



chatham islands council

PROCUREMENT STRATEGY

September 2019

www.cic.govt.nz

CHATHAM ISLANDS COUNCIL Procurement Strategy 2019



Contents

1. EXECUTIVE SUMMARY.....	1
1.1 Approvals and Endorsements	1
2. POLICY CONTEXT	2
2.1 Chatham Islands Uniqueness	2
2.2 Strategic Objectives and Outcomes	3
2.3 NZTA Funding and Value for Money.....	4
3. PROCUREMENT PROGRAMMES	5
3.1 Current Contracts and the Method of Procurement	5
3.2 Additional Information	6
3.3 Contribution to Council and LTMA Act 2003 Section 25 Objectives	6
3.4 Risk Management and Profile.....	7
4. PROCUREMENT ENVIRONMENT	9
4.1 Supplier Market	9
4.2 Supplier Register	9
4.3 Expenditure Profile	10
4.4 Other Procurement Activities	10
5. APPROACH TO DELIVERING THE WORK PROGRAMME	12
5.1 Specific Objectives.....	12
5.2 Procurement Methods (Roading).....	12
5.3 Specialist Services.....	13
5.3.1 Roading.....	13
5.3.2 Other Specialist Services	13
5.4 Internal Procurement Process	13
5.5 Delegating Authority	13
6. IMPLEMENTATION	14
6.1 Capability and Capacity	14
6.2 Internal Procurement Processes	14
6.3 Performance Measurement and Monitoring.....	14
6.4 Communications	15
6.5 Corporate Ownership	15

Revision Tracking

The Council reviews this document on a three-yearly cycle, with the revised document published on the Council’s website.

Summary of Changes		By	Date
01	Original document	A. McDonald	2009
02	Update of minor details; changes to procurement limits for roading	S. Boshier, O. Pickles	Sept. 2014
03	Edited to include NZ Transport Agency endorsement dates, update contractor and Stantec water engineer.	S. Boshier	Dec. 2015
04	Three-yearly update	S. Boshier, O. Pickles	Jun. 2019



chatham islands council



1. EXECUTIVE SUMMARY

The Council's goals are to work towards a sustainable future for the people and the Islands, these goals are fully described in the Council's LTP. This Procurement Strategy principally focuses on transportation activities, but other Council activities are included where overlap exists, as the Council gains price and resource efficiencies by using the roading maintenance contractor to maintain other community assets, such as the potable water and wastewater networks.

The Council is the largest organisation to procure engineering services on the Islands. The small population means the Council's income from rates is limited and without Government assistance the Council would struggle to raise funds to maintain and improve community assets. The focus of the Council's work programme is to raise the standard of all facilities to that routinely found on the Mainland. However, the quantum of work is limited by the ability of the Council to meet its local share of any project cost. The Council cannot be too ambitious with its projects and often must spread improvements over more than one year.

The 'value for money' proposition presented in this Strategy includes intrinsic aspects such as the Council values, the isolation of the Islands, the long-established relationships with some of the current providers and their knowledge of the Council's assets and business. Other important factors to be considered are community satisfaction with the suppliers and participation in the community by the suppliers. Therefore, taking these factors into account, the Council considers it will achieve best value for money by maintaining the status quo subject to the limitations described below.

Historically willingness to compete has declined under the Competitive Pricing Procedures (CPP) environment with the established suppliers (at the time) being the only bidders for the 2010 advertised tender of the Road Maintenance and the Water & Wastewater Maintenance contracts. A key change of the 2014 Procurement Strategy was approval from the NZ Transport Agency to establish a longer 10-year contract that combined both contracts under one tender. Traditionally the main factors for low levels of competition are the isolation of the Islands, the high cost to establish, the higher cost of doing work and the low volume of work on the Islands.

1.1 Approvals and Endorsements

The NZ Transport Agency endorsed Council's previous Procurement Strategy in November 2015. The 2019 Procurement Strategy is essentially an update of the previous strategy, which reflects the award of the 10-year Road, Water and Wastewater Maintenance contract in December 2015.

The 2019 Procurement Strategy was provisionally approved for a NZ Transport Agency review by the Chatham Islands Council at the Council meeting held on 21 February 2019. After their review, the NZ Transport Agency endorsed the 2019 Procurement Strategy in June 2019. Final approval by Chatham Islands Council came at the Council meeting held in September 2019.



2. POLICY CONTEXT

2.1 Chatham Islands Uniqueness

The Chatham Islands and its people are a unique community, located approximately 800km east of mainland New Zealand. It consists of two main inhabited islands, Chatham Island and Pitt Island.

The Council maintained roading network on Chatham Island comprises 150.3 km of unsealed roads, 12.9 km of sealed road and the wharf at Owenga. All are key links between the main settlements of Waitangi, Te One, Owenga, Port Hutt, Kaingaroa and Pitt Island. There are 15.2 km of unsealed roads on Pitt Island serving the farming community. The overall population of approximately 600 people (2013 census) comprises of fishermen, farmers, tourist operators and those who provide other services such as policing, medical care, hardware, groceries and fuel. Therefore, the road network is important to the community for transport of goods and travel to employment. No public transport or rail system is available on the Islands.

The road network on Chatham Island is maintained daily and the Pitt Island road network is maintained on an annual basis, unless urgent works are required.

The principal means of transport to the Islands is via air, with Air Chathams providing passenger and freight services from Auckland, Wellington and Christchurch. Other freight and livestock are transported to the Islands from Napier or Timaru by one shipping company, Chatham Islands Shipping Ltd. Travel between Chatham and Pitt Islands is by air (light aircraft) or sea (barge or fishing boat). Therefore, the cost of living for Chatham Islanders is high, but the community is entitled to the same standard of living as experienced on mainland New Zealand.

The private and commercial vehicle fleet comprises cars, SUVs and light trucks. The road maintenance vehicle fleet comprises of three-axle rigid dump trucks, graders, loaders, light trucks and utilities. A programme for traffic counting commenced in 2009, which assists with management and improvement of the network.

The Chatham Islands Council is the smallest local authority in New Zealand. The Council is a Unitary Authority therefore holding both regional and local authority delegation. Under the LTMA (2003) the Chatham Islands are mentioned in Section 7A about preparation and consultation on the LTP, which recognises the absence of a regional land transport strategy. The Council also performs the role of Regional Transport Committee (RTC).

The Council does not have any neighbouring local authorities and there are no state highways, railway or public transport systems on the Islands.

The Council does not have a Council controlled works unit or any in-house engineering staff. In 1994 the Council's works unit was purchased by Works Civil Construction (now known as Downer), with the depot being retained by Council and leased to Downer and the quarry leases were transferred to Downer managed. Royds Consulting Ltd (now known as Stantec) were initially engaged via competitive tendering to provide professional engineering services and act as Council Engineer. Since that time all engineering, road maintenance, renewals and improvements have been completed under CPP guidelines with contractors or consultants engaged directly or by open tender.

The current road, water and wastewater maintenance contract has been held by Fulton Hogan since January 2016 with Stantec (and its pre-existing companies) providing professional services to the Council since 1956. Along with Council, the three parties have developed strong working relationships to perform tasks for a 'best for Islands' approach. A partnership workshop was held on-island in November 2017, which has set the ethos from which the three parties will work together.

With the 2015 tender of the road maintenance and operation services and preceding change in the 2014 Procurement Strategy permitting a ten-year term, the Council took the opportunity to combine the maintenance and operation of their Water & Wastewater



treatment systems into a combined single tender. The Council also included unsubsidised work such as cemetery grass mowing and footpath maintenance¹, in the road maintenance contract. This enables Fulton Hogan to spread resources over a greater work volume and the Council obtains reasonable contract rates for the work.

There is no intention, nor any need, to develop a Regional Transport Strategy, however the 2017 Roothing Activity Management Plan, Road Maintenance Strategy, Traffic Counting Strategy and Safety Management System are documented and support the Council's programming of work. RAMM is operated as an asset inventory only as the Network is too small to justify Condition Rating and Treatment Selection Analysis.

2.2 Strategic Objectives and Outcomes

The Council's goals and objectives for delivery of roading infrastructure are described in the current LTP and Roothing Activity Management Plan. The relevant community outcomes are:

Social Well-Being: Resilient Community

Greater connectivity, especially with on-island broadband projects, sustainable housing; building relationships on and off Island; and enabling us to respond promptly in times of need.

Economic Well-Being: Growth Builders

We will work in partnership with organisations to provide economic development opportunities. Such growth will increase prosperity and employment within our community.

Environmental Well-Being: Sustainable Action

We will protect our unique setting in a manner that has minimal impact on our environment for current and future generations, giving consideration to our local imi and iwi traditions.

Cultural Wellbeing: Embracing Diversity

We value the Chatham Islands way of life and its traditions. We recognise the special relationship with both local imi and iwi and acknowledge the responsibilities it has to Moriori and Māori under the Local Government Act 2002 and the Resource Management Act 1991.

The Economic Wellbeing outcome is further described in the LTP as the factors relating to the capacity of the economy to generate the employment and wealth necessary to provide many of the prerequisites the other well-beings. These factors are:

- A community that promotes economic development for its fishing, farming and tourism industries
- Up-to-date telecommunication and information technology that supports economic growth
- An educated, skilled workforce
- Access to reliable and affordable transportation services

The Council relies on external providers for most activities and procures these based on:

- Ability to manage work in an isolated location
- Quality rather than price driven selection
- Long term relationship based arrangements ('one team' approach)
- Employment of local people
- Participation in the community
- Minimising cost of doing business
- Efficient allocation of resources and work activities

¹ At the time of creating the 2016 contract document, footpath maintenance was an unsubsidised activity. The NZ Transport Agency has now subsidised this activity since July 2018.



2.3 NZTA Funding and Value for Money

The total amount of investment for the land transport programme is limited by the ability of the Council to provide its own share and this is recognised in the NZ Transport Agency Funding Assistance Rate (FAR) calculated for Council. Therefore, the Council concentrates on network maintenance, renewals, low cost / low risk (formerly minor improvements) and small projects on the roading network, as large projects are often difficult to justify with the low population base. The higher cost of work on the Islands leads to lower benefit cost ratios (BCRs), however it is recognised that economics is not the only factor in assessing project priority. The Council has worked closely with the NZ Transport Agency to secure funding to meet maintenance and improvement needs.

The Council believes it obtains a fair price for its current services as demonstrated via the open tender process adopted since 1994 (2015 for asset maintenance & operations and 2016 for engineering services) and values the good relationships established with the current suppliers.

This Procurement Strategy was prepared with reference to the:

- NZ Transport Agency procurement manual and guidelines
- Office of The Auditor General procurement guidelines and good practice notes
- Local Government Act 2002
- Council policies



3. PROCUREMENT PROGRAMMES

3.1 Current Contracts and the Method of Procurement

The following table outlines the activities currently procured by the Council:

Activity	Service	Procurement Method	Contract Term	Contract Expiry	Current Provider
Roading	Council Engineer and Professional Services	Public Tender	5 Years + 1 + 1	31 October 2021	Stantec NZ
	Physical Works	Public Tender	10 Years	31 December 2025	Fulton Hogan
Water & Waste Water	Council Engineer and Professional Services	Public Tender	5 Years	31 October 2021	Stantec NZ
	Physical Works	Public Tender	10 Years	31 December 2025	Fulton Hogan
Solid Waste	Professional Services	Direct Negotiation	Ad Hoc	N/A	Stantec NZ
Governance	Regional Functions and Corporate Services	Direct Negotiation	Initially 3 Years from 2015	On-going	ECan
Bio Security	Border Control	Sub contract to ECan	Initially 3 Years from 2015	On-going	SPS BioSecurity
Building Consents	Consent processing and monitoring	Direct Negotiation	Statutory Appointment	N/A	Wellington City Council
Resource Consents	Consent processing and monitoring	Direct Negotiation	Ad Hoc	N/A	BECA, Christchurch
Community Services	Building Maintenance	Direct Negotiation	Ad Hoc	N/A	Wellington City Council

The following table outlines some of the larger current and proposed future capital works projects, along with an estimated capital cost or cost range for each:

Project	18/19	19/20	20/21	21/22	Procurement Method
Waikato Bridge replacement: construction	✓ \$800-900k				Under existing contracts
Whangamoe Bridge replacement: design and consenting	✓ \$60k				Under existing contracts
Whangamoe Bridge replacement: construction			✓ \$500-700k		TBC (subject to cost estimate)
Solid Waste: Sludge Ponds					TBC (subject to funding approval)
Waitangi water supply upgrade and extension to Te One: design & construction			✓ \$3M		Direct Negotiation (subject to funding approval)
Waitangi water scheme: rainwater collection tanks				✓ \$70k	Public Tender (for supply only)
Kaingaroa water scheme: intake improvements		✓ \$150k			Under existing contracts
Kaingaroa water scheme: treatment improvements			✓ \$50k		Under existing contracts



Project	18/19	19/20	20/21	21/22	Procurement Method
Online monitoring of water quality standards			✓ \$50k		TBC (subject to funding approval)
Waitangi wastewater scheme: repair/replace balance tanks		✓ \$65k			TBC (subject to funding approval)
Waitangi wastewater scheme: land application system and planting				✓ \$70k	TBC (subject to funding approval)
Civic complex	✓ \$0 - Private development				Long term lease from Ngāti Mutunga O Wharekauri Iwi Trust
Civil Defence facilities and new Council depot for contractor					Public Tender (subject to funding approval)

3.2 Additional Information

The following information is relevant to the Roading activity.

Physical Works – Maintenance & Renewals

Core work categories are Maintenance, Renewals and Low Cost / Low Risk project (formerly minor improvements), with some Capital Works included where the cost of establishing another contractor is significant compared to the value of work. The contract also includes unsubsidised work such as cemetery and reserves mowing, street cleaning, litter collection, miscellaneous landfill management tasks and minor building maintenance.

Professional Services

Core services include; Engineer to Contract, management of the maintenance contract, engineering reports, routine inspections, preparation of planning documentation, NZ Transport Agency funding requirements and reporting, stakeholder liaison, and professional advice. Additional specialist services are Activity Management Planning, Safety Inspections, Bridge Inspections and Asset Valuations. Professional services for improvement projects are usually negotiated directly with the incumbent as they have intimate knowledge of the road network.

3.3 Contribution to Council and LTMA Act 2003 Section 25 Objectives

This procurement strategy supports the Council objectives of:

- A community that promotes economic development for its fishing, farming and tourism industries (*minimise cost of doing business and efficient allocation of resources and work activities*)
- An educated, skilled workforce (*employment of local people*).
- Access to reliable and affordable transportation services (*quality rather than price driven selection and minimise cost of doing business*).
- A community that promotes partnership with leading organisations (*long term relationships and participation in the community*).

Section 25 of the LTMA Act 2003 requires that:

- Procurement procedures must be designed to obtain best value for money spent, having regard for the purpose of the LTMA, which is to ‘contribute to an effective, efficient and safe land transport system in the public interest’.
- The Transport Agency must approve procurement procedures designed to obtain the best value for money spent.



- When approving a procurement procedure, the Transport Agency must also consider the desirability of enabling fair competition and encouraging competitive and efficient markets for the supply of outputs required for funded activities.
- Procurement procedures approved by the Transport Agency must specify how the procurement is to be carried out.
- Outputs must be purchased from external providers, except for minor and ancillary works, which may be purchased from an internal business unit under certain conditions.
- To reinforce the point that the lowest price proposal received for the provision of any outputs does not always equate to the best value for money spent, s25 ends with a specific provision stating that an approved organisation is not compelled to accept the lowest price proposal. This has important implications when it comes to determining value for money.

3.4 Risk Management and Profile

The Council is acutely aware of the risks involved in doing business on the Islands and the risk profile tabulated below is provided to advise the current known risks to the industry.

Category	Description	Impact/Benefit
Social	Acceptance into community	Current relationships are strong, new relationships take time to establish.
		Good relationships assist with consultation and work planning.
Economic	Contribution to local economy	Employment of local staff very important. Local suppliers used for fuel, food and other consumables. Sustains community.
	Freight	Contributes to sustainability of current operators (air and sea). Subject to volatile pricing (e.g. fuel costs directly impact on freight charges).
	Fuel	Contributes to sustainability of current supplier. Subject to volatile pricing and freight.
	Consumables e.g. groceries/hardware (+25-30% approx. on mainland prices)	Contributes to sustainability of current suppliers.
	Access to other work	Limited, establishment of another Contractor is not sustainable in the short term.
	High cost to establish on Islands	Assessed at >\$1M for maintenance contract, less for specific projects.
	Materials	Existing quarries leased by Fulton Hogan
Quarries require further development		Work may be unsustainable if opportunity to invest is limited.
New quarry required near Waitangi, Tuku and Owenga to supply quality materials		Reduction in long haul distances and heavy traffic on road network. Reduction in fuel consumption. Quality of materials from existing quarry is variable. Work may be unsustainable if investment period is too short.
Importation of bitumen, cement and other materials		Can be delayed due to weather, shipping schedule changes and capacity.



Category	Description	Impact/Benefit
Competition	Lack of other Contractors on Islands, reluctance to compete	Total current work volume is low. High cost to establish on Islands. High rates tendered/submitted (counter by auditing submissions or seeking cost plus rates)
	Impact on other contracts if incumbent loses roading contract	Possible abandonment of other contracts. Investigate future alignment.



4. PROCUREMENT ENVIRONMENT

4.1 Supplier Market

For many years the supplier market has been limited on the Islands because of its isolation and the low work volume across all procurement agencies or clients. The current 10-year contract term created tender competition that was able to overcome; the high cost of establishment, the short period for investment in plant, quarry development, buildings and to establish a connection to the community. For roading activities, the following is relevant:

Consulting Activities (Network & Asset Management, Investigations, Design Services):

- There are no Consultants domiciled on the Islands.
- Consulting services have been supplied by Stantec NZ since 1956 (in one company form or another).

Contracting Activities (Maintenance, Renewals, Low Cost / Low Risk, Capital Projects and non-subsidised works):

- Fulton Hogan is the only Contractor established on the Chatham Islands and has provided contracting services since 2016.
- The general maintenance contract was awarded via public advertisement.

During 2014/15 a selection of contractors experienced in maintaining unsealed roads in isolated rural areas were approached seeking their views on willingness to compete based on the ideal contract term and any other factors to overcome the constraints imposed by establishment and development costs. The main comment was that a five-year contract duration was too short a period to overcome the high establishment costs and operate at a profit whilst presenting a competitive tender bid. This information was used to change the previous version of this Procurement Strategy to let Council tender a maximum 10-year contract for maintenance services.

Consultants have not been willing to compete in this environment as evidenced by Stantec being the only bidders in the last publicly advertised Professional Services contract tender (2016). The 2016 tender permitted a longer duration than in previous tender rounds, with a 5 + 1 + 1 term presented.

As the Council already faces higher unit rates for all its activities due to its isolation, and has little control over this, establishment costs for project work can be minimised by obtaining physical works through the domiciled Contractor. The Council is aware of the limited work volume on the Islands and its impact on sustaining a competitive supplier market on the Islands. Further, it values the good relationships established with current suppliers and the supplier's participation in the community.

4.2 Supplier Register

In the 2010 version of this Procurement Strategy, it was stated that Council would prepare and maintain a register of preferred suppliers, to be updated annually. This has not occurred as most of Council's procurement has been through Stantec, Fulton Hogan, and ECan for larger items. Smaller items have been sourced locally and will continue to do so. A supplier register is therefore unlikely to be generated due to the difficulty in suppliers.



4.3 Expenditure Profile

The Council's typical expenditure profile on all activities is:

Activity	Sub-Activity	Planned Expenditure per Annum (2018/19)
Transportation	Maintenance & Renewals	\$3,400,000
	Minor Improvements (now called Low Cost / Low Risk)	\$750,000
	Capital Projects	Varies, up to \$850,000*
	Network & Asset Management: Core Engineering Services	\$75,000
Water Supply	Maintenance & Renewals	\$1,050,000
Waste Water & Stormwater	Maintenance & Renewals	\$81,000
Solid Waste Management	Maintenance & Renewals	\$400,000
Community Services	Maintenance & Renewals	\$147,000
Democracy	Corporate Services, etc	\$893,000
Environmental Services	Resource management, biosecurity, Emergency management	\$2,048,000
Coasts, Harbours and Navigation	Maintenance & Renewals	\$12,000
Legislative (includes Regional Activities)	Resource Management, Dog Control, Liquor Licensing, etc	\$1,170,000

* historically no more than one project per year on average

The proposed annual expenditure by activity is described in more detail in the LTP. Expenditure on roading represents approximately 40% of the Council annual spend with 88% of roading funds coming from the NZ Transport Agency via the FAR. The funding plan is described in the National Land Transport Programme (NLTP).

4.4 Other Procurement Activities

The Council is unable to gain any price efficiency associated with activities arranged by other councils, as none exist as neighbours. Other agencies, such as DOC, the Canterbury DHB or private landowners, often rely on the Councils' contractor to complete work for them under separate commissions. This work is spasmodic and cannot be relied on to reduce the fixed cost components of projects.

As described above the following activities are part of the wider procurement programme and assist with price and resource efficiency:

- Council Housing on ad hoc basis (Stantec/Fulton Hogan, major upgrades by advertised tender (current contract arranged by Wellington City Council)).
- Water Supply by contract (currently awarded to Stantec/Fulton Hogan).
- Waste Water Treatment by contract (currently awarded to Stantec/Fulton Hogan).
- Solid Waste Management (currently awarded to Stantec, O+M to be awarded 2018/19).
- Governance/Corporate Services/Accounting by contract (currently awarded to ECan).
- Resource consents on ad hoc basis (processed by Beca).



- Building Consents by direct negotiation (recently changed to Wellington City Council as of 2014).
- Health Services provided by Canterbury DHB (as of July 2014, previously Hawkes Bay DHB).

The Council has very few opportunities to support a competitive supplier market or manage negative impacts or gain from opportunities due to the isolated nature of the Islands and limited work volume.



5. APPROACH TO DELIVERING THE WORK PROGRAMME

5.1 Specific Objectives

The Council wishes to obtain contracting and consulting services at a reasonable price in accordance with the NZTA Procurement Manual but recognises the isolated environment restricts competition and increases costs. It also wishes to retain the ability to negotiate non-roading activities with the roading contractor and consultant, thereby preserving the current efficiencies in resource allocation and cost. This leads to reduced transaction costs associated with administration of supply contracts and ensures all related work is undertaken by one team. This Strategy supports this strategic objective.

Service providers need to understand the risks and economics of working on the Islands along with fitting in with the community. Further, the Council wishes to establish strong relationship with its suppliers.

When a competitive tender contract is procured, the Council will advertise the contract on the Government Electronic Tenders Service (GETS).

5.2 Procurement Methods

Being an isolated Council there is very limited competition for tendered packages of work. For this reason, the threshold upon which a capital works project is directly appointed is quite high at \$750k. Council has found that a competitive tender process does not occur unless a capital works project is anticipated to cost at least \$1.0-1.2M, as the cost of establishment is often too high for off-island based tenderers to overcome in their price.

Work Category	Preferred Procurement Method	Limits	Reason
Maintenance, Renewals and Low Cost / Low Risk Activities	Competitive Tender	< \$4.0M pa Up to 10-year duration NZS:3910 Conditions of Contract.	Lack of willing competitors. Insufficient work volume to sustain competition. Isolated environment. 10 years encourages investment and attracts tenderers.
Road Network Management - Professional Services	Competitive Tender	< \$150,000 pa (reviewed 5 yearly). CCCS Conditions of Contract	Lack of willing competitors. Consultant has excellent relationship with Council and Contractor. Retention of network knowledge.
Capital Works - Physical Works	Direct Appointment (small projects)	< \$750,000 pa subject to Council approval of Rule 10.11 analysis ² .	Lack of willing competitors, small market. High establishment cost compared to cost of work.
	Open Tender (large projects)	> \$750,000 pa	Staged selection or Register of Suppliers. Suppliers to demonstrate ability to complete and manage work in an isolated environment.
Capital Works - Professional Services	Direct Appointment	< \$100,000 pa/phase	Current consultant has thorough knowledge of network

² NZ Transport Agency Procurement Manual - 10.11 Direct appointment where competition will not help obtain best value for money (page 149).



5.3 Specialist Services

5.3.1 Roothing

The following services, in addition to core network management and generally less than \$40,000 in value, will be procured as described below.

Task	Procurement Method
Asset Valuations	Additional to the Professional Services Contract
Activity Management Plans / LTP Updates	Additional to the Professional Services Contract
Structural Bridge Inspections	Additional to the Professional Services Contract
Network Safety Inspections	Additional to the Professional Services Contract

5.3.2 Other Specialist Services

The following services are generally less than \$20,000 in value, will be procured as described below.

Task	Procurement Method
Legal Services	Direct Negotiation
Property Management	Direct Negotiation
Street Light Energy	Monopoly Supplier (Enterprise Trust)

5.4 Internal Procurement Process

The assessment of any openly tendered physical works contracts is conducted by the Council Engineers, who strictly follow NZ Transport Agency procedures. Where the Professional Services Contract is openly tendered, the procurement process is handled by an external party³.

5.5 Delegating Authority

The Chief Executive Officer delegations are:

- \$100,000 for non-transportation activities;
- Unlimited for transportation activities, however, larger projects are always referred to Council for final approval.

The Operations Manager delegations are:

- \$50,000 for non-transportation activities;
- Unlimited for transportation activities, however, larger projects are always referred to Council for final approval

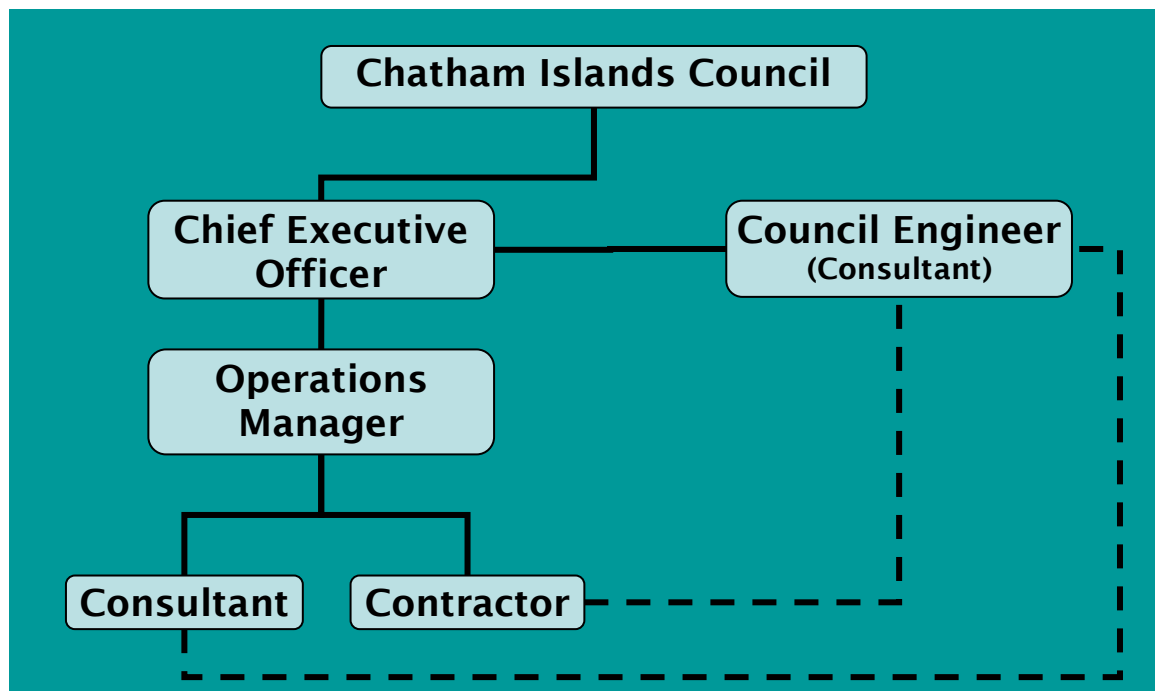
³ The 2016 Engineering Services Tender process was conducted by ECan on Council's behalf.

6. IMPLEMENTATION

6.1 Capability and Capacity

The Council has no engineering staff in-house, instead relying on its Consulting Engineers for professional advice on the maintenance and development of its infrastructure. There is no intention to change this arrangement in the foreseeable future. However, if future development leads to increased Council funding then this situation may be reviewed.

The Council receives assistance from the NZ Transport Agency Christchurch Office for LTMA activities.



CIC Organisational Structure (Infrastructure Services)

Further information on the Council organisation and management is appended.

6.2 Internal Procurement Processes

Stantec assists Council with all internal procurement processes for construction activities, and ECan assisted Council when the Professional Services Contract was up for renewal.

6.3 Performance Measurement and Monitoring

The Key Performance Indicators (KPI) include:

- NZ Transport Agency annual reporting KPI
- Maintenance contract KPI
- Network condition (monthly contractor inspections / periodic inspections by consultant).
- One Network Road Classification assessment.
- Programme and budget achievement.
- NZ Transport Agency Technical and Procedural Audit outcomes.
- Customer feedback.



These performance measures are necessary to monitor procurement under this Strategy and ensure value for money is being obtained.

KPI Reporting:

- Annual report to NZ Transport Agency.
- Monthly reports to Council from contractor and consultant.
- LTP reporting.

6.4 Communications

This Procurement Strategy is owned by the Chatham Islands Council and is a public document. It will be referred to in the LTP and made available on the Council’s website (www.cic.govt.nz).

Stakeholders are:

- Councillors
- NZ Transport Agency
- Iwi (Māori and Moriori)
- DOC
- Heritage New Zealand
- Ratepayers
- Contractor(s)
- Consultant(s)

6.5 Corporate Ownership

This procurement strategy is approved by:

 Owen Pickles
 Chief Executive Officer
 Chatham Islands Council

19 September 2019
 Date: -----

 Alfred Preece
 Mayor
 Chatham Islands Council

19 September 2019
 Date: -----



The Organisation – Council and Contractors (2019)

Chatham Island Council		
Mayor	Alfred W Preece	
Deputy Mayor	Jeffrey Clarke	
Councillors	Richard Joyce	
	Monique Croon	
	Eion Chisholm	
	Keri Day	
	Nigel C Ryan	
	Jason Seymour	
	Eva Tuck	
Council Staff		
Chief Executive Officer	Owen Pickles	owen@cic.govt.nz
Operations Manager	Cindy Butt	cindy@cic.govt.nz
Office Manager	Collete Peni	klicky@cic.govt.nz or accounts@cic.govt.nz
Office Assistant	Melissa Calder	missy@cic.govt.nz
Community Services Manager	Orrin Kapua	orrrin@cic.govt.nz
Council Secretary	Jo Clark	secretary@cic.govt.nz
Emergency Management Co-ordinator	Rana Solomon	rana@cic.govt.nz
Waste Management Officer	Jason Goomes	jason@cic.govt.nz
Engineers		
Stantec NZ (Christchurch)	Nigel Lister, Shaun Boshier, Richard Bennett, Kirsten Norquay, Phil Landmark, Bryan Peters, Ali Siddiqui	
Contractors		
Fulton Hogan (Waitangi and Wellington)	Michael Chadderton, Bill Lind, Erin von Elders	
Regional Council projects and corporate services assistance		
Environment Canterbury	Miles McConway	
Resource Management		
Beca (Christchurch)	Paul Whyte	
Solicitors		
	Wynn Williams	
Bankers		
	ANZ – (Waitangi)	
Auditors		
	Audit New Zealand (on behalf of the Auditor General)	

9 Tuku Road, Waitangi, PO Box 24,
Chatham Islands 8942
Phone: (03) 3050-033 or 3050-034
Email: info@cic.govt.nz
www.cic.govt.nz

