



KAWERAU DISTRICT COUNCIL

Roading Procurement Strategy 2023



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Version History

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1	02/03/2020	First revision for 2020	Tina Mitchell
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4a	25/04/2023	Waka Kotahi Review Amendments	Tina Mitchell



SECTION ONE

Executive Summary



1.1. AT A GLANCE

The Kawerau District Council's Roading Procurement Strategy is a requirement of the Land Transport Management Act. The Strategy signals Council's intentions for procurement of subsidised land transport activities.

It is a requirement of Waka Kotahi NZ Transport Agency (Waka Kotahi) Procurement Manual that all Road Controlling Authorities are to have an updated and endorsed procurement strategy a minimum once every three years or as otherwise agreed between the approved organisation and Waka Kotahi. This not only fulfils obligations by the Office of the Auditor General, but also ensures that both taxpayers and ratepayers obtain value for money from each roading dollar spent.

Council wishes to see that expenditure on Council services and activities has a beneficial impact on the local community. These impacts could be in the form of local employment, skills development, and trade with locally based businesses or interaction with community organisations. These aspirations are generally in line with the Government's "Broader Outcomes" strategy.

1.2. DELIVERY MODEL

The majority of land transport activities in Kawerau are well-defined, low risk and the scope can be easily defined into contract documents, therefore roading activities generally fit the 'Staged' delivery model.

1.3. PROGRAMME & DELIVERY FOR LOCAL ROADS

The annual (2020/21 FY) transport programme and proposed supplier selection methods are summarised below in Table 1.

Table 1: Proposed Supplier Selection Methods

Programme	Annual Expenditure	Lowest price	Direct appointment	Quality based
Transport Maintenance	\$312,000	✓	✓	
Renewals of Local Roads	\$508,000	✓	✓	
Minor Safety Improvements	\$200,000	✓	✓	
Professional Services	\$55,000	✓	✓	
Other Contracts	\$102,000	✓	✓	✓

1.4. PROCUREMENT ENVIRONMENT

A history of the Kawerau District Council roading programme is discussed in the strategy. This details the transition from using Council work forces to the present delivery of physical works contractors and in-house professional service providers. It is proposed that this is still predominantly the appropriate method of delivery for land transport activities.

1.5. HEALTH AND SAFETY

Council recognises its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such requires all of its suppliers to take practical steps to ensure safe work practices are employed.

It is a requirement of Council that contractors undertaking work on behalf of Council are SHE accredited and comply with all reasonable requirements and actively participate in audit by Council's Health and Safety Officer.

1.6. WHERE TO FROM HERE?

A seven-step process to adopt this procurement strategy is proposed:

- I. Completion of strategy and peer review within Council's Management – 18 April 2023.
- II. Send draft to Waka Kotahi procurement personnel for initial comments – 18 April 2023.

- III. Send to the supplier market and neighbouring road controlling authorities for comment – 18 April 2023.
- IV. Review Waka Kotahi comments and implement suggested changes – 28 April 2023.
- V. Review suggestions and alter draft procurement strategy – 28 April 2023.
- VI. Send revised procurement strategy for approval – 28 April 2023.
- VII. Implement procurement from 1 May 2023.



SECTION TWO

RCA Policy Context



2.1. STRATEGIC OBJECTIVES

The Long Term Community Council Plan 2021-2031, defines the strategic objectives of the Kawerau District Council (Long Term Plan). Council's objective can be summarised as:

"Maximise infrastructure life without compromising service."

2.2. LONG TERM PLAN – TRANSPORT MANAGEMENT

This details levels of service, performance measures and funding requirements for the next ten years. The Long Term Plan will be updated in the next financial year.

Council last completed a Local Government Act s17a review of the effectiveness of the Roding Services Activity in September 2020.

2.3. DOCUMENT INPUTS

The following documents were required to feed into the current Long Term Plan regarding the Roding Activity and are being used for this Procurement Strategy:

- Regional Land Transport Strategy
- Roding Asset Management Plan
- Roding Asset Valuations
- Regional Public Transport Plans
- Safer Journeys
- Eastern Bay of Plenty Road Safety Committee Road Safety Action Plan

These documents are available on request.

2.4. VALUE FOR MONEY

For the purposes of this strategy, we will take the definition provided by the Office of the Auditor General "best possible outcome for the total cost of ownership":

"To ensure that the level of service required by customers is provided at the lowest long-term cost to the community."

2.5. COMPETITIVE & EFFICIENT MARKETS

The roading financials in the Long Term Plan provide a statement to the Community of what the Kawerau District Council intend to procure (see Appendix 1 in section 6.1, updated in 2023).

This statement provides certainty to the market that approximately \$2,500,000 to \$3,000,000 will be spent per annum for the next ten years. However, Council will still consider the following uncertainties:

- Changes in expenditure due to climate change or other changes that may affect road use and degradation.
- Oil price increases affecting market prices.
- Impact of heavy vehicles on the existing network.
- Changes in legislation – Emissions Trading Scheme will increase oil and power prices that may reduce the amount of work to be completed.
- Demand and exchange rate cost to drivers.
- A downward trend in the financial assistance rate.
- Changes in Council rating income due to changes in demographic, economic or other significant events that may affect Council income.

The purpose of the procurement strategy is to acknowledge the above, but ensure a competitive market is still maintained. Council's procurement strategy also needs to be flexible to adapt to rapidly changing political and economic factors.

2.6. FAIR COMPETITION

Kawerau District Council's roading section uses the Waka Kotahi Procurement Manual to ensure fair competition to the market is maintained.

The Waka Kotahi Procurement Manual was designed for road controlling authorities that obtained physical works and professional services. Waka Kotahi wanted to ensure that these activities are procured in the most efficient way to minimise costs over the lifetime of projects.

The principal means of achieving this overall objective is through the encouragement of competition amongst potential suppliers of physical works and professional services.

Our roading community, ranging from local authorities, consultants and contractors, has aligned its practices with the Waka Kotahi Procurement Manual.

Any procurement strategy will need to show our long-term view. This will enable roading stakeholders to consider the new procurement environment and, if necessary, take appropriate actions.

In summary, our procurement strategy has to ensure that the Kawerau District's strategic objectives are met and fulfilled through the competitive process and provide an assurance to Waka Kotahi, as funder, that the programme will be delivered in a way that ensures best value for money.

2.7. ORGANISATION-WIDE PROCUREMENT POLICY

This procurement strategy is not an organisation-wide procurement policy, but focuses on subsidised land transport activities only.

This Roothing Procurement Strategy is consistently referenced within the Kawerau District Council Procurement Policy document and supersedes Council requirements for all Waka Kotahi subsidised contracts as the minimum standard.

2.8. REGIONAL PROCUREMENT

There is discussion amongst road controlling authorities on exploring Eastern Bay of Plenty procurement strategies. While we are willing to participate in discussions, it is vital for the Council to define its "local" procurement policy for the following reasons:

- Any Eastern Bay or Bay of Plenty strategy will need input from the Kawerau District, therefore Council needs to ensure that its procurement documents are ready.
- In the event that an Eastern Bay or Bay of Plenty strategy appears to be unfavourable to the Kawerau District, the Council will need an approved stand-alone document to obtain funding from the government.

2.9. BROADER OUTCOMES

Central Government recognises that procurement activities offer an opportunity to achieve broader outcomes for New Zealanders.

Broader outcomes are benefits generated by the way goods; services or works are produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and can deliver long-term public value for New Zealand.

Broader outcomes require consideration of not only whole-of-life cost of procurement, but also the costs and benefits to society, the environment and the economy.

Of these broader outcomes, the Government identified four priority outcomes for agencies to start focusing on:

- Increasing access for New Zealand businesses
- Construction skills and training
- Improving conditions for New Zealand workers
- Reducing emissions and waste

Every three years, Council develops a Long Term Plan setting out the range and level of services it will provide to meet identified Community needs and Community Outcomes.

Kawerau District Council identifies the following community based broader outcomes as they relate to Roding/Transport Activity

In order to attract people to visit, live and do business in Kawerau, enhance economic and employment opportunities for our community, Council works in partnership with:

- Eastern BOP Regional Economic Development Agency (Toi-EDA)
 - Attendance and Engagement reported via Council's Long Term Plan
- Industrial Symbiosis Kawerau
 - Attendance and Engagement reported via the monthly Ordinary Council Meeting
- Mayor's Taskforce For Jobs
 - Young people engaged in industry training, sustainable employment placements, reporting to Ministry Social Development and Local Govt NZ

Council sustainably manages Kawerau's environment through its stewardship, planning and consents.

Council seeks to maintain a sustainably small carbon footprint where possible without negatively impacting competitive procurement principles.

- Due to the small scale of works required by Kawerau District Council, there is an excellent fit for small to medium locally based roading industry businesses or larger businesses with a local presence who by default employ local people.
- Council maintains a small number of staff who contribute to minor roading maintenance outcomes providing employment opportunities within the community.
- Roading aggregate sourced locally by local roading companies to reduce emissions.
- Council produces its own recycled crushed concrete product for use in-house and available for purchase by the community.

Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Council's aim for the roading group of activities is to provide and maintain a network of roads and footpaths for the safe and comfortable passage of vehicles and vulnerable road users such as pedestrians, cyclists and mobility scooter users, in and through the District. These outcomes are reported via Council's Annual and Long Term Plans.

- Council maintains community satisfaction levels for Roding activity
 - 3 yearly community survey
- Number of Fatal and Serious Injury crashes
 - NZ Police CAS reporting system
- Average quality of ride on the sealed local road network
 - Annual independent survey
- Maintenance and Repairs
 - percentage of sealed network resurfaced
 - potholes repaired within timeframe
 - streetlight outages repaired within timeframe
- Footpath Condition
 - Annual independent survey
 - Dangerous lip remediated within timeframe
- Flooding
 - Numbers of complaints
 - Response times

2.10. HEALTH AND SAFETY

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

Council requires all of its suppliers to actively explore ways to promote best practice health and safety throughout the procurement lifecycle; in particular ensuring the key principle of 'health and safety by design' is considered and met.

It is specified in tender documents that any prospective supplier must be qualified or have the ability and willingness to obtain Health & Safety SHE pre-qualification prior to the contract start date. Council requires all of its suppliers to hold and maintain that accreditation continuously through to the faults and defects period following completion of works.

Council's Health and Safety officer provides advice on procurement including the tender document preparation, contractor health and safety plan reviews, and audits as appropriate.

A comprehensive health and safety training programme is provided to staff by the Health and Safety team and external providers as required.

Contractors are required to maintain specific Health and Safety plans that are reviewed via the SHE accreditation. This will include monitoring toolbox meetings, work site audit and the investigation and follow up of any work place accidents or incidents.



SECTION THREE

Procurement Programme & Delivery



3.1.DELIVERY MODEL.

The delivery model appropriate for the Kawerau District Council is the staged model. This model requires land transport activities to be well-defined, low risk and that the scope can be easily defined into contract documents. The majority of our workload fits this programme.

The maintenance, operation and renewal programme will be delivered through several contracts and smaller in-house work parcels. The contracts will be appointed through lowest price conforming and direct appointment selection methods. The direct appointment method will be considered for parcels of work for less than \$50,000. All in-house work parcels will be less than \$50,000.

Historically, Council has received very favourable tender prices for contracts based on price. If circumstances warrant change then Council can always apply to Waka Kotahi for a review of its supplier selection process.

If Council considers that poor value, (quality versus price) is occurring then appointment of contracts will be awarded with more weight given to quality of output.

3.2.PROCUREMENT

The Kawerau District approach to procurement will be as similar as possible to other road controlling authorities in the region. There are some minor differences as to how Kawerau District Council contracts tend to be packaged, and exceptions can be made if combined contracts are considered. In this way, Road Controlling Authorities can very easily combine contracts (should there be sufficient advantage to be gained from doing so)

The Kawerau District Council Roading Procurement Strategy will benefit from ongoing improvements during the next triennial review and following discussions with other road controlling authorities along with advice from Waka Kotahi.

3.3.PROCUREMENT PROGRAMME

Details of the Kawerau programme are discussed below for the year 2022/23.

3.3.1. *Maintenance and operation of local roads*

Approximate annual expenditure	\$367,000
Proposed delivery model	Staged
Proposed supplier selection methods	Direct appointment Lowest price Council Work Forces – minor works only

The District maintenance of local roads occurs in the following categories:

Table 2: Transport Maintenance

Works Description (code)	Value	Supply Method
Traffic Services (122)	\$138,000	Direct Appointment Lowest Price Council Work Forces
Street Cleaning (113)	\$10,000	Direct Appointment Lowest Price Council Work Forces
Minor Events (140)	\$20,000	Direct Appointment Lowest Price
Pavement Maintenance (111)	\$124,000	Direct Appointment Lowest Price Council Work Forces
Footpath Maintenance (125)	\$20,000	Direct Appointment Council Work Forces

3.3.2. Council Work Forces

Council stopped using Council work forces for any subsidised roading works in 1992 when Transfund required all subsidised work to be undertaken by either a contractor or a business unit. However, for some time now, Council has been undertaking some of the minor works (clearing cesspits, pothole and minor footpath repairs, speed control installations and other small maintenance actions) using own forces, due to the need to attend to the problem immediately.

Council does not intend to increase its plant and staff resources to undertake significant subsidised roading work, but convenience and value for money undertaking minor urgent works with Council work forces are considered very cost effective and enables a rapid response to events.

3.3.3. Contract Size

Due to the size of the network, most of work programme being maintenance, and the ready availability of contractors in the area has meant that good value for money has been achieved by parcelling up work in small lots, obtaining written quotes and then awarding the work. This has assisted in keeping the local contractors in the area.

The larger roading companies are present and they obtain some of the work by price, but predominantly smaller contractors undertake the work. The level of administration required in preparing the smaller parcels and supervising the work and payments, is not considered significant enough to outweigh the benefits of having a single contractor undertake all the work.

3.3.4. Combining with other Roding Authorities

There is potential for including the Kawerau roading programme in adjoining road controlling authorities' contracts. However, when prices have been compared there appears to be little or no cost advantage in doing so. This is considered to be in part because either the contractors used reside in Kawerau, so there are minimal travelling or set up costs, or the specialist contractors (road marking, street sweeping) have to travel for the adjoining authorities' work for the same purpose at the same time.

There are working examples within New Zealand of combined maintenance contracts between adjoining road controlling authorities. However, there will need to be clear cost advantages before Kawerau will pursue these options.

3.3.5. Other Contracts

Table 3: Other Contracts

Description	Value
Streetlights – Maintenance	\$80,000
Streetlights – Power	\$22,000

The Kawerau District Council has a single contract for maintenance and renewal of streetlights, because of the small number of individuals skilled to maintain lights on power poles and the specialist nature of the work. The streetlight maintenance contract has recently been renewed with Horizon Services Limited for a period of 24 months with 12-month right of renewal.

Prior to 2019, Kawerau District Council was included in a joint Streetlight Maintenance contract with the other two Eastern Bay of Plenty RCA, specifically for undertaking the widespread replacement of streetlight luminaires to LED. After this project had been completed at the conclusion of the second term of the contract, it was decided the three RCAs arrange their own Streetlight Maintenance contracts moving forward in order to meet the specific demands and priorities of each district.

The power supply in Kawerau, including the supply for the streetlights is currently under contract to Genesis while the two high usage meters for the water supply pump station located in River Road and the wastewater treatment plant located in Spencer Avenue are under contract to Mercury Energy.

Following the completion of the district wide, upgrade to LED in 2018, the streetlight energy consumption reduced by approximately half from \$36,000 to \$18,000 (2020).

3.3.6. *Renewal Works Appointments*

Table 4: Renewal of Local Roads

Works Description (code)	Annual value	Selection method
Resurfacing renewals (212)	\$136,000	Lowest Price Tender
Pavement renewals (214)	\$90,000	Lowest Price Tender Direct Appointment
Drainage and structure renewals (213)	\$250,000	Lowest Price Tender Direct Appointment
Traffic Services (222)	\$32,000	Lowest Price Tender Direct Appointment

3.3.7. *Surfacing Renewals*

The annual surfacing contracts are tendered annually. Historically, by tendering resurfacing work after adjoining roading authorities have tendered work, competitive prices have been achieved. Either the size of the work seems to supplement the contractors in the area or contractors are prepared to price low to fill gaps in their work schedule. The Kawerau District Council will continue to monitor if awarding a separate contract is the most cost effective method of obtaining the service.

3.3.8. *Pavement Renewals*

Historically, pavement renewal contracts have been awarded by obtaining quotes followed by direct appointment. As with the surface renewals, the prices from individual contractors vary from season to season based on their other workloads. Typically, the smaller contractors have provided the most competitive prices despite larger contractors working around the area. Minimal amounts of contract preparation, supervision and administration are required during the process.

3.3.9. *Drainage and Structure Renewals*

This category of work involves bridge maintenance, kerb replacement and traffic services renewals.

As with the pavement renewals, this work is based on lowest price and awarded by obtaining quotes from competent contractors and awarding the work direct where the value of the works permits. However, the same contractor may be used for a subsequent year at the same rates if the level of competition in the previous year's tender was poor, the contractor's performance was acceptable and there are no new contractors in the market.

3.3.10. *Minor Safety Improvement Appointments*

Table 5: Low Cost/Low Risk (341)

Approximate annual expenditure	\$200,000
Proposed delivery method	Staged
Proposed supplier selection method Direct Appointment	Direct Appointment Lowest Price Quote Council Work Forces

The projects tend to be of a lower value and therefore can be negotiated with the street lighting, resurfacing or other relevant contractor once the work has been identified. This again takes advantage of negotiated rates or contractors already established in the area.

Instances where the identified works require greater levels of funding, the normal procurement methods are adopted as in the case of the recent project for the upgrade of the River Road culverts.

3.3.11. Community Programmes

Kawerau is part of the Eastern Bay Road Safety Committee and Whakatane District Council undertakes the delivery of programmes associated with community programmes so the procurement of community programmes is covered in the Whakatane District Council Procurement Strategy.

3.3.12. Professional Services

Table 6: Network & Asset Management (151)

Approximate annual expenditure	\$55,000
Proposed supplier selection methods	Direct appointment Lowest price Council Business Unit

The contract preparation, awarding, supervision and professional services or expertise are currently and will continue to be undertaken by Council's business unit. When workload exceeds Council capacity, consultants are engaged to manage the additional work (hosting the RAMM data, providing RAMM reports and undertaking the roughness surveys).

The appointment of the consultant for managing the RAMM component was initially made using lowest price conforming. However, at the end of the term, the ongoing arrangement has been by direct appointment. The relationship and outcomes achieved by the consultants have resulted in the ongoing appointment. Provided that price and outcomes continue to be, satisfactory it is intended to continue to remain with the same consultant for the period covered by this Procurement Strategy. The longer-term intention with additional staff coming on board is for the management of the RAMM database, provision of reports etc. to gradually come in-house.



SECTION FOUR

Procurement Environment



4.1. PROFESSIONAL SERVICES PROVIDERS

Professional services include:

- Contract preparation
- Site supervision and contract management
- Asset and RAMM management systems
- Roothing design, testing and quality assurance
- Resource consents – land drainage issues
- Specialised services like street lighting design or strategy assistance

The Kawerau District Council uses in-house business units to provide the dominant amount of professional services to Council with consultants providing the balance to assist in implementing its roading programme when workload or specialist expertise exceeds Council capacity.

Various providers available to Kawerau historically included WSP NZ Ltd (previously known as Opus International Consultants) and Sigma Consultants. In recent years, the predominant preferred consultant has been WSP NZ Ltd located in Whakatane who provide value for money through specialised skills sets and additional resourcing that is not currently possessed by Council. While the consultants do not have an office in the District, there has not been a problem with providing the required services.

There is also a separate agreement for the maintenance of the RAMM database

4.2. PHYSICAL WORKS CONTRACTORS

Since 1992, Council has contracted out all but the most minor of roading works (small pothole repairs, clearing of cesspits and other urgent works).

It remains considered that the majority of roading works be tendered out and is in the best interests of the ratepayers because:

- There are sufficient numbers of contractors in the current market to ensure competitive tendering. However, due to an abundance of works in recent years across the wider region, it has increasingly become more difficult to obtain more than two tenders for annual resealing contracts.
- The cost of Council establishing, maintaining and depreciating specialist plant, depot and staff would make this non-viable.
- Recent roading contracts are within the estimates. How long this continues will depend on:
 - The timeline for central government's full allocation of national resources.
 - The continuation of subdivision work to assist contractors' base workloads.

During emergency work, there are normally contractors available for restoration work. The main emergency response work is to clear cesspit lids of debris/leaves during rain events. The intensity of some rain showers is difficult to predict and occurs suddenly. In such instances, the use of Council-owned forces that can be speedily diverted to remedy the problem is the quickest and most convenient action.

There are a number of contractors who have specialised skills sets and are vital for the continuation of the roading network, for example, road marking and streetlight maintenance. For all contractors, Council roading work is only a small part of their total work that means Council does not always have first call on their resources. This is not an issue as the work undertaken on the roads (apart for damaged signs, pothole repair and unblocking stormwater grates and lines) is not urgent.

4.3. OTHER ENVIRONMENTAL INFLUENCES

The other influences on our procurement environment are Waka Kotahi, Whakatane District Council and local heavy industry. While the work contracted out by these organisations has an impact on the availability of the contracting resources it has never impacted on Kawerau not being able to have its roading work completed in a timely manner. There are adequate contracting resources available in the Bay of Plenty.



SECTION FIVE

Implementation



5.1.ORGANISATIONAL CHART

The Kawerau District Council Operations team provides services and maintains physical assets for land transport and local, water, wastewater, refuse, buildings, parks and reserves (see Appendix 2 in section 6.2).

The Kawerau District Operations roading section has 1.5 full-time equivalents to service a total annual budget between \$2M and \$3M. The team in conjunction with outside contractors provides cost effective functions of the Kawerau land transport programme to Waka Kotahi.

The roles and responsibilities of the Operations team in relation to roading are discussed below:

- Creation and implementation of the regional land transport programme, asset management planning, procurement and financial strategies
- Maintenance, utility co-ordination, streetlights, minor improvements, resurfacing, rehabilitation, roading projects, and contract management
- Waka Kotahi project liaison
- Traffic management plans and RAMM
- Roding safety implementation of road safety action plans

5.2.ORGANISATIONAL RISK

The currently identified risks includes the resignation of Council's existing roading engineer in October 2022. The current Asset and Contracts Manager continues to manage the Roding budgets and liaison with Waka Kotahi. The Parks and Transport manager manages the operational aspects of the Roding activity. This new team is rapidly coming up to speed with the requirements of both Council and Waka Kotahi in a more stringently regulated environment than was historically experienced.

This risk is being managed by:

- Having up to date asset management plans
- Ensuring professional training is available to develop staff skills sets
- Staff taking part in roading related collaborative groups such as;
 - Eastern Bay Road Safety committee
 - BOP Transport Excellence Partnership – Te Ringa Maimoa
 - Regional Advisory Group
 - Road to Zero Speed and Infrastructure Programme
 - BOP Regional Traffic Demand Management Programme
 - Waikato Regional Asset Technical Accord - COLAB

Encouraging members of the roading team to collaborate with roading teams from other areas ensures staff remain familiar with technical developments and processes.

5.3.INTERNAL PROCUREMENT PROCESSES

The Kawerau District Council has a delegation manual that defines individual Council Officers' spending authority.

The Council reviewed its risk identification for roading in 2020 when the asset management plan was last reviewed.

All Council's physical works contracts, not just roading, are based on NZS 3910. This provides certainty to the market both locally and nationally.

5.4.PERFORMANCE MEASUREMENT & MONITORING

The Kawerau District Council has performance monitoring systems for internal performance and external reporting including the mandatory KPIs required by Waka Kotahi.

Waka Kotahi audits – these include road infrastructure safety assessments, technical reviews and financial audits.

Road safety action plans – these plans use a combined regional approach to engineering, education and enforcement to reduce road trauma.

The Long Term Plan has the following information related specifically to land transport:

- Levels of service statements
- Performance measurements
- Targets
- Mechanisms to achieve the targets

These are audited by Audit New Zealand on behalf of the Auditor General.

5.5.COMMUNICATION

The procurement strategy will be appended to the Kawerau District Council website and communicated through the following channels:

- Within the Roothing Section
 - The procurement strategy will be available for the roading team and situated in the roading library.
- Professional Service Providers
 - The procurement strategy will be distributed to WSP because they provide services to Kawerau District Council along with the Whakatane & Opotiki Districts and state highway network.
- Road Controlling Authorities
 - Copies will be sent to surrounding RCA including Whakatane and Opotiki District Councils and Waka Kotahi (highways) and procurement team.
- Supplier Market
 - An advertisement will be placed in the local paper advising Draft is available for comment.
- Elected Members
 - The procurement document will be presented to Council for ratification as it approves the funding and awarding of the significant contracts.
- Waka Kotahi NZ Transport Agency
 - Waka Kotahi is a multi-disciplined organisation with separate functions including funding of Kawerau District Council's NLTP funded activities. The Kawerau District Council recognises reporting functions are important to Waka Kotahi and will ensure the information required is given in a timely and accurate manner.

5.6.IMPLEMENTATION PLAN

It is proposed to implement the plan accordingly:

- Completion of strategy and peer review within Council's Management – March 2023
- Send draft to Waka Kotahi procurement personnel for initial comments – April 2023
- Send to the supplier market and neighbouring road controlling authorities for comment – May 2023
- Review Waka Kotahi comments and implement suggested changes - June 2023
- Review suggestions and alter draft procurement strategy – July 2023
- Send revised procurement strategy for approval – August 2023
- Implement procurement from 1 September 2023



SECTION SIX

Appendices



6.1.FORECASTED FINANCIAL PERFORMANCE 2023-2033

Transport Management (Subsidised and Non subsidised)											
Operating Expenditure											
2023/24											
2024/25											
2025/26											
2026/27											
2027/28											
2028/29											
2029/30											
2030/31											
2031/32											
2032/33											
Personnel	175,680	179,896	182,591	185,695	189,410	193,574	198,029	202,784	208,049	213,663	
Other Expenses	336,569	359,217	361,572	371,496	381,750	392,660	403,114	414,411	426,017	437,707	
Internal charges	180,000	233,600	237,280	242,290	247,210	252,250	257,200	262,250	267,390	272,440	
Total Direct Costs	692,249	772,713	781,443	799,481	818,370	838,484	858,343	879,445	901,456	923,810	
Depreciation											
Allocated Overheads	1,270,213	1,275,144	1,280,065	1,387,985	1,393,026	1,398,214	1,512,253	1,517,745	1,523,397	1,647,648	
	447,970	428,030	437,870	440,350	454,710	470,880	475,070	489,640	511,550	514,830	
Total Operating Expenditure	2,410,432	2,475,887	2,499,378	2,627,816	2,666,106	2,707,578	2,845,666	2,886,830	2,936,403	3,086,288	
Less Depreciation											
Asset Renewals	-832,763	-832,763	-832,763	-909,981	-909,981	-909,981	-991,468	-991,468	-991,468	-1,080,251	
	923,500	910,078	868,620	605,690	623,255	641,330	659,928	679,066	698,759	719,023	
Total Funding required	2,501,170	2,553,203	2,535,236	2,323,525	2,379,380	2,438,926	2,514,126	2,574,429	2,643,695	2,725,060	
Funding											
Government Grants and Subsidies											
Petrol Tax	871,125	855,150	822,190	629,485	647,348	665,825	684,900	704,535	724,843	745,755	
Interest Received - Depn Reserves	65,000	67,020	69,030	71,030	73,090	75,210	77,390	79,630	81,940	84,320	
	30,736	30,917	30,529	31,265	33,023	34,652	36,389	38,251	39,971	41,808	
Total Operating revenue	966,861	953,087	921,749	731,780	753,460	775,687	798,679	822,416	846,754	871,883	
Equity reserves											
Fees and Charges	55,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	
Depreciation reserves	292,000	289,828	281,330	217,450	223,765	230,260	236,938	243,806	250,869	258,143	
General Rate	1,187,309	1,293,288	1,315,157	1,357,295	1,385,155	1,415,979	1,461,509	1,491,207	1,529,072	1,578,034	
	2,501,170	2,553,203	2,535,236	2,323,525	2,379,380	2,438,926	2,514,126	2,574,429	2,643,695	2,725,060	

6.2.KDC OPERATIONS & SERVICES DEPARTMENT 2023

