

Transport Procurement Strategy 2024-2027

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Bay of Plenty Regional Council
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NEW ZEALAND

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Document control

Purpose of this document

This Procurement Strategy documents the Toi Moana Bay of Plenty Regional Council 's (BOPRC) approach to the procurement of all transport activities, including public transport services, supporting the Regional Transport Committee and professional services for the period through to 30 April 2027.

The procurement strategy is:

- appropriate to the Bay of Plenty region,
- corporately owned, and
- endorsed by Waka Kotahi New Zealand Transport Agency (NZTA), under Section 25 of the Land Transport Management Act 2003 (LTMA) and consistent with the Waka Kotahi Procurement Manual.

Intended audience

The BOPRC Transport Activities Procurement Strategy (the Strategy) will be used by the supplier community and those who must implement the Strategy. The supplier community will use this to identify and plan for bids and it will also be used to guide the development of procurement processes and timelines internally alongside NZTA. Communications and information will be developed and made publicly available for external audiences.

Document information

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1 Executive summary

Introduction

This Strategy is the BOPRC Procurement Strategy for Transport Activities 2024-27 as required by the NZTA. The Land Transport Management Act 2003 (LTMA) requires Approved Organisations receiving investment from the National Land Transport Fund (NLTF) to use approved procurement procedures which are designed to obtain best value for money; enabling fair competition; and encouraging competitive and efficient markets. For the procurement of public transport services, value for money is the key consideration.

The Strategy demonstrates compliance with the Principles of Government Procurement and Government Procurement Rules when planning, sourcing, and managing procurement. The endorsement of the strategy demonstrates NZTA procurement procedural approval and is consistent with NZTA procurement policies and relevant legislation.

The Strategy is based on the value for the money spent in procuring BOPRC's transport related activities that are not funded, or either funded in part, or fully funded from the National Land Transport Fund.

Purpose

This Strategy aims to ensure that procurement reflects BOPRC's core values, corporate aims and objectives.

The Strategy is a formal statement of principles that outline how BOPRC will manage the procurement of suppliers, to ensure the delivery of transport services to the region.

The Bay of Plenty regional transport system is vital to everyday life, from travelling to work, play and services, to getting access to the goods we need, and helping our exports and imports move smoothly to and from ports and airports.

Effective public transport plays an important role in the growth of our region and as public transport becomes safer, cheaper, and more efficient, congestion eases for all users and carbon emissions are reduced to improve air quality and public health.

Upcoming procurement activities

Within the term of this Strategy, BOPRC will tender all the public transport units within the region¹, along with a trial for an on-demand service. The strategy intends to support the implementation of the Sustainable Public Transport Framework, by preparing a flexible strategy that can respond to change and growth.

¹ This strategy proposes a review point prior to the tendering of the Tauranga public transport services.

Key priority issues

BOPRC has identified the following key issues and opportunities for this strategy:

- Investigating the potential for new, more flexible ownership and management models.
- Ongoing legislative adjustments and evolving strategies to support decarbonisation and improving transport and safety choices impacting decision making in procurement management.
- Planning contract management strategically to ensure competition and access for local suppliers is equitable.
- Maintaining mutually beneficial long-term supplier/client relationships with clear goals around achieving public transport step change in BOPRC.
- Considering efficiency and economies of scale, with the potential to arrange multi-Council procurement arrangements –supporting a national consistency of service delivery and increased reporting requirements.
- Organisational capacity to deliver the upcoming procurement programme.
- Building internal skills and capacity in transport procurement.

Recommendation that the New Zealand Transport Waka Kotahi NZ Transport Agency:

- Endorses the Bay of Plenty Regional Council’s Transport Activity Procurement Strategy 2024-27.
- Notes this Strategy will be updated prior to the tendering of the Tauranga Units in 2026.

Evidence of corporate ownership or internal endorsement of the Strategy

This Strategy is approved and endorsed by:

Mike Seabourne
Director, Public Transport

Implementation of the Procurement Strategy

This Strategy will be implemented by the BOPRC when procuring transport activities. It is consistent with the broader procurement outcomes sought by the BOPRC and is an important resource for suppliers and subcontractors, to provide them with an overview of BOPRC’s transport related procurement activities.

2 Introduction

The purpose of this Strategy is to set out the BOPRC's long-term approach to the procurement of all transport activities, such as public transport services, planning activities to support Regional Transport Committee functions, and professional services.

It is intended that the Strategy will:

- Be relevant to the Bay of Plenty region and its people.
- Have corporate ownership and commitment within the BOPRC.
- *Be endorsed by the NZTA pursuant to Section 25 of the Land Transport Management Act 2003 (LTMA). The Procurement Manual acts as the regulatory guideline for procurement of subsidised transport activities.*

The 30-year vision for the Bay of Plenty's transport system in the Bay of Plenty Regional Land Transport Plan 2021-2031 (RLTP)²:

“Our transport system is sustainable, resilient, efficient and enables safe and multimodal access that meets the needs of our diverse, growing communities and regional economy”

The role of BOPRC is guided by legislation, including the Local Government Act 2002 (LGA). The LGA requires local authorities to be accountable and to ensure that their decision-making processes are open to the influence and scrutiny of their communities. Bay of Plenty Regional Council has responsibilities under the LTMA to contribute to an effective, efficient and safe land transport system in the public interest. Under the LTMA, the NZTA has a role in approving procurement procedures designed to obtain best value for money.

This Strategy will be used to implement BOPRC's procurement programme in accordance with the transport activities in the Bay of Plenty Regional Council Long Term Plan (LTP), RLTP and Bay of Plenty Regional Public Transport Plan 2022-2032 (RPTP).

3 Policy context

3.1 Bay of Plenty Regional Council vision, purpose and priorities

When developing this procurement strategy, BOPRC has drawn on the following to form the strategic context:

The BOPRC vision - Thriving together – mō te taiao, mō ngā tāngata. Our environment and our people go hand-in-hand.

BOPRC's LTP for 2021-31 includes an integrated strategy with the following strategic priorities:

- Assisting the region to recover from COVID-19 while delivering lasting well-being for the community.

² Note the RLTP for 2024-2034 is currently being developed and will be adopted later in 2024.

- Ensuring we deliver on natural resource regulatory reform and our work programmes that deliver results on the ground.
- Ensuring the region is adapting to a changing climate and helping to facilitate a transition to a low carbon economy.
- Integrating land-use and transport planning in the region, including the intersection with natural hazards, climate change and natural resource limits.
- Working effectively with Māori in partnerships to deliver outcomes for the region.
- Making best use of the BOPRC's resources to deliver on all our community outcomes, including supporting others to deliver.
- Taking a regional view while recognising important sub-regional variations and ensuring constructive relationships; nationally, regionally and sub-regionally.
- Ensuring effective community participation in decision-making and in the delivery of our roles.

The 2024-2034 LTP will be adopted in mid-2024.

The overarching priorities have been taken into consideration through the development of this Procurement Strategy. Within the LTP Activity Group 'Toitū te rohe - A Vibrant Community' the levels of service and performance measures for public transport services are set out. Bay of Plenty Regional Council manages the region's public transport network, which includes services in the urban cities of Rotorua and Tauranga, as well as rural services linking communities in the Eastern and Western Bay of Plenty. Bay of Plenty Regional Council also administers the Total Mobility Scheme to meet the needs of those people with disabilities, that are unable to access public transport.

The Bay of Plenty RLTP 2021-31 includes a 30 year vision for the Bay of Plenty's transport system:

'Our transport system is sustainable, resilient, efficient and enables safe multimodal access that meets the needs of our diverse, growing communities and regional economy'

The RLTP also sets out objectives, policies and priorities, the regional transport priorities in the RLTP were:

- Reducing road deaths and serious injuries,
- Improving environmental sustainability,
- Improving multimodal access and choice,
- Supporting regional growth, and
- Improving resilience within the transport system.

3.2 Strategic objectives and outcomes from the Regional Public Transport Plan

The RPTP vision for the future of public transport in the Bay of Plenty is simple, but compelling:

Tokomaha ake ngā tāngata e whakamahi ana i te waka tūmata nui māmā me te tomopai e whakapai ake i ō rātou oranga, ka tautoko i te whakahoutanga tāone me te hononga ā-rohe, ka whakaiti hoki i tō tātou pānga ki te taiao.

More people using convenient, accessible public transport that enhances their lives, supports urban transformation and regional connectivity, while reducing our collective impact on the environment.

The RPTP also sets objectives and policies for public transport, contains details of the public transport network and development plans for the next ten years. The current RPTP became operative in 2022.

The RPTP vision is supported by seven key objectives with associated targets, which will guide the delivery of public transport over the next ten years. These objectives also provide the framework for the policies and actions in the Plan:

Ngā whāinga – Objectives		Targets
<p>Objective 1:</p> <p>Te neke aratau me te whakaitinga waro</p> <p>Mode shift and carbon reduction</p>	<p>Public transport successfully contributes to the region’s mode shift and greenhouse gas reduction goals. Reduce public transport emissions by decarbonising the region’s fleet.</p>	<p>Plan and deliver a network to achieve 20% public transport mode share in the region’s main urban areas by 2032. Zero tailpipe emissions from the region’s public transport fleet by 2035.</p>
<p>Objective 2:</p> <p>Te whakamahere ratonga me te whakaahua</p> <p>Service planning and design</p>	<p>Convenient public transport that is accessible to all existing and potential customers.</p>	<p>70% of dwellings in Tauranga and Rotorua urban areas are within 500 m of frequent public transport services by 2030. 80% of residential dwellings in the region are within 500 m of a public transport service by 2030.</p>
<p>Objective 3:</p> <p>Te tukunga o te ratonga me te tūāhanga</p> <p>Service and infrastructure delivery</p>	<p>Public transport services and infrastructure combine to deliver a safe, reliable, punctual and convenient customer experience while providing value for money.</p>	<p>95% of services operate within 5 minutes of schedule annually. 75% of services consistently meet the minimum patronage expectations in Policy 2.3.</p>
<p>Objective 4:</p> <p>Te whakakotahinga o te waka tūmatanui me te whakamahi whenua</p> <p>Public transport and land use integration</p>	<p>Integrated public transport and land use planning supports well-functioning urban environments, that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.</p>	<p>A minimum of 47% of jobs in our main urban centres are accessible within 45 minutes travel time by public transport from all dwellings in the morning peak in 2030.</p>
<p>Objective 5:</p> <p>Te wheako o te kiritaki me ngā mōhiohio</p> <p>Customer experience and information</p>	<p>An excellent customer experience that grows passenger numbers.</p>	<p>85% of customers are very satisfied with the public transport service by 2030. Public transport boardings increase on average by 10% per annum to 2030.</p>

Ngā whāinga – Objectives		Targets
Objective 6: Ngā rangapū Partnerships	Quality partnerships ensure that we are responsive to customer and community needs.	High levels of satisfaction expressed in an annual survey of partners.
Objective 7: Ngā utu Fares and pricing	An equitable fare and pricing system that attracts new customers and rewards frequent use.	90% of customers are very satisfied with bus service value for money by 2030.

These overarching priorities have been taken into consideration through the development of this procurement strategy. As well as setting out the objectives for public transport network, the RPTP details the levels of service and performance measures for the network.

4 Procurement context

4.1 Government Procurement Rules

BOPRC’s procurement approach will be consistent with the Government Procurement Rule, including the Principles of Government Procurement. The five principles of Government procurement are:

- Plan and manage for great results.
- Be fair to all suppliers.
- Get the right supplier.
- Get the best deal for everyone.
- Play by the rules.

4.2 Land Transport Management Act

Section 25 of the LTMA requires the NZTA to approve one or more procurement procedures, designed to obtain best value for money. Recent changes to the LTMA create flexibility by removing explicit requirements for NZTA, to consider the desirability of competition and the requirement for public transport activities to be outsourced.

Section 24(4) requires approved organisations to use a procurement procedure for any expenditure from their land transport disbursement account (unless exempt under s26). The NZTA’s procurement policy that gives effect to its statutory function under s25 to approve procurement procedures, is contained in the NZTA Procurement Manual.

When endorsing procurement strategies, NZTA must approve procurement procedures that are designed to obtain best value for money and have regard to the desirability of enabling persons to compete fairly for the right to supply the outputs required and encouraging competitive and efficient markets.

Best value for money

The NZTA Procurement Manual also explains the process for maintaining or enhancing best value for money through procurement. The components of this process include:

- Taking a strategic approach to procurement.
- Optimising whole-of-life best value for money.
- Using an approved procurement procedure.
- Allocating and managing risk appropriately.
- Proactively manage contract delivery.
- Monitoring performance.

BOPRC recognises that the achievement of value for money starts before the procurement phase. Together, the processes outlined above can maintain or enhance the 'value' of the specified output by delivering it on time, to budget and to the specified quality standard.

Competitive and efficient markets

The purpose of this Strategy is to acknowledge the above and ensure that a competitive market is still maintained, where possible. The Strategy also needs to be flexible to adapt to rapidly changing political and economic factors, whilst still allowing for innovation.

Fair competition amongst suppliers

BOPRC uses the guidance in the NZTA Procurement Manual to ensure fair competition in the market is maintained. This Strategy is designed to ensure that the transport activities procured, achieve best value for money spent through fair competition. That approach is endorsed by this Strategy.

The principal means of achieving this objective, is by giving confidence to the market that everyone who is willing and able to provide the outputs necessary to undertake an activity, has a fair chance of obtaining work, in an environment, where consistent information is provided to all parties, and they all know the rules. For example, BOPRC will disclose patronage and fare revenue information for services, therefore, ensuring full market disclosure.

New Zealand Transport Agency has signalled that enabling fair competition and encouraging competitive and efficient markets, remains the primary method for obtaining best value for money spent on public transport.

4.3 Sustainable Public Transport Framework

The Sustainable Public Transport Framework (SPTF) replaces the Public Transport Operating Model (PTOM). The SPTF has the following objectives:

- Public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe.
- Employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services.

- Well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology.
- Provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.

This programme of reform has been implemented through amendments to the LTMA, and NZTA are currently developing operational policy to give effect to the SPTF. The SPTF will then be implemented through future service planning and delivery.

4.4 Requirements for Urban Buses (RUB)

All contracted buses entering the fleet for the first time will comply with NZTA Requirements for Urban Buses 2022 (RUB); and all other contract buses used on urban services will comply with the minimum requirements for existing buses in RUB.

4.5 Zero Emission Road Map

BOPRC has a climate change action plan with a vision of strengthening the long-term resilience and sustainability of the region through climate change action and awareness. In 2018, the first electric buses entered the fleet in Tauranga. In 2021, BOPRC completed a bus decarbonisation feasibility study, which suggested that the predominant form of decarbonisation would be through Battery Electric Vehicles (BEV).

BOPRC is committed to reducing regional greenhouse gas emissions. Aligned with our climate change policy, BOPRC is committed to supporting the Government's policies on zero emission fleet, including adhering to the policy that no new diesel buses would enter the fleet after 2025 and all diesel buses will be removed from the fleet by 2035.

The upcoming contract renewals provide an opportunity for transition to zero emission vehicles.

4.6 Council Procurement Policy

BOPRC follows the Principles of Government Procurement and Government Procurement Rules when planning, sourcing and managing procurement, as these set the standard for good practice.

4.7 NZTA procurement requirements

New Zealand Transport Agency Procurement Manual contains procurement procedures approved by NZTA under s 25(1) of the LTMA.

The procurement procedures contained in the manual are approved for use to purchase the goods and services required, to deliver the activities that have been funded under s20 of the LTMA.

4.8 Legislative requirements and Government policy

The development of this strategy has specifically considered:

- The changes included in amendments 5 and 6 (April 2022) of the NZTA Procurement Manual,
- The requirement to comply with the Government Procurement Charter, and

- The requirement to consider how procurement can contribute to the Government's Broader Outcomes.

The statutory objectives of the LTMA and LGA apply to Council. The LGA empowers Council to play a broad role in meeting the current and future needs of its communities, for good-quality local infrastructure, while the Council's responsibilities under the LTMA include contributing to an effective, efficient, and safe land transport system in the public interest.

Other legislative and national policy considerations include:

- Health and Safety at Work Act 2015.
- The repeal of legislation implementing Public Transport Operating Model (PTOM).
- The introduction of the Sustainable Public Transport Framework (SPTF).
- Government Policy Statement on Land Transport (GPS).
- Land Transport Rule: Setting of Speed Limits 2022.
- Requirements for Urban Buses in New Zealand.

4.9 Health and Safety

BOPRC recognises its obligations under the Health and Safety at Work Act (HSWA) 2015 and as such, requires all its suppliers to take practicable steps to eliminate risks to health and safety and to minimise those risks where it is not reasonably practicable to eliminate them. BOPRC recognises there are shared responsibilities under HSWA to consult, cooperate and coordinate activities with suppliers and contractors.

In every procurement decision, BOPRC requires all its suppliers to actively explore ways to promote best practice health and safety throughout the procurement lifecycle, ensuring the key principle of 'health and safety by design' is considered and met.

BOPRC's Health and Safety Team provide advice to contract managers and conduct audits as appropriate.

BOPRC use the SHE pre-qualification scheme for all suppliers who perform high risk work.

5 Procurement Programme

5.1 Overview of planned procurement

Over the period covered by this Strategy, BOPRC will undertake a significant level of procurement including:

- Renegotiation of all Total Mobility service provider contracts.
- Retendering all the public transport services contracts.

- Mystery shopper and call centre contracts.
- Investigate the opportunities for implementing the SPTF³.

5.2 Unit definition

The LTMA requires all services, except exempt services, be arranged into units. A unit is a defined geographic area (of any size). How it will operate is specified in the RPTP and the geographic boundaries can refer to administrative boundaries, suburbs, landmarks, or destinations.

Services were categorised into units based on the ability to support an integrated and future service growth, services are geographically arranged and have similar operational characteristics. In Tauranga specifically, the units are designed to support long-term competitiveness and efficient markets and reduce barriers to the transition to zero emission fleets whilst maintaining flexibility.

In the development of this Strategy, BOPRC has undertaken a review of units described in the RPTP (2022). All units that are currently detailed below are included in the RPTP.

As a result, BOPRC has defined the following units for the purposes of procurement when the current contracts expire⁴. These include the Baybus network Bayhopper buses in the western and eastern bay, and Cityride buses in Rotorua, as well as intra-regional services. Note, that the new services with Tauranga will be extensively through-routed and there is some geographic cross-over between the units as a result.

Table 1: Unit structure

	Unit	Description	Contract			Unit
			Expiry	Start	Scale/Yr	End
1	Tauranga Northern	Katikati-Tauranga Ōmokoroa-Airport Te Tumu-City-Bethlehem Welcome Bay-Bethlehem St Andrews-Bellevue-Matua	4 Feb 2024 5 Dec 2027	6 Dec 2027	\$4.43m	7 Dec 2036 Or 5 Dec 2038
2	Tauranga Eastern	Mt Maunganui-Tauriko West Pāpāmoa East-CBD Pāpāmoa Beach Beachfront (Mount Maunganui-Te Tumu) Te Puke-Pāpāmoa Crosstown Arataki to Tauriko South	5 Dec 2027	6 Dec 2027	\$8.3m	6 Dec 2037 Or 5 Dec 2038

³ Consideration will be given to updating this Procurement Strategy once the Operational Policies for the SPTF are finalised.

⁴ The RPTP will subsequently be updated to reflect this new unit structure.

	Unit	Description	Contract		Unit	
			Expiry	Start		Scale/Yr
3	Tauranga Western	Pyes Pa-Pāpāmoa Windermere, Ohauiti to Brookfield Bethlehem-Tauranga Crossing Tauranga Crossing-Greerton via the Lake	5 Dec 2027	6 Dec 2027	\$8.3m	5 Dec 2036
4	Rotorua	Rotorua urban services Rotorua-Murupara Rotorua-Ruatāhuna	30 Jun 2024 1 Jul 2026	2 Jul 2026	\$3.6m	12 Nov 2034
5	Eastern Bay of Plenty	Whakatāne-Ōhope • Whakatāne-Matata • Whakatāne-Ōpōtiki • Whakatāne-Kawerau • Ōpōtiki-Pōtaka • Whakatāne-Tauranga	30 Jun 2025	1 Jul 2025	\$0.74m	26 Jun 2033
6	Waihi Beach	Waihi – Waihi Beach – Katikati	30 Jun 2024	1 Jul 2024	\$0.07m	1 Jul 2030
7	Matakana Ferry	Matakana ferry service				
8	Tauranga School Unit 1		1 January 2025	1 January 2028	\$0.74m	
9	Tauranga School Unit 2		1 January 2025	1 January 2028	\$0.65	
10	Tauranga On-demand	18 month trial	1 March 2024	30 September 2025	\$1.35m	
11	Intra-regional unit	Unallocated			-	
12	Rural tertiary services	Unallocated			\$0.5m	

5.3 Total Mobility Scheme

Taxi providers that are part of the Total Mobility Scheme are publicly supported services under the LTMA. The expenditure for Total Mobility (TM) services is dependent on the number of trips users take each year. TM services have been procured in accordance with Procurement Procedure 4. The current operating budget for TM is approximately \$3,500,000.

Table 2: Total Mobility Suppliers

Supplier	Location
Tauranga Taxis	Tauranga
NZ Cabs	Tauranga
Kubat Taxis	Tauranga
Mt Maunganui/Pāpāmoa, Driving Miss Daisy NZ Ltd	Tauranga
Freedom Drivers Tauranga South	Tauranga
Driving Miss Daisy	Rotorua
Rotorua Taxi Society	Rotorua
Taxi Cabs Rotorua	Rotorua
Urban Link	Rotorua
Freedom Drivers Rotorua	Rotorua
Whakatane Dial A Cab	Whakatane
Kate's Kabs	Katikati

In addition to the funding of TM trips, BOPRC may provide further funding assistance for the provision of new or retrofitted wheelchair equipment for vehicles fitted with either a hoist or ramp.

5.4 On-demand public transport

On-demand services are now included in the definition of public transport under the LTMA, the definition of a unit has been amended to enable procurement.

The Tauranga publicly provided on-demand trial will commence in March 2024. The trial will generate better understanding of how an on-demand service can complement and/or replace fixed public transport routes. The trial will operate for 18 months in a defined area of Tauranga, covering Pyes Pā, The Lakes, Greerton, Gate Pā and Tauranga city, south of 17th Avenue. If the trial is successful, it is likely that a permanent on-demand service will be implemented, subject to funding availability. This approach may be applied elsewhere in the region.

The contract for the software has been secured. Future on-demand contracts will include provisions for transition between operating modes, including to fixed route service. There is a need to ensure the vehicles are accessible. Other vehicle features that could be included, are safety belts, CCTV, and driver protection, including duress alarms and/or safety screens. Drivers would be expected to hold a 'p' endorsement on their driver's license.

5.5 Public transport technology

Bay of Plenty Regional Council has contracts providing the following technology solutions:

- Electronic ticketing/automatic fare collection-Beecard which will be replaced by the NTS during the term of this Procurement Strategy,
- Administration and back office solutions to manage complaints, tracking and records databases,
- Passenger information - Google Transit Journey Planner and Transit app. Screens and amplifiers are installed in all Tauranga urban buses to display Next Stop announcements, however, this system has not yet been procured,

- Customer services - region-wide toll free contact centre provided in-house,
- BAYBUS website, and
- Free Wi-Fi for passengers on Tauranga and Katikati/Ōmokoroa services, limited to 40 Mb per device per day.

5.6 Public Transport Management System

Technology solutions are used to manage public transport operations and planning and provide real time information to the public. The real-time prediction engine system was implemented in December 2020 and has seen the integration of the ticket machine into the real-time tracking and monitoring system. The current system provides real-time tracking and predictions using GPS and driver log-on information from the ticket machines, which is then processed by another supplier (Leapthought) and is then sent to a third supplier (Radiola).

All components will use standard communication protocols (e.g. GTFS) to remain supplier agnostic.

BOPRC's preference is to procure a Public Transport Management System via a web platform, on a 'Software as a Service' (SaaS) basis. This management system includes:

- A prediction engine.
- Performance monitoring in real time.
- Service deviations.
- Public notifications in real time (such as service diversions etc).
- On-time performance reporting (punctuality/reliability).
- Alarms to quickly identify issues on the network.
- Passenger facing information, including signage at bus stops and on board buses.

Currently, the NZTA Procurement Manual does not recognise SaaS as a pre-approved procurement methodology, meaning BOPRC requested approval for a customised procurement procedure through the previous Procurement Strategy.

SaaS is a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers. Typically, there is no defined contractual end date for the service.

BOPRC intends to review the current arrangements for PTMS to ensure compatibility with NTS, any future procurement approach will be subject to NZTA re-approval of the customised procurement procedure. The form of the agreement and approach will be determined using a human centred design process and will need to be integrated with the NTS.

Any subsequent procurement for SaaS will require approval from NZTA as an advanced procurement procedure.

5.7 Enabling assets

The recent amendments to the LTMA to implement the SPTF provide an opportunity for BOPRC to consider different approaches to the provision and control of assets and infrastructure.

Consideration of asset control in terms of depot and charging infrastructure will form part of the delivery model for future public transport procurement. BOPRC is undertaking a feasibility study in 2024, in consultation with industry, to better understand where the control of Tier 1 and 2 enabling assets should be. Tier 1 assets are foundational long-term strategic enabling assets, such as land and access to energy with long term lifecycles. Tier 2 assets are medium term enabling assets essential to service delivery.

Public transport infrastructure improvements, i.e. bus stops and associated infrastructure, are typically carried out by the city and district councils. BOPRC may provide some direct financial assistance for these activities, as well as for information signs and timetables. Council works collaboratively with the city and district councils to plan and agree placement of such infrastructure. Since bike racks on buses can only carry two at any one time, improving bike parking at key bus stops and interchange points, can support greater use of bikes for first/last mile access.

5.8 National Ticketing Solution (NTS)

The National Ticketing Solution (NTS) is an enabler for change, making it easier for people to use public transport. The NTS is centrally contracted and operated enabling best value for money across New Zealand. The Bay of Plenty region will be the second region to implement NTS in the first quarter of 2025.

5.9 Transport operations

Including but not limited to:

- The supply and maintenance of electronic ticketing machines,
- Advertising, and
- Timetable design and print

5.10 High-Risk or unusual procurement activities

The scale and timing of procurement of public transport services generates some risk. This risk is identified in the risk assessment and in part will be managed through a review of this procurement strategy prior to the tendering of the Tauranga services.

5.11 Exempt services

Anyone operating an exempt service must register with BOPRC, except if the service is for a use by a single person or a self-selected group of people; or the service is unscheduled, using fewer than ten vehicles or using vehicles with fewer than nine seating positions. Shuttles do not need to be registered.

BOPRC may decline the registration of an exempt service in certain circumstances, see s134 LTMA. As a general principle, BOPRC will not intervene in the provision of an exempt service (see s3.11 of the RPTP).

BOPRC maintains a register of all exempt services, and this is available on request.

6 Procurement environment

6.1 Supplier market

The public transport supplier services market remains competitive in the Bay of Plenty. The variety of locations and contract size has enabled new entrants to enter the market and invest in their businesses. Existing suppliers have grown their businesses during the lifespan of the contracts and been sold. The proposed approach in this Procurement Strategy provides the maximum flexibility to maintain a healthy market.

6.2 Assessment on fair competition of energy availability

An emerging requirement from the SPTF is the need to undertake an assessment of the impact of energy availability on fair competition. Further analysis is needed to fully understand the energy requirements for upcoming tender rounds.

6.3 Professional services- internal

BOPRC maintains a management team to oversee its transport activities (refer to capability and capacity section for the staff positions and functions). The team is supported by other in-house professionals where there is capacity and capability as detailed below:

- Community engagement
- Communications
- Customer services
- Engineering
- Finance
- Information management
- Legal and procurement
- Information technology

In-house professional service costs are captured as an internal corporate overhead charge. The allocation to Public Transport is set through the Long Term Plan and updated each year through the Annual Plan.

6.4 Professional services – external

External professional services are typically provided by transport consultants, planners, technology specialists, legal advice and marketing. The work undertaken is broad and can include strategy and policy development, planning and advice, technology solutions, community consultation and engagement.

The list below outlines the professional services that BOPRC currently or is likely to procure within the next three years. Most of these contracts are likely to be within the low dollar value as specified in the NZTA Procurement Manual, section 10.9. The threshold for direct appointment within BOPRC is \$20,000.

Professional services sourced externally include:

- Legal services
- Transport planning and or passenger transport consultancy services
- Total mobility eligibility assessment services
- Marketing consultancy
- Graphics and screen printing
- Media advertising
- Tender evaluation and procurement advice
- Financial consultancy
- Specialist technical services for IT/Comms
- Security at stops

6.5 Current procurement spend and profile

Below is a summary of the contracts currently let within the Bay of Plenty.

Table 3: Current contract expenditure per year

Description	Contract size/yr
Total Mobility Operator Contracts	\$3,500,000
Tauranga Northern (Katikati/Ōmokoroa - Tauranga services)	\$1,066,000
Tauranga Western; Tauranga Eastern	\$19,018,000
Rotorua	\$3,595,771
Eastern BOP	\$744,000
Waihī Beach	\$67,600
	\$735,000
Tauranga schools	\$650,000
Bus satisfaction surveys	Fixed fee \$110,110 excl GST
Mystery Shopper (hoping to combine with BOPRC call centre mystery shopper contract)	\$51,840
	\$184,100
Tertiary Commuter Services	\$292,000
On Demand	\$1,349,000
Bus stop security	\$1,000,000
Business Case development – Public Transport Services and Infrastructure SSBC	\$1,000,000

6.6 Analysis of procurement programmes of other approved organisations

Most PTAs are in the planning phases prior to procuring new services, BOPRC will continue to engage on the timing and alignment for procurement. Careful consideration will be needed to determine the best timeframes for the procurement of public transport services.

There is a considerable amount of public transport service tendering happening in New Zealand. Horizons Regional Council awarded the public transport service contract for Palmerston North and Ashhurst in 2023. Further tendering is planned for Fielding and Levin in early 2024, at the same time Otago Regional Council will be tendering for the Dunedin Unit 5 which is a relatively small unit.

In the middle of 2024, Taranaki Regional Council will go to market for New Plymouth City Link services and several small rural services. Environment Canterbury have two units expiring in 2026, with the remainder due to expire in 2029.

Auckland Transport has public transport procurement tentatively planned as follows:

June 2024 – RFT for Tranche 2 of bus contracts expected to be released, c. 300 buses required. October to December 2024 – RFT in the market for ferry services on c. 5 routes. June 2025 – RFT for Tranche 3 of bus contracts expected to be released, c. 350 to 400 buses required. June 2026 – RFT for Tranche 4 of bus contracts expected to be released.

Greater Wellington is currently developing its procurement strategy and has yet to decide on the timing or approach for tendering the public transport service contracts that will start to expire from June 2027.

7 Approach to delivering the work programme

7.1 Confirmation of specific strategic objectives

There are four near time drivers of change for public transport - these are:

- Recent legislative changes to implement the Sustainable Public Transport Framework and implementing its objectives.
- Decarbonising public transport.
- Enabling cost-effective rapid growth of public transport.
- Responding to a changing procurement environment and ensuring fair competition and supporting competitive and efficient markets both in the short and long term.

The BOPRC policy perspective:

- Implement the RPTP (RLTP '21 Policy)
- Take into consideration best practice when procuring public transport services, in particular, fuel efficiency and emission standards and the ratio of zero emission buses within a fleet (RLTP '21 Policy).
- Ensure all contracted buses on urban services entering the fleet for the first time, comply with the NZ Transport Agency's Requirements for Urban Buses (2022) (RPTP Policy 3.8).

- Adopt a flexible approach to specifying vehicle size and weight for contracted services (RPTP Policy 3.9).
- BOPRC, PTOs and the region's territorial authorities will work together in a collaborative, partnering approach to promote flexibility, innovation and responsiveness in the delivery of public transport services and infrastructure.

7.2 Preparation and planning for procurement

Prior to approaching the market, BOPRC will have developed a procurement plan that sets out the background, outcomes sought and budget for the planned procurement.

Within the procurement plan, the roles and responsibilities of the project team will be established and time set aside for their participation in the procurement process. A clear project aim is important to document, as this helps the suppliers and decision-makers to understand what is being sought.

The procurement plan should also describe the risks and opportunities for the procurement activity and the delivery model and supplier selection method, along with the evaluation criteria and any pre-conditions.

When developing the procurement plan, BOPRC will consider the following factors:

- Council strategic impact alignment
- Guidance in the NZTA Procurement Manual
- Complexity
- Risk profile
- Innovative potential
- Timing and urgency
- Scale
- Funding source
- Size and capacity of the supplier market
- Uncertainty
- Stakeholder requirements
- Internal capability and capacity
- Contract value
- Social procurement opportunities
- Procurement that would be exempt from needing to use approved procurement procedures, e.g. self-funded activities

7.3 Risk management framework

BOPRC is committed to managing risk to the organisation and community in an ongoing and proactive manner. Effective risk management enhances the ability of BOPRC to achieve its intended objectives and meet its statutory obligations.

Risk management is embedded throughout the procurement process and contributes to creating a comprehensive understanding of the significant threats and opportunities. This enables the minimisation of risk, maximising opportunities for innovation, and the fair and transparent allocation of risk.

To be effective, risk management begins at the procurement planning stage and continues to be reviewed and refined throughout the process until the delivery of goods or end of service contracts - there is a full life cycle approach - the programme manager takes responsibility for identifying and allocating the management of risk.

7.4 Approaching the market

BOPRC will choose its approach to the market, based on considerations documented in the procurement plan.

There are broadly two methods of approach- direct or competitive.

Table 4: Competitive approaches

	Used for	Methods
Open Invitation for all interested suppliers to tender. Between (over \$100,000).	Higher value, higher risk goods and services	Request for tender (RFT) Request for proposal (RFP) Request for quote (RFQ)
Closed Invitation to suitable supplier to tender (direct appoint below \$20,000) (limited competition between \$20,000-\$100,000)	Low-value, low-risk goods, and services	Verbal quote Written quote RFT RFP RFQ
Multi-stage Open invitation for all interested suppliers to respond. BOPRC then assesses all responses and short-lists suppliers who then submit tenders (over \$100,000)	Higher-value, higher-risk, complex or unique goods and services, seeking innovation	Open call for registrations/expressions of interest (ROI/EOI). Closed request to shortlisted suppliers for proposals or tenders (RFT or RFP), e.g. a pre-qualification system.

BOPRC uses the Government Electronic Tendering Service (GETS) to advertise tenders and manage the tender process. The GETS system is used for managing all supplier questions and answers relating to tender queries.

7.5 Direct approaches

Table 5: Direct approaches

	Used for	Methods
Buy direct from any supplier	Very low value, low risk purchases (typically goods). One-off purchases	Three competitive quotes Electronic purchase orders Credit cards Emergency situation
Buy directly from a pool of suppliers through a standing procurement arrangement	High value, low risk goods or services	Syndicated contract Panel contract e.g. all of Government panel Standing offer Collaborative or cluster arrangement
Buying selectively from a specific supplier	Higher value, higher risk procurements where there are special circumstances (typically specialised professional services such as transport planning, valuations, legal services)	Contract with individual supplier

Whilst NZTA funded projects have direct appointment and closed contest thresholds of \$100,000 and \$200,000 respectively, the BOPRC Procurement Manual sets the following procurement thresholds see [Table 6](#), where there is a difference between the thresholds the lower limit will be applied. The BOPRC thresholds are regularly reviewed. These are unlikely to exceed the thresholds set by NZTA within the term of this strategy.

Table 6: BOPRC current procurement thresholds

\$ excl. GST	Pricing information	Procurement memo	Deviation authority
1 to 20,000	Quotation	Not required	Delegated financial authority
20,001 to 60,000	Market testing not usually required	Required	Delegated financial authority and Procurement Team
60,001 to 200,000	Preference for market testing	Required	Delegated financial authority and Procurement Team
>200,000	Mandatory market testing	Required	Delegated financial authority and Procurement team

BOPRC's Procurement Manual sets the expectation that any procurement activity will be authorised. The Procurement Plan is a tool used to document the procurement planning process for an activity. It is followed by the development of a procurement plan. The memo must provide an overview of the activity including the background, scope and risks and covers the planned procurement approach taking into consideration market conditions.

7.6 Supplier selection

In determining the supplier selection method, BOPRC considers the relative importance of price and quality. The assessment of quality for public transport typically captures broader outcomes (environmental, social, economic, and cultural) and this is where BOPRC's commitment to working with Māori, to build strong, connected, and successful whānau, hāpu and iwi and protect natural resources can be encouraged. Considerations are:

- Focus on price - all participants must meet the quality requirements and the supplier is then chosen based on price.
- Focus on price and quality - the quality attributes of the supplier are graded, and the preferred supplier is selected by balancing price and quality.
- Focus on quality - the preferred supplier is selected based on quality with price being negotiated afterwards.

7.7 Supplier selection methods

The table below sets out a range of supplier selection methods for use in procurement.

Table 7: Supplier selection methods

Evaluation method	Considerations
<p>Lowest Price Conforming The preferred supplier meets all the requirements set out in the RFT/RFP/RFQ and offers the lowest-priced proposal.</p>	<p>Physical Works Used for tenders falling within the low to low/medium risk.</p> <p>Professional Services Only be used in circumstances where the output can be very clearly specified, and where it can be shown to both deliver best public value and meets the requirements as set out in the RFT/RFP/RFQ.</p>
<p>Price/Quality method The quality attributes of suppliers whose proposals meet the RFP's requirements are graded, and the preferred supplier is selected by balancing price and quality using a formula. Supplier quality premiums are influenced by:</p> <ul style="list-style-type: none"> • The price estimate • Chosen non-price attributes • How the non-price attributes are graded (the spread of grades) • Weights given to the non-price attributes Weight given to price 	<p>Physical works Used for tenders where there are specialised levels of expertise required to manage the risks or complexity.</p> <p>Professional services Used where the specified outputs can be priced by the supplier and where BOPRC determines that best public value will be obtained by selecting the supplier that offers the best combination of price and quality requirements, as defined in the RFT/RFP/RFQ</p> <p>Public transport services Used to ensure that service quality is considered along with the price of the service, process is set out in the RFP.</p>
<p>Purchaser nominated price (Target price) A supplier selection method where BOPRC fixes the price to be paid and proposals are evaluated based on quality (non-price attributes) only.</p>	<p>Physical works It is not recommended for physical works or routine professional services engagements.</p> <p>Professional services This method is typically used for such activities as strategy studies, feasibility studies, transportation studies and investigations.</p>

Evaluation method	Considerations
<p>Direct appointment A supplier selection method in which the purchaser selects a single supplier and negotiates the contract terms, including price.</p>	<p>Physical works Direct appointment, and a closed contest involving at least three suppliers can only be used where:</p> <ul style="list-style-type: none"> • There are specific risks that limit available suppliers, and/or • It can be demonstrated that an open tender would not add value for money, • An emergency exists, • There are not enough suppliers for a competitive process <p>Professional services Direct appointment of a supplier for Professional services can be used where the value of the work is less than \$20,000. However, this method should only be used in circumstances noted above.</p>
<p>Quality based (Brook’s Law) Where the scope of the outputs (works or services) cannot be fully described, and the best public value will be obtained by selecting the supplier based on supplier quality alone. There is no competition on price.</p>	<p>Physical works This method is not to be used for physical works.</p> <p>Professional services This method is generally used for high value/high risk professional services contracts, and/or where Council has determined that best value can be obtained by selecting the best quality supplier and then negotiating the price with that supplier. Note, in this context, this method does not constitute an ‘advanced’ mechanism in NZTA terms.</p>

7.8 The procurement approach for public transport

Public transport services will continue to be delivered through an out-sourced model for the period covered by this Strategy. Within the partnering delivery model, assets and services are the responsibility of the PTO to deliver. There will also be some services that will apply a short term delivery model with basic contracting elements.

There are new opportunities available through the SPTF, including in-house service delivery models and a range of new out-source delivery models. Under some scenarios, strategic assets could transfer to the PTA’s nominee at the end of the contract. Over the next few years, BOPRC will undertake further work to determine the future state model for public transport service delivery models for implementation at an appropriate time.

At this stage the opportunity exists with up-and-coming contracts to determine best asset ownership and transfer following the principles of the changes of the LTMA, but it will need to provide best value for money for Council.

The unit structure in Table one proposes a mix of contract terms to move towards staggered tendering. This approach will avoid extended periods of minimal or no procurement activity and supports the sustainability of the service provider market and associated supply chains and competitive pricing, transparency, and benchmarking. The approach proposed ensures all contract terms are 6-11 years except for trial services. The duration of contracts will stabilise in subsequent tender rounds.

Grouping of units

Grouping of units is only feasible in Tauranga, where three units have been maintained. The Procurement Strategy will be refreshed prior to tendering for these units.

Alternative Tenders

BOPRC may make provision for Alternative Tenders in its tender documents. An alternative may provide better value for money than the original service specifications and can enable the suppliers to be innovative. The full criteria for evaluating alternatives will be outlined in the tender documents and evaluation will be undertaken fairly in accordance with the Procurement Manual, a Conforming Tender is required.

Service level variations

The mechanism for managing service level variations is set out in the public transport contract and the variation rates are captured in the pricing schedule and are included in the evaluation. The variation rates form the basis for negotiation of any service level variation.

Gross price resets

BOPRC will apply gross price resets in accordance with the NZTA Procurement Manual. The current contracts have an annual gross price reset at year six. This reset mechanism is informed by the best available data (such as unit rates). A benchmarker will be appointed to determine the Annual Gross Price. Where this is less than the current AGP being paid, the minimum and maximum will be disclosed to the supplier. If no agreement is reached, the variable rates may be applied to achieve a fair value.

The gross price reset mechanism is intended to recognise that agreements need to ensure value for money is being achieved in the longer term, and a reasonable balance is being maintained between contractor profit and the expenditure of public funds. This reset may result in the annual gross price increasing or decreasing.

7.9 The procurement approach for professional services

BOPRC has a professional team and a preference for retaining skills and experience in-house. However, there are some less routine or specialist activities where consultants may be used to enhance and support the transport team.

The market for professional services is limited and the resources available are often highly sought after and the demand for professional services will continue to grow over the duration of this strategy. Often professional services are direct appointments based on the size of the contracts and the skillsets required. BOPRC will continue to maintain good working relationships with consultants and work within the Procurement Manual thresholds for direct appointments.

There are some professional services projects, for example business cases, where a competitive process is appropriate, and these will be procured in a manner that is consistent with Procurement Procedure 2 Planning and Advice through a staged delivery model.

7.10 The procurement approach for physical works

BOPRC has no upcoming procurement for physical works.

7.11 Impact of procurement

Upcoming procurement for public transport services has the most significant impact on the supplier market. Incumbent operators have been given the opportunity to shape this procurement strategy and engagement will continue, as appropriate, through to supplier briefings at the commencement of tender processes.

7.12 Customised procurement

If there is a procurement activity required that hasn't been contemplated by this procurement strategy, BOPRC will determine at the time whether the approach is consistent with the procurement strategy or whether an amendment is required. There is no anticipated requirement for variations to the procurement rules.

8 Implementation

8.1 Capability and capacity

BOPRC realises that capacity and capability are critical factors in successfully delivering the procurement programme. The Procurement Team is available to provide specialist support and guidance to staff members and to grow the capability and capacity. This team is supported by specialist areas from across the organisations (for example risk management, finance, health, and safety) with contracted experience as required.

The volume of upcoming procurement in terms of public transport services, will stretch the internal resources of BOPRC. Additional resources will be required to support the planned approach. There is a need to ensure that any external resource is undertaking the procurement work required and upskilling BOPRC staff.

A programme is being developed to assist in identifying the timing and pressure points for delivery of the upcoming procurement programme.

8.2 Roles and responsibilities

The table below sets out the roles and responsibilities within BOPRC for procurement.

Table 8: Roles and responsibilities for procurement

Role	Responsibility
Elected members	Set the community outcomes and approve the Long-Term Plan, approve the award of contracts where there is no delegation.
Chief Executive	Overall responsibility to the Bay of Plenty Regional Council for all passenger transport operational activities and transport policy (including RLTP and RPTP).
Director- Public Transport	Oversee the management of public transport covering all passenger transport operational activities including the RPTP. Responsible for improving the management and oversight of public transport contracts. Approves the Procurement Strategy.
Manager Transport Planning	Oversee the development of the Regional Land Transport Plan and the community programmes.

Role	Responsibility
Manager, Transport Programme Delivery	Responsible for ensuring the procurement processes for transport activities are undertaken and new public transport contracts are in place in a timely manner.
General Manager Corporate Services Group	Oversee the management of legal and procurement activities within BOPRC.
Legal and Commercial Manager	Supports and assists with the procurement strategy. Maintains the contracts register and works with specialist teams across BOPRC to improve procurement outcomes supported by a team.
Contract Manager	Responsibility for administering and managing contracts as well as overseeing the process of creating and executing contracts.

8.3 Performance measurement and monitoring:

BOPRC has a range of monitoring systems for internal performance and external reporting.

Table 9: Key monitoring indicators for the procurement strategy

Activity	Key Performance Indicator
Early sector engagement on all procurement activities	100% of all competitive approaches have early sector engagement prior to the tender processes commencing by 2024.
BOPRC takes a strategic approach to procurement	100% of all transport procurement above \$20,001 has an approved procurement plan.
Review the effectiveness of procurement processes looking at fairness, competitiveness, and innovation	Information on the success of procurement activities (or otherwise) is gathered and utilised.
NZTA procurement reporting requirements	Estimated duration of contracts and actual duration. Estimated contract cost and actual cost. BOPRC's satisfaction with the goods or services procured.
NZTA public transport Key Performance Indicators	Are reported according to NZ Transport Agency requirements.

8.4 Other assurance

The contract manager is responsible for ensuring an appropriate level of contract management is established and maintained throughout the project from project initiation through to post project review.

Review meetings would normally include agenda items such as:

- Health and safety
- Non-conformance
- Timelines or milestones
- Spend to budget
- Outstanding actions
- Tracking benefits outlined in the supplier proposal

The minutes of these meetings are recorded and circulated within one week of the meeting taking place.

The following indicators will be monitored in accordance with the NZTA Procurement Manual. The NZ Transport Agency procurement manual requires reporting on three main attributes:

- Time - estimated duration of the contract and actual duration of the contract
- Cost - estimated cost of contract and actual cost of contract
- Quality - approved organisation's satisfaction with the goods or services purchased

As a local authority, BOPRC's activities are subject to internal audit scrutiny as well as external audits from both NZTA and the Office of the Auditor General.

8.5 Communication Plan

The Communications Plan is an important component of the strategy, as it ensures all stakeholders are aware of BOPRC's procurement strategy and how it impacts them.

BOPRC has identified the following stakeholders and developed a plan to communicate the appropriate level of information and detail relevant to their role in the procurement environment (purchaser or supplier).

Table 10: Communications Plan

Stakeholder	Key message	Channels/Tools
Internal stakeholders		
Council (elected members)	Overview of strategy and key elements Reasons for strategic procurement planning (MBIE process improvements)	Information paper Decision-making where there is no financial delegation
Council employees	Overview of strategy and key elements Reasons for strategic procurement planning (MBIE process improvements)	CE messages All staff emails Intranet Training sessions
External stakeholders		
NZTA	Overview of strategy and significant procurement activity; compliance with the procurement manual Reasons for strategic procurement planning (MBIE process improvements)	Submission of strategy to NZTA for endorsement Strategy published on BOPRC website
Approved organisations	Overview of strategy and key elements Seek opportunities for collaboration	Regular meetings Sharing of the strategy

Stakeholder	Key message	Channels/Tools
Supplier market		
Strategic suppliers Ferry and bus operators Professional services Technology suppliers Targeted groups as and when required	Introduction to the strategy, including broader outcomes and public value Overview of planned procurement activities	Regular meeting with key stakeholder Email with link to strategy Strategy uploaded to BOPRC website Supplier feedback through contract review process
Non-strategic suppliers	Introduce strategy and purpose Explain the reason for the strategy programme	Email with link to strategy Strategy uploaded to BOPRC website