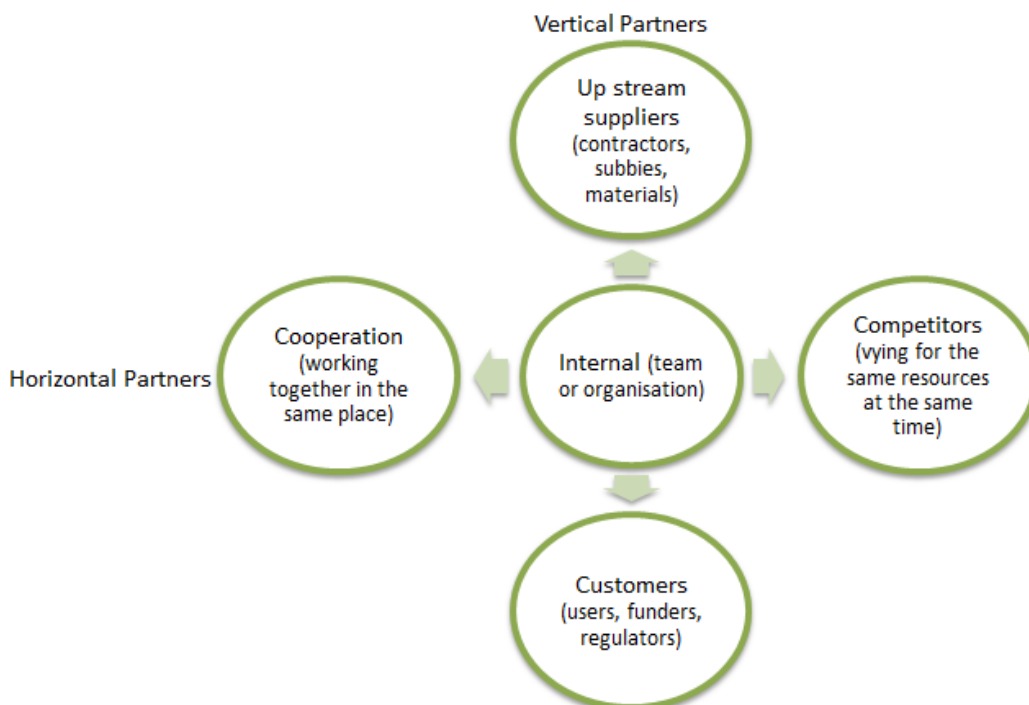
7. Supply Chain Partners – Constraints and Enablers

One of Council’s strategic initiatives is to create opportunities for our strategic suppliers to engage and share how to deliver better value in places where they work beside each other. Council will use the following framework as a workshop tool for Council and strategic supplier staff to map supply chain constraints and enablers. This will then inform:

- an ongoing continuous improvement process to identify areas where improved relationships will enhance longer term efficiencies.
- procurement plans for new contracts so that risks and opportunities associated with working alongside others (internally and externally) may yield a better outcome.

Supply Chain Partnering Framework

This framework recognises that Council’s supply chain is not limited to upstream suppliers and that forward works planning should consider the potential value from including other potential partners in the planning process. The framework and examples of value add are as follows:





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Partner Sector	Value add examples
Upstream suppliers	Subcontractors may or may not be investing in training and development – consider support for shared capability development
Downstream users / customers / funders	Customers’ expectations may be exceeding affordability – consider new communication approaches involving knowledgeable individuals from suppliers
Partners to cooperate with internal and external	Developing a common understanding across Land Transport, Parks and Reserves and Community Facilities of what urban streets should look like – consider shared ‘walk arounds’ to build that understanding
Potential competitors for resource capability and capacity	Forestry companies may be upgrading roads ahead of harvest and impacting our road maintenance programme – discuss with key suppliers to ensure priorities

8. Market SWOT and Uncertainties

SWOT

Staff have identified the following which have been considered in developing this strategy:

Strengths (Internal) <ul style="list-style-type: none"> • Experienced staff • Improving data analytics • Secure funding and CAPEX programme 	Weaknesses (Internal) <ul style="list-style-type: none"> • Supplier management • Contract management • Contract / key roles change management
Opportunities (External) <ul style="list-style-type: none"> • Programme and corridor management • Long term supplier relationships • Changes in demand – customer and political 	Threats (External) <ul style="list-style-type: none"> • Regulatory changes (e.g. water) • Labour market • Changes in demand – customer and political

Uncertainties

Uncertainties that may affect Council’s serviced delivery through its supply chain partners include:

Uncertainty	Impact
Wellbeings introduced into the next LTP	How Council will evaluate future tenders and assess future contract performance over and above price
3 Waters regulatory outcomes and its impact on Councils programmes and budgets	Potential centralisation will change the supply chain landscape across all infrastructure given the large number of suppliers that work across multiple services



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Pests (animal and vegetation) increase in both type and number	Together with a growing public demand for reduced usage of glyphosate and poisons the cost of control in maintenance contracts may escalate
Ohakune growth assumptions	The consequential OPEX cost of managing new assets
Iwi settlements and any attendant co-governance outcomes	Asset ownership and levels of services may impact contracts
Horizons plan redevelopments	
Localism, social procurement and links to wellbeings	How will Council assess the real value of wellbeings initiatives e.g. cost of apprenticeships or specifying local subbies which may result in contract price increases. Considering the investment vs simple leverage supply procurement and management
Civil emergencies	Impact and recovery (community, infrastructure and budget)

These uncertainties emphasise the potential for change in long term supplier relationships and contracts and Council should consider how to develop these to be more responsive and not an obstacle.



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Part Three - Procurement Strategic Initiatives and Significant Procurements



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9. Strategic Initiatives

This section summarises the key strategic initiatives that Council will undertake. These are aligned to the strategic drivers above and are also grouped against Councils Pillars of Work (People, Teamwork and Continuous Improvement) as follows:

	Activities	Strategic initiative	Pillar alignment
1	<p>Supplier relationships</p> <p>Work closely with our suppliers to better understand how to build long term depth in our supply chains</p>	Initiate regular capability building workshops with strategic suppliers	People, Teamwork, Continuous Improvement
2	<p>Wellbeings</p> <p>Grow our understanding of how social procurement initiatives will help realise our well beings objectives</p>	Include strategic suppliers as a stakeholder consultation group as Council develops its well beings objectives	Continuous Improvement
3	<p>Communications</p> <p>Adopt current MBIE practice where Council will publish an annual procurement programme identifying key projects or contracts and the procurement options chosen of being considered</p>	Develop regular engagement with upstream suppliers and consider longer term preferred supplier agreements for at risk suppliers (subcontractors, trades and materials providers)	People, Teamwork Continuous Improvement
4	<p>Contract Management</p> <p>Grow our contract management capability</p>	Develop and implement contract management manual together with detailed contract management plans for strategic suppliers or supplier groups	People, Teamwork, Continuous Improvement
5	<p>Collaboration</p> <p>Create opportunities for our strategic suppliers to engage and share how to deliver better value in places where they work beside each other</p>	Implement regular opportunities for strategic suppliers to meet and discuss forward works programmes	People, Teamwork, Continuous Improvement
6	<p>Continuous Improvement</p> <p>Work with our strategic suppliers to develop and maintain a shared continuous improvement process</p>	Develop a continuous improvement programme across all strategic suppliers including 'lessons learned' captured in contract management practices	People, Teamwork, Continuous Improvement



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10. Social procurement

Council staff have identified the following to consider in the context of social procurement. Council notes that there is also work being undertaken by SOLGM and MBIE with regard to 'Broader Outcomes' measures and that it is a rapidly evolving discipline that will be considered in future annual procurement programmes (see significant procurement below).

- Carbon footprint
- Made in NZ – buy local
- Food miles
- Premium for local products (aggregate / chlorine)
- Local training and development
- Sustainability
- Living wage
- Recycle, reuse, reduce, refuse
- Housing for labour
- Ethical sourcing – upstream suppliers
- Organics/ fair trade

11. Significant procurements

CAPEX and OPEX Programme

With the exception of Solid Waste all of Councils' infrastructure and asset management and maintenance contracts are due for review and/or renewal during the term of this strategy. Council's annual planning process will also confirm CAPEX projects that are likely to be procured in the planning period. To enable both integrated planning and communicating likely requirements to the supply chain, the Tenders Group will oversee the development of an annual procurement programme that will consider:

- Outcomes of relevant s17a reviews
- Funding or LOS changes from the current LTP or Annual Plan or post Covid-19 economic initiatives
- Opportunities for local suppliers across all contracts – particularly common trades based activities
- Opportunities to incorporate CAPEX works into scope
- Supply market conditions expected for the upcoming period
- Social procurement opportunities – addressing the wellbeings

The programme is to be completed by 1 June each year and published on Council's website as appropriate.



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Responsible council managers will meet six-monthly to discuss progress on these procurements and seek opportunities for project packaging, bundling, sequencing. The six monthly review will also consider supply chain changes or activity that may present additional risk or opportunities for Council.

12. Strategy Measures

RDC procurement policy describes procurement objectives as follows:

- improved value for money
- more efficient procurement procedures
- continued and improved relationships with suppliers;
- robust and sustainable supply chains
- effective collaboration to be developed with other client organisations
- better risk management
- better project planning
- stronger integration with the Council's overall aims and priorities
- our work programmes delivered to time, cost and quality expectations

The Tenders Group will deliver an annual report on or about July 31 each year reporting progress against each of the above objectives.

13. Strategic Roadmap

Council will implement this strategy under the guidance of the Tenders Group who will manage resourcing and accountability for key initiatives under each of the main workstreams.

Strategy implementation will commence with a self-assessment to create a baseline capability measure. The Tenders group will initiate a review of this baseline at the strategy midpoint (18 months) and at the time of the next review (3 years). Council will use the MBIE self-assessment tool:

<https://www.procurement.govt.nz/procurement/improving-your-procurement/frameworks-reporting-and-advice/procurement-capability-index/>

The following gives a brief outline of work to be done to initiate the workstream projects:

Workstream 1 – Work more closely with each other

- Appoint a project team made up of senior owners of the significant procurements and contracts
- Undertake initial planning workshop
 - Framework for annual procurement programme
 - Timing for new contracts
 - Timing of S17a reviews
 - Resources for procurements



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- Opportunities to leverage place based activity which may commence with trial shared walk arounds a town or centre
- Report activity plan to Tenders Group with six monthly reviews

Workstream 2 – Manage our suppliers better

- Appoint a project team made up of senior owners of the significant procurements and contracts (maybe the same as for work stream 1)
- Complete the draft Contract Management Manual
- Agree timetable for contract management plans
- Execute and report to tenders group

Workstream 3 – Collaborate for Value for Community

- Appoint a steering team
- Develop project plans for:
 - Capability assessment
 - Partner identification and invitation to participate – vertical and horizontal supply chain partners
 - Shared forward works planning
- Agree trial initiatives with supply partners – implement and monitor
- Include social procurement / well beings as an initiative
- If successful, develop ongoing management model and reporting

Workstream 4 #Learn and grow

- This is dependent on successful implementation of workstreams 1, 2 and 3
 - Capture lessons learned
 - From lessons learned agree how best to capture and prioritise any subsequent improvement initiatives
 - Agree an ongoing framework which continues to capture lessons and opportunities identified elsewhere
 - Agree how to govern and resource continuous improvement management



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14. Land Transport – NZTA specific requirements

Current state:

Council currently delivers its Land Transport programme through a family of service based contracts as follows:

Service Type	Contract Value (annual estimate as varies according to annual budgets)	Contract terms (includes all contracted extensions)
Professional Services	\$1.5m	Commenced July 2014 and expires June 2023 (4+1+1+1+1)
General and Sealed Pavement Maintenance and Capital works	\$2.1m	Commenced October 2014 and expires June 2022 (4+2yrs 9 mths)
Unsealed Pavement Maintenance Heavy Maintenance & Improvements and Pavement Rehabilitation – Maintenance and Capital works	\$3.5m	Commenced October 2014 and expires June 2022 (4+2yrs 9 mths)
Reseals – Capital works	\$0.8m	Commenced October 2014 and expires June 2022 (3+2+2yrs 9 mths)
Capital Bridge Repairs	\$0.5m	Commenced October 2014 and expires June 2022 (3+2+2yrs 9 mths)
Vegetation Control	\$0.5m	Commenced October 2014 and expires June 2022 (4+2yrs 9 mths)
Plant pest control	\$0.05m	Commenced October 2014 and expires June 2022 (4+2yrs 9 mths)
Aggregate Supply	Negotiated into Capital and Maintenance works programmes	Commenced October 2014 and expires June 2022 (7yrs 9 mths)
Streetlights	\$0.3m	Commenced September 16 and expires June 2022 (2yrs 9 mths + 3)
Roadmarking	\$0.08m	Commenced February 2015 and expires June 2022 (3 yrs 4 mths +3)
Totals	\$9.33m	



Procurement Strategy 2020 - 2023

These contracts were procured from 2014 - 2016 after establishing that unbundling the traditional master contractor model was going to deliver better value for Council. This approach offered direct support to a constrained and relatively remote supply chain and has allowed for improved delivery through:

- Improved direction and prioritisation of services across the network
- The longer term direct commitment with 2nd level suppliers resulting in investment in new plant and equipment by suppliers

Note: the expiry of Professional Services is one year later than physical works to allow for experienced support during the physical works contracts procurement.

Supplier market and other regional clients

The Ruapehu District continues to remain constrained in terms of the number of capable and competitive suppliers. For infrastructure, the range of physical works suppliers is constrained by distance from depots for suppliers who do not have contracts in the district that are large enough to support a full service depot. This has been demonstrated in the past where previous master contractor models were characterised by a high degree of outsourcing. There is a natural North/South market divide where some suppliers based in Waikato could support the north and Whanganui regional contractors the south.

NZTA's regional NOC contracts for West Waikato South, Central Waikato, Taranaki and Manawatu/Whanganui ensure a regional presence for larger contractors. This strategy provides an initiative (5 - Collaboration) that might help establish pragmatic ways that Council, NZTA and the supply chain can increase predictability and certainty to encourage investment in capability – people and plant.

Health and Safety

NZTA has increased its focus on health and safety in the workplace. This aligns well with Council's current practice and planned improvements:

- All current contracts require suppliers to document and review H&S requirements in their Quality Plans
- All current procurements require contractors to submit their H&S plans and management practices (including alignment to Site Safe). This is a 'pass/fail' compliance attribute for evaluation
- Under strategic initiatives '1 – Supplier Relationships' and '6 – Continuous Improvement' Council will seek increased alignment of practices by place i.e. where more than one contractor operates in the road corridor including 3 waters and parks and reserves contractors and staff

Broader Outcomes Framework

Council understands that NZTA will be aligning to the soon to be released 'Broader Outcomes Framework'. Council also manages its well beings outcomes through its Social Policy (2018). Social procurement is identified as a specific strategic initiative (2 – Wellbeings) in this strategy. Council will update this strategy following the s17a review (see below under Procurement Programme 2020-23) and will include a review of how the strategy will align to Broader Outcomes.



Procurement Strategy 2020 - 2023

Procurement programme 2020 – 23

There are no significant changes to budget currently planned for the next three years. This may change due to:

- New priorities in the 2021/31 Long Term plan
- Provincial Growth Fund support
- National economic stimulus initiatives post Covid-19
- Impact of Covid-19 on tourism

All of Council's Land Transport contracts expire in the planning period 2020-23.

Council's procurement programme will be focused on getting more value from existing contracts and planning for new contracts as follows:

Strategy implementation:

Implement this strategy across all of council including the development and implementation of contract management plans and closer working and planning with the contractor family

Section 17a review for Land Transport:

- Commence in late 2020 and complete Q1 2022 subject to progress with LTP and post Covid-19 funding environment.
- s17a review to include high level view of approach to procurement of new physical works and professional services contracts.
- Update this strategy to provide more detail as required to meet requirements of NZTA Procurement Manual (Appendix A Checklist s 5.2).
- Outcome of s17a review to be published on Council website together with an update forward works programme and the proposed procurement programme for new contracts to commence in July 2022.

Procurement plans

- Detailed procurement plan to be prepared for new physical works contracts based on outcome of s17a review. Plans to address how Council's preferred procurement option will address the requirements of NZTA Procurement manual Appendix A s5.2:
 - key attributes and value for money strategy
 - the nature of the activities for each segment of work (e.g. complexity, scale, timing, innovation potential, risk, and an assessment of the supplier market)
 - aggregation, bundling and the term of term service contracts
 - proposed delivery model(s) and supplier selection method(s)
 - impact of the preferred approach on value for money, fair competition, and competitive and efficient markets



Procurement Strategy 2020 - 2023

- risk identification and management including health and safety
- approach to contract management

Sourcing new contracts

- Implement the approved procurement plans:
 - Physical works – complete by March 31 2022 for mobilisation and commencement July 1 2022
 - Professional Services – complete by March 31 2023 for mobilisation and commencement July 1 2023



Procurement Strategy 2020 - 2023

VERSION CONTROL

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Procurement Strategy 2020 - 2023

Appendices



Procurement Strategy 2020 - 2023

Appendix One – Capital Programme Budgets

Projects over \$100k

Activity	Description	2020-21	2021-22	2022-23
Water	Special approval for Ohakune WTP upgrade	5,000,000	-	-
Land Transport	Pavement Rehabilitation	2,524,500	2,380,001	2,380,001
Water	Special approval for Taumarunui mains replacement	1,650,000	-	-
Land Transport	Sealed Road Surfacing	1,379,000	1,300,000	1,300,000
Land Transport	Unsealed Road Metalling	1,135,000	1,070,000	1,070,000
Land Transport	Minor & Associated Improvements	833,722	801,656	801,656
Community Facilities	Town revitalisation Taumarunui (Wells Summary)	634,400	-	-
Land Transport	Low Cost Low Risk (SPR) - A/C	618,800	-	-
Water	Taumarunui Renewals program	586,778	568,410	583,102
Community Facilities	Town Revitalisation Raeithi service hub	520,000	1,000,000	-
Storm Water	District Wide	517,022	168,256	85,950
Land Transport	Pavement Rehabilitation	445,500	419,999	419,999
Waste Water	Taumarunui LOS program	441,750	517,900	75,000
Land Transport	Drainage Renewals	397,800	382,500	382,500
Water	Taumarunui LOS program	376,979	285,080	287,640
Land Transport	Structures Components Replacements	363,146	826,488	322,291
Land Transport	Traffic Services Renewals	348,400	335,000	335,000
Community Facilities	Taumarunui Hakiaha St verandas	244,400	220,000	155,000
Waste Water	Taumarunui Renewals program	229,106	263,515	263,700
Overhead	Replacement Vehicles	218,400	210,000	210,000
Land Transport	Minor & Associated Improvements	208,431	200,415	200,415



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Overhead	Scanning building fees, providing electronic info & a new Info system, plus digital workspace	208,000		
Land Transport	Minor & Assoc Improvements SPR	201,724	193,965	193,965
Land Transport	Footpath Renewals	200,615	192,899	192,899
Overhead	IT Hardware	184,704	115,150	63,400
Water	Raetihi Renewals program	156,000	150,000	156,605
Land Transport	Sealed Road Surfacing SPR	153,160	147,269	147,269
Water	Ohakune Renewals program	128,022	135,008	135,080
Water	Ohura LOS program	120,952	606,750	39,450
Overhead	IT Software	115,232	142,400	165,500
Water	Ohura Renewals program	113,828	109,450	125,300
Land Transport	Pavement Rehabilitation SPR	112,268	252,100	-
Land Transport	Low Cost Low Risk (SPR) - A/C	109,200	-	-
Storm Water	District Wide	106,420	108,055	108,055
		-	-	-



Procurement Strategy 2020 - 2023

All Projects

Activity	Description	Primary Type	2020-21	2021-22	2022-23
Water	Special approval for Ohakune WTP upgrade	Growth	5,000,000	-	-
Land Transport	Pavement Rehabilitation	Renewal	2,524,500	2,380,001	2,380,001
Water	Special approval for Taumarunui mains replacement	Growth	1,650,000	-	-
Land Transport	Sealed Road Surfacing	Renewal	1,379,000	1,300,000	1,300,000
Land Transport	Unsealed Road Metalling	Renewal	1,135,000	1,070,000	1,070,000
Land Transport	Minor & Associated Improvements	LOS	833,722	801,656	801,656
Community Facilities	Town revitalisation Taumarunui (Wells Summary)	Growth	634,400	-	-
Land Transport	Low Cost Low Risk (SPR) - A/C	Renewal	618,800	-	-
Water	Taumarunui Renewals program	Renewal	586,778	568,410	583,102
Community Facilities	Town Revitalisation Raeithi service hub	Growth	520,000	1,000,000	-
Storm Water	District Wide	LOS	517,022	168,256	85,950
Land Transport	Pavement Rehabilitation	LOS	445,500	419,999	419,999
Waste Water	Taumarunui LOS program	LOS	441,750	517,900	75,000
Land Transport	Drainage Renewals	Renewal	397,800	382,500	382,500
Water	Taumarunui LOS program	LOS	376,979	285,080	287,640
Land Transport	Structures Components Replacements	Renewal	363,146	826,488	322,291
Land Transport	Traffic Services Renewals	Renewal	348,400	335,000	335,000
Community Facilities	Taumarunui Hakiha St verandas	LOS	244,400	220,000	155,000
Waste Water	Taumarunui Renewals program	Renewal	229,106	263,515	263,700
Overhead	Replacement Vehicles	Renewal	218,400	210,000	210,000
Land Transport	Minor & Associated Improvements	Renewal	208,431	200,415	200,415
Overhead	Scanning building fees, providing electronic info & a new Info system, plus digital workspace	Growth	208,000		
Land Transport	Minor & Assoc Improvements SPR	LOS	201,724	193,965	193,965



Procurement Strategy 2020 - 2023

Land Transport	Footpath Renewals	Renewal	200,615	192,899	192,899
Overhead	IT Hardware	Renewal	184,704	115,150	63,400
Water	Raetihi Renewals program	Renewal	156,000	150,000	156,605
Land Transport	Sealed Road Surfacing SPR	Renewal	153,160	147,269	147,269
Water	Ohakune Renewals program	Renewal	128,022	135,008	135,080
Water	Ohura LOS program	LOS	120,952	606,750	39,450
Overhead	IT Software	Renewal	115,232	142,400	165,500
Water	Ohura Renewals program	Renewal	113,828	109,450	125,300
Land Transport	Pavement Rehabilitation SPR	Renewal	112,268	252,100	-
Land Transport	Low Cost Low Risk (SPR) - A/C	LOS	109,200	-	-
Storm Water	District Wide	Renewal	106,420	108,055	108,055
Community Facilities	Taumarunui high school re-roof support - Adie Doyle request	LOS	86,000	-	-
Land Transport	OMR Capacity Improvement	LOS	72,480	69,692	69,692
Land Transport	Facility Road & Car Park Renewals	Renewal	71,000	19,290	19,290
Land Transport	Drainage Renewals	LOS	70,200	67,500	67,500
Overhead	Security Cameras - Taumarunui Security systems consolidation for office access. Stuart IT	LOS	65,000	-	-
Land Transport	Structures Components Replacements	LOS	64,085	145,851	56,875
Waste Water	District Wide Wastewater	LOS	62,400	60,000	20,000
Water	NP Renewals program	Renewal	52,877	59,788	59,788
Overhead	Other SW Related Projects	LOS	52,000		
Land Transport	Minor & Assoc Improvements SPR	Renewal	50,431	48,492	48,492
Land Transport	Seal Extensions	Growth	50,000	-	218,545
Land Transport	OMR Capacity Improvement	Renewal	48,319	46,461	46,461
Land Transport	Kerb and Channel Development	LOS	47,203	45,388	45,388
Water	Owhango Renewals program	Renewal	47,096	46,118	47,025
Water	NP LOS program	LOS	41,782	7,900	79,810
Community Support	Generator	Renewal	36,400		10,000



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Storm Water	District Wide	Growth	31,485	44,754	38,060
Land Transport	Pedestrian Safety Improvements - District wide	LOS	30,681	29,501	29,501
Waste Water	Rangataua Renewals program	Renewal	30,245	35,422	34,787
Overhead	Administration Furniture and Fittings	Renewal	26,000	25,000	25,000
Land Transport	Traffic Services Renewals SPR	Renewal	24,703	23,753	23,753
Land Transport	Drainage Renewals SPR	Renewal	24,148	23,219	23,219
Community Support	Library - Taumarunui	Renewal	22,880	22,000	22,000
Community Facilities	Taumarunui -250m Walkway per annum	LOS	21,840	21,000	21,000
Community Facilities	Ohakune _250m walkway per annum	LOS	21,840	21,000	21,000
Water	District Wide	Renewal	21,096	21,118	22,025
Community Facilities	Earthquake Prone Remediation's	LOS	20,800	20,000	20,000
Community Facilities	Seal Ohakune Flat Drive way	Renewal	20,800	-	-
Water	Owhango LOS program	LOS	20,800	112,500	750,000
Waste Water	Ohakune Growth program	Growth	20,374	49,470	255,165
Land Transport	Pavement Rehabilitation SPR	LOS	19,812	44,488	-
Community Facilities	Social Housing Minor Maintenance	Renewal	18,720	18,000	18,000
Land Transport	Street flags District	Renewal	17,701	17,020	17,020
Land Transport	Motorist Service & Information Signs	Renewal	15,931	15,318	15,318
Land Transport	Motorist Service & Information Signs	LOS	15,931	15,318	15,318
Community Facilities	Heat Pump installation	LOS	15,600	-	-
Community Facilities	Tangiwai Reserve Development	LOS	15,600	-	-
Community Support	Radio Network	LOS	15,600	15,000	
Solid Waste	Sorting Facility for Shipping Waste out - District	Growth	15,600		
Community Support	Library - Ohakune	Renewal	13,520	13,000	13,000
Land Transport	Facility Road & Car Park Renewals	LOS	13,000	3,404	3,404
Community Support	Library -Raetihi	Renewal	12,480	12,000	12,000
Land Transport	Bus Shelter Renewals	Renewal	11,801	11,348	11,348



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Community Facilities	Fencing Problem Reserves North	Renewal	10,920	10,500	10,500
Community Facilities	Fencing Problem Reserves south	Renewal	10,920	10,500	10,500
Water	Waiouru Renewals program	Renewal	10,492	10,089	10,089
Solid Waste	Sorting Facility for Shipping Waste out - District	LOS	10,400		
Solid Waste	Develop Site - Waimarino	Growth	10,400	5,000	5,000
Solid Waste	Develop Site - Waimarino	LOS	10,400	5,000	5,000
Community Support	Internal Refit of Ohakune Isite	LOS	10,000		
Community Support	New Pods for Whakapapa	LOS	10,000		
Community Facilities	Ohakune Drinking Fountains	LOS	10,000		
Community Facilities	Demolition of earthquake prone buildings if bought or given to Council	Growth	-	100,000	100,000
Community Facilities	Raetihi CBD development	Growth	-	1,000,000	-
Land Transport	Old Station Road Bridge 317 safety improvements	Renewal	-	33,576	345,825
Land Transport	Low Cost Low Risk - Taupo Rd Streetlight Upgrade	Renewal	-	-	340,000
Land Transport	Level Crossing Devices Upgrades	LOS	-	94,971	-
Land Transport	Old Station Road Bridge 317 safety improvements	Growth	-	23,503	242,078
Land Transport	Low Cost Low Risk (SPR) - Hairpin Grade Improvement	Renewal	-	-	-
Land Transport	Old Station Road Bridge 317 safety improvements	LOS	-	10,073	103,748
Land Transport	Low Cost Low Risk - Taupo Rd Streetlight Upgrade	LOS	-	-	60,000
Land Transport	Level Crossing Devices Upgrades	Renewal	-	16,760	-
Land Transport	Kokopuiti Rail Overbridge replacement (LCLR)	LOS	-	68,640	
Land Transport	Kokopuiti Rail Overbridge replacement (LCLR)	Renewal	-	388,960	
Land Transport	Pokatea Kokakonui Rd Culvert 24 replacement (LCLR)	Renewal	-	156,000	
Land Transport	Miscellaneous Minor Capital Projects	LOS	-	-	68,046
Land Transport	Miscellaneous Minor Capital Projects	Renewal	-	-	45,364
Community Facilities	District Wide playground Equipment	Renewal	-	57,200	-
Community Facilities	Ohakune - refurbishment of Main St chains	Renewal	-	15,600	-
Community Facilities	Taumarunui Pool Fibreglass Liner	Renewal	-	400,000	-



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Community Facilities	Taumarunui Pool - Office Block Roof	Renewal	-	-	50,000
Community Facilities	Seddon Street Toilets Mens Upgrade	Renewal	-	15,000	-
Regulation	Huia Street Animal Shelter floor renewal	Renewal	-	5,000	-
Community Support	CD Base	LOS	-	10,000	
Waste Water	District Wide Wastewater	Growth	-	40,000	40,040
Waste Water	NP LOS program	LOS	-	40,029	97,665
Waste Water	NP Growth program	Growth	-	7,064	17,235
Waste Water	Ohakune LOS program	LOS	-	-	1,292,000
Waste Water	Pipiriki LOS program	LOS	-	15,000	30,000
Waste Water	Pipiriki Growth program	Growth	-	10,000	-
Waste Water	Raetihi LOS program	LOS	-	-	663,741
Waste Water	Raetihi Growth program	Growth	-	-	69,959
Waste Water	Rangataua LOS program	LOS	-	47,100	-
Water	District Wide	Growth	-	40,000	25,025
Water	NP Growth program	Growth	-	-	12,750
Water	Ohakune LOS program	LOS	-	34,000	502,900
Water	Ohakune Growth program	Growth	-	6,000	65,300
Water	Ohura Growth program	Growth	-	13,150	13,150
Water	Owhango Growth program	Growth	-	37,500	-
Water	Raetihi LOS program	LOS	-	9,300	51,450
			-	-	-