

**Waitaki District Council
Financially Assisted Roading
Procurement Strategy**





WAUGH

Quality Record Sheet

Waitaki District Council Financially Assisted Roding Procurement Strategy

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PART ONE: THE PROCUREMENT STRATEGY

Affordability is a key issue across Waitaki District, with Council providing a high standard of services across an extensive District. Council is committed to finding a sustainable balance in meeting the needs of current and future generations for their economic, environmental, cultural and social well-being.

Expenditure includes a combination of:

- Operations and maintenance of assets
- Renewal of assets
- Construction of new infrastructure to improve the level of service
- Professional and general services to support Council functions

Council's approach to procurement is broad, seeking suppliers that contribute to the achievement of the outcomes identified by the community and provide goods and services that represent value for money.

Suppliers are expected to understand the drivers of Council's planned approach and the commitment made to deliver the agreed Levels of Service. Suppliers are an important part of Waitaki's communities and Council recognises the wider contribution made to those communities through employment and supporting local initiatives.

Value for money means using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve.
(Office of The Auditor General)

The key components of value for money are regarded as:

- Robust planning to identify an effective work plan
- Appropriate and efficient supplier selection procedures
- Successful delivery of works and services (the right outcome on time and within budget)

The objectives for this Strategy are:

1. Supporting the achievement of Council's Community Outcomes and the Waitaki Community Plan Programme through efficient procurement processes
2. Integration of Procurement with Council's broader organisational goals
3. Delivery of affordable services that represent value for money to the community
4. Encouraging appropriate levels of competition across suppliers
5. Ensuring procurement is fair and transparent with effective accountability measures

Council expects to utilise a similar mix of contractors and in-house services to that currently in place. The effectiveness of these combinations and the options available will be considered in line with the objectives of this strategy.

The strategy was originally developed with all asset based activities in mind, but implementation has been limited to subsidised roading at this stage.

For New Zealand Transport Agency (NZTA) subsidised activities, Council intends to follow the NZTA Procurement Manual with the dollar limits listed in rule 10.9 modified as detailed in part 2 – clause 4.2.2 of this strategy. Council has identified flexibility as a key to obtaining efficiencies and value for money. While the thresholds stated in rule 10.9 are considered as the default position, Council sees advantages in being able to apply different supplier selection thresholds where circumstances warrant. The higher thresholds listed are regarded as providing flexibility for those circumstances.

For other activities, Council will regard the NZTA Procurement Manual as guidance, and rule 10.9 shall not apply. A range of Supplier Selection Methods are considered favourable by Council. The method used will be determined having due regard to the circumstances of each case.

The implementation of this approach will be measured against the objectives listed.

PART TWO:

PROCUREMENT AT WAITAKI DISTRICT COUNCIL – AN OVERVIEW

This Procurement Strategy has been prepared to outline Waitaki District Council's approach to the procurement of goods and services. The Strategy has been prepared in response to new requirements of the New Zealand Transport Agency (NZTA) and is intended to provide guidance for Council staff and information to suppliers about Council's preferred approach.

A précis of the approach is provided in the preceding pages while Part Two details how procurement occurs in the context of Waitaki District Council's Strategic Goals and Objectives and the supplier market.

The strategy was originally developed with all asset based activities in mind, but implementation has been limited to subsidised roading at this stage.

1.0 PROCUREMENT IN THE WAITAKI DISTRICT COUNCIL CONTEXT

1.1 Introduction

Our small and static population is spread over a very large area with clear implications for the level of rates. We are a rural district with one of the lowest population densities in New Zealand: under 3 people per km². Waitaki has one of the larger roading networks in New Zealand stretching over 1800km. Water supply faces similar challenges of geographic coverage and cost recovery from a small base of users. (Michael Ross, Chief Executive; Waitaki Community Plan 2009-19)

Affordability is the key issue across Waitaki District, with Council providing a high standard of services across an extensive District. Council is committed to finding a sustainable balance between meeting the needs of current and future generations across the four well-beings – economic, environmental, cultural and social.

Accordingly Council's approach to procurement is broad, seeking suppliers that contribute to the achievement of the outcomes identified by the community and represent value for money.

Expenditure includes a combination of:

- Operations and maintenance of assets
- Renewal of assets
- Construction of new infrastructure to improve the level of service
- Professional and general services to support Council functions

In preparing the Procurement Strategy, Waitaki District Council has considered its planning framework, principles and attitude to procurement. The approach chosen for this strategy is focussed on the Assets area which includes:

1. Land Transport (financially assisted and non-financially assisted)
2. Water and Waste (Community Water Supplies and Wastewater Schemes, Stormwater, Rubbish and Recycling)
3. Parks and Recreation (Parks and Reserves, Gardens and Green Space, Community Buildings and Property)

Given the driver for the development of the strategy is compliance with the New Zealand Transport Agency (NZTA) Procurement Manual, Council acknowledges that subsidised roading activity is the priority for this strategy, as well as the relevancy to other assets activities and desire for consistency across activities. Over time the application of the strategy may be extended across all Council activities.

1.2 Organisation's Strategic Goals and Objectives

Waitaki District Council's regime for asset management planning and delivery of services to the community reflects community desires and national drivers; including:

- Mission Statement
- Community Outcomes
- Activity Goals and Objectives

1.2.1 Waitaki District Council – Mission Statement

The Waitaki District Council is developing a Mission Statement over the 2009-10 year. This will be incorporated in Council's business ethos and processes once finalised.

1.2.2 Waitaki District Council - Community Outcomes

The Waitaki Community Plan 2009-2019 (LTCCP) contains the Community Outcomes for each of the four well-beings, each activity has stated its ability to contribute to the achievement of these outcomes as indicated below.

Well-being	Key Community Outcome	Relevant Council Activities		
Environment	Waitaki rivers and water are managed for the future	Workable plans for Waitaki catchments are in place	Water Wastewater Stormwater Solid Waste	
		We have quality drinking water		
		We protect our water supplies and water bodies from pollution and contamination		
		We have reliable water supply for homes, farms and industries		
	We recognize the social and recreational values associated with our waterways	Water Wastewater Stormwater Solid Waste		
	We recognize mana whenua values associated with our waterways, including respecting the mauri of waterways and ensuring access to mahika kai			
	Waitaki's distinctive natural environment is valued and protected		We enjoy access to our beaches, lakes and rivers, while respecting and upholding the rights of property owners	Water Wastewater Stormwater Solid Waste Community Buildings Sport & Recreation
			All land use is managed sustainably and sensitively, with particular attention to coastal and other areas of environmental and cultural significance	
We maintain the integrity of our natural and cultural landscapes, including waahi tapu and waahi taoka				
We manage our waste stream to minimize residual waste to landfill				
Social	Waitaki has strong and proud communities	We have strong, well-supported community groups and recognize and value our volunteers	Sport & Recreation	
		We value parenting and whanau and encourage strong, healthy relationships		
		We value cultural diversity		
		New residents are attracted and welcomed to the District		
	Waitaki people are safe and healthy	We ensure that our communities' values, including mana whenua values, are recognized and catered for	Land Transport Water Wastewater Stormwater Solid Waste Community Buildings Sport & Recreation Gardens & Green Spaces Aquatic Centre	
		We feel safe in our homes and on our streets		
		We work together to protect people and property		
		We support policing, particularly in small and rural communities		
		We enjoy secure access to primary health services		
		Our existing Waitaki Hospital services are retained and improved while out-of-district hospital services are easily accessed		
Our people have easy access to social services and advice in times of need	Land Transport Water Wastewater Stormwater Solid Waste Community Buildings Sport & Recreation Gardens & Green Spaces Aquatic Centre			
We have active, healthy lifestyles supported by easy access to a wide variety of physical recreation and health education				
We promote hauora and holistic well-being for all our communities				
We encourage and provide cycling and walking for health and community purposes by providing safe cycleways and walkways				

Well-being	Key Community Outcome	Relevant Council Activities
	<p>Our pre-school children have access to a range of quality early childhood education and childcare facilities</p> <hr/> <p>We retain a network of quality primary and secondary schools enabling access for children within reasonable travelling distances</p> <hr/> <p>Schools remain an integral part of our communities</p> <hr/> <p>Our secondary, tertiary and employment training providers address the social, cultural and economic needs of the District</p> <hr/> <p>Our small and rural communities can access interactive distance learning</p> <hr/> <p>Our education system promotes learning of Maori culture and identity, with the support and guidance of mana whenua</p>	
	<p>We have affordable, reliable and effective transport services that meet the needs of the community</p> <hr/> <p>We have a safe and affordable roading network</p> <hr/> <p>Regular air services are available at Oamaru Airport</p> <hr/> <p>We respect cultural heritage and landscape values in our construction and maintenance of transport networks</p>	<p>Land Transport Water Wastewater Stormwater Solid Waste Community Buildings Sport & Recreation Gardens & Green Spaces</p>
Economic	<p>Our economic development is in balance with social, cultural, environmental and mana whenua aspirations</p> <hr/> <p>We have low compliance costs for businesses</p> <hr/> <p>We provide support and advice for new and existing enterprises, especially small and medium-sized businesses</p> <hr/> <p>Our infrastructure enables and responds to economic growth</p> <hr/> <p>Sustainable well-paid employment provides whanau with a greater degree of self-determination</p> <hr/> <p>Our cultural and natural heritage and landscapes contribute significantly to economic diversity and success</p> <hr/> <p>We can be involved in decisions that affect us</p> <hr/> <p>Central government enables more freedom for local decision-making</p> <hr/> <p>Our local and central governments demonstrate efficient and effective use of resources</p> <hr/> <p>We consider rates to be fair</p> <hr/> <p>We ensure that our communities' values and cultural imperatives are recognized and catered for</p>	<p>Land Transport Water Wastewater Stormwater Solid Waste Community Buildings Gardens & Green Spaces</p> <p>Community Buildings</p>
Culture	<p>All our communities share their culture and heritage with growing numbers of visitors</p> <hr/> <p>Our development in lower Thames Street and the Oamaru Harbourside area provides an attractive pedestrian-friendly destination that is sympathetic to the built heritage</p> <hr/> <p>A range of easily accessed facilities and events enable participation and enjoyment of sporting and cultural activity by all members of the community</p> <hr/> <p>We celebrate the unique heritage and culture of the mana whenua</p>	<p>Land Transport Water Community Buildings Sport & Recreation</p>

1.2.3 Waitaki District Council - Activity Goals and Objectives

In preparing the 2009-19 Waitaki Community Plan, each activity has stated their respective Activity Goals, visions or objectives. These goals/objectives are an important component in the procurement frameworks and are listed below.

Gardens and Green Spaces

Council's long term vision for this activity is to maintain and gradually improve the quality of our parks, gardens, street trees, cemeteries, toilets and camping areas over the next ten years.

Sport and Recreation

Council's vision is to continue to maintain and improve sports field and playground facilities in an affordable and sustainable manner.

Community Buildings

Council owns and maintains a range of properties. These properties help us to support community development, provide social housing, and provide buildings for community activities. Some properties also provide Council with revenue that it uses to encourage the economic growth and development of the District.

Land Transport

Waitaki District Council's goal for the Land Transport activity is:

- To provide a safe, affordable, sustainable land transport system that fully meets the environmental, economic and social needs of the District

Water and Wastewater Services

Council's principal goal for Water over the next ten years is:

- To support and underpin the health, well-being and financial prosperity of the community by providing a lawful, reliable, sustainable and cost effective supply of water to meet the needs of the consumer

Council's principal goals for Wastewater over the next ten years are:

- To ensure the health of the community where urban housing exists, thereby eliminating the need for individuals to provide their own wastewater system (which carries much higher health risks)
- To provide a cost effective trade waste disposal system for commercial and some industrial users, thereby eliminating the need for these users to provide their own wastewater system
- To provide acceptable collection, treatment and disposal systems for the use of communities

Council's principal objective for Stormwater over the coming ten years is:

- To provide for the collection and disposal of stormwater to acceptable environmental standards

Rubbish and Recycling

Council's service objectives are to ensure the following services are available:

- Opportunities to reduce, reuse, recycle, and dispose of solid waste
- Disposal of waste with minimal environmental impact

1.2.4 Relevance of Goals and Objectives to the Procurement Strategy

These goals and objectives are relevant to Council's approach to procuring goods and services and have been incorporated into this procurement strategy.

The two outcomes identified as most applicable to effective procurement are:

Waitaki is served by responsive and efficient Government Highlights the importance of value for money and timeliness in achieving results

Waitaki's distinctive natural environment is valued and protected Highlights that quality is not compromised by focussing on costs and that all well-beings are to be considered

Over that last decade Council has recognised the importance of effective principal-supplier relationships and the appropriate allocation of risk as it seeks greater flexibility and innovation.

The importance of a supplier understanding of, and possible contribution towards the achievement of community outcomes should be included in the selection of suppliers.

1.3 Objectives and Outcomes for the Procurement Strategy

Successful procurement involves recognising the perspective of the stakeholders involved.

The stakeholders identified are:

- The Waitaki District Community – residents and ratepayers
- The Waitaki District Council – elected representatives, management team and staff
- The Wider Community – visitors, businesses and organisations that associate with the District
- NZTA – Transportation's funding partner and associated network provider
- Other Partner Agencies – including neighbouring authorities
- Suppliers of products and services

The objectives for this Strategy are:

1. Supporting the achievement of Council's Community Outcomes and the Waitaki Community Plan Programme through efficient procurement processes
2. Integration with Council's broader organisational goals
3. Delivery of affordable services that represent value for money
4. Encouraging appropriate levels of competition across suppliers
5. Ensuring procurement is fair and transparent with effective accountability measures

1.4 Definitions

There are a number of terms that are central to procurement and agreement on the definition of these works will benefit all involved. Many of these terms are addressed in Appendix H of the NZTA Procurement Manual, the terms where a clear definition is advantageous follows along with a suggested definition.

Procurement *Procurement is all the business processes associated with purchasing, spanning the whole cycle from the identification of needs to the end of a service contract or the end of the useful life and subsequent disposal of an asset.*

This definition is as outlined by the Office of The Auditor General - Procurement Guidance for Public Entities - Good Practice Guide, June 2008; and reinforced in the NZ Transport Agency's Procurement Manual, first edition effective from July 2009).

Value for Money ***Value for money means using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve***

This definition is as outlined by the Office of The Auditor General in June 2008 published 'Procurement guidance for public entities - Good practice guide'.

2.0 PROCUREMENT ENVIRONMENT

2.1 Analysis of Supplier Market

2.1.1 Overview

Waitaki District covers a large geographic area from the coast south of Palmerston to the alpine areas surrounding the Upper Waitaki catchment. Oamaru as a provincial centre serves the agricultural, industrial and tourism sectors well, but the local range of services required by Council is limited. Oamaru is close to the Otago/Canterbury boundary and specialist services can be sourced from Timaru (85km), Dunedin (115km) or Christchurch (250km).

Many of the large national/international organisations have bases in Oamaru, Dunedin and Timaru, and there are numerous small-medium enterprises based in the District. Generally there is a sufficient level of interest in tenders and competition between suppliers.

2.1.2 Physical Works Suppliers

Whitestone Contracting Ltd (Council's CCO) is well established across the District at a level beyond that of other Contractors. Whitestone Contracting Ltd currently holds all of Waitaki District Council's Maintenance Contracts (Roading, Water & Waste, Parks & Reserves) as well as maintenance contracts with Mackenzie and Waimate Districts.

The following table provides an indication of current or potential suppliers.

Land Transport	Water and Waste	Parks & Reserve Community Buildings & Property
Blacktop Delta Utility Services Downer NZ Electricity Ashburton Fulton Hogan Isaac Construction SICON The Roading Company Whitestone Contracting Plus smaller local providers	Citicare Plunket Electrical SICON Telecom Transpacific United Water Waitaki Resource Recovery Trust Whitestone Contracting Works Infrastructure Plus smaller local providers	Whitestone Contracting Waitaki Decorators Plus smaller local providers

2.1.3 Professional Services Suppliers

Waitaki District Council's staff is complemented by a range of professional services providers, spread from Christchurch to Dunedin. The role of specialist professional service providers is typically to boost capacity or knowledge beyond what Council can achieve from its in-house resources.

The following table provides an indication of current or potential suppliers.

Land Transport	Water and Waste	Parks & Reserve Community Buildings & Property
BECA CJN Technologies GHD MWH Opus Projenz Rationale Waugh Infrastructure	BECA CPG Environmental Associates GHD MWH Opus Rationale Waugh Infrastructure	Abercrombie & Associates Anderson Lloyd Fujitsu

2.1.4 Council Controlled Organisations

A special relationship exists between Waitaki District Council and Whitestone Contracting Ltd (Whitestone), its Council Controlled Trading Organisation. Council considers there are numerous benefits to the community through its ownership of Whitestone including:

- Growing labour talent in the community
- Ensuring there is adequate capacity and competency in emergencies
- A commercial return on investment

Historically Council has negotiated directly with Whitestone for the supply of some maintenance services; including Parks & Reserve and Water & Waste. Roding maintenance and capital projects have been tendered on the open market and Whitestone compete appropriately for such tenders. Whitestone operate throughout Otago and South Canterbury undertaking maintenance and capital works contracts for a range of Local Authority and private clients.

2.1.5 Specialisation

Council has identified that specialised skills, resources and knowledge are necessary to support Council functions. In some cases specialist services are provided at an organisation level, and in others cases at a staff level.

2.1.6 Relationship with Suppliers

Waitaki District Council benefits of working with a range of well established suppliers. These suppliers range from small local organisations through to large multi-disciplinary companies. There are various relationships in place that are appropriate for the complexity of the works involved and reflect the trust established over time.

Council is confident that an appropriate range of suppliers will continue to support Council's functions in the future.

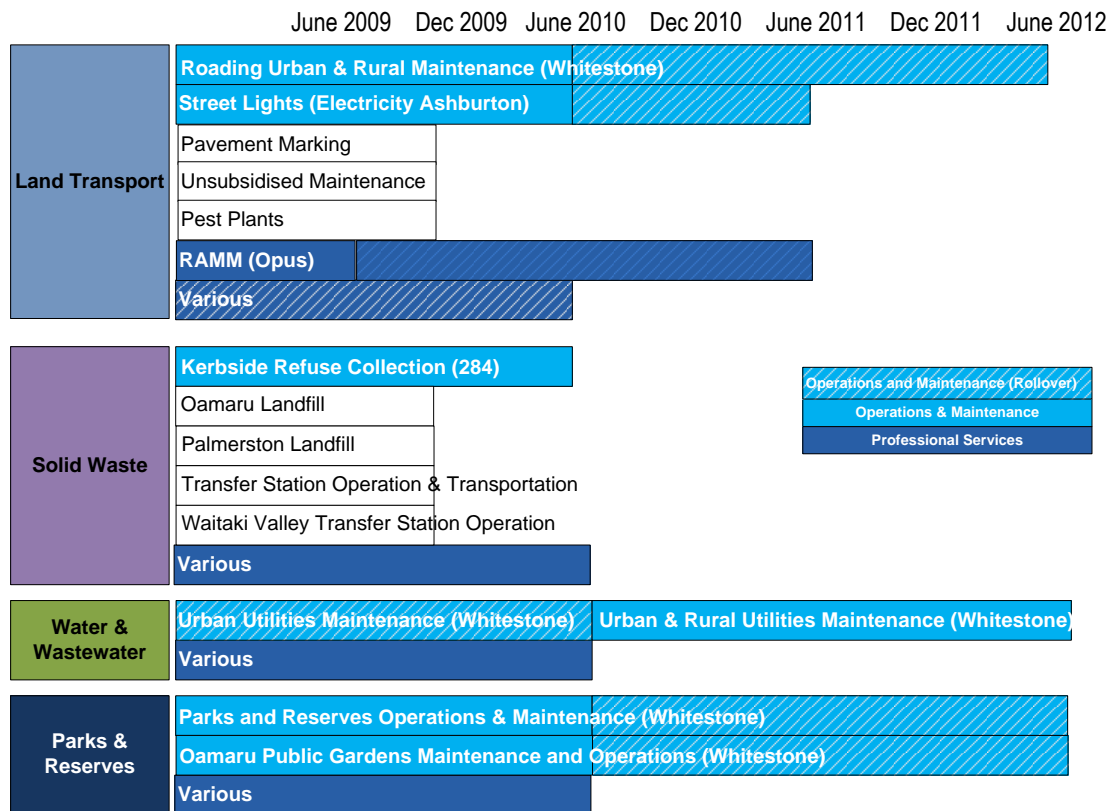
Comments received from suppliers include:

- There are benefits to Council in that it is able to have access to national and international best practice through acknowledging the role of specialist suppliers
- Contracts based on 'price only' and of short term duration are not conducive to establishing enduring relationships and suppliers taking a wider and long term interest in the district and its community

2.1.7 Bundling and Division of Works

Goods and services purchased relate to Physical Works and Professional Services. Physical works may be capital works (project based) or operations and maintenance (typically term contracts). The division of maintenance works has been across activities with large contracts covering the entire district favoured.

The following diagram illustrates the current procurement composition.



Opportunities for splitting contracts and bundling activities in different ways are considered with regard to

- Communities of interest
- Competition within the services sought
- Efficiency in supply of services
- Efficiencies in procurement and administration
- Specialist activities
- Alignment of organisational objectives
- Value for money

2.1.8 Supplier Market Trends

No significant changes are foreseen in the future that will change the capacity and capability of the suppliers available to Waitaki District Council, and that Council's current approach to managing suppliers will be appropriate.

2.2 Analysis of the impact of the procurement programmes on other approved organisations and other entities

Waitaki District Council works with neighbouring authorities where there is mutual benefit. In the Land Transport sector, Waitaki District has opted to work with the Otago region and collaborates with other territorial authorities and NZTA.

Council's Transportation network linkages with other organisations include:

- NZTA – integrated network across and beyond Waitaki District
- Central Otago District Council – connection via Danseys Pass and State Highway

- Dunedin City Council – numerous connections
- Mackenzie District Council – connection via State Highways
- Waimate District Council – connection via the Waitaki dams and State Highways

There are no water or wastewater networks that span territorial authority boundaries, and the opportunities for inter-agency collaboration are deemed minor.

Waitaki District Council is a large buyer of goods and services in the context of the North Otago area. Council acknowledges the impact of its decisions on the local economy, and the wellbeing of the District. Council encourages its suppliers to actively support the Waitaki Community and the achievement of the outcomes that have been jointly identified.

The impact of Council's procurement approach is not regarded as significant beyond the District, given the impact of the larger metropolitan areas.

In developing this strategy, Council has consulted with neighbouring authorities, NZTA (State Highways) and suppliers. The communications and consultation programme is included in Appendix B.

Comments received from other authorities include:

The Dunedin City Council acknowledges the Waitaki District Council Procurement Strategy and believes that it represents a practical and workable strategy that integrates well with the DCC Procurement Plan and will foster good procurement sharing opportunities for roading activities in the future

Comments received from suppliers include:

I would think there is some opportunity to collaborate inter-agency...

(WDC acknowledges this and suggest to be explored over the next three years via the AMP and LTCCP process.)

3.0 PROCUREMENT PROGRAMME

*Infrastructure is a crucial platform for economic growth and quality of life.
(Alex Familton, Mayor; Waitaki Community Plan 2009-19)*

3.1 Overview

Council's procurement programme for the range of Council Activities is outlined in the Waitaki Community Plan. Issues that affect the accuracy and validity of the programme as published in the Community Plan are:

- The approval and finalisation of the Subsidised Roding programme through the Regional Land Transport programme and the National Land Transport Programme
- Years two and three of the Community Plan may be modified by Council through the annual plan process; years four to ten are indicative and modification is likely through the subsequent Community Plan

Council expenditure is dominated by the asset infrastructural activity groups which account for around 75% of Council expenditure;

- Land Transport, Port and Airport
- Water Supply, Wastewater and Stormwater
- Waste Management
- Parks and Recreation, Community Buildings and Property

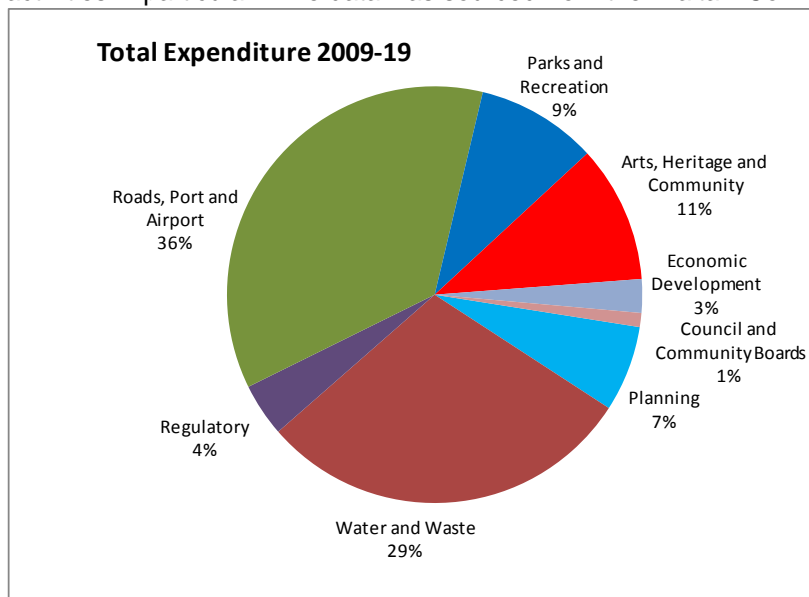
These activities are managed by a combination of Council's Assets, Corporate Services and Community Services Groups.

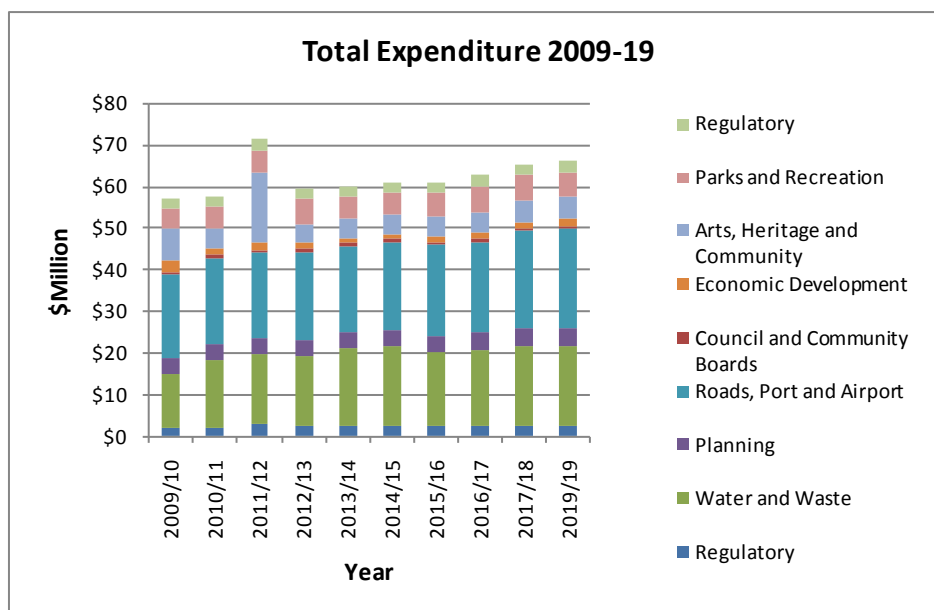
3.2 Current Procurement Spend and Profile

Waitaki District procures goods and services through a range of approaches, the value procured by the Assets Group representing over 60% of total expenditure. The core directives are contained in the Delegations Manual.

3.2.1 Goods and Services Purchased

The following values indicate the forecast expenditure across Council and the assets deliver activities in particular. The data was sourced from the Waitaki Community Plan 2009-19.





Further procurement details can be obtained from the Waitaki Community Plan 2009-19, 'LTP Online' and the relevant Activity Management Plans.

3.3 Procurement Programme by Activity

3.3.1 Land Transport

Waitaki District Council's goal for the Land Transport activity is:

To provide a safe, affordable, sustainable land transport system that fully meets the environmental, economic and social needs of the District

Across the Land Transport system, Waitaki District Council undertakes the construction, maintenance and renewal of a range of roading assets including:

- Sealed roads
- Unsealed (gravel) roads
- Footpaths and cycleways
- Bridges and others structures that support the road
- Signs, streetlights and markings

Council's programmes are prepared in line with the purposes of the Land Transport Management Act 2003. These purposes are:

- Consistency with any relevant strategies
- Achieving an affordable, integrated, safe, responsive and sustainable land transport system
- Contribution towards the objectives of:
 - economic development
 - safety and personal security
 - access and mobility
 - public health
 - environmental sustainability

The Government Policy Statement on Land Transport Funding (GPS) is the main guiding document by which the government can ensure that the land transport funding system focuses on the priority of generating economic growth and productivity.

Waitaki's roading network is extensive and affected by changes in agriculture, industrial and tourism activities. Balancing the costs of maintenance and renewal of existing assets, meeting changes in demand with an emphasis on safety are an ongoing challenge.

Council's Asset Management Planning approach is well developed to assist with this challenge, with a resulting forecast of expenditure as shown in the LTCCP.

Table 3.1: Roading Expenditure 2009-2013

Year	2009/10 (\$000)	2010/11 (\$000)	2011/12 (\$000)	2012/13 (\$000)
Operating Expenditure	10,124	10,482	11,416	11,615
New Capital	2,633	3,240	1,911	2,893
Renewals	6,184	4,831	4,736	4,639
TOTAL	18,941	18,553	18,063	19,147

The key risks associated with the transportation procurement programme relate to funding; and the ability to complete this programme is subject to funding secured through the national Land Transport programme. This reinforces the importance of effective asset management and planning.

3.3.2 Water and Waste

Across the water and waste sector, Waitaki District Council has established the following activity goals:

Water and Wastewater Services

Council's principal goal for Water over the next ten years is:

- To support and underpin the health, wellbeing and financial prosperity of the community by providing a lawful, reliable, sustainable and cost effective supply of water to meet the needs of the consumer

Council's principal goals for Wastewater over the next ten years are:

- To ensure the health of the community where urban housing exists, thereby eliminating the need for individuals to provide their own wastewater system (which carries much higher health risks)
- To provide a cost effective trade waste disposal system for commercial and some industrial users, thereby eliminating the need for these users to provide their own wastewater system
- To provide acceptable collection, treatment and disposal systems for the use of communities

Council's principal objective for Stormwater over the coming ten years is:

- To provide for the collection and disposal of stormwater to acceptable environmental standards

Rubbish and Recycling

Council's service objectives are to ensure the following services are available:

- Opportunities to reduce, reuse, recycle, and dispose of solid waste
- Disposal of waste with minimal environmental impact

The strategic direction for the water activities is focused on compliance over the next ten years. There are only limited resources available and this means that renewals and other capital works will not be undertaken unless they are critical. The renewal programme will be reactivated once compliance with resource consents and Drinking Water Standards are achieved.

Council has decided to allow the private market to provide kerbside waste and recycling services within the Waitaki District. Council's role is focused on waste minimisation including education, promoting household composting, user pays, and other related regulatory approaches at landfill.

Table 3.2: Water Supplies Expenditure 2009-2013

Year	2009/10 (\$000)	2010/11 (\$000)	2011/12 (\$000)	2012/13 (\$000)
Operating Expenditure	5,854	6,212	6,656	7,029
New Capital	580	3,816	2,812	1,938
Renewals	200	210	912	222
TOTAL	6,634	10,238	10,380	9,189

Table 3.3: Wastewater Supplies Expenditure 2009-2013

Year	2009/10 (\$000)	2010/11 (\$000)	2011/12 (\$000)	2012/13 (\$000)
Operating Expenditure	2,848	3,177	3,235	3,287
New Capital	327			
Renewals	68	50	95	230
TOTAL	3,243	3,227	3,330	3,517

Table 3.4: Rubbish and Recycling Expenditure 2009-2013

Year	2009/10 (\$000)	2010/11 (\$000)	2011/12 (\$000)	2012/13 (\$000)
Operating Expenditure	3,088	2,814	3,026	3,168
New Capital			247	1,146
Renewals				
TOTAL	3,088	2,814	3,273	4,314

The provision of Water and Wastewater services is a highly regulated area and a priority for Council. The risk of changes in the standards required and the timeframes for compliance affect the implementation and affordability of these services; and Council will continue to limit risks through comprehensive planning and asset management.

3.3.3 Parks and Recreation, Community Property and Buildings

Waitaki District Council has established activity goals for Gardens and Green Space as well as Community Buildings and Property

Gardens and Green Spaces

Council's long term vision for this activity is to maintain and gradually improve the quality of our parks, gardens, street trees, cemeteries, toilets and camping areas over the next ten years.

Sport and Recreation

Council's vision is to continue to maintain and improve sports field and playground facilities in an affordable and sustainable manner.

Community Buildings

Council owns and maintains a range of properties. These properties help us to support community development, provide social housing, and provide buildings for community activities. Some properties also provide Council with revenue that it uses to encourage the economic growth and development of the District.

These assets help to make Waitaki a great place to live in and to visit. Council has discretion whether or not to provide such facilities and services, and how best to fund operational and capital spending from user pays, rates, loans and from external funding.

Table 3.5: Gardens and Green Spaces Expenditure 2009-2013

Year	2009/10 (,000)	2010/11 (,000)	2011/12 (,000)	2012/13 (,000)
Operating Expenditure	2,414	2,503	2,583	2,645
New Capital	92	402	93	261
Renewals				
TOTAL	2,506	2,905	2,676	2,906

Table 3.6: Sport and Recreation Expenditure 2009-2013

Year	2009/10 (,000)	2010/11 (,000)	2011/12 (,000)	2012/13 (,000)
Operating Expenditure	829	861	912	904
New Capital	140	389	341	165
Renewals				
TOTAL	969	1,250	1,253	1,069

Table 3.7: Community Buildings Expenditure 2009-2013

Year	2009/10 (,000)	2010/11 (,000)	2011/12 (,000)	2012/13 (,000)
Operating Expenditure	599	652	664	908
New Capital			3,838	
Renewals	128	217	156	116
TOTAL	727	869	4,658	1,024

Table 3.8: Oamaru Port Expenditure 2009-2013

Year	2009/10 (,000)	2010/11 (,000)	2011/12 (,000)	2012/13 (,000)
Operating Expenditure	754	779	863	973
New Capital	350	993	1,340	110
Renewals	20		107	661
TOTAL	1,124	1,772	2,310	1,744

Table 3.9: Oamaru Airport Expenditure 2009-2013

Year	2009/10 (,000)	2010/11 (,000)	2011/12 (,000)	2012/13 (,000)
Operating Expenditure	270	274	278	283
New Capital				
Renewals				
TOTAL	270	274	278	283

Balancing the level of service provided with affordability is the core issue for Council and there are often competing priorities across the activity and across the District. Council acknowledges the greatest risk to these activities is the on-going level of expenditure. In 2009 Council consulted with the community and resolved to reduce some service standards to limit rates increases.

4.0 DELIVERING THE WORK PROGRAMME

4.1 Introduction

*Future wellbeing means considering the sustainability of what we do and not burdening our children with high levels of debt or a degraded environment. At the same time we should ensure well maintained infrastructure assets are our legacy to the next generation – many of whom are already benefitting from our investments.
(Michael Ross, Chief Executive, Waitaki Community Plan 2009-19)*

The objectives for this Strategy are:

1. Supporting the achievement of Council's Community Outcomes and the Waitaki Community Plan Programme through efficient procurement processes
2. Integration with Council's broader organisational goals
3. Delivery of affordable services to the community that represent value for money
4. Encouraging appropriate levels of competition across suppliers
5. Ensuring procurement is fair and transparent with effective accountability measures

Council intended procurement approach and these objectives are discussed in terms of each activity below.

4.2 Assets Group Activities

This section applies to Roothing, Rubbish & Recycling, Water & Waste.

4.2.1 Key Attributes and Value for Money Strategy

Council has identified the need to plan effectively and deliver quality in a sustainable manner; keeping the community outcomes and four well-beings in mind.

A robust strategic and asset management planning regime provides the basis for an effective local work programme to be developed. Taking a whole-of-life approach relies on asset management planning including lifecycle management planning and modelling.

Council's relationship with Whitestone Contracting Limited provides a high level of mutual benefit to Council, the Community and Contractor; and the partnership is regarded as the most effective and efficient model for maintenance works in the Water & Wastewater and Parks & Reserves sector. Council will assess this position in line with the community's goals for Whitestone Contracting Limited and good business practice. Council also acknowledges the role of local suppliers as direct appointments for smaller tasks, as well as acting as sub-contractors.

The regional work programme for roading is prepared collaboratively with NZTA and neighbouring authorities. Services are then delivered through a suite of contracts which Council staff are actively involved in managing

Within the Transportation Section Council is mindful of the Land Transport Management Act 2003 requirements, particularly consistency with sections 20 and 25.

Suppliers are expected to understand the drivers of Council's planned approach and the commitment made to deliver the agreed Levels of Service.

The key components of value for money are regarded as:

- Robust planning to identify an effective work plan
- Appropriate and efficient supplier selection procedures
- Successful delivery of works and services (the right outcome on time and within budget)

4.2.2 Proposed Delivery Models and Supplier Selection Methods

For NZTA subsidised activities, Council intends to follow the NZTA Procurement Manual with the dollar limits listed in rule 10.9 modified as detailed in part 2 – clause 4.2.2 of this strategy.

Council has identified flexibility as a key to obtaining efficiencies and value for money. While the thresholds stated in rule 10.9 are considered as the default position, Council sees advantages in being able to apply different supplier selection thresholds where circumstances warrant. The higher thresholds listed are regarded as providing flexibility for those circumstances. Bundling options will be considered in line with the criteria listed in 2.1.7.

Overview of Proposed Delivery Models and Supplier Selection Methodology for Land Transport Activities (NZTA's Procurement Manual)

Delivery Models:	Staged or Design and Build
Supplier Selection Methods:	Direct Appointment (up to \$200,000) Closed Contest/Selected Tender (up to \$400,000) Open Contest /Public Tender (over \$400,000)
Evaluation Techniques	Lowest Price Conforming Purchaser Nominated Price Price Quality Quality Based
Maximum Contract Term	Five Years or longer if approved

For other activities, Council will regard the NZTA Procurement Manual as guidance, and rule 10.9 shall not apply. A range of Supplier Selection Methods are considered favourable by Council. The method used will be determined having due regard to the circumstances of each case.

4.2.3 Impact of the preferred approach on value for money, fair competition, and competitive and efficient markets

There is a range of suppliers able to serve Waitaki District Council effectively. The approach proposed is not expected to have any significant impact on the market or Council's ability to procure services that represent value for money.

4.2.4 Risk Identification and Management

The key risks identified relate to the allocation and timing of funding decisions related to the LTCCP as well as Regional and Central Government processes (e.g. RLTP/NLTP). These risks are minimised through comprehensive planning along with collaboration with partners and the community.

4.2.5 Contract Management Approach

All physical works are undertaken by Contractors as part of maintenance or capital works contracts. These works are managed by a combination of Council's in-house Professional Services Unit and external Consultants.

Professional engineering and infrastructure planning services are managed by the in-house Professional Services Unit, and these services are undertaken by a combination of the in-house Professional Services Unit and external Consultants.

5.0 IMPLEMENTATION & ADMINISTRATION

*...a healthy balance between economic realities, stewardship of our large infrastructure assets, and the social and cultural wellbeing of our district.
(Alex FAMILTON, Mayor; Waitaki Community Plan 2009-19)*

5.1 Council's Organisational Skills and Resources

Waitaki District Council is a small-medium sized local authority servicing an extensive rural area which outside Oamaru is sparsely populated. Council currently uses a mix of its own staff and external resources (where appropriate) to deliver levels of service and achieve associated planning and programmes. This approach places Waitaki District in the 'Core Plus' range of asset management practice.

Council functions are divided into the following groups:

- Assets
- Community Services
- Corporate Services
- Strategy

These Groups are further divided to support the range of Council activities included in this Procurement Strategy as indicated below.

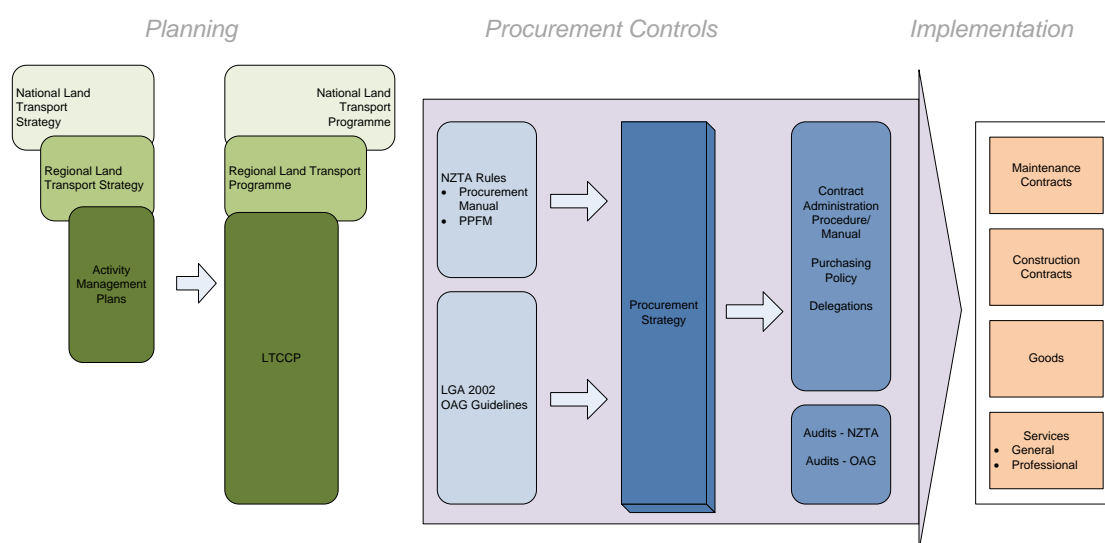
Assets	Community Services	Corporate Services	Strategy
Roads Water & Waste <ul style="list-style-type: none"> • Rubbish & Recycling • Water • Wastewater • Stormwater 	Arts Heritage & Community <ul style="list-style-type: none"> • Community Buildings 	Community Property <ul style="list-style-type: none"> • Airport • Port Parks & Recreation <ul style="list-style-type: none"> • Aquatic Centre • Gardens & Green Spaces • Sport & Recreation 	None identified at this stage

Council engages the assistance of specialist professional services suppliers to support and complement the in-house team where required (see also 2.1.5 and 4.2.5).

There are opportunities with other agencies that are worth exploring; WDC intends to explore these through the Activity Plan and Community Plan process.

5.2 Interaction with Other Documentation

This Procurement Strategy is linked to Council and the NZTA's wider planning framework as well as implementation rules and guides. These links are illustrated in Figure 6.1 following.

Figure 5.1: Procurement Processes


Council's Expenditure Delegations and NZTA's Programming Planning and Funding Manual are vital links to the strategy and its implementation.

5.3 Monitoring and Auditing

The appropriateness and effectiveness of this strategy will be evaluated on an on-going basis as works and services are procured; and reviewed every three years following the development of the LTCCP and National Land Transport Programme.

Transparency and accountability checks occur through Council's normal business practices including audits by Audit New Zealand and NZTA.

5.4 Communication and Endorsement

A report was prepared during 2009/10 detailing the issues considered pertinent to the development of the Procurement Strategy. This included workshops with staff and training about the new procurement environment. This report outlines the discussion behind the approach outlined in this strategy. The level of consultation was agreed and a Communications and Consultation Plan prepared (see Appendix B).

The feedback from consultation was considered, and the draft finalised for approval by the Council and endorsement by NZTA.

To be added

Responsibility for the Strategy and its currency lies with the Assets Group Manager.

6.0 APPENDICES

APPENDIX A: Communication and Consultation Plan

Stage	Document Version	Date
Staff discussion and strategy development Finalise draft	Draft for Staff	Feb 2010
Advise NZTA of development process and timing	Draft for Staff	May 2010
Workshop with Elected Representatives and WDC adopts draft for consultation	Draft for Council workshop	July 2010
<u>Stakeholder Consultation</u>		
Other AOs inc NZTA highways, neighbouring authorities Contractors and Consultants	Draft for Consultation	July 2010
Review following submissions WDC adopt for NZTA submission	Draft for Adoption	August 2010
Submit to NZTA for approval	Draft for NZTA	Sept 2010
Amendments and WDC adopt final	Final	October 2010

APPENDIX B: NZTA Endorsement

Copy of NZTA Endorsement follows.



6 September 2010

Geoff Young
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Dear Geoff

Endorsement of Waitaki District Council's Procurement Strategy for Financially Assisted Roading

I am pleased to inform you that the Group Manager, Regional Partnerships and Planning has endorsed Council's Procurement Strategy for activities funded through the NLTP.

The Group manager has also approved Council's use of higher limits for Direct Appointment (\$200,000) and Closed Contest (\$400,000) but only where there are clear value for money benefits from using the higher limits and only if Council publishes its decision to use the higher limits on its website.

Council's Procurement Strategy is appropriate to the scale and complexity of Council's professional services and physical works procurement programme and demonstrates an excellent understanding of the supplier market and strategic procurement. It also clearly and simply describes Council's forward programme of procurement for the guidance of the supplier market.

Yours sincerely



Bruce Richards
Regional Director, Otago/Southland