

# Transport Procurement Strategy



## Document management

### Document information

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### Amendments and internal endorsement

Typographical corrections	Updates incorporated as soon as errors or minor technical amendments identified
Review of content and structure	Within 6 months of the adoption of a new Long Term Plan
Changes to the strategic context	GWRC staff applying this policy must monitor supplier markets for any material changes to the strategic context that may adversely affect the competitiveness and efficiency of those markets. Such material changes will require GWRC to review this procurement strategy and obtain a renewal of its existing endorsement, where appropriate
All amendments to this strategy must be approved by the document owner	

Original strategy approved: \_\_\_\_\_ Date: August 2014  
Chief Executive

### Version control

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1	Original document	9 July 2014	N/A

## Contents

<b>Document management</b>	<b>i</b>
<b>1. Introduction</b>	<b>1</b>
<b>2. GWRC's policy context</b>	<b>2</b>
<b>3. Implementation</b>	<b>8</b>
<b>4. GWRC transport procurement – other than public transport services</b>	<b>13</b>
<b>Appendix 1: Public Transport Group</b>	<b>19</b>
<b>Appendix 2: Strategy &amp; Community Engagement Group (diagram shows only transport related staff)</b>	<b>21</b>
<b>Appendix 3: GWRC procurement policies and procurement considerations</b>	<b>22</b>
<b>Appendix 4: Planned procurement</b>	<b>25</b>
<b>5. Public transport services by rail (Rail procurement procedure)</b>	<b>29</b>
<b>6. Public transport services by bus (PTOM Bus procurement strategy)</b>	<b>30</b>
<b>7. Public transport services by ferry (Ferry procurement procedure)</b>	<b>31</b>
<b>8. Total mobility procurement strategy</b>	<b>32</b>

## 1. Introduction

### 1.1 Background and context

This strategy sets out the strategic context for Greater Wellington Regional Council's (GWRC) transport procurement. This strategy is a 'living document' and will be reviewed when material changes occur.

The New Zealand Transport Agency (Transport Agency) requires GWRC to develop and implement this procurement strategy in order to assist GWRC to achieve value for money in its procurement, and to comply with the Transport Agency's Procurement Manual (Procurement Manual).<sup>1</sup> In developing this procurement strategy GWRC is seeking to ensure consistency with its internal procurement policy and the requirements of relevant legislation and guidance, including:

- the Land Transport Management Act (LTMA) 2003;
- the Local Government Act (LGA) 2002;
- the Procurement Manual; and
- the Office of the Auditor General: Procurement guidance for public entities.

This procurement strategy is the result of a three-yearly review of GWRC's Transport Procurement Strategy 2010. Part of it, but being prepared as separate documents, are:

- PTOM Rail procurement procedure (rail operations and maintenance) – to comprise section 5
- PTOM Bus procurement strategy – to comprise section 6
- PTOM Ferry procurement procedure – to comprise section 7
- Total mobility procurement strategy – to comprise section 8.

The PTOM Bus procurement strategy and PTOM Ferry procurement procedure are being prepared in parallel, and alongside development of the new Regional Public Transport Plan. The PTOM procurement strategies will be updated as necessary once the RPTP is adopted<sup>2</sup>.

In order that GWRC can continue to implement its procurement plans, Transport Agency approval of sections 1 to 5 of this document is sought in the meantime.

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<sup>1</sup> The Transport Agency determines whether transport projects qualify for payments from the national land transport fund (section 20 Land Transport Management Act 2003 (LTMA)). All payments by the Transport Agency must be made in accordance with a Transport Agency approved procurement procedure, unless a particular payment is exempt from the procurement procedure (sections 25 and 26 LTMA). The Transport Agency has approved the procurement procedures contained in its procurement manual on the basis that they are designed to obtain the best value for money. The Transport Agency requires that approved organisations develop a procurement strategy.

<sup>2</sup> Planned for June 2014.

## 1.2 Recommendations

GWRC recommends that the Transport Agency:

- endorses this procurement strategy
- approves the use of advanced components in relation to:

Component	Used for	Explained at
Quality based supplier selection method	IT systems (including Transport model development and maintenance)	Section 4.2.2

- approves the use of in-house professional services as set out in section 3.1.1
- approves the rail procurement procedure at section 5.

## 2. GWRC's policy context

### 2.1 Strategic objectives and outcomes

GWRC's strategic objectives and outcomes relevant to transport procurement have been developed out of the legislative framework provided by the Local Government Act 2002 (LGA 2002) and the Land Transport Management Act 2003 (LTMA).

As a public sector organisation spending public funds, GWRC also takes into account in its procurement activity the Government Rules of Sourcing and the procurement principles published by the Ministry for Business Innovation and Employment.

GWRC's specific strategic objectives and outcomes are expressed in a number of documents as outlined below, including the Long Term Plan, Regional Land Transport Strategy, and Regional Public Transport Plan.

#### Long Term Plan

GWRC expects that all procurement activities will contribute to the achievement of its relevant strategic objectives and outcomes. GWRC's strategic outcomes (called 'community outcomes') are set out in its Long Term Plan 2012 – 2021 (LTP).

Transport related activities are covered in two sections of the LTP – the 'Public transport' section<sup>3</sup>, and the 'Regional leadership' section<sup>4</sup>.

In relation to achieving community outcomes, the LTP states:

*Our public transport activities contribute towards achieving:*

<sup>3</sup> At pages 53-67

<sup>4</sup> At pages 37-51; in particular section 11 'Regional transport planning and programmes' from page 44.

- *A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option*
- *A **strong economy** by enhancing the efficient movement of people and goods within the region*
- *A **healthy environment** by reducing vehicle emissions from private vehicles*

*Our regional leadership activities contribute towards achieving:*

- *A **connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available [...]*
- ***Quality of life** by providing opportunities for residents to engage in our activities and participate in decision making, including our tangata whenua iwi partners*

The LTP also sets out GWRC's priorities for 2012 – 2015, which include in relation to transport:

- Maximise the benefits of existing investments and projects, including improving the reliability and efficiency of public transport in central Wellington
- Apply a layered service approach to the planning and delivery of bus services to ensure services are located where they provide the greatest benefit
- Implement network-wide electronic integrated ticketing at the earliest opportunity
- Provide public transport that is affordable for passengers and for ratepayers, while managing financial risks arising from exchange rate and oil price volatility
- Ensure the best possible return from investment in public transport to maximise value for money
- Upgrade the suite of regional transport models
- Complete the Wellington Public Transport Spine Study – a study to assess the merit of long-term options for high frequency and high quality public transport through central Wellington

## Regional Land Transport Strategy

GWRC's Regional Land Transport Strategy (RLTS) 2010 – 2040 identifies a number of land transport outcomes sought for the region's land transport network over the next ten years:

- increased peak period passenger transport mode share
- increased mode share for pedestrians and cyclists
- reduced greenhouse gas emissions
- reduced severe road congestion
- improved regional road safety
- improved land use and transport integration
- improved regional freight efficiency.

The RLTS will be replaced by a Regional Land Transport Plan by June 2015.

## Regional Public Transport Plan

A new RPTP meeting the requirements of the Land Transport Management Act 2003<sup>5</sup>, and enabling the implementation of PTOM, is being prepared and is expected to be adopted by July 2014. The new RPTP must take into account the public transport components of the existing RLTS, and will be reviewed to ensure that it is consistent with the new Regional Land Transport Plan (once adopted).

GWRC's current Regional Public Transport Plan (RPTP) 2011-2021 provides a framework for the funding and provision of passenger transport and sets out the vision, objectives and policies for public transport in the region.

The current RPTP identifies the main role of passenger transport as ensuring access and mobility, and reducing congestion.

The current RPTP has eleven objectives, which are<sup>6</sup>:

- Simple, easy to understand services that go where people want to go.
- An integrated network of services that makes it easy and safe to change between and within modes.
- A high quality, reliable public transport system that customers choose to use.
- Improved accessibility for communities and groups whose needs are not met by the regular public transport network.

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<sup>5</sup> as amended by the Land Transport Management Amendment Act 2013

<sup>6</sup> Wellington Regional Public Transport Plan 2011 – 2021, section 3.2 at page 7.

- Public transport operations that provide comfortable and safe travel, and minimise adverse environmental effects and improve health outcomes.
- A high standard of public transport infrastructure.
- A fare schedule that attracts and retains customers and balances user contributions against public funding.
- An integrated system of fares and ticketing that enables seamless travel between services and modes.
- A consistently branded transport system that is easy to use, offers a consistent customer experience and generates customer loyalty.
- An integrated public transport network that provides value for money.
- Effective and efficient allocation of public transport funding.

## 2.2 Objectives and outcomes for this procurement strategy

GWRC's purchasing policy states that in making purchasing decisions we will:

- Comply with legislation.
- Adopt fair and transparent processes.
- Ensure that products and services are fit for their intended purpose.
- Seek best value.
- Take into account the full lifecycle cost of a product not just the initial price.
- Ensure environmental factors are taken into account in the specification and selection processes.
- Maximise the benefits of our relationship with each supplier.
- Acknowledge that there may be exceptions to the rule.

GWRC has identified the following objectives and outcomes for this strategy.

Objective	Outcome
Ensure organisational alignment	Ensure that procurement planning reflects GWRC's core values, corporate aims and objectives
Achieve corporate ownership	Secure commitment to improved procurement practices from elected members and officers throughout GWRC, and in particular in the Public

	<p>Transport group</p> <p>Provide a corporate focus to procurement and thereby help coordinate procurement activity and help achieve optimum resource allocation while avoiding duplication of effort</p>
Enable continuous improvement	Produce a plan for ensuring GWRC's transport procurement activities continuously improve
Implement efficient and effective processes	<p>Facilitate programming and assignment of budgets, tasks and targets to meet the key procurement objectives identified over the next three years</p> <p>Use technology to reduce the transactional cost and improve the efficiency and effectiveness of all aspects of the procurement process for the approved organisation, its suppliers and contractors</p>
Implement effective risk management practices	Ensure that risk is appropriately managed and that all procurement remains legal, ethical and transparent, and embodies GWRC's vision and priorities
Ensure accountability for actions	Improve the accuracy, availability, appropriateness, accessibility and transparency of procurement-related management information
Meet established economic and sustainability targets	<p>Reduce the cost of the procurement process and obtain best value for money on all purchased outputs</p> <p>Encourage the development of a range of suppliers and providers that will contribute to the economic growth of the regional economy</p> <p>Identify any barriers to competition and the steps required to lower these barriers</p> <p>Promote procurement practices and policies that contribute to government priorities on sustainable procurement</p>
Establish effective performance monitoring processes	Promote the development and use of performance measures
Establish cooperative behaviours	Manage the approved organisation's supply chains, develop better relationships and promote cooperative and collaborative procurement arrangements
Aggregate contracts and contract management where it is efficient and effective to do so	Take a region-wide approach to new contracts
Implement PTOM	Establish the procurement programme and implement new partnering style contracts with operators of public transport services

### 2.3 What the Transport Agency's procurement requirements mean for GWRC

Transport Agency requirement	What it means for GWRC
Value for money	GWRC is accountable to ratepayers and government funders for how it spends money. GWRC uses resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes GWRC is trying to

	achieve
Whole of life	Whole of life requires taking a long-term view of the total cost attributable to an activity and not simply the initial purchase cost. A whole of life cost assessment will consider the social, environmental and economic impact of the outputs, any on-going maintenance and operation costs of the asset or service, and any costs associated with its disposal.
Competitive and efficient markets	GWRC is a significant purchaser of metropolitan passenger transport related services and therefore has a vested interest in the competitiveness of the supply market long term. GWRC will seek to use a competitive procurement methodology where it is efficient to do so and it is likely to provide a value for money solution. This will require a balancing of short and long term impact on budget, and on the market.
Fair competition among suppliers	GWRC prioritises fairness and fair competition in its general procurement strategy: Public entities have a general public law obligation to act fairly and reasonably. GWRC must be, and must be seen to be, impartial in its decision-making. GWRC may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way it conducts the relationship.
Smart buyer	Procurement ultimately supports GWRCs business in the delivery of efficient output focused operations through 'smart buying' decisions. As a 'smart buyer' GWRC will seek to leverage the procurement opportunities that can be obtained through economies of scale and innovation. However this will be balanced with the requirement to maintain a sustainable and competitive supplier market.

### 2.3.1 Ensuring compliance with the Transport Agency's requirements

When deciding how to approach a particular procurement, GWRC 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.

### 2.4 Other relevant GWRC policies

GWRC has internal procurement policies and considerations, as outlined in Appendix 3. Further comment on these appears at section 0 of this document.

### **3. Implementation**

#### **3.1 Capability and capacity including in-house professional services**

Organisational charts showing key positions in the Public Transport Group, and those parts of the Strategy and Community Engagement Group relevant to public transport appear in Appendices 1 and 2. The staff members shown are also supported by other staff.

GWRC has in-house capacity to deliver the procurement programme. For each procurement project it evaluates whether it has the level of expertise required to implement the procurement practices and to monitor contractual performance, and whether it needs to seek outside support. If outside support is required, it is procured as 'external professional services' (see sections 4.2.4 and 4.3.4).

During 2014 additional staff will go through a training programme in order to become Transport Agency-approved tender evaluators.

##### **3.1.1 In-house professional services**

GWRC uses in-house professional services to deliver much of its work programme, and seeks the Transport Agency approval to continue to do so. In-house professional services include but are not limited to:

- Statutory land transport planning activities relating to the preparation of the RLTP, walking and cycling strategies, sustainable transport, road safety
- Data management and some development and maintenance of the transport model
- Preparation of the RPTP and procurement strategies
- Implementation of PTOM
- Management and monitoring of contracts relating to passenger transport services (rail, bus and ferry); infrastructure construction, maintenance, renewal and security; design; information services (eg RTI); information systems
- Asset management
- Management and administration of contract payments; budgetting and financial forecasting
- Planning, design and implementation of units, routes, fares, timetables
- Marketing and promotion activities

- Operation of Metlink call centre
- Total Mobility scheme implementation and management.

We engage staff on fixed term contracts for those activities that have a fixed duration.

In relation to the management of in-house professional services:

- The Call Centre is managed as a business unit within the Public Transport Group (see Appendix 1)
- Other in-house services are provided as inputs to activities and managed as part of the activity.

### 3.1.2 Administrative services for Greater Wellington Rail Limited

Greater Wellington's rail assets (excluding land) are held by the wholly owned subsidiary Greater Wellington Rail Limited (GWRL), as required by the Land Transport Management Act 2003<sup>7</sup> and in accordance with the Crown's Metropolitan Rail Operating Model. The directors of this company are appointed by GWRC and include councillors. External appointees are possible. GWRL is a council controlled trading organisation under the Local Government Act 2002.

GWRL Directors have made a deliberate decision that the company's only function will be to act as a legal entity for asset ownership purposes. To ensure that it is able to provide this function in the most efficient manner possible, GWRL does not employ staff, and instead procures asset management and administrative services from GWRC.

The terms and conditions of this arrangement are recorded in a formal management contract that was signed in June 2012. The terms enable the GWRL Board to review the value being delivered by GWRC and to terminate the management contract and make alternative arrangements for all or part of the management services with 12 months' notice being required.

Any procurement activity that GWRC needs to undertake on GWRL's behalf under the management contract, is undertaken in accordance with this Transport Procurement Strategy. Requiring GWRL to have a separate procurement strategy would essentially be duplication.

### 3.1.3 Cost allocation methodology

Internally, Council administration and overheads are allocated using the corporate cost allocation model which allocates these costs to all regional

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<sup>7</sup> Section 27(1) LTMA requires any local authority interest in a public transport service to be held in a council controlled trading organisation.

council activities (regional leadership, public transport, water supply, environment, flood protection and parks). A number of different cost drivers are used to allocate these costs.

Within the public transport group, administration and overheads and in-house professional services costs are allocated based on the functional area where those costs occur. Where the output from an overhead area is mixed, costs are allocated to lower level activities based on projected direct costs. Direct costs are deemed to be an appropriate proxy for the relative effort spent on an activity.

For external services, consultants and contractors are coded directly to the (task) of the activity they are working on. Where these costs are incurred in an administration or overhead area they are allocated to lower level activities based on projected direct costs.

### **3.2 Internal procurement processes**

GWRC has several procurement policies and strategies which provide a framework for procurement decisions (see Appendix 3). Of particular relevance are the tendering guidelines and corporate delegations. Other documents such as the code of conduct, contractor management policy, and the purchasing policy reflect the strategic priorities and legislative requirements for purchasing by GWRC staff.

However, the tendering guidelines do not cover procurement for activities funded from the Transport Agency, when there are inconsistencies. It is therefore important that this strategy, and the processes for procurement set out in the Procurement Manual, supplement existing policies to ensure all relevant areas are covered.

### **3.3 Performance measurement and monitoring**

GWRC's monitoring and measuring framework includes the following measures.

#### **3.3.1 Measures assessing the performance of this strategy**

At the end of each contract GWRC will gather the following data on each contract, to be entered into a single spreadsheet. This will assist assessment of whether value for money is being achieved:

- estimated duration of contract and actual duration of contract
- estimated cost of contract and actual cost of contract
- contract manager's satisfaction with the goods or services purchased.

GWRC will periodically assess the number of professional suppliers in the Wellington region.

Analysis will take place to understand the impact of procurement processes on these outcomes with appropriate actions taken.

GWRC also monitors a range of criteria through its reporting on the RLTS and LTP, and Annual Reports.

### 3.3.2 Key risks and benefits expected, and performance of the contracts throughout their terms

GWRC will use the following tools to identify and manage key risks and benefits, and to manage contract performance:

- Use of standard forms of contract as much as possible. Bespoke contracts are prepared when warranted.
- When drawing up long term contracts, being flexible enough to take account of potential changes to legislation, resource conditions, community expectations, and the different personnel who will be managing the contract on behalf of both parties in the future.
- Introducing performance based arrangements throughout all contracts. Performance measures are consistent with the particular service that is being provided and are based on industry best practice. The arrangements include key performance indicators within a contract, tying performance to payment and renewals, and including audit provisions.
- Including appropriate health and safety provisions in all contracts.
- Ensuring each contract has a contract manager with sufficient expertise to manage the relationship with the contractor. Where GWRC does not have the technical in-house capacity to monitor whether key performance indicators are being met, it employs specialist consultancy services.
- Maintaining and updating the internal Public Transport Group Risk Register. For large procurement projects a separate risk register will be necessary to supplement this risk register.

### 3.3.3 Measures ensuring funding conditions are met

The measures ensuring funding conditions are met will depend on the nature of the services and the degree of flexibility required. Options that GWRC uses are:

- Transparency and limits on reimbursable costs in original contract-reporting mechanisms to ensure that all costs for which reimbursement sought (eg direct labour costs, materials costs, local and corporate overhead charges, facilities fee) are in fact incurred. Limits on the contractor's ability to spend money without GWRC's approval while giving enough flexibility

to do the job (eg ability to spend up to specified limits without prior GWRC consent)

- Fee structure – entering into contracts with fixed fees, which make it clear at the outset that no variation from that amount is permissible.

#### 3.3.4 Measures ensuring audit recommendations are implemented

- Implement all audit recommendations within reasonable timeframes. Actively review GWRC strategy and procurement procedures in line with audit recommendations.
- Look to implement check sheets or standard procedures for procurement. Check sheets are signed off before each procurement activity commences. At the expiry of the contract, key data entered in line with indicators.

### 3.4 Communication plan

The draft strategy will be distributed internally for feedback and comment, a revised draft will be sent to the Transport Agency for endorsement. Following approval by the Transport Agency the strategy will be finalised and approved by GWRC's Chief Executive Officer.

The Transport Agency-endorsed strategy will be posted on GWRC's website for public information.

The owner of this document will be responsible for ensuring that all feedback is considered and where appropriate incorporated into this strategy.

## **4. GWRC transport procurement – other than public transport services**

### **4.1 Categories of activity**

For the purposes of this strategy, GWRC's (non-public transport services) transport procurement activity is divided into the following four areas:

- Public transport infrastructure and other assets
- IT projects
- Transport planning
- External professional services

Procurement of public transport services is dealt with in sections 5, 6, 7 and 8 of this Transport Procurement Strategy as referred to in section 1.1 (for each of rail, bus, ferry and Total Mobility). Those sections are being prepared as separate documents.

### **4.2 Procurement environment**

In general, GWRC has a good track record of attracting suitably qualified organisations when advertising procurement opportunities. It has attracted bids from international companies for projects of sufficient size or scope (eg successful bidders for the EMU and Real Time projects were overseas companies). Many consultants are keen to do business with GWRC.

#### **4.2.1 Public transport infrastructure**

The infrastructure category generally covers new assets (trains, bus shelters, signs); maintenance of existing assets; and related services such as condition surveys where these are undertaken by the main service provider.

##### **Bus infrastructure**

Recently GWRC has agreed in principle with territorial authorities in the Wellington region (excluding the Wairarapa and Wellington city), that bus shelters and signs will be both owned and maintained by GWRC. A region-wide term maintenance contract was entered into, for 3 years from 1 May 2013. Wellington City is the only territorial authority which continues to both own and maintain bus shelters.

GWRC has in place a contract for the supply and installation of new bus shelters.

A new contract for manufacture of signs is programmed during the period of this strategy. There is no shortage of potential suppliers in the market; currently GWRC has arrangements with at least three contractors who could potentially take on this work.

### Ferry infrastructure

Wharves and ferry berthing facilities in Wellington harbour are generally owned and maintained by the territorial authority (Wellington City Council, Hutt City Council), with some financial assistance from GWRC (including Transport Agency funding). GWRC intends to work with these authorities to develop a common approach to maintenance and level of service.

### Rail infrastructure

Greater Wellington Rail Limited (GWRL), a council controlled trading organisation of GWRC, owns the trains by which rail passenger services are delivered, and has recently entered into a new contract for additional new trains (the Matangi fleet, M2). GWRL also now owns various station structures, overbridges and underpasses, carparks and maintenance facilities.

The contract for maintenance of the trains is due to expire on 30 June 2016. Maintenance services will form part of the specification for the PTOM Wellington Rail contract (which covers both operations and maintenance, and is the subject of the PTOM Rail procurement procedure which forms section 5 of this Transport Procurement Strategy and has been prepared as a separate document).

Contracts for maintenance and security (including CCTV) of the stations and related assets are in place. The contract for commuter carpark maintenance may be extended up to 30 June 2015. At expiry, it will either be re-tendered, or incorporated into the PTOM Wellington Rail contract specification.

#### 4.2.2 IT projects

GWRC is contemplating a range of IT projects, from website and database design, through to a comprehensive information system to deal with financial, fare and revenue data to be collected under new PTOM contracts, and a system for integrated fares and ticketing.

There is a competitive market for some services and software solutions, and GWRC has attracted more than one potential supplier in previous IT related procurements (eg RTI, Total Mobility Electronic System). For other systems there is a limited supplier market (eg two international providers for public transport data management).

The integrated ticketing and fares project will involve a range of business process and information technology components. It is expected that the ticketing solution will be required to meet the National Integrated Ticketing Interoperability Standard (NITIS), which may limit the number of ticketing suppliers willing to enter the New Zealand market.

For IT projects such as new or replacement IT systems, and the transport model development and maintenance<sup>8</sup>, the ‘staged’ delivery model is used when an off the shelf product requiring limited customisation is available. ‘Design and build’ would be used if a bespoke GWRC solution were required.

Supplier selection is generally price quality or direct appointment.

Approval is sought to use the quality based supplier selection method for IT related infrastructure, as the ability or otherwise of a particular solution to meet GWRC’s key requirements will be the most important factor in determining value for money.

We anticipate using the quality based supplier selection method for IT projects such as an integrated fares and ticketing system, and any system requirements related to the implementation of PTOM. The timing of those procurements is yet to be determined.

#### 4.2.3 Transport planning

Procurement activity related to transport planning generally falls into the category of ‘IT projects’ (see section 4.2.2) or ‘Professional services’ (see section 4.2.4). Much of the work in this area is done using in-house professional services (see section 3.1).

Typically, the transport planning work programme includes the following procurement activity:

- *Regional Land Transport Plan* - external professional services (if technical advice required)
- *Service and fare reviews* - external professional services (if technical advice required)
- *RPTP* – external professional services (if technical advice required)
- *Integrated fares and ticketing* – external professional services for investigation work; IT system procurement
- *Transport models* – IT project for system/software and maintenance services (next required for 2018)
- *Asset Management Plans* – external professional services (if technical advice is required)

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<sup>8</sup> The next major software procurement related to the Transport Model will take place in the period 2016-2019, for the data from the 2018 census.

#### 4.2.4 Professional services

GWRC uses both in-house and external professional services to deliver and support its activities. Our procurement approach to external professional services is described in this section.

The use of in-house professional services (which are not subject to a procurement procedure but must be approved by the Transport Agency<sup>9</sup>) is described in section 3.1.

GWRC requires a range of professional services from external providers where the skills are not available or there is insufficient capacity in-house, for example:

- Legal services
- Financial modelling
- Business case preparation
- Probity
- Engineering/asset management
- Design services
- Marketing and research

GWRC is actively approached by a number of suppliers in each area, keen to do work for us. We are confident of a competitive market place for external professional services.

The ‘staged’ delivery model is generally used for project specific professional services, with contracts entered into for the particular work required. The ‘price quality’ or ‘quality based’ supplier selection method is generally used.

When specific technical advice is required, we often directly appoint suppliers based on their track record of providing similar or related advice to other organisations facing similar issues (for example, to other transport, public sector or local government organisations). This is done in accordance with Procurement Manual requirements for direct appointment.

Term service contracts are increasingly being used where there is an ongoing need for services, such as design and marketing. New term contracts in these areas will be entered into as noted in the table at Appendix 4.

#### 4.2.5 Current procurement spend and profile – all categories

Category	Annual spend 2012/2013
Public transport infrastructure	\$26,592,000

<sup>9</sup> Section 26(c) LTMA

IT projects	\$2,094,000
Transport planning	\$103,500
External professional services	\$1,850,000

### 4.3 Procurement approach/delivery model for each category

GWRC transport procurement generally follows the requirements of the Procurement Manual. The particular approach to each category is summarised in this section. More information about specific planned procurement is set out in the table at Appendix 4. It is intended that this table be updated as required, approximately every 12 months.

#### 4.3.1 Public transport infrastructure

Procurement procedure 1 (chapter 6 of the Procurement Manual).

Staged or design and build delivery model; price quality supplier selection method.

Direct appointment in accordance with rules in the Procurement Manual.

#### 4.3.2 IT projects

Procurement procedure 1 (chapter 6 of the Procurement Manual).

Staged or design and build delivery model; price quality supplier selection method.

Direct appointment in accordance with rules in the Procurement Manual.

Approval is sought to use the quality based supplier selection method for IT projects, as the ability or otherwise of a particular solution to meet GWRC's key requirements will be the most important factor in determining value for money (see section 4.2.2).

The procurement approach for integrated ticketing will generally follow the principles set out in this document, but we anticipate a further application for the Transport Agency approval in the context of the capital funding that will be required.

#### 4.3.3 Transport planning

Procurement procedure 2 (chapter 7 of the Procurement Manual).

Staged delivery model (separate contracts for each activity); price quality or quality based supplier selection method.

Direct appointment in accordance with rules in the Procurement Manual.

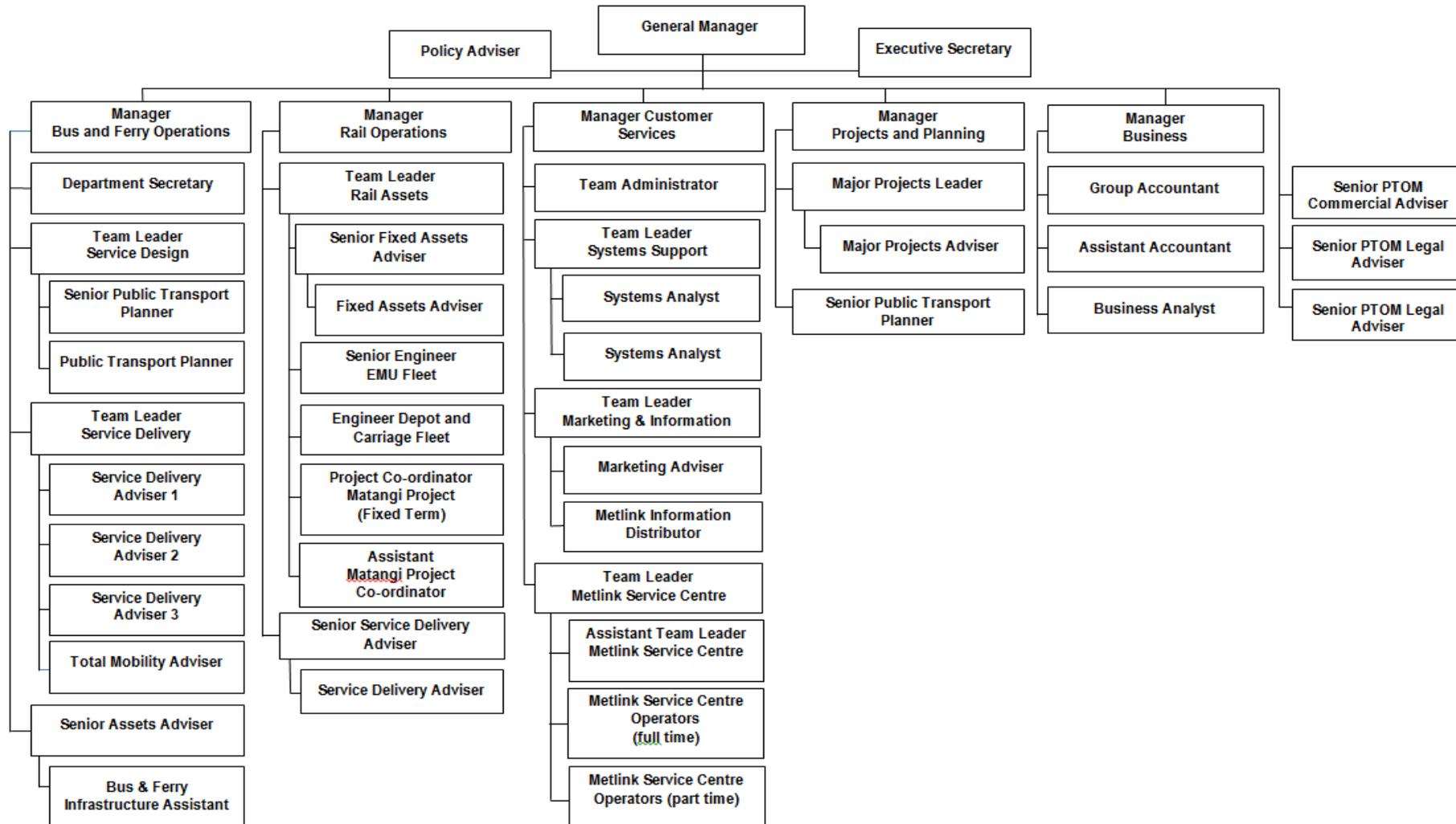
#### 4.3.4 External professional services

Procurement procedure 2 (chapter 7 of the Procurement Manual).

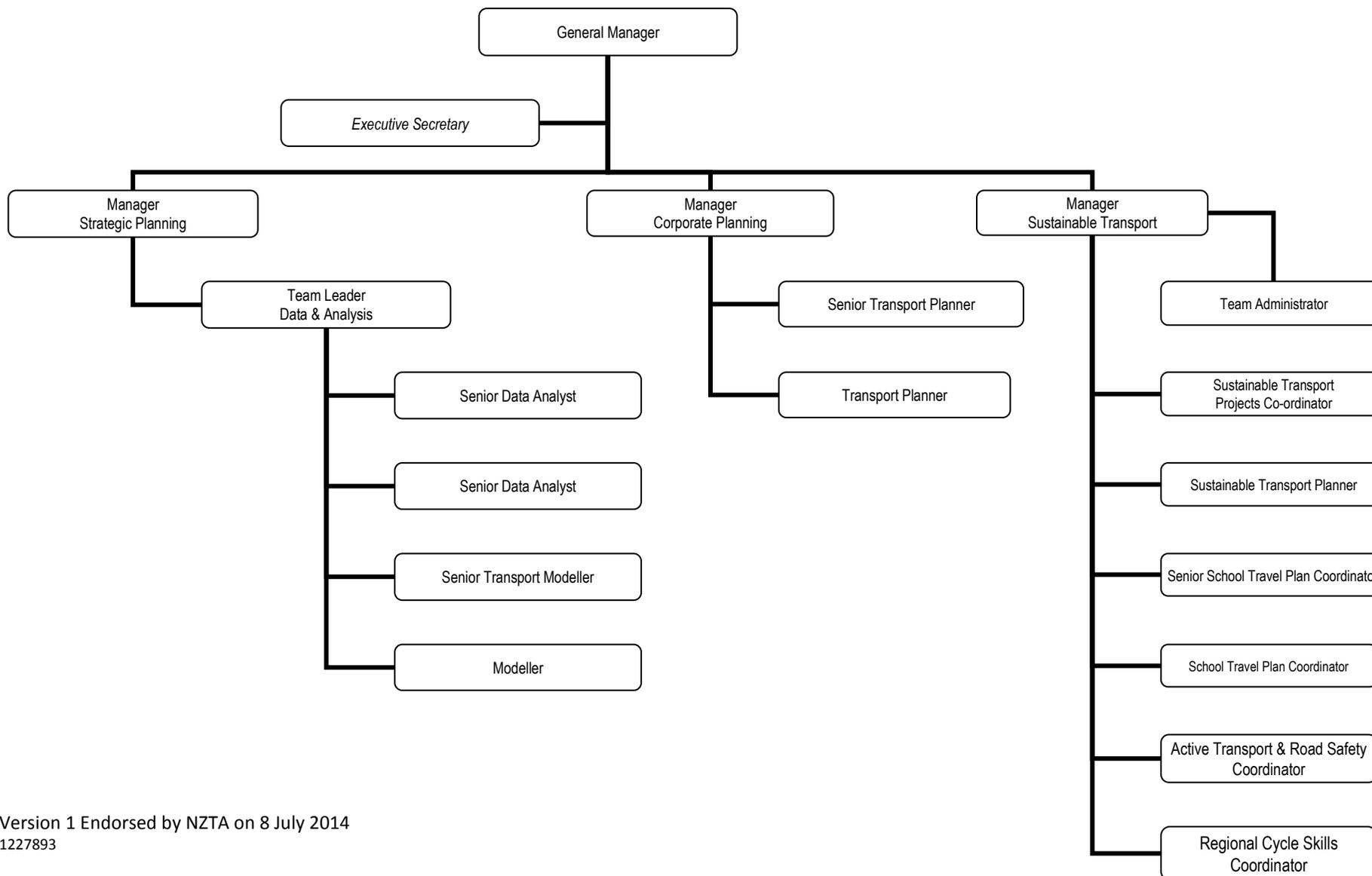
Staged delivery model (separate contracts for each activity); price quality supplier selection method.

Direct appointment in accordance with rules in the Procurement Manual.

## Appendix 1: Public Transport Group



## Appendix 2: Strategy & Community Engagement Group (diagram shows only transport related staff)



## Appendix 3: GWRC procurement policies and procurement considerations

Policy	Procurement consideration
IT acquisition policy	<p>“By coordinating the acquisition and development of IT systems we wish to enable departments to acquire the systems they need while:</p> <ul style="list-style-type: none"> <li>• Minimising the number of different systems in use</li> <li>• Maximising the benefits from the systems already installed</li> <li>• Avoiding conflicts between incompatible systems”</li> </ul>
Purchasing Policy	<p>Sustainable practices are a major consideration in the purchasing policy and enables GWRC to pay a sustainability premium above the lowest price where a proportional improvement in environmental performance can be achieved. Policy states that:</p> <p>“In making purchasing decisions we will:</p> <ul style="list-style-type: none"> <li>• Comply with legislation.</li> <li>• Adopt fair and transparent processes.</li> <li>• Ensure that products and services are fit for their intended purpose.</li> <li>• Seek best value.</li> <li>• Take into account the full lifecycle cost of a product not just the initial price.</li> <li>• Ensure environmental factors are taken into account in the specification and selection processes.</li> <li>• Maximise the benefits of our relationship with each supplier.</li> <li>• Acknowledge that there may be exceptions to the rule”.</li> </ul>
Updated Go Smart Vehicle Purchasing Policy	<p>“Purchase vehicles in accordance with [annually reviewed] targets for fuel economy, safety rating and emission standards as set out in the policy.</p> <ul style="list-style-type: none"> <li>• Require dealers supply information about fuel efficiency, carbon emissions, emission standards and safety standards as part of the tender process. Use this information plus the total lifetime cost to rank the rank the vehicles.</li> <li>• Maintain a list of recommended vehicles. These will be the vehicles that meet the guidelines or rank the highest (if insufficient vehicles that are fit for purpose meet the guidelines).</li> <li>• For general operational vehicles, select the most economical, fuel-efficient vehicle that can get the job done from the list of recommended vehicles.</li> <li>• For vehicles that are provided as part of remuneration package, encourage the choice of more efficient vehicles. At present this means phasing in the purchase of more efficient diesel vehicles, and in some cases putting a limit on engine size.</li> <li>• Replace vehicles regularly. This ensures GWRC does not continue to run older vehicles with lower environmental and safety performance. Vehicles should be replaced when they are either, four years old and have been driven in excess of 100,000km, or five years old. Any variation outside of this must be approved by the CEO or CFO.</li> <li>• Continue the existing practice of purchasing vehicles in November/December, and selling old vehicles in January. This allows GWRC to hold a larger fleet over the busy summer period without a year round increase in fleet size.</li> </ul>

	<ul style="list-style-type: none"> <li>Any new vehicles should have improved fuel consumption and lower CO2 emissions when compared with the vehicle it is replacing.”</li> </ul>
Tendering guidelines	<p>Includes the following principles:</p> <p>“Accountability, Openness, Value for money – Public entities should use 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. In addition, the principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost)</p> <p>Lawfulness, Fairness – Public entities have a general public law obligation to act fairly and reasonably. GWRC must be, and must be seen to be, impartial in its decision-making. GWRC may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way it conducts the relationship”.</p>
Branded Identity and Publishing Standards Policy	<p>To ensure consistent application of Greater Wellington’s brand and publishing management documents, and compliance with Greater Wellington’s Procurement Policy as it applies to commissioned design, print and signage installation services, and related sustainability objectives. It should ensure the timely delivery of quality and cost-effective publications that meet Greater Wellington’s needs, conform to Greater Wellington’s brand standards and minimise waste and adverse environmental impacts.</p> <p>Greater Wellington’s brand and publishing management documents are the Design Gateway and Print Gateway, Brand Guide and Style Guide documents.</p>
Metlink’s Brand Guidelines and Style Guides	Specify the brand standards which all Metlink publishing must follow.
<i>Related policies</i>	
Code of conduct	Requires staff avoid or manage conflicts of interest
Contractor management policy	Internal procedures to ensure that GWRC effectively manages health and safety risks that may arise when engaging contractors

<p>Delegations register (2009)</p>	<p>A record of the current delegations made to GWRC Committees, Subcommittees and staff. GWRC's delegations:</p> <ul style="list-style-type: none"> <li>• “Must comply with all legal requirements, both in form and effect.</li> <li>• Should reflect the separate roles of governance and management. The Council and its Committees concentrate on setting the outcomes, authorising the overall allocation of resources, and monitoring performance to ensure targets are met. Council officers focus on the means to achieve the defined outcomes. Officers implement Council’s policy and carry out the day-to-day operations, resulting in most activities being performed by staff.</li> <li>• Must promote efficiency and effectiveness. This requires, among other things, the effective devolution of responsibility from the Chief Executive to competent officers at all levels within the organisation.</li> <li>• Should be sub-delegated to those at the lowest, competent organisational level.</li> <li>• Must provide for clear accountability.</li> <li>• Where appropriate, will impose limits on the extent of the power conferred.</li> <li>• Should be appropriately prescriptive.</li> <li>• Should enable GWRC to function between meetings and when staff members are absent.</li> <li>• Should give effect to the LTP and annual plans”</li> </ul>
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## Appendix 4: Planned procurement

### Planned procurement 2013 – [2016]

Project / services required	Timing	Basic procurement approach / suppliers	Opportunities/collaboration potential	Risks
<b>Public Transport Data Management system</b> Supports Metlink systems. Budget: \$325,000.	November 2013	IT project Open tender.	Implementation of new system expected to free up internal resource and remove need for external supplier for timetable printing	Low risk – move to open source software
<b>New journey planner software</b> Budget \$125,000.	November 2013	IT project Direct appointment		
<b>Customer feedback system</b> Budget \$100,000	FY 2013/2014	IT project		
<b>Integrated Ticketing Investigation</b> Budget \$1,000,000	FY13/14 FY14/15	External professional services		Low
<b>Market research services (Customer satisfaction survey and project based research)</b> Customer satisfaction survey aspect \$72,900	Late 2013	External professional services Market testing to be undertaken, taking into account revised the Transport Agency requirements of customer satisfaction survey	A term contract is to be tendered on a fairly broad specification, to enable successful supplier to provide market research services across transport activities, if opportunities arise.	Timing – need new contract in place in time to complete initial customer satisfaction survey by 30 June 2014

Project / services required	Timing	Basic procurement approach / suppliers	Opportunities/collaboration potential	Risks
<b>Metlink design services</b> Current spend \$110,000 p.a. Current scope includes all timetable layout and revisions, newsletters, brochures, posters, service and promotions materials but likely to change	Early 2014	External professional services Open tender. Several potential suppliers.	Potential for GWRC corporate contract being investigated.	Low
<b>External professional services associated with PTOM</b> Probity advisor Probity auditor Financial model Legal services - employment law advice	November 2013 Mid 2014 Mid 2014 Late 2013	Direct appointment Potential suppliers identified. Closed tender likely. Potential suppliers identified. Method of appointment TBC. Direct appointment	Same probity advisor across all PTOM procurement activities None To prepare a model that works for all transport modes To be jointly appointed by GWRC and KiwiRail	Need to avoid any potential conflict of interest Availability of providers to get work done in short time frame

Project / services required	Timing	Basic procurement approach / suppliers	Opportunities/collaboration potential	Risks
(transition of rail employees)				
<p><b>Signage Production</b></p> <p>Production of PT signs across the Greater Wellington region (bus stop and railway station signage, road signage pointing to key stations and stations hard to find, car park identification and notification signs).</p> <p>Current spend pa \$140,000 (rail) \$80,000 (bus &amp; ferry)</p>	Late 2013/ early 2014	PT infrastructure Open tender. Several potential suppliers.	Currently a rail-only contract in place. New contract will be across all PT modes, and implement the new design scheme recently commissioned.	
<p><b>Commuter carpark maintenance, and associated engineering supervision</b></p> <p>Approx \$1.2m p.a.</p>	Existing contracts expire 30/6/2015 (if extended).  Tender Jan 2015	PT infrastructure Open tender. Several suppliers interested when tendered in 2010.	Could be included in PTOM Rail contract; or broader regional PT maintenance – will be considered closer to the time	Railways Act compliance – includes work alongside rail corridor.
<p><b>Paper timetables</b></p> <p>Storage and distribution. Approx \$300,000 p.a.</p>	No set date	Current arrangement is a standing order with Format Print. Market review to be undertaken 2013/2014	Currently GWRC uses a manual system of ordering, printing and distributing paper timetables. Online systems offer a much more efficient ordering and distribution services. This	

Project / services required	Timing	Basic procurement approach / suppliers	Opportunities/collaboration potential	Risks
		following introduction of new Public Transport Data Management system.	could be offered by Format Print or by looking at other suppliers.	
<b>Total Mobility</b>	Market Review 2015	Limited number of potential suppliers in some areas, and with wheelchair hoists		If don't have appropriate suppliers in a particular location, the Scheme's geographical coverage is reduced.

## **5. Public transport services by rail (Rail procurement procedure)**

**[In a separate confidential document,  
approved by Transport Agency 8 July 2014]**

## **6. Public transport services by bus (PTOM Bus procurement strategy)**

[In a separate document, to be prepared during 2014]

## **7. Public transport services by ferry (Ferry procurement procedure)**

[In a separate document, to be prepared during 2014/15]

## **8. Total mobility procurement strategy**

**[In a separate document, to be prepared during 2015]**