

NORTHLAND TRANSPORTATION ALLIANCE



TRANSPORTATION PROCUREMENT STRATEGY

2017 to 2021



“MOVING NORTHLAND FORWARD”

Document Management

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Contents

1	Introduction	1
2	Executive Summary.....	1
	2.1 Recommendations	2
	2.2 Evidence of corporate ownership or internal endorsement of the procurement strategy	2
3	Policy context.....	2
	3.1 National context including the Transport Agency's requirements.....	2
	3.2 Policy Context of the approved organisations.....	4
	3.2.1 Strategic objectives and outcomes	4
	3.2.2 Content of Long Term Plans (LTP)	4
	3.2.3 Objectives and outcomes for the procurement strategy	6
	3.3 What the Transport Agency's procurement requirements mean for Northland Transport Alliance.....	11
	3.3.1 Value for money.....	11
	3.3.2 Competitive and efficient markets.....	12
	3.3.3 Fair competition among suppliers	13
	3.4 Other relevant factors.....	13
4	Procurement programme for the road network and associated works.....	13
	4.1 Maintenance, Operation and Renewals Contracts.....	13
	4.1.1 Term of the MO&R contracts.....	15
	4.1.2 Other maintenance type activities not included within the MO&R contracts	15
	4.2 Other Physical Works contracts.....	15
	4.2.1 Renewals	16
	4.2.2 Physical Works Programme	16
	4.3 Professional Services.....	16
	4.4 Complexity, scale, timing, innovation potential, risk and an assessment of the supplier market.....	18
	4.5 Need for specialised skills	19
	4.6 Identification of any pending high-risk or unusual procurement activities.....	19
5	Procurement environment	20
	5.1 Analysis of supplier market.....	20
	5.1.1 Professional services	20
	5.1.2 Physical Works	20
	5.1.3 Market survey	21
	5.1.4 Analysis of the impact of the procurement programmes of other approved organisations and other entities	22
6	Approach to delivering the work programme	23
	6.1 Confirmation of specific strategic objectives.....	23
	6.2 The procurement approach	24
	6.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why	25
7	Procurement and approach to delivering the programme for Public Transport Services	25
	7.1 Identification of any pending high-risk or unusual procurement activities.....	27
	7.2 Procurement environment- Public Transport Services.....	27
8	Implementation of all Services	28
	8.1 NTA Capability and capacity	28
	8.2 Internal procurement processes.....	29
	8.3 Performance measurement and monitoring	29
	8.4 Communication plan.....	31
	8.5 Corporate ownership and internal endorsement	32

Appendices.....	33
Appendix 1 - Annual procurement programme for 2017/ 2018	33
Appendix 2 - Benefit Management Framework	35
Appendix 3 – Development of the MO&R contract proposal	38

1 Introduction

The formation of the Northland Transportation Alliance (NTA) has provided the opportunity for a combined regional approach to be agreed and delivered through the adoption of this procurement strategy.

The four objectives that formed the basis for the Northland Transport Collaboration Business Case April 2016 and the formation of the NTA, have provided the local focus for the development of this strategy.

These objectives with their given weighting are:

- More engaged and capable workforce delivering superior asset management (30%).
- Improved regional strategy, planning and procurement (30%).
- Improved transport/customer outcomes, enabling investment and social opportunities (25%).
- Transport infrastructure is more affordable (15%).

This strategy covers the period until 2021. The update of the strategy then will align with the 2021/24 three year programme and the 2021/31 ten year Councils' Long Term Plans. Any major changes which substantially affect procurement during its term will lead to its review.

2 Executive Summary

The establishment of the NTA provides the opportunity for an integrated approach to local government transportation procurement across Northland. A single strategy covering three Local Authorities and the Regional Council creates the potential to deliver local benefits through wider opportunities and regional coordination.

Key aspects within this strategy that have the potential to deliver value from procurement are:

- The development of a single procurement programme for transportation works that incorporates each Council's needs, manages conflicting requirements and engages with the supplier industry in a coordinated and regional approach.
- The potential to deliver local objectives (e.g. three Tier One contractors established in Northland) through regional procurement that attracts more competition in the market than in the past.
- The ability to work with the industry and encourage through procurement the inclusion of increased Small and Medium Enterprises (SME) involvement, recruitment of new trainees, value creation initiatives and staff training in response to tender opportunities.
- The ability to encourage competition from professional services consultants in procuring and developing a region-wide service for a portion of the required work.
- The ability of the five NTA partner organisation's (the four Councils and the New Zealand Transport Agency (the Transport Agency)) to work closely together to understand each party's procurement needs and work collectively to efficiently deliver these in conjunction with the suppliers.
- The ability to procure five local roads Maintenance, Operations and Renewals (MO&R) contracts for the Northland network, where the two contracts in both the Far North and Whangarei districts can be bid separately or combined. This provides opportunities that will attract companies to compete for these term contracts.

- A preference for limiting the number of local roads MO&R contracts for the Northland network that any contractor can win up to three (of the five available).
- The ability to coordinate the terms of all the local MO&R contracts with those of the Transport Agency's Network Outcome Contract (NoC) to enable a business case to be researched on the potential for a future one network approach.
- The ability to form a single regional pre-qualification register for both physical works and professional services.
- The ability to work with the suppliers to identify opportunities for regional coordination and support to improve the transport outcomes. An example of this is the suggestion to develop a single regional transport emergency management plan.

2.1 Recommendations

The four Northland Councils request that the New Zealand Transport Agency:

- Endorses this procurement strategy and;
- Approves the term of the five MO&R contracts at 4+2+1+1 years (8 years maximum) and; Approves the use of the Northland Transportation Alliance, established as a Shared Services Business Unit, providing in house professional services to the four Northland Councils.

2.2 Evidence of Corporate Ownership or Internal Endorsement of the Procurement Strategy

This Transportation Procurement Strategy covering the Northland region's local transportation network (2017 to 2021) has been approved by the four Northland Councils as Approved Organisations:

- This strategy was approved by the Far North District Council at its meeting on 10 August 2017.
- This strategy was approved by the Kaipara District Council at its meeting on 14 August 2017.
- This strategy was approved by the Northland Regional Council at its meeting on 22 August 2017.
- This strategy was approved by the Whangarei District Council at its meeting on 31 August 2017.

This Strategy meets the requirements of the Transport Agency for the procurement of works and services they fund, is in line with other council procurement documents and policies and takes precedence for transportation works where there is conflicting information.

3 Policy Context

3.1 National Context Including the Transport Agency's Requirements

The current 2015/25 Government Policy Statement (GPS) on Land Transport has three key strategic priorities being:

- Economic growth and productivity
- Road safety
- Value for money

The GPS contains six national land transport objectives. These are for a land transport system that:

- Addresses current and future demand
- Provides appropriate transport choices
- Is reliable and resilient
- Is a safe system, increasingly free of death and serious injury
- Mitigates the effects of land transport on the environment
- Delivers the right infrastructure and services to the right level at the best cost

Further details of the 2015/25 GPS can be viewed using the following link:

<http://www.transport.govt.nz/ourwork/keystrategiesandplans/gpsonlandtransportfunding/gps2015>

The draft GPS for 2018/28 has been released for comment. The three key strategic priorities from the 2015 GPS remain.

Further details about the GPS 2018 can be viewed using the following link:

www.transport.govt.nz/ourwork/keystrategiesandplans/gpsonlandtransportfunding/#gps2018

The Land Transport Management Act 2003 (LTMA) clause 25 outlines the requirements for the Transport Agency to consider in approving Procurement Procedures for use by Approved Organisations (in this strategy being the four Northland Councils - Kaipara District, Far North District, Northland Regional and Whangarei District).

Key aspects of procurement procedures include:

- Must be designed to obtain best value for money spent.
- Enabling persons to compete fairly for the right to supply outputs.
- Encouraging competitive and efficient markets for the supply of outputs.

The Transport Agency's approved procurement procedures are detailed within its Procurement Manual. The four Northland Approved Organisations will utilise and comply with the procurement procedures within this Procurement Manual for purchasing all works and services that are funded by the Councils with financial support from the Transport Agency.

The Transport Agency's Procurement Manual requires each Approved Organisation to have a Procurement Strategy endorsed by the Agency.

The Transport Agency's Procurement Manual can be accessed in full using the following link: <https://www.nzta.govt.nz/resources/procurement-manual>

3.2 Policy Context of the Approved Organisations

3.2.1 Strategic Objectives and Outcomes

The Northland Regional Land Transport Plan (RLTP) 2015-2021 outlines the strategic intent and outcomes for the Northland transportation system.

The RLTP has seven outcomes that have been developed to help plan the priorities that need to be focussed on.

They are:

1. A sustainable transport system that enhances the growth and existing economic development of Northland and New Zealand.
2. All road users are safe on Northland's roads.
3. Northland is well connected to Auckland and to the rest of New Zealand.
4. Northland's roading network is developed and maintained so that it is fit for purpose (including route resilience).
5. Our people have transport choices to access jobs, recreation and community facilities.
6. The transport system enhances the environmental and cultural values of Northland.
7. Effective ports servicing Northland and New Zealand.

The transportation strategic objectives and outcomes relevant to each of the four Councils have been developed in line with the legislative framework provided by the Local Government Act 2002 (LGA2002) and the Land Transport Management Act 2003 (LTMA).

3.2.2 Content of Long Term Plans (LTP)

For each of the Councils their strategic focus is outlined within their 2015/25 Long Term Plan (LTP). Each District Council's LTP contains its 30-year Infrastructure Plan which includes transport assets. A brief outline of each Council's vision, community outcomes and transport related high level thinking is provided below to demonstrate the strategic context that this procurement strategy falls within. For those who wish to explore further, information links are provided to a full copy of each LTP.

Far North District Council

When the Far North District Council adopted its LTP it adopted an interim vision - "the place where people love to be" and committed to a co-created community driven visioning process. This led to the Far North District Vision "He Whenua Rangatira – A District of Sustainable Prosperity and Well-being" a vision for the Far North, which was subsequently incorporated into the Council's Annual Plans for 2016/17 and 2017/18.

The Council vision for itself (set in the LTP and operating today) is "Council will be a capable, trusted and innovative civic leader, serving and inspiring people, maximising opportunities to empower communities and meet their changing needs; while creating great places."

Transportation is an enabler in allowing the vision for the District and Council's vision to be achieved. Within the LTP are the Council's eight community outcomes to support the achievement of its vision.

While transportation in the district supports or contributes to all of these outcomes it specifically aligns to the following two outcomes:

- "Sustainable development of our local economy through partnerships, innovation, quality infrastructure and planning".
- "Sustainable, affordable, equitable infrastructure that contributes to the economic progress and social wellbeing of the district".

The full content of Far North's LTP can be found in: www.fndc.govt.nz/your-council/strategic-planning/long-term-plan-2015-2025

Kaipara District Council

Kaipara's Vision is "Thriving Communities working together".

The Kaipara District has three community outcomes. Transportation is an enabler that supports the achievement of these outcomes. The outcomes are:

- A district with welcoming and strong communities.
- A trusted Council making good decisions for the future.
- A district with plenty of active outdoor opportunities.

To achieve these outcomes there are several goals which relate to the delivery of the districts transport infrastructure and service.

These goals are:

- Assisting and supporting community involvement.
- Maintaining and improving infrastructure.
- Making it simpler to work with us.
- Open, transparent and engaged with communities and business.
- Intent on lifting Kaipara's wellbeing.

Further information on Kaipara's strategic and long term plans can be found at: www.kaipara.govt.nz

Northland Regional Council

The NRC's involvement in the transportation requirements of the region where procurement processes may be required is in:

- The development of the Regional Land Transport Plan.
- The provision of Passenger Transport services.
- The management of the Total Mobility scheme.

Within the NRC's LTP the following outcomes relate to the transportation system:

- Northland's overall environment is maintained or improved with an emphasis on encouraging the sustainable access to and use of resources.
- Provide a business-friendly environment.
- Identify, promote or invest in regionally significant infrastructure.

Council have identified their transport role as promoting and enabling an effective, efficient and safe land transport system through regional transport management and operations.

The full content of the NRC's LTP can be found in:

www.nrc.objective.com/portal/final_ltp/final_ltp_2015-2025

Whangarei District Council

The Whangarei District's Vision is "To be a vibrant, attractive and thriving District by developing sustainable lifestyles based around our unique environment; the envy of New Zealand and recognised worldwide."

There are several community outcomes where transportation supports their achievement through the need for access.

Those community outcomes where transportation is specifically identified as fully or partially supporting their achievement are:

- Easy and safe to move around
- Growing resilient economy
- Well managed growth

During the development of the LTP four key issues were identified from community involvement, all of which are contributed to or affected by the transportation system and its management and delivery of outputs.

These are:

- Maintaining our assets
- Maintaining levels of service
- Managing the impacts of growth
- What does this mean for your rates?

The full content of Whangarei's LTP can be found in:

www.wdc.govt.nz/PlansPoliciesandBylaws/Plans/LTCCP/Documents/2015-2025-Long-Term-Plan.pdf

3.2.3 Objectives and Outcomes for the Procurement Strategy

The objectives for this procurement strategy are to:

- Ensure that the four business case objectives establishing the NTA are incorporated into the procurement process and delivered where appropriate.
- Ensure that the delivery of the transportation programme provides value for money.
- Ensure that the NTA and the supply market (including industry groups) work collaboratively to deliver the programme.

- Develop and maintain within Northland a competitive and efficient supply market for professional services, physical works and passenger transport services.
- Ensure that there is a satisfactory presence of both national and local suppliers within the Northland region.
- Be accountable and ensure open, fair and transparent procurement processes.
- Support local providers where appropriate.
- Encourage suppliers to continue to develop and improve their skills, capabilities, systems and processes and where appropriate share their learnings with their supply partners.
- Ensure suppliers provide ongoing training and up-skilling of their employees and opportunities for people to join the industry.
- Appoint a probity auditor to oversee major procurement (e.g. MO&R).

The outcomes sought from this procurement strategy are to:

- Inform the supplier market in advance of information on scope, size, timing and proposed selection methods for NTA procurement opportunities.
- Commit the NTA to work in conjunction with the Transport Agency and the four councils to coordinate their procurement programmes and deliver infrastructure programmes that consider each party's intentions and provide a procurement environment that manages work to the market in line with the supply market's capabilities to respond.
- Maintain the current suppliers within Northland and provide the opportunity for new entrants to compete in the market.
- Ensure the suppliers continue to grow their skills and capabilities and those of their staff.
- Ensure that the transportation programme is achieved.
- Ensure regular, ongoing and open discussions between the suppliers, their industry representatives and the NTA and where appropriate in conjunction with the Transport Agency and the Northland Councils other Infrastructure groups (e.g. 3 Waters, OSM etc.).
- Provide expert recommendations to each of the Councils who will be approving the award of contracts through procurement managed by the NTA.
- Obtain endorsement from the Transport Agency of this procurement strategy.

Four strategic benefits were identified during the development of the business case that established the NTA. These were expanded on during workshops to identify the drivers and goals for this procurement strategy to deliver its objectives and outcomes.

The business case benefits (with their percentage weighting), drivers and goals are listed below as well as opportunities identified to deliver these through the procurement strategy, subsequent contract development, tender processes and during ongoing contractual relationships.

Table 1 Business Case Benefits

Business Case Benefits	Opportunity to Impact Through the Establishment of NTA and its Ongoing Procurement Programme
More engaged and capable workforce delivering superior asset management (30%)	<ul style="list-style-type: none"> • Retain existing staff and provide opportunity for their growth and ongoing development from their region wide involvement. • Upskill NTA staff, recruit if required and procure improved capability from suppliers for key positions (as identified in each procurement process) including asset management. • Deliver asset management by NTA and their suppliers through an approach that is appropriate and fit for purpose in delivering strategic, tactical and operational asset management. • To provide opportunities for SME contractors to be involved in the MO&R contracts through requiring a percentage of the works to be sub-contracted. • Provide the opportunity for local SME contractors to participate for capital works through the establishment of a pre-qualification register of approved suppliers. • Adopt an approach that incorporates continual improvement across the supply chain. • Regular surveys (or internal audits) across NTA and suppliers to identify aspects on which to pursue improvements. • Tier 1 contractors support, upskill and increase learning of SME contractors. For MO&R contracts require attribute response from tenderers on what they propose and build measures into the contracts. • Employment and training of apprentices/ cadets etc. within NTA and/or suppliers. • Provide a framework for improving capability through procurement documentation that allows for supplier initiatives to be offered that provide benefits which are assessed and valued as part of the tender evaluation process.
Improved transport/customer outcomes, enabling investment and social opportunities (25%)	<ul style="list-style-type: none"> • Ensure benefits from strategic regional procurement are reinvested in improving the transport system. • Develop across the MO&R contracts a single Emergency Management Plan which incorporates a whole of network approach and collaboration between suppliers to assist where necessary. • Focus on improving safety across the network. • Identify, agree and action other opportunities where a whole of network approach across the five MO&R contracts provides benefits.
Improved regional strategy, planning and procurement (30%)	<ul style="list-style-type: none"> • Skilled people work across the region on strategy, planning and procurement. Upskill as required. • Procurement designed to enable suppliers' initiatives that deliver benefits and develop a culture of identifying value creation opportunities. • Upskill the NTA team on Collaborative Working Arrangements or similar forms to allow this type of option to be considered at the time of the renewal of the five MO&R contracts. • Propose a positive relationship between parties within the five MO&R contracts and consider and incorporate this way of

Business Case Benefits	Opportunity to Impact Through the Establishment of NTA and its Ongoing Procurement Programme
	working where appropriate within other procurement opportunities.
Transport infrastructure is more affordable (15%)	<ul style="list-style-type: none"> • Strive to deliver the financial benefits identified in the business case. • Ensure opportunities go to market at a time that encourages competition. • Enable savings to be reinvested in transportation improvements that benefit community outcomes around resilience, accessibility and safety. • Work with the industry to ensure that procurement occurs in a way that encourages competition.



Table 1 Drivers and Goals

Drivers and Goals	Opportunity to Impact Through the Establishment of NTA and its Ongoing Procurement Programme
Contracts flexible to change	<ul style="list-style-type: none"> Provide framework in procurement documentation for this to be addressed within tender offers with nil or known and managed financial effects.
Ensure delivery and interactions are customer focused	<ul style="list-style-type: none"> Provide framework in procurement documentation for this to be addressed within tender offers and performance measured and benchmarked with other suppliers.
Deliver value for money	<ul style="list-style-type: none"> Ensure procurement and contractual requirements will deliver value for money. Develop measures and report on value for money initiatives/innovations. Engage with industry to test that procurement programme and documents encourage competition to deliver value for money.
Asset management ensuring Council involvement	<ul style="list-style-type: none"> Agree with suppliers the asset management role of each party and build into procurement documentation and contract relationships each party's strategic, tactical and operational asset management role.
A sustainable / competitive market exists	<ul style="list-style-type: none"> Target to have at least three Tier 1 contractors established within Northland through procurement processes. Encourage collaborative working in contracts and across the region to deliver the various objectives and manage risk. Ensure initiatives in place for the Tier 1 contractors to support upskilling the wider supply market (SME's). Provide opportunities for SME's to compete for work packages.
Encourage innovation	<ul style="list-style-type: none"> Introduce requirements in procurement documents for ongoing value creation and transfer of knowledge across the region that are fairly assessed as part of the tender evaluation. Identify, agree, include and action innovations within the contracts for the term of the contracts.
Better relationships with the supply market	<ul style="list-style-type: none"> Provide for collaborative working in the contracts including clear and open communications that improve relationships. Develop programmes and actions to work with the supply market to continuously improve procurement processes that supports a sustainable supplier market that can deliver the programme of works efficiently, to quality standards and within a collaborative approach of working together. Develop, agree and action initiatives to consult regularly with the industry.
Ensure SME suppliers have an opportunity to be involved	<ul style="list-style-type: none"> Support the development of SME's through closed contest, direct appointment and open tender opportunities for all works. Develop requirements within MO&R contracts for supply chain percentage involvement. Ensure that the Tier 1 contractors support and assist SME's to develop within the MO&R contracts and other opportunities.
Acceptable management of risk profile	<ul style="list-style-type: none"> Enable with suppliers, for an ongoing joint risk assessment process with, risks identified, agreed and managed within each relationship and across the region's works delivery.

3.3 What the Transport Agency's Procurement Requirements Mean for the Northland Transport Alliance

The Transport Agency's requirements are based on clause 25 of the LTMA. These are summarised as procurement procedures that:

- Must be designed to obtain best value for money spent.
- Must have regard to the desirability of enabling persons to compete fairly for the right to supply outputs.
- Must have regard to encouraging competitive and efficient markets.

Transport users want a system that meets their needs, is safe and reliable with predictable travel times. The Transport Agency and the Councils invest in transport services and infrastructure with an Investment Assessment Framework helping achieve value for money through:

- Planning to implement activities and programmes in the right way (through business cases).
- Selecting the right things to do (through results alignment).
- Implementing them at the right time and for the right price (through cost benefit appraisal and smart procurement).

These requirements mean the following for the Councils:

3.3.1 Value for Money

The Councils consider value for money spent to be 'the lowest total whole of life cost to all parties for the development, operations and maintenance of an asset while ensuring user safety, providing a resilient network with predictable travel times'. To achieve this, we will ensure that any request to the market explains clearly the specific requirements of what we are purchasing. We will work with the supplier to ensure this is understood and delivered with appropriate processes in place to assess that the quality of the outputs is fit for purpose.

When deciding how to approach a procurement, we will consider whether the proposed procurement activity is consistent with value for money objectives, which include:

- Achieving the best possible outcome (for the community and the funder) for the total cost of ownership (or whole-of-life cost); and
- In the context of each procurement decision, balancing the value of promoting competition in the market with the cost of the procurement process to all parties.

Long term value for money outcomes need to be supported by a competitive market with a range of contractors from national Tier 1's to regional and local SME's. We will ensure that all suppliers are provided with opportunities to compete and through initiatives within the MO&R contracts provided with the opportunity for SME's to be involved and develop their businesses.

3.3.2 Competitive and Efficient Markets

Our goal is to ensure that we encourage an adequate number of suppliers in the market that are able and willing to compete for the opportunities that are being procured. We will develop procurement opportunities (other than for direct appointments) to ensure that initially for all tenders there are two competing and in 80% of these three or more suppliers tendering.

We will provide by June each year information to the market on our forward year's procurement intentions so that suppliers can prepare in advance for when these opportunities come to market. We will work with the suppliers and Industry representatives to ensure our programme encourages competition.

To address the concern of lack of competition on occasions within the FNDC area we will seek to go to market at a time that the market supports in order that there is competition. We will introduce initiatives in conjunction with the Industry to build longer term capability to better serve this geographic part of the market. For our MO&R contracts we will ensure the tender documents request information on the pricing of additional works. We will request each tenderer to submit a process in their tender that encourages and demonstrates a fair price for additional works while at the same time recognising that each contractor needs to make a profit.

For works of a value less than \$200k we will use either the direct (< \$100k) or closed contest procurement procedure that the Transport Agency's procurement manual allows to support an efficient market. We will engage with the industry and develop a pre-qualification register of approved physical works and professional services providers for the whole region. Suppliers who are already on the Transport Agency's pre-qualification list will automatically be on the register.

From this register we will select three or more companies to compete for specific works when using the closed contest procurement method. Through this process, we will ask suppliers to provide only once some attribute requirements in order to be selected for the register. The selection attributes may be updated at any time by any supplier already on the register. For suppliers, not on the register they will be able to submit the required information at any time for consideration to become an approved supplier. When tender proposals are sought, we will require specific attributes and price information only relating to the actual assignments and works.

We will always provide feedback on tender evaluations, if requested, to enable companies to understand their position in the market and make decisions on improvements, training or upskilling to raise their competitiveness.

3.3.3 Fair Competition Among Suppliers

We consider achieving a credible position to ensure fair competition among suppliers as being very important in establishing, developing and maintaining a positive relationship with the market. We will be fair and reasonable in all our procurement undertakings. We will develop and maintain an open and honest position and be willing to engage with and listen to the supply market both on an individual level and with their respective industry groups (e.g. CCNZ – Civil Contractors NZ, ACENZ – Association of Consulting Engineers NZ, and NZ Bus and Coach). In effect, we wish to develop and maintain a position of “client of choice” with the supply market.

The focus of these relationships will be to ensure enabling of fair competition by listening to the market and acting on any aspects where we collectively agree improvements can be made.

We will, within the programme of works, provide opportunities so that suppliers will have some projects that meet their capabilities in both the size, form, and type of work and allow them to fairly compete for the opportunity.

3.4 Other Relevant Factors

The four councils have adopted their own procurement policies, manuals or plans for their organisation wide purchasing. These documents allow for procurement of the Councils’ transportation services to be compliant with the Transport Agency’s Procurement Manual. For clarity, it is noted here that if there are any conflicts between this Procurement Strategy and the four Councils’ separate documents then this Strategy shall take precedence.

4 Procurement Programme for the Road Network and Associated Works

4.1 Maintenance, Operation and Renewals Contracts

The delivery of MO&R activities for the roading networks accounts for over 60% of the region’s transportation expenditure (approx. \$50 m per year). This is the key strategic procurement opportunity within NTA’s region wide programme to achieve the benefits of the business case.

For the Northland region, there will be five local roading Maintenance, Operation and Renewals (MO&R) contracts, two for each of Far North and Whangarei and one for Kaipara. They will each have an approximate value between \$9m and \$12m per year for terms of 4+2+1+1 years. The contracts will be fence to fence involving most of the M&O aspects with reseals and a portion of rehabilitation work included. The two contracts in each of Far North and Whangarei will be able to be bid separately or combined. The procurement of these five contracts will meet the tendering programme for the contracts to start on 1 July 2018.

The contract documentation development and tender phase will ensure the preferred tenderers are notified by 31 March 2018 to allow a 3-month mobilisation period. The tender documents will be developed to require the contractor to provide an agreed amount of work for SME's (20% to 30%) and to commit through their tendered methodology support for these smaller companies in the development of their people and their capability. The non-price attributes will reward SME involvement greater than the minimum and where initiatives are proposed that assist the SME's development. The key driver articulated for sustainable competition is '... value for money coming from a sustainable supplier market...'; where 'sustainable' has been identified as a minimum of three Tier 1 national contractors operating in the Northland Region to encourage a competitive market for transportation and other infrastructure services.

The approximate values of the MO&R contracts are indicated in the table below.

Table 2 MO&R Contract Values

Contract	Description	Approximate Annual Value
Far North	Two network contracts, with possible "delegation" of some roads at the margins to/from WDC and KDC.	\$9 to 10 million each
Kaipara	Single network contract, with possible "delegation" of some roads at the margins to/from WDC and FNDC.	\$12 million
Whangarei	Two network contracts, with possible "delegation" of some roads at the margins to/from FNDC and KDC.	\$9 million each

It is anticipated that a robust procurement process will create the best opportunity to support an outcome of at least three Tier 1 contractors operating in Northland (including the Transport Agency's NOC contractor). There is a preference that up to only 3 of the 5 proposed maintenance contracts would be held by the same contractor, however the final determination will be at the Principal's discretion, and will take into account what the financial implications are for each Council.

In providing proposals any tenderer will be able, if they wish, to make a complying tender for single contracts, combining two contracts (e.g. two Whangarei, two Far North, Kaipara with one of Whangarei etc.) or three contracts (e.g. Kaipara with the two Whangarei, two Far North with one Whangarei etc.).

The price/quality procurement method will be used for determining the MO&R contractors. It is planned to adopt a 2-stage selection process where initially a short list of suppliers will be selected. The chosen suppliers will be kept informed and engaged by the NTA during the tender document development. Through this process the tenderers will become aware of the form and content of the document which will allow them to commence their preparation for the tender phase.

Details on the development of the five MO&R contracts is included in Appendix 3. We used the Road Efficiency Group's Guidance on Selection of Maintenance

Contract Models at a number of workshops to develop the thinking and identify the appropriate contract form.

4.1.1 Term of the MO&R Contracts

This strategy seeks the Transport Agency's endorsement for a contract term from 1 July 2018 of 4+2+1+1 years for the five MO&R contracts. The 4+2 is to align with the Transport Agency's NOC completion dates of 2022/24.

This will enable, if appropriate, joint consideration by the Councils and the Transport Agency of a whole of network approach for MO&R work for State Highways and local roads post 2024. The 1+1 will allow for future staggered timing of contract renewals if a whole of network approach does not occur. The first 2-year contract extension will be based on achievement of agreed performance measures. The latter 1+1 extensions may only occur if there isn't a whole of network approach post 2024 and will be based on achievement of performance measures and will allow the five Local Authority contracts to terminate at different dates over subsequent years, 2024, 2025 and 2026 to allow a staggered renewal of the contracts.

4.1.2 Other Maintenance Type Activities Not Included Within the MO&R Contracts

Some aspects of the maintenance and operations services will be tendered separately.

These include;

- Street lighting (possibly a region wide contract)
- Traffic signals
- Parking control
- Lower Harbour Bridge operation
- Hokianga ferry operation

The procurement process used for these aspects will comply with the Transport Agency's requirements.

4.2 Other Physical Works Contracts

For the provision of other physical works services, we will choose the supplier selection method from the following options of:

- Direct appointment
- Closed contest
- Lowest price conforming
- Price quality

For the price quality method, we will use non-price weightings that allow the intentions of the bidder to be evaluated fairly on the identified important aspects. The weightings will be within the Transport Agency requirements (a price weighting of 70% with allowance to use a lower price weighting provided its impact on the evaluation is tested before its use). When non-price attributes are to be assessed we will use the attributes of relevant experience, relevant skills and methodology. We will consider using further attributes or highlighting aspects within the minimum three attributes when this will enhance the supplier selection process and obtain better value for money.

The nature of the works proposed are generally of a routine nature being ongoing network management and capitalised renewals with a limited number of capital and minor works projects. As such the works are of a lower complexity and risk. The current supplier market can deliver these projects. Where appropriate we will utilise the direct appointment (involving competition when appropriate) and closed contest selection method to carry out smaller value works. We will use the regional register to select the appropriate companies to be invited to tender for these works. This will allow opportunities for the local SME's to tender for the work and will reduce the costs and time to both Council and the suppliers from open tendering small value works.

4.2.1 Renewals

We will bundle a portion (those not carried out by the MO&R contracts) of the capitalised renewals projects into a range of packages that generally have a combined value of between \$0.5 million and \$1 million. These will be tendered and awarded around September each year to enable an early start in the construction season and allow the flexibility for the supplier to decide the delivery programme. Each separate project (within a bundle) will be required to finish within a fixed time. All projects will be required to be completed by the 1 April the following year. It is considered that this approach delivers value for money in that competition occurs for the packages, the programming of the works is managed by the contractor within their wider commitments and the contract administration and management is limited to a small number of contracts.

4.2.2 Physical Works Programme

The physical works procurement programme for 2017/18 is included in Appendix 1. This provides the intended dates for tendering and awarding of contracts required by NTA to enable it to deliver the local authority annual plan commitments.

The programme will be updated as required and provided to the industry. For the subsequent years, an annual procurement programme will be developed showing the projects to be tendered. The programme for the following financial year will be provided to the industry by 1 June each year.

4.3 Professional Services

For the provision of professional services, we will generally choose the supplier selection method from the following options of:

- Direct Appointment
- Closed Contest
- Purchaser Nominated Price
- Price Quality

When the price quality method is used for professional services procurement we will normally use a price weighting of between 10% and 20% to deliver value for money. We may consider using a price weighting within the range allowed by the Transport Agency's (up to 70%) after testing such a weightings effect on the evaluation.

When the supplier selection model requires non-price attributes to be assessed we will use the minimum required attributes of relevant experience, relevant skills and methodology. We will consider using further attributes or highlighting aspects within the minimum three attributes when this will enhance the supplier selection process and target better value for money.

The current market for professional services within Northland is supplied by two national consultants (Opus and MWH (Stantec)). Opus have the largest office in the region while MWH's presence has been reducing in size over recent years. Other national consultants have left in recent years. There are several local Consultants from medium sized organisations (20 or so staff) to one person entities. The Councils will require support from this market to deliver the required work.

We will procure a term contract with a single provider for a portion of the annual spend (say 40% of the professional services annual transportation spend on external consultants). We will seek to develop this as a collaborative relationship where the parties work together to achieve the required results. We will require this supplier to have a permanent presence in the North, be assessed on achievement of agreed performance measures, have the capability to bring resources to Northland when required at short notice, to have a charging/ pricing regime which meets the market and have a focus on recruiting and training local cadets to support their ongoing business and the region's capability.

We will work with the suppliers and develop the appropriate tender documentation and procure these services by 1 July 2018.

For additional professional services, we will establish a pre-qualification register based on aspects such as their resources, specific skills and areas of competence. We will use this register to procure services using either the direct appointment or closed contest procurement process. This register will be in place by 1 July 2018.

NTA operates as an in-house professional services business unit for the three district councils and the regional council. The NTA is able (through the four councils) to secure funding support from the Transport Agency, to carry out the network management and passenger transport responsibilities of the Councils. The use of in house resources ensures that the required intellectual property associated with the network and its operation are maintained and developed to provide quality advice to the four councils and to engage directly with the local users and customers. The Councils need to keep an appropriate level of knowledge in house and the business unit will support this achievement. NTA is currently developing its organisational structure to service the region and to identify its longer-term capability through existing staff and resource efficiencies. Once this capability is more clearly understood it will identify whether a second longer term relationship is required with another professional services provider or if a continuing use of the register is more appropriate. NTA will involve the local supply market in working through the issues and developing the most appropriate long term arrangement. Any changes to the externally provided professional services supply relationships will be in place by 1 July 2019.

During the establishment of the NTA its in-house professional services business unit operation was reviewed. Agreement was reached with the Transport Agency that NTA's ongoing existence is an acceptable approach to this part of the business and provides security of strategic information, local capability and smart buyer skills to its parent Councils. The identification of Transport Agency fundable services, the charging of the NTA's work, the overhead allocation and the specific allocation of expense to work categories within each Council have been the subject of negotiation and agreement between the Agency and the Councils. This agreement is documented and will be monitored and audited regularly by the Transport Agency.

The four Councils request the Transport Agency's approval of the continuing operation of this shared services business unit as an in house professional services provider.

4.4 Complexity, Scale, Timing, Innovation Potential, Risk and an Assessment of the Supplier Market

The works proposed in this strategy are within the capability of the resources available to the Northland market. The strategy supports the supply chain improving its skill base through the bundled MO&R contracts that are intended to attract competition from existing providers and new entrants and are of a size to attract personnel with the experience and skills necessary to manage and participate within these contracts. The NTA intends to work with the supply chain to introduce initiatives that both widen the skill base across the suppliers and provide opportunities for employment and training of local recruits.

Through a collaborative approach, we will encourage the identification and introduction of value creation initiatives through trials and when successful share them across the supply chain in the region.

The procurement risks identified and the actions proposed include the following:

Table 3 Risks and Actions

Risk/Opportunity	Action
Transport Agency and Council's funding impacts	<ul style="list-style-type: none">Strategy to be updated following any major impact of the Transport Agency / Councils funding decisions.Industry to be updated on effects.Include in revised strategy.
Align the strategy with the approved 2018/28 GPS and 2018/21 NLTP	<ul style="list-style-type: none">Strategy to be updated if any major impact.Industry to be updated on effects.Include in revised strategy.
Retention of skilled resources within the region	<ul style="list-style-type: none">Establish a structure to provide opportunity for staff development and career paths within the wider responsibilities of NTA.Provide for upskilling of existing staff as identified.Provide opportunity within NTA for succession planning.

Risk/Opportunity	Action
Improve skilled resources within Northland	<ul style="list-style-type: none"> Work with industry to develop actions to improve skilled resources in the region. Request for initiatives in contracts and measure results.
Procurement requests from NTA, Councils and Transport Agency to market at same time	<ul style="list-style-type: none"> Develop relationships with and test/align programmes with others to minimise any conflicts in timing to market. Include in strategy and involve Industry.
Northland Transport Opportunities Business case objectives as key targets for delivery on by NTA and its supply partners	<ul style="list-style-type: none"> Develop KPI's (SMART) that support business case objectives. Include in strategy and contracts.
Single contractor wins all five of the MO&R contracts	<ul style="list-style-type: none"> There is a preference that up to only 3 of the 5 proposed maintenance contracts would be held by the same contractor, however the final determination will be at the Principal's discretion, and will take into account what the financial implications are for each Council.
Response to emergency events that affect the roading network in parts of the region	<ul style="list-style-type: none"> Develop a regional response to emergency management. Discuss and involve the Transport Agency and their NOC contractor. Involve the MO&R contractors in developing a regional emergency management plan including promoting and enabling region-wide support for affected areas.

4.5 Need for Specialised Skills

The proposed and known works that are programmed for the period of this strategy are traditional in nature and the local suppliers have the resources capable of completing these works. There is no known requirement for specialist skills. If a need arises requiring some specific specialist skills, we would initially ask our contracted suppliers to source these from either their own organisations or from relationships they have through the wider national market. We believe this approach will be successful for any perceived occurrence and do not consider this a major risk.

4.6 Identification of Any Pending High-Risk or Unusual Procurement Activities

There is no current known need for a special procurement process that requires the Transport Agency's approval for use in this strategy. If during the term of this strategy a procurement process requiring approval is identified, we would work with the Transport Agency to collectively develop the necessary approach and seek approval. We would involve the supply chain in the establishment of such a need and keep them advised on the progress and outcome.

5 Procurement Environment

5.1 Analysis of Supplier Market

5.1.1 Professional Services

Over recent years there has been a reduction in the local supply of professional services providers to meet the region's needs. There should be an opportunity for professional services suppliers to grow their skills and local capabilities during the period of this strategy.

One of the key challenges for professional service providers based in Northland, as it is for the Councils, is to attract and retain skilled staff to Northland. It often takes a considerable period to attract staff. Supporting local providers, where possible, with the procurement process will assist in providing work load and encourage suppliers to continue developing adequate skilled and available resources. The proposal to use a register with direct and closed contest selection for lower cost assignments will assist in achieving this outcome.

5.1.2 Physical Works

Three national Tier 1 contracting companies currently have a presence in and carry out a share of the Northland works. Two of these companies are dominant in the MO&R contracts carrying out all the term works for the three Councils and for the Transport Agency's NOC contract. The other Tier 1 Contractor has indicated that if they are unsuccessful in competing and winning a local authority roading MO&R contract they will probably withdraw their presence from the Northland region. Two other national Tier 1 suppliers currently have no MO&R presence in Northland. Both companies have in recent years been purchased by major suppliers and have the corporate backing and financial support to look seriously at competing in this market. We have involved these five Tier 1 suppliers in a workshop and market questionnaires to identify what the contracting opportunities may look like in the MO&R space that would attract them to compete. Through the MO&R tenders we are targeting engagement of three Tier 1 contractors with offices and depots established in Northland, an objective that we believe supports a long term sustainable presence and ongoing competition.

There are a number of other suppliers who compete and carry out works in Northland. The current trend is that there is generally adequate competition to respond to tender opportunities within Kaipara and Whangarei. They generally receive three or more tenders for work that is put to the market. For the Far North District they are currently receiving two or more bids for around 80% of their tenders. A number of initiatives have been identified earlier in this strategy to improve the market responses, including developing processes to provide a percentage of work to the SME's, supporting SME's in developing their businesses to compete and from the MO&R procurement process targeting having the presence of three Tier one suppliers in the region with sustainable businesses. In

discussions with CCNZ they are keen to work alongside NTA and other clients to identify ways of securing competition for opportunities coming to the market. They have identified such things as early knowledge of opportunities, tendering during the off season, timing of tenders, the assessment method used and speedier decision making and consider these would encourage more competition.

The NTA will endeavor to achieve and report on for the year 2017/18 that they receive three or more tenders for at least 80% of their requests for tenders. They will increase this target in future years based on the result from the previous year and in discussion with the Industry.

Each Council maintains a log book that records data from the tender process. This information is reported to the Transport Agency and is available to the suppliers and the public. The NTA will continue to maintain and report on this data.

5.1.3 Market Survey

During the development of this strategy a market survey was carried out involving larger construction companies and CCNZ representing the SME's.

The key results from the survey were:

- The market has improved over recent years and is expected to grow over the next three years.
- The procurement process varies between Councils and there is an expectation that with the NTA a more uniform and managed programme approach will develop.
- The key issues identified by the suppliers are having a secure forward workload, maintaining a skilled work force, succession planning, achieving zero harm and managing growth.
- The companies generally have some room to grow either through use of existing resources or resourcing up to meet a longer term increased work load.
- The Northland supply chain can support an increase in opportunities although there could be a short-term impact while new recruits join the workforce and require skill training and gaining experience to become fully productive.

Initiatives are proposed in this strategy to support a general upskilling across the industry through SME support, encouraging the employment of cadets and apprentices and MO&R contracts of a size and term to attract qualified and experienced key staff to the region. The target of getting three national suppliers with a sustainable work load based in the region and supporting SME growth will help in improving the market capability.

The NTA will work with the supply chain through direct relationships and with their industry groups to ensure that the market is aware of the forward work load and the timing of opportunities coming to the market. There will be a more uniform approach to contract documentation, a managed approach to procurement timing and the intent to work alongside the

Councils and the Transport Agency to develop procurement programmes that enable a manageable flow of work to the market.

5.1.4 Analysis of the Impact of the Procurement Programmes of Other Approved Organisations and Other Entities

We have carried out an assessment of the forward work programmes of the Councils' and the Transport Agency. In doing this we have used the Business Case information and the Transport Agency's supplier analysis that was carried out in 2014 prior to tendering their Northland NOC.

From the information sourced the following is an estimate of the expenditure in 2017/2018 for works across the Northland region that would require suppliers' resources like those required to serve the transportation market.

Table 4 Current Market

Activity	Current Annual Average Value of Physical Works (\$m)	Comment on Future Trends
Local Authority transportation physical works	78	<ul style="list-style-type: none"> From the Northland Transport Opportunities Business Case. Programmes not increasing above inflation.
Transport Agency Transportation	35	<ul style="list-style-type: none"> Increase of up to \$50 m per year for bridge replacements and safety improvements throughout the SH network. The Auckland / Whangarei programme business case has identified a forward spend over the next 10 to 20 years of \$1.6 billion including the Whangarei to Northport 4-laning project. Impact in Northland of Government's announcement (April 2017) of increased infrastructure spend over next three years not known.
Local authority other Infrastructure	43	<ul style="list-style-type: none"> Covers 3 Waters programmes for the District Councils.
Private sector Infrastructure development	20	<ul style="list-style-type: none"> From Transportation Agency 2014 report - increased 10% for increased activity. Probable further increase from development. Possible major works at Carrington tourist development and Ngawha prison expansion. The improvements planned for SH1 north to Whangarei has the potential of creating further private sector investment.
Total	176	

With the Transport Agency planning a substantial increase in expenditure over the next 5 to 20 years and an expected improvement in the economy leading to anticipated, additional, private sector investment there will be a need for additional resources and the attraction of new entrants. This strategy's goals assist in supporting this growth. The NTA will establish

strong relationships with the other clients in the region along with the supply chain and their industry representatives to work together to ensure that they consider and act on the needs of the growing market.

For future major projects, such as the recently announced Whangarei to Marsden Port 4-laning there is an expectation that senior staff for these projects will be resourced from around the country and some of the workforce may move into Northland to support the projects. It is expected that there will be a demand for support from the local work force and for SME's to secure a role for a number of years. This anticipation of a growing future work load in the region reinforces the business case and this strategy's goal of supporting and improving local capability.

6 Approach to Delivering the Work Programme

NTA's approach to delivering the work programme is described in detail earlier in this strategy in section 4.

In summary, the key aspects are to:

- Work with the other clients (Transport Agency and Local Authority non-transport works) to develop and integrate procurement programmes that generally meet each of their needs and ensure the market is aware of and can comment on what is planned and the timing of opportunities;
- Work with the industry to ensure that the expected growth and delivery of works is achieved through developing and delivering initiatives that lead to improved capability and increased skilled personnel available locally;
- Develop five MO&R contracts for the local road component of the network that are of a size, scale and tenure to attract existing companies and capable new entrants to compete for the work;
- Achieve the goal of having three Tier 1 contractors established in Northland that support the delivery of an affordable transport network and compete for other infrastructure works required by the Councils;
- Continue the culture of working collaboratively with the suppliers to ensure the best value for money outcomes are delivered and to support initiatives where value creation is identified; and
- Ensure that agreed common performance measures are established across the MO&R contracts that lead to the delivery of the key objectives and as benchmark measures are used to compare performance and provide incentives to the suppliers.

6.1 Confirmation of Specific Strategic Objectives

The strategic objectives that were developed through the business case for the establishment of the NTA are:

- More engaged and capable workforce delivering superior asset management.
- Improved regional strategy, planning and procurement.
- Improved transport/customer outcomes, enabling investment and social opportunities.
- Transport infrastructure is more affordable.

These objectives along with the Transport Agency's ones of:

- Obtaining best value for money spent.
- Enabling persons to compete fairly for the right to supply outputs.
- Encouraging competitive and efficient markets.

Have been used as the primary focus for the development of this strategy and have influenced the decisions and actions identified within the strategy.

6.2 The Procurement Approach

The procurement approach for establishing and delivering each segment of the work programme is described in section 4 in detail for the road network and associated works and services and for public transport services (section 7) below. In both these sections the optimal procurement options have been established. The REG delivery model guidelines for identifying the form of contract were used to support the decision to procure a traditional contract for the MO&R contracts. For the future MO&R contracts in 6 to 8 years' time an upskilling of the NTA team on alliance type contracts is proposed. This contract form can then be considered for the future knowing the skill level is in place.

Through the preparation of this document we have identified a strategy for procuring ongoing MO&R work. Our strategy is to tender out five bundled contracts, two in each of Far North and Whangarei and one in Kaipara for a period of at least 6 years.

The procurement of works will comply with the Transport Agency's procurement manual. Where there are organisations capable of doing the work, we will use an open tender process for all works greater than \$200k in value. For lesser amounts, we will seek proposals generally from three suppliers under the closed contest and for amounts below \$100k in value we may use direct appointment requests, for example where there is a need for a specialist or the value of bidding for a number of suppliers is not an effective outcome for low value work.

For both Professional Services and Physical Works we will establish a pre-qualification register of capable suppliers. This will minimise tender effort for the actual opportunities when tenderers will not be required to resubmit the pre-qualified attributes.

The upskilling of the Industry (both company and staff capability) to be better positioned to meet future demand is supported with initiatives throughout this strategy. The NTA intends to continue to develop and maintain a strong relationship with its supply partners, both at a company and industry association level.

Feedback on tender responses is a critical aspect in assisting the suppliers identify gaps and strengthen their businesses skills and capabilities. The NTA will always provide procurement feedback when requested.

The NTA has staff resources which are skilled and capable of carrying out the responsibilities and processes required for procurement and contract management. It is anticipated that this role will predominantly be carried out by NTA staff although external providers may be used on occasions when there is a resource gap within the Alliance or a degree of independence is appropriate. For the MO&R procurement process there will be a probity auditor involved and a process developed to ensure coordination across the evaluation of the five contracts.

6.3 Analysis of Whether Advanced Components, Customised Procurement Procedures or Variations to Procurement Rules are Required and Why

No need has been identified for advanced or customised procurement procedures that are allowed within the Transport Agency's procurement manual. Should this situation change during the term of this strategy we will work with the Transport Agency on the specific requirements and seek approval if an advanced or customised procurement approach is considered necessary.

7 Procurement and Approach to Delivering the Programme for Public Transport Services

The strategic intent for passenger services is through the Northland Regional Land Transport Plan which identifies the following two goals as providing focus for the services provided now and in the future:

- A sustainable transport system that enhances the growth and existing economic development of Northland and New Zealand.
- Our people have transport choices to access jobs, recreation and community facilities.

The Northland Regional Council's operational goals for passenger transport services included in their Public Transport Plan are:

- An effective and efficient bus network in main centres.
- People have access to shared transport options.
- Reliable travel times and transport choice for communities servicing employment areas, retail and public services.
- Public transport opportunities on appropriate corridors.
- Transport management is effectively incorporated into land use planning.
- A procurement system that supports the efficient delivery of public transport services.

The Regional Council is currently reviewing its plans to include the requirement for a business case approach to be adopted in considering new Passenger Transport services. For those requiring more information from the Public Transport Plan it can be accessed from the following web site link:

[http://resources.nrc.govt.nz/upload/21946/Regional%20Public%20Transport%20Plan%202015-2025%20\(Final\).pdf](http://resources.nrc.govt.nz/upload/21946/Regional%20Public%20Transport%20Plan%202015-2025%20(Final).pdf)





The current passenger transport services in Northland are:

- Bus services in Whangarei (City Link), Bus about Kaitaia, Mid North Link (Kaikohe, Kerikeri, Paihia) and Hokianga Link and;
- Total mobility services within the Whangarei Urban area.

The procurement approach and programme for these services are as follows:

Table 5 Passenger Transport Services

Service	Term & Approximate Annual Estimate (\$)	Procurement Date	Comment
City Link Whangarei	6+3, \$1.6 million per year	2024 to 2027 depending on contract extensions	<ul style="list-style-type: none">• Currently being procured through open tender for commencement 1 May 2018.
Bus About Kaitaia	3-year trial service to 2018, \$140k per year	2018	<ul style="list-style-type: none">• The continuation of this service will need to meet business case requirements and secure local funding share. Procure through direct appointment or closed contest.

Service	Term & Approximate Annual Estimate (\$)	Procurement Date	Comment
Mid North Link Kaikohe/Kerikeri/Paihia	2-year trial to December 2018 \$500k per year	2018	<ul style="list-style-type: none"> Passenger numbers reported quarterly. If trial successful, then procure using open tender process.
Hokianga Link Omapere/Kaikohe/Kerikeri	Trial to 2018 \$36k per year	2018	<ul style="list-style-type: none"> Based on successful trial will be procured using direct appointment.
Total Mobility Whangarei	Annual \$200k per year	2018	<ul style="list-style-type: none"> Annual direct appointment with providers. Subject to continuation of funding of local share.

The Regional Council will continue to work with the communities of Northland to identify other public transport services that meet the criteria for funding both by the Transport Agency and a Targeted Transport rate. When a case is successful for funding support we will use one of the approved Transport Agency procurement processes to run a trial service to confirm patronage usage that justifies the continuation of the service. The ongoing procurement of an approved service will occur using an approved Transport Agency procurement process.

7.1 Identification of Any Pending High-Risk or Unusual Procurement Activities

No high risk or unusual procurement activities have been identified for passenger transport services. Should this situation change during the term of this strategy we will work with the Transport Agency on the specific requirements and seek approval from the Transport Agency if any high risk or unusual procurement activities is considered necessary.

7.2 Procurement Environment - Public Transport Services

The main passenger transport services contract is in the Whangarei area with some other rural services being trialed in the Far North District. The Whangarei contract is for a maximum of nine years with the full term expiring in 2027. When this contract was procured in 2017 there were 5 tenders that responded to the Request for Tender. In developing the future tendering strategy, we will identify and action initiatives to ensure that adequate competition occurs to provide a tender outcome that delivers value for money.

This will occur in collaboration with the suppliers and their Industry representatives. Other passenger transport services in the region are generally procured for the trial service from an existing private supplier through a direct appointment. Where a procurement process occurs one of the approved Transport Agency methods is used and where there is competition we have received two or more proposals.

8 Implementation of All Services

NTA has capable and experienced procurement staff at their offices who are trained, experienced and capable of managing the procurement requirements. In the NTA and Councils there are staff who are, or are training to be, qualified evaluators for assessing proposals more than \$200k. If additional resources are required to assist or provide independence, NTA will obtain the necessary skilled and experienced people from the supplier market.

We will meet the requirements for performance measurement and monitoring of section 11 of Transport Agency's procurement manual as it applies to the Council's funded works. This will be supported by the collection of procurement data as outlined in Appendix E of the Transport Agency's procurement manual. The web site with the full details of Appendix E can be accessed through the following link:

<https://www.nzta.govt.nz/assets/resources/procurement-manual/docs/appendix-e-data-checklist.pdf>

The development of this procurement strategy has involved discussion with a number of professional services and contracting companies and the involvement of their Industry Representatives (ACENZ and CCNZ).

On approval by the four Councils and endorsement by the Transport Agency, the strategy will be implemented for a period of four years from 1 October 2017. If the environment changes requiring a substantial deviation from the strategy it will be reviewed and updated. Issues that may trigger a review of the strategy include the finalisation of the 2018/28 GPS, Councils LTP's and approved funding levels for the 2018/21 NLTP. Copies of the strategy will be made available directly to interested parties or they can review it or uplift a copy from the Councils' web sites. The procurement programme for the 2017 / 18 year is included in Appendix 1. This programme will be updated on an annual basis to support the direction and deliverables required for transportation outcomes for each of the four Councils' Annual plans.

8.1 NTA Capability and Capacity

The Northland Transportation Alliance is a shared services business unit with around 50 employees seconded from the four Northland Councils. These employees are capable and experienced in various aspects such as Strategic Planning, Transport Planning, Passenger Transport Services, Asset Management, Programming, Design, Procurement, Contract Management, Operations and Customer response. We consider the capacity and capability within the NTA is sufficient to manage the procurement programme outlined in this strategy.

The organisation structure of the NTA is being developed. The outcome from this will be a structure focussed around regional delivery of the Transportation requirements through three work streams (Strategy and Planning, Network Development, Operations and Customer service). The creation of the business unit has presented the opportunity to deliver projected economic efficiencies and provide non-monetary operational and customer benefits including:

- Increased regional capacity and capability through specialisation.
- Improved customer service and improved engagement with stakeholders by having a wider talent pool of expertise.

- More resilience and business continuity through the ability to deploy resources across the region.
- Greatly enhanced capability to respond quickly and effectively to emergency events.
- Better career opportunities for staff with a more attractive employment proposition for new recruits.
- Less reliance on consultants as in-house resources develop.

One of the objectives is to improve the overall capability of the industry, both within NTA and their supply partners. Initiatives will be put in place as outlined in this strategy to identify areas and gaps where upskilling is required and then to work collectively to address these aspects. We will work with the Industry to attract people to the Industry through initiatives such as cadetships and apprenticeships. The Industry provides a wide range of opportunities for career growth both within the workforce and in contract management. In selecting companies to work with, we will provide in the non-price attributes and evaluate the responses for the companies to explain their plans and intentions for ongoing training and upskilling of their people and support of their supply partners.

8.2 Internal Procurement Processes

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

8.3 Performance Measurement and Monitoring

The key drivers for this strategy include the Transport Agency's value for money, competitive and efficient markets and fair competition among suppliers. These along with the four business case benefits (section 1) make up the results areas to focus on, develop measures for and report on.

Table 7 below identifies performance indicators and measures that will form the initial framework for reporting to the Transport Agency and Councils.

Full reporting against these measures will be provided to the Transport Agency at least annually with progress updates provided at appropriate times.

When results indicate a level of non-achievement and this triggers the need for specific actions to improve the performance NTA will report on these to the affected party(s) on a case by case basis.

NTA will report on the measures (at least 6 monthly) to the Alliance Leadership Group with specific actions developed and agreed on to improve any non-achievements. More frequent reporting to the Alliance Leadership Group on any specific measure will occur on an exceptions basis to identify and agree any actions to improve the situation.

Table 6 Performance Indicators and Measures

Key Results Area	Performance Indicator	Measure
Value for Money	<ol style="list-style-type: none"> 1. Number of tenderers for procurement. 2. Final cost vs tendered cost of contracts. 3. For quality, timeliness, collaborative measures. 4. Benchmark indicators for five MO&R contracts. 	<ol style="list-style-type: none"> 1. 2017/18 year three or more bids for 80% closed contest or open tenders. 2. Number for calculation of Final Cost (excluding inflation & additional works /Tender Cost) being less than 1.1 c.f. number greater than 1.1. 3. Develop within contracts, measure and compare overall results. 4. Develop key measures to assess performance across the five contracts.
Competitive and efficient markets	<ul style="list-style-type: none"> • Bids received • Direct/ closed/ open contest 	<ul style="list-style-type: none"> • Number bids per tender • Compare by total numbers
Fair competition among suppliers	<ul style="list-style-type: none"> • Open contest • Direct and closed contest • Feedback on tender proposals after contract award 	<ul style="list-style-type: none"> • Number bids for each opportunity • Number opportunities for each supplier from register • 100% opportunity for feedback and 100% when requested

There are four key results areas that were identified in the Northland Transport Collaboration Business Case (6 April 2016).

These are:

- More engaged and capable workforce delivering superior asset management.
- Improved transport/customer outcomes, enabling investment and social opportunities.
- Improved regional strategy, planning and procurement.
- Transport infrastructure is more affordable.

These have been incorporated into a business management framework where key performance indicators and targets have been developed. The targets within this framework will be included as performance measures and monitored and reported on in conjunction with those in table 7. The business management framework is included as appendix 2 within this strategy.

Conditions may be required by the Transport Agency or Councils when providing funding for specific projects or making recommendations because of any specific audit. When these conditions or recommendations require action through the procurement process or in existing contracts specific measures will be established and reported on as required by the Transport Agency or Council.

Service level agreements (SLAs) are in place and being further developed between the Councils and NTA. Where measures relating to procurement are developed these will be reported on by NTA as agreed within the SLA.

For the major MO&R contracts Councils and the NTA will work collaboratively with the five contracts to develop and agree a common performance framework and measurement regime based on key performance indicators identified within this strategy and the tender documents. The measurements and reporting will be the same for each contract. This provides the opportunity to benchmark across the region, incentivise performance and identify areas for improvement. Discussions will occur where performance gaps are identified, actions developed and introduced to improve the situation and further measurement occur to demonstrate improvement.

8.4 Communication Plan

The main audience for this procurement strategy is the four Northland Councils, the Transport Agency, NTA and the suppliers.

In developing this procurement strategy, the NTA has engaged with the industry a number of times.

This has included:

- An initial meeting with the Consultants and Contractors (including their industry representatives) of the region to outline the role of the NTA and to discuss the development of the procurement strategy.
- Two surveys with the contracting industry (including CCNZ) – one around the future shape of the MO&R market and the other on the general market, its size, local capability and expectations of it for the future.
- A workshop with a number of MO&R national suppliers and CCNZ to gauge thoughts on the size of contracts and test a number of options.

These interactions and engagement with industry have been found to be very positive in developing clarity about the future direction of transportation procurement and developing relationships in Northland.

It is intended to continue to engage with the industry to ensure the overall thinking of the supply chain is considered and to ensure appropriate and timely information on procurement opportunities is available and known. These regular (at least twice a year) meetings with suppliers will provide the opportunity to discuss other aspects such as performance (both Industry and NTA), Industry capability and other transportation issues.

The draft strategy was distributed to NTA, the Transport Agency and the four Councils Group Managers for feedback and comment. Based on their comments a final document was developed.

The strategy was then provided to the four Northland Councils for their approval. On approval from the four Councils the strategy is provided to the Transport Agency for their endorsement and approval. As this strategy covers combined works of a value less than \$100 million per year, under delegation, the endorsement will be from the Transport Agency's Senior Manager Procurement.

The Transport Agency's endorsed strategy will be posted on the four Councils' websites for public information.

The owner of this document is the four Northland Councils, and the NTA as their agent and specialist trusted advisor. NTA will be responsible for ensuring that all feedback is considered and where appropriate incorporated into this strategy. They will keep this document up to date and amend it if key strategy thinking or other aspects require fundamental changes to the way works are procured and delivered.

Regular contact as appropriate with the supply market will occur through Industry meetings or workshops occurring (e.g. with CCNZ, ACENZ, NZ Bus and Coach).

8.5 [Corporate Ownership and Internal Endorsement](#)

This strategy has been approved by each of the four Northland Councils (Approved Organisations) as noted on page 2.



Appendices

Appendix 1 - Annual Procurement Programme for 2017 / 2018

Northland Transportation Alliance Procurement Plan 2017/2018						
Authority	Project Name	Project Location - Description - Type of Work	Estimated Project Value	Forecast Tender Programme		
				1st Quarter Jul-Sep	2nd Quarter Oct-Dec	3rd Quarter Jan-Mar
FNDC	Resilience Slips Programme	Area wide	\$ 2,000,000	Tender		
FNDC	Opito Bay Slip Repair	Opito Bay	\$ 1,200,000	Tender		
FNDC	Emergency works Slip Repairs	Area wide	\$ 2,200,000		Tender	
FNDC	North Road Pedestrian Crossing Upgrade	North Road, Kaitaia outside of Abundant Life School - Upgrade of existing islands and kerb build outs and lighting improvements	\$ 150,000	Tender		
FNDC	Access Road Right Turn Bay	Access Road Right Turn Bay and improved pedestrian facilities	\$ 175,000		Tender	
FNDC	Salvation Road (Houhora) A25	Armco culvert- major culvert replacement	\$ 150,000	Tender		
FNDC	Okakewai Road UN11	Armco culvert- major culvert replacement	\$ 150,000	Tender		
FNDC	Tipa Tipa Road UN 22	Armco culvert- major culvert replacement	\$ 150,000	Tender		
FNDC	Otua Road M28	Bridge upgrade	\$ 150,000		Tender	
FNDC	Matawherohia Road (I48)	Bridge replacement	\$ 110,000		Tender	
FNDC	Waitangi to Haruru Stage 3	Shared use pathway construction	\$ 75,000	Tender		
FNDC	Mangonui SH10 Connection	Footpath construction	\$ 200,000	Tender		
FNDC	Forestry Resilience Package 2	Unsealed Forestry Roads upgrade - Pokapu, Matawai Maromaku	\$ 2,900,000	Tender		
FNDC SUB-TOTAL			\$ 9,610,000			
FNDC	New Network Maintenance Contract(s)	number of contracts and total value to be confirmed	circa \$19m p.a.	ROI, Pre-Qual (tbc)	Tender	
KDC	Settlement Road Seal Extension	Seal Extension to go from RP393-1573 (Intersection of Settlement and Tawa Road). There will be some minor improvement related works as well. This Seal Extension is located in Kaiwaka.	\$ 650,000	Tender July		
KDC	Bee Bush/Arapohue/Hoyle Intersection	Intersection improvements associated with Minor Improvements. This Intersection is located in Arapohue.	\$ 150,000	Tender July		
KDC	Turkey Flat/Tatariki Spur Intersection	Intersection improvements associated with Minor Improvements. This intersection is located in Te Kopuru.	\$ 150,000	Tender July		
KDC	Tinopai Road Rehabilitation	Road rehabilitation from RP17048-18357. Located in Tinopai.	\$ 640,000	Tender July		
KDC	Paparoa Oakleigh Corner Easings	Minor Improvement associated works to improve the overall safety of these	\$ 420,000	Tender July		
KDC	Tara Road Flood works	This road is prone to flooding, preventing current residents from making use of the road during these flood occurrences. Drainage related works will be carried	\$ 380,000	Tender July		

KDC	Tara Road Footpath	Currently VRU's make use of the carriageway to commute, putting their own lives in danger. In order to address this matter, a footpath is to be constructed.	\$ 60,000	Tender July				
KDC	Waihue Road Rehabilitation	Road rehabilitation from RP9330-10170, and from RP10596-10961. Located in	\$ 610,000	Tender July				
KDC	Dunn Road Rehabilitation	Road Rehabilitation from RP2980-3344. Located in Ruawai.	\$ 180,000	Tender July				
KDC	Tangowahine Valley Road Bridges	Bridge Strengthening in order to carry 50MAX.	\$ 550,000	Tender August				
KDC	Kaikohe Road Bridge no.89	Bridge replacement.	\$ 300,000	Tender July				
KDC	Component Renewals Contract	Bridge Component renewals.	\$ 430,000	Tender July				
KDC	Pukehuia Road Slip RP14000	Slip Remediation works. Located in Pukehuia	\$ 270,000	Tender July				
KDC	Pukehuia Road Slip RP9650	Slip Remediation works. Located in Pukehuia	\$ 290,000	Tender July				
KDC	Mangawhai Road Slip RP750	Slip Remediation works. Located in Mangawhai	\$ 270,000	Tender July				
KDC	Mangawhai Road Slip RP1050	Slip Remediation works. Located in Mangawhai	\$ 270,000	Tender July				
KDC	Mangawhai Road Slip RP2000	Slip Remediation works. Located in Mangawhai	\$ 270,000	Tender July				
KDC	Baldrock Road Slip RP510	Slip Remediation works. Located in Paparoa	\$ 250,000	Tender July				
KDC	Other Event Slips	Slip Remediation works. Located in Kaipara Network	\$ 800,000		Tender			
KDC SUB-TOTAL				\$ 6,940,000				
KDC	New Network Maintenance Contract	total value to be confirmed	circa \$12m p.a.	ROI, Pre-Qual (tbc)	Tender			
WDC	Minor Improvements	Signalised intersection improvements (Tarewa / Porowini)	\$ 1,000,000.00	Tender December				
WDC		Wilson Rd bridge upgrade	\$ 150,000.00	Tender November				
WDC	Sealed Road Rehabs	Bank St rehab (800-1300)	\$ 1,000,000.00	Tender July				
WDC		Whatitiri Rd rehab (5300-6000)	\$ 375,000.00	Tender November				
WDC		Pipiwai Rd rehab (36200-37100)	\$ 425,000.00	Tender November				
WDC		Springfield Rd rehab (0-2500)	\$ 1,000,000.00	Tender July				
WDC		Springfield Rd rehab (8700-9485)	\$ 275,000.00	Tender July				
WDC		Springfield Rd rehab (10675-10859)	\$ 75,000.00	Tender July				
WDC	Seal Extensions	Wright/McCardle Rd seal extensions	\$ 1,250,000.00	Tender August				
WDC	Structure Component Replacement	General maintenance - Scour Protection	\$ 175,000.00		Tender November			
WDC		General maintenance - component replacement	\$ 175,000.00		Tender November			
WDC		Ararua Rd bridge upgrade	\$ 200,000.00		Tender November			
WDC		Dr Hill Rd bridge upgrade	\$ 200,000.00		Tender November			
WDC	Street Lighting	LED upgrade	\$ 6,500,000.00		Tender - July - Nov			
WDC	Shared Paths (cycleways)	Kamo shared path stage 2	\$ 3,000,000.00	Tender August				
WDC		Kamo shared path stage 3	\$ 2,000,000.00		Tender November			
WDC		Kamo shared path stage 4	\$ 2,000,000.00		Tender November			
WDC SUB-TOTAL				\$ 19,800,000				
WDC	New Network Maintenance Contract	number of contracts and total value to be confirmed	circa \$18m p.a.	ROI, Pre-Qual (tbc)	Tender			

Appendix 2 - Benefit Management Framework

	Benefit Description	KPI	Targets	Timing
Benefit 1 Weight 30%	More engaged and capable workforce delivering superior asset management.	KPI 1: Recruitment times	Appropriately qualified person is appointed in the first round of advertising in 90% of recruitments.	From 1 July 2017
		KPI 2: Industry Skills Indicators	Alliance has the required skills (capabilities) in the required quantity (capacity), categorised by key areas of activity, and requirements at different levels of seniority.	Following organisation realignment in 2017/2018
		KPI 3: Employment Churn	Turnover in any year is less than 10%.	From 1 July 2017
		KPI 4 - Staff Engagement Survey	a. >65% of staff are 'engaged' b. <10% are 'disengaged'	From 1 July 2017
Benefit 2 Weight 25%	Improved transport/customer outcomes, enabling investment and social opportunities.	KPI 1: ONRC Indicators (proportion of network meeting the ONRC CLoS Performance Measures)	The targets to be established 2017/2018.	Timing will need to be established in 2017/2018
		KPI 2: GDP/VKT	The targets will be established once initial analysis of available information and the existing situation is carried out. The target is likely to be more about moving in the right direction rather than a hard number.	Timing will need to be established in 2017/2018
		KPI 3: Customer Satisfaction Survey	>70% satisfaction.	From 1 July 2017

	Benefit Description	KPI	Targets	Timing
Benefit 3 Weight 30%	Improved Regional strategy, planning and procurement.	KPI 1: Procurement is Regionally Co-ordinated and Integrated	a. Regional Procurement <u>Strategy</u> approved. b. Annual procurement <u>plan</u> developed. c. 80% of contractors give an overall ‘favourable’ rating to Alliance procurement planning (survey to be developed).	a. By October 2017 b. For 2017/18 year c. From 1 July 2018
		KPI 2: Percentage of Work Programmes Delivered	a. >90% of annual programme by \$value b. >75% of individual capital projects tendered in the quarter identified in the procurement plan.	a. For 2017/18 year b. For 2017/18 year
		KPI 3: Asset Management is Regionally Coordinated and Integrated	a. Single Asset Management Plan b. Consistent levels of service in place using the ONRC	a. For 2021 LTP b. Consistent ONRC outcomes are confirmed annually.
		KPI 4: Appropriate Practice Asset Management	Asset Management systems and processes audit and AMP peer review demonstrates appropriate practice in each area of Asset management planning.	Baseline assessment carried out 2017/18. Future targets set once baseline is established and improvement plan is adopted.
Benefit 4 Weight 15%	Transport Infrastructure is more affordable.	KPI 1: Cost/VKT by LOS (benchmarking trend by classification within peer group)	The targets will be established once some initial analysis of available information and the existing situation is carried out. The target is likely to be more about moving in the right direction rather than a hard number.	Timing will need to be established in 2017/2018.
		KPI 2: Percentage Efficiency Achieved Through Improved Procurement	>5% efficiency gains realised in the delivery of NLTP Activity Class 8 Local Roads Maintenance (work categories 111 to 241 inclusive) under the new Regional Procurement Strategy 2017 to 2021	From 1 July 2018



Appendix 3 – Development of the MO&R Contract Proposal

In developing this Regional Procurement Strategy, a series of engagement sessions with Council officers and suppliers occurred aimed at identifying the key issues for the MO&R contracts and determining what the challenges are for both parties for service delivery and delivery of other benefits highlighted in the business case.

The suppliers identified the need to have contracts where scope, network size, contract term and annual value provide them with a ‘critical size’ to establish and maintain a base in the region and to attract and retain the level of quality resources necessary to deliver superior asset and contract management.

The ‘critical size’ was defined as being in the order of minimum contract values around \$12 million per annum and expected to incorporate network lengths of at least 1200 - 1500km as a minimum. Contract terms in excess of 5 years provided the certainty for investment in plant and resources and a base to grow their business and establish a sustainable long term presence in the region.

Several workshops were held with NTA operational staff and industry specialists were enlisted to assist at the workshops given the significance of potential changes and the need to be assured of thorough and robust processes.

NTA engaged EQUIP and used the Road Efficiency Group’s Guidance on Selection of Maintenance Contract Models to define the contract form. NTA were strongly supported by the Transport Agency’s presence and their principal change agent for the development of the NOC’s (Network Outcomes Contracts) attended one workshop to provide valuable background information to the NTA team. Other Transport Agency staff assisted in the processes to establish the contract form and options for the contract numbers.

After several iterations and considerable discussion, the consensus was that a traditional contract form is the most appropriate for the Approved Organisations and the NTA at this point in time. There was a strategic view that the long-term contract form should be an alliance model, however with the current skills and experience within the NTA a more traditional contract form was appropriate now. In the development of the contractual documentation it is intended to promote collaborative behaviours from the parties to the contract and develop within the NTA an understanding and knowledge about alliance contracting for possible future use.

Consideration was given to what should be included in the contract. Again, consensus was achieved relatively quickly amongst NTA staff that the contracts should include maintenance and reseals and should adopt a ‘fence to fence’ concept. The suppliers generally supported this approach in a subsequent industry workshop. The question of how much of the pavement rehabilitation renewals should be included is subject to further refinement in the detailed documentation of the contracts and review of the overall works programme as well as providing other opportunities to the market.

The NTA staff and the suppliers were generally of the opinion that if the key issues of scope, scale, term and value could be addressed within a Council area there would be limited benefit in having cross-boundary contract areas. Their assessment is that the customers in each Council area are distinct communities of interest who relate to their specific Council.

Any perceived benefit was likely to be insufficient to overcome administrative and other dis-benefits (cross subsidisation issues, customer request management, effect on a managed exit strategy etc.).

Following the joint workshops (and prior to engagement with the industry) SSBU staff carried out self-assessments on the issues facing their specific network and how they might be addressed through a through the contracting environment.

Reseals were very clearly identified by all SSBU staff as being best included in maintenance contracts for numerous reasons relating to quality control, service delivery, asset management and value for money. This was also strongly supported by contractors during subsequent workshops.

Pavement rehabilitation renewals were considered to be best delivered as a mixture determined by scale and complexity, with smaller scale rehabs via maintenance contracts and larger scale rehabs via separate tender.

KDC staff assessed the options and as a general statement, agreed the single contract for KDC is justified and supported. WDC staff developed a robust matrix assessment tool and applied it with a high degree of objectivity and awareness. That resulted in a raw result of a single contract scoring highest as the ‘best for network’ approach. FNDC staff concluded that a consolidation from the current four contracts to two contracts (approximately north and south of the Mangamuka Gorge / Maungataniwha Range) was the best approach. Aspects were raised by the SSBU staff that other issues may be required to be considered with interested parties in agreeing a way forward.

The Transition Manager, Alliance Manager and Procurement Strategy Consultant explored the same question as the SSBU staff but viewed through a ‘one regional network lens’. Rather than assessing against operational criteria or drivers each option was considered against the business case objectives. This exercise assessed the viability of the full spectrum of options ranging from complete dis-aggregation into multiple small contracts (e.g. ‘the local farmer with his tractor’) through to a single region-wide ‘NOC-style’ contract. The preferred way forward when assessing options using the business case approach is for three contracts across the region – nominally one in each district council area. The combination of the ‘bottom up’ assessment against operational drivers by the SSBU staff and the ‘top down’ assessment against strategic objectives yielded results that are not widely dissimilar; which can be taken as an indication that the options have been narrowed in a robust way.

The collated internal self-assessments on a district by district basis seek four contracts, on base scoring. Three contracts are the preferred option when using the business case approach assessment against regional strategic objectives. This regional strategic approach was endorsed by the Alliance Leadership Group.

Far North and Whangarei Councils in considering the strategy both approved the need for the MO&R contracts for their networks to be for two areas with the option for tenders to be made for each area or for the combined area. This was considered to be an approach which provided more opportunity and enabled the market to demonstrate the value for money from either single contracts or a combined offering.

The main suppliers are comfortable that there will be contractual provisions requiring a certain percentage of the contract works to be sub-contracted. Common proportions are in the order of 20 – 30%.

A healthy Tier 1 supplier market with a minimum of three Tier 1 contractors may be achieved by having a multitude of contracts however it is more likely this may just consolidate the current situation.

It has been made very clear by those suppliers not currently operating in the MO&R space in the region that they cannot compete unless the term, scale and value of contracts make it commercially viable for them to pursue an opportunity to compete in the Northland market.

In developing this strategy there was concern that a single contractor may take a position to control the market and look to win all the MO&R contracts. While the likelihood of this happening is low the consequences for the region are very significant. The intention is to ensure there are at least two national tier 1 contractors located in and carrying out local roads MO&R works within the region. However, while there is a preference that up to only 3 of the 5 proposed maintenance contracts would be held by the same contractor, the final determination will be at the Principal's discretion, and will take into account what the financial implications are for each Council.

The aspects considered significant in making this decision were:

- The ability to resource (locally and from their wider capability) and deal with the regular emergency works events (generally weather) are more certain with two contractors in the region.
- The overall need for the market to be competitive and better served with at least two major suppliers in the region to provide services for other transport works, local government infrastructure, Central Government and private sector works
- With two or more tier 1 contractors involved in the local roads MO&R works there would be greater certainty that the involvement of regional and local SME's would increase. A single supplier may prefer to work with a limited number of their sub contract relationships thus eliminating opportunities for some of these smaller companies.
- A single supplier may have complete buying power for sub-contractor services which may lead to SME's being pressured to accept unsatisfactory conditions in order to secure work.
- Section 25 of the LTMA requires in approving procurement procedures the Agency "must also have regard to the desirability of encouraging competitive and efficient markets for the supply of outputs required for approved activities". A single supplier within a region with the majority of local roads works (all the MO&R contracts) would not lead to an efficient and competitive market for other outputs.

The Northland market is unique in having only competition from the south to rely on. With Auckland to the south that market has a substantive pipeline of works for a reasonable period in the future so opportunity for contractors moving north seems limited. Having at least two main suppliers located in Northland in the future will support market competition.

