

Lessons learned from one of New Zealand's most challenging civil engineering projects: rebuilding the earthquake damaged pipes, roads, bridges and retaining walls in the city of Christchurch 2011 - 2016.

Procurement Management Plan

Story: SCIRT Management Plans

Theme: The SCIRT Model

A plan which defines the procurement activities to be applied to SCIRT and explains how those activities are to be undertaken to meet SCIRT objectives and requirements.

This document has been provided as an example of a tool that might be useful for other organisations undertaking complex disaster recovery or infrastructure rebuild programmes.

For more information about this document, visit www.scirtlearninglegacy.org.nz



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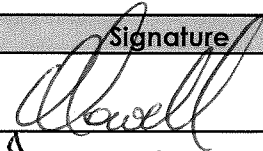
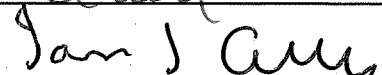


Procurement Management Plan

Review:

| Rev. | Status | Prepared by | Checked by | Date |
|------|----------|---------------|--------------|----------|
| A | Draft | Mark Rodhouse | Peter Dooley | 14-09-11 |
| B | Approved | Mark Rodhouse | Peter Dooley | 20-09-11 |
| C | Approved | Ian Campbell | Peter Dooley | 10-04-12 |
| D | Approved | Ian Campbell | Graeme Tapp | 01-08-12 |
| E | Approved | Ian Campbell | Graeme Tapp | 27-03-13 |
| F | Approved | Ian Campbell | Graeme Tapp | 11-09-13 |
| G | Approved | Ian Campbell | Graeme Tapp | 12.02.14 |
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ACRONYMS, ABBREVIATIONS AND DEFINITIONS

| Term | Definition |
|-------|---|
| AA | Alliance Agreement |
| AOC | Actual Outturn Cost |
| BOARD | SCIRT Board of Directors |
| CCC | Christchurch City Council |
| CERA | Canterbury Earthquake Recovery Authority |
| EGM | Executive General Manager |
| IE | Independent Estimator |
| IST | Integrated Services Team |
| KPI | Key Performance Indicator |
| KRA | Key Result Area |
| MT | Management Team |
| NZTA | New Zealand Transport Agency |
| NOP | Non Owner Participant |
| OPS | Overall Performance Score |
| PMP | Programme Management Plan |
| SCIRT | Stronger Christchurch Infrastructure Rebuild Team |
| TOC | Target Out-turn Cost |

1 INTRODUCTION

1.1 PURPOSE

The purpose of this plan is to define the procurement activities to be applied to the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and explain how those activities are to be undertaken to meet SCIRT objectives and requirements.

1.2 BEST-PRACTICE GUIDELINES

The SCIRT Procurement Support Group has developed best-practice guidelines for the procurement of materials and contractors/sub-contractors within the SCIRT Alliance. These Guidelines are complementary to this document and are contained in Appendix 2.

1.3 OBJECTIVES

The following objectives from the SCIRT Alliance Agreement (AA) are particularly relevant to Procurement:

- Demonstrate best long run value for money,
- Undertake work by matching capability to the scale and complexity of the work,
- Break down unsustainable cost structures on assets or services to ensure CCC has the lowest whole of life cost structures moving into the future,
- Rebuild Christchurch ensuring the infrastructure sector maintain a sustainable market condition:
 - Establish the lowest cost structures to the rebuild effort,
 - Maximise the use of local resource to deliver work provided those resources can be obtained at prices and on terms that are competitive with similar resources available from elsewhere,
 - Maintain appropriate systems to ensure and prove the market is sustainable.
- Purposely lift the capability of the sector wide workforce:
 - Lift the capability of all sub-contractors,
 - Establish greater capability for current specialist infrastructure activities,
 - Do something meaningful to reduce the level of unemployment in Christchurch,
 - Target delivering a new wave of skilled resources into the market.

1.4 REQUIREMENTS

There are legislative requirements associated with SCIRT procurement activities including those prescribed in the following;

- CERA Act
- Commerce Act
- Local Government Act
- Construction Contracts Act

1.5 RELATIONSHIP TO OTHER MANAGEMENT PLANS

Procurement has the closest direct functional links with the Scope Management Plan, Design Management Plan and Construction Management Plan. These are the areas where the bulk of high-value procurement will occur. Procurement activities will be relevant to all other management plans in the set to some extent.

2 PROCUREMENT PLANNING

In order to support delivery of the AA objectives, this plan must address the unique nature of this programme of work. The SCIRT Programme Management Plan describes local industry participation and project allocation as two key elements that have unique aspects in this programme.

Local Industry Participation is unique to this programme due to:

- the progressive elaboration of the scope of work as an outcome of investigation activities on the four networks overlain with the influence of the Horizontal Infrastructure Recovery Strategy (once available),
- the specific objective in the AA to "Maximise the use of local resources to deliver the work",
- the scale of the works being significant in the context of the capacity of local industry.

Project Allocation is unique to this programme due to:

- the allocation of projects amongst the SCIRT Delivery Teams being a key mechanism within SCIRT to encourage performance over the full spectrum of key result areas including value for money.

These activities are discussed in the procurement planning section of this plan.

2.1 SCOPE OF PROCUREMENT PLANNING

Procurement Planning has been broken down into three areas:

- Procurement Strategy
- Local Industry Participation Planning
- Project Allocation Planning

2.2 PROCUREMENT STRATEGY

2.2.1 Overview

The procurement strategy aims to provide:

- Achievement of the relevant SCIRT objectives,
- Consistency and continuity in approach across some key disciplines of the project,
- Flexibility to package the design and construction works in the most cost effective and efficient manner.

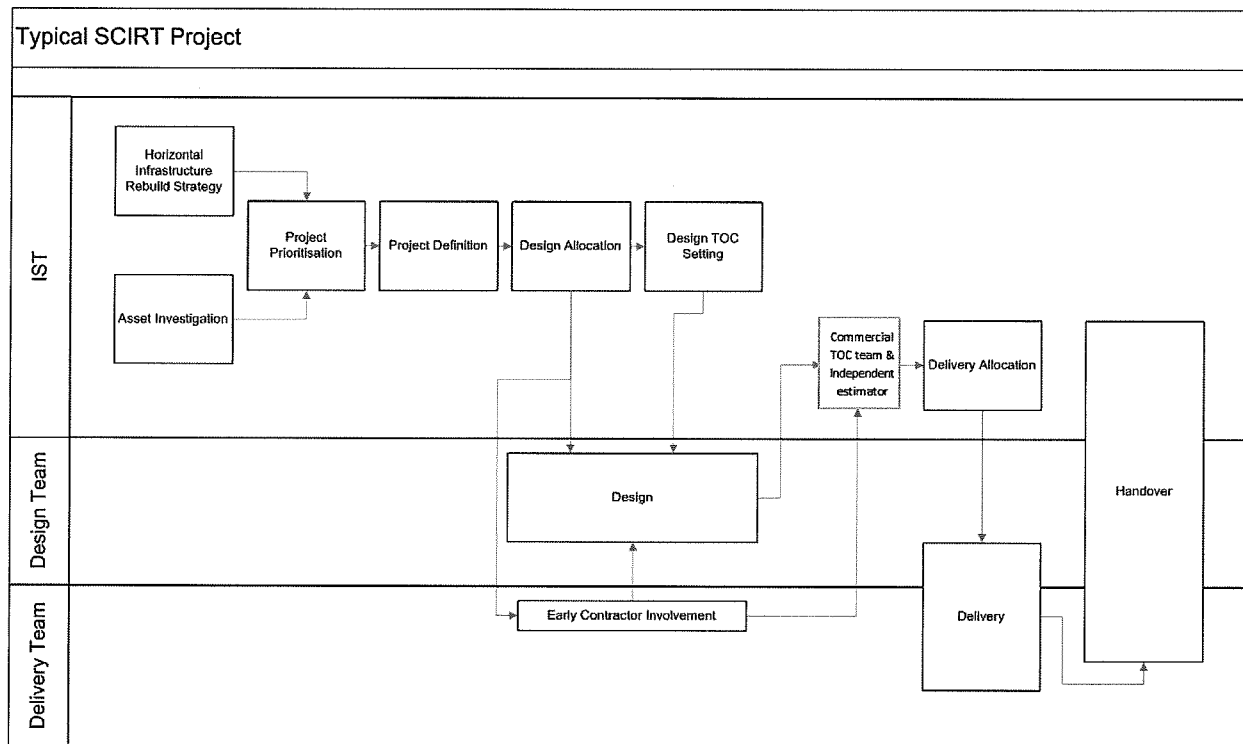
The way in which this is achieved is introduced here by following the lifecycle of a typical project delivered in the programme.

The Non-Owner Participants have formed a Joint Venture known as the SCIRT JV which may act as the Main Contractor for the purposes of procuring services to deliver the programme.

The diagram below describes the typical SCIRT project phases and identifies the broad procurement strategy to be employed, by showing which grouping within SCIRT is responsible for each activity.

This is followed by descriptions of individual procurement activities to a level that explains how they support achievement of the SCIRT objectives.

The detailed descriptions of how these procurement activities are executed are contained in later sections of this plan.



1. The IST directly manages the initial phases of the project to the point of completing the Design Allocation step. This involves procurement of professional services, predominantly Engineers.
2. The IST will then allocate a Design Team for each project which will take direct responsibility for completing designs and will fulfil a role in Delivery TOC setting, supporting delivery and fulfil specific roles in the handover phase of the project such as drafting of as-built drawings. The IST will allocate projects between the Design Teams.
3. The JV partners will each provide Delivery Teams which will take direct responsibility for construction of Projects and fulfil their prescribed role in relation to project handover. The IST will allocate projects between the Delivery Teams. The Delivery Teams will generally be responsible for providing all plant, labour, materials and subcontractors to deliver the project.
4. Handover and Closeout of Projects will be coordinated by the IST with roles to be played by the Project Delivery Team and Project Design Team.

The IST will also support the activities of the Delivery Teams in specific areas of materials supply and provide procurement resources for their use.

2.2.2 Professional Services (other than Detailed Design)

- Procurement of professional services will be by the IST.

2.2.3 Detailed Design Professional Services

- Procurement of design will be by the IST directly with framework agreements established with design organisations.

- Four lead design organisations were appointed to undertake the design of the permanent works, supported by staff from other Christchurch based organisations.
- The allocation of projects among these lead design organisations will utilise a decision model described in section 3 of this plan which directly supports the SCIRT objectives of :
 - Value for Money,
 - Capability utilisation.
- Comparison of charge rates supplied by design resources will also support achievement of the other objectives of maximising use of local resources, minimising labour rate increases and maximising market sustainability. This is because local resources should offer a cost advantage and will therefore be utilised first by Design Teams in order to be favoured for the allocation of future projects.

2.2.4 Delivery

- The allocation of projects among the Delivery Teams will be by the IST on the basis of a decision model described in section 3 of this plan which directly supports the SCIRT objectives of :
 - Value for Money,
 - Capability utilisation.
- The tension incorporated in the allocation model will also support achievement of the other objectives of maximising use of local resources, minimising labour rate increases and maximising market sustainability. This is because local resources should offer a cost advantage and will therefore be utilised first by Delivery Teams in order to be favoured for the allocation of future projects.

2.2.5 Materials Supply

- The Delivery Teams will generally be responsible for providing all construction materials required to deliver the projects allocated to them.
- Materials will be procured in accordance with the Best-Practice Guidelines in Appendix 2 of this document.
- The IST may deem it advantageous in the case of particular materials to negotiate prices and/or procure centrally on behalf of the Delivery Teams. Decisions regarding Centralised Purchasing will be informed by the use of the Category Management Matrix. (Refer to Category Management report by the SCIRT Procurement Support Group).
- Alliance Participants should endeavour to use the Programme's scale to secure the best rates available. The process employed to select suppliers and purchase materials must be one of the competitive processes recommended in the Best-Practice Guidelines.
- The best rate will not necessarily be the cheapest. Materials must not be purchased on the basis of price alone without due consideration of whole-of-life costs and relevant qualitative issues.

2.2.6 Plant and Equipment

- Guideline rates will be established by the IST and used in the Construction TOC setting process.
- Procurement of Plant and Equipment will be by the Delivery Teams as their existing networks provide the best opportunity to fully utilise the local supply chain. The tension inherent in the Delivery Allocation model will support value for money decisions being made.

2.2.7 Network Utility Work

- Procurement and sequencing of Network Utility works for individual projects will be the responsibility of the Delivery Teams. This will support the SCIRT objectives by providing management at the level closest to the workforce to increase the ability for efficiency in the coordination of these activities with construction activities.
- The IST will assist the Delivery Teams in coordinating and interfacing activities involving Network Utilities between individual projects in order to recognise and exploit opportunities such that even greater value for money is realised, and disruption to the public is further reduced.

2.2.8 Subcontractors

- The Delivery Teams will generally be responsible for procuring all plant and labour, including subcontractors deemed necessary to deliver the projects allocated to them.
- Subcontractors will be selected and procured in accordance with the Best-Practice Guidelines in Appendix 2 of this document.
- Delivery Teams should endeavour to use the scale of the SCIRT Programme of Works to secure the best subcontract rates available.
- The process employed to select and procure subcontractors must be one of the competitive processes recommended in the Best-Practice Guidelines. For example, a competitive process by Delivery Teams may also include selecting subcontractors based on renegotiation of previously tendered rates.
- Subcontracts must not be awarded on price alone without due consideration of relevant qualitative issues such as relevant experience, relevant skills and proposed methodology.

2.3 LOCAL INDUSTRY PARTICIPATION PLAN

The local construction industry needs to be engaged to allow SCIRT to accurately understand the current capacity and availability of resources. The engagement includes analysis of the extent and speed at which the current capacity can be expanded or re-shaped to match that required by the scope of the projects identified by SCIRT.

Through information sharing with the Industry, SCIRT will contribute to workforce development by allowing industry to re-shape the skills and scale of the workforce through training and recruitment to meet the demands of the SCIRT programme.

One of the benefits this approach offers is the minimisation of the upward pressure on labour costs by maximising utilisation of local labour.

Resource Availability will be monitored at three levels:

1. Within SCIRT,
2. Within Christchurch,
3. Within New Zealand.

The information sharing will be directed through key organisations including;

- NZ Contractor's Federation (local branch level),
- Christchurch Chamber of Commerce,
- NZ Contractor's Federation (national level).

Given the emergent nature of the scope, this engagement will be ongoing to provide course correction to any growth plans of local (and national) industry.

3 PROJECT ALLOCATION PLAN

3.1.1 Project Design Allocation Plan

A key objective of the AA is the mechanism to reward good performance on projects through the allocation of future work. The key allocation of work to each of the four Design Teams is to be on the basis of previous performance.

However, there are a number of other factors which need to be considered when allocating Projects. These include:

- Availability of suitable resources,
- Knowledge and experience of the type of asset,
- Knowledge and experience of the asset's history,
- Continuity of work for seconded resources.

The performance of the Design Teams will be continuously monitored against the following factors:

- Quality
 - Quality of Concept Reports
 - Quality of Detailed Design Documentation
 - Value of Design Work Scope Changes
- Cost
 - Performance against Target Outturn Hours
 - Average hours to design \$1M of physical works
 - Value of Innovation
- Timeliness
 - Delivery of Reports and Designs against Target Dates
 - Average lateness to provide Reports and Designs
 - Average time to design \$1M of physical works

In addition to assisting in the allocation of work, the performance of the four teams will be discussed with each LDO Team Leader at weekly progress meetings and actions put in place to address any poor performance measures.

3.1.2 Project Delivery Allocation Plan

The IAT will allocate Projects for delivery by individual Non-Owner Participants in a manner that:

1. Achieves best value for money
2. Provides for the different Non-Owner Participant business models
3. Initially targets distribution of work reasonably equitably among the Non-Owner Participants
4. Subsequently distributes work among Non-Owner Participants taking into account each Non-Owner Participants performance in the delivery of previous projects, available capacity and capability. Better performing Non-Owner Participants will be allocated a greater share of the work, with poorer performing Non-Owner Participants a lesser share, in a manner agreed by the ALT.

The default work allocation is equal allocation amongst the five Delivery Teams (i.e. 20% by TOC value).

The allocation of projects for construction is undertaken using the following two-step method as described in the diagram below:

Part A: Influence of Delivery Team performance,

Part B: Influence of Delivery Team capacity and other programme context.

Although the decision model is formal, it is sufficiently flexible to allow an overall “best for programme” decision to be made in the allocation of each project and for the reasoning behind that decision to be transparent.

PART A

Delivery Team performance is used to arrive at a target work allocation split. This is based on cost and schedule performance and performance in non-cost Key Result Areas.

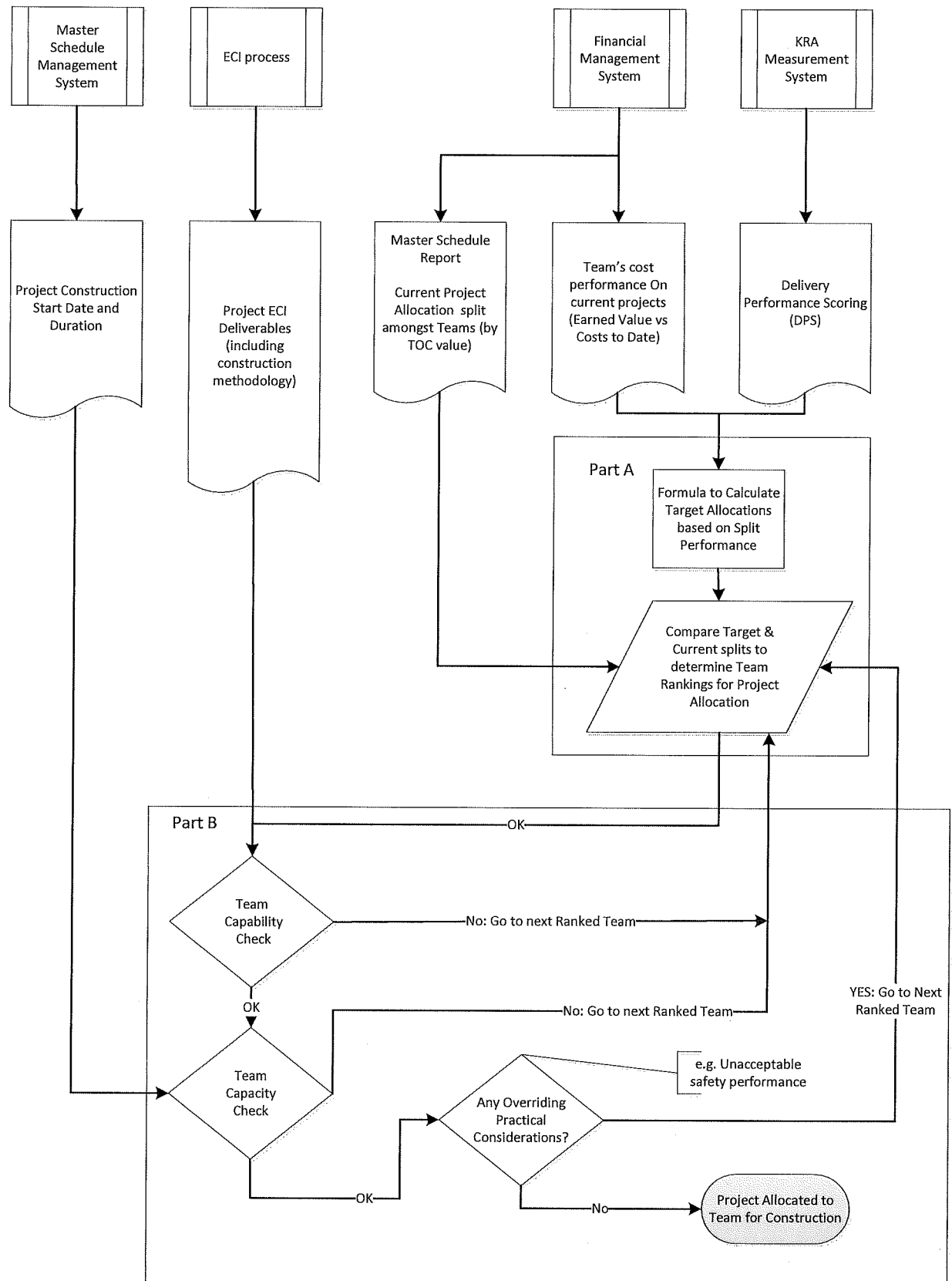
1. The non-cost performance of each Delivery Team is measured using key performance indicators (KPIs) defined in the KRA Measurement Plan. A Delivery Performance Score (DPS) is calculated for each Delivery Team by weighting

PROCUREMENT MANAGEMENT PLAN

average performance over the previous 6 months in Key Result Areas as defined in Appendix 1: DPS Framework.

2. The schedule performance of each Delivery Team is measured for allocated projects with a Construction or Handover status by comparison of the actual duration to date compared to Baseline and a 3 month allowance for the handover phase.
3. The cost performance of each Delivery Team is measured for allocated projects with a Construction or Handover status as aggregate Earned Value/ Costs to Date.

Project Delivery Allocation



4. The three measures are combined to give a combined performance score using the following formula:

Combined Performance Score = DPS x (EV/LTD)^D where D is the Dynamic Cost Performance Indexing Factor

5. The Dynamic Cost Performance Indexing Factor ensures that cost and non-cost performance have the required relative weighting in determining the Combined Performance Score. The required relative weighting may be varied by the EGM to encourage desired behaviours but, in the absence of specific policy decision, cost and non-cost performance will be given equal weight.
6. The Combined Performance Score Scale Factor determines the degree to which the Combined Performance Score influences the allocation of work. Initially this factor will be set as 50%. Increasing this factor will increase the impact of the Combined Performance Score on target share. This policy may be altered by the EGM from time to time to encourage the desired behaviours.
7. The overall performance scores are analysed to find the average and the deviation from the average is multiplied by the Score scale factor discussed above to calculate the variation in target share for each team, away from the default equal share.
8. The target share is then compared with the current share of work allocated to determine which teams will be allocated more work.

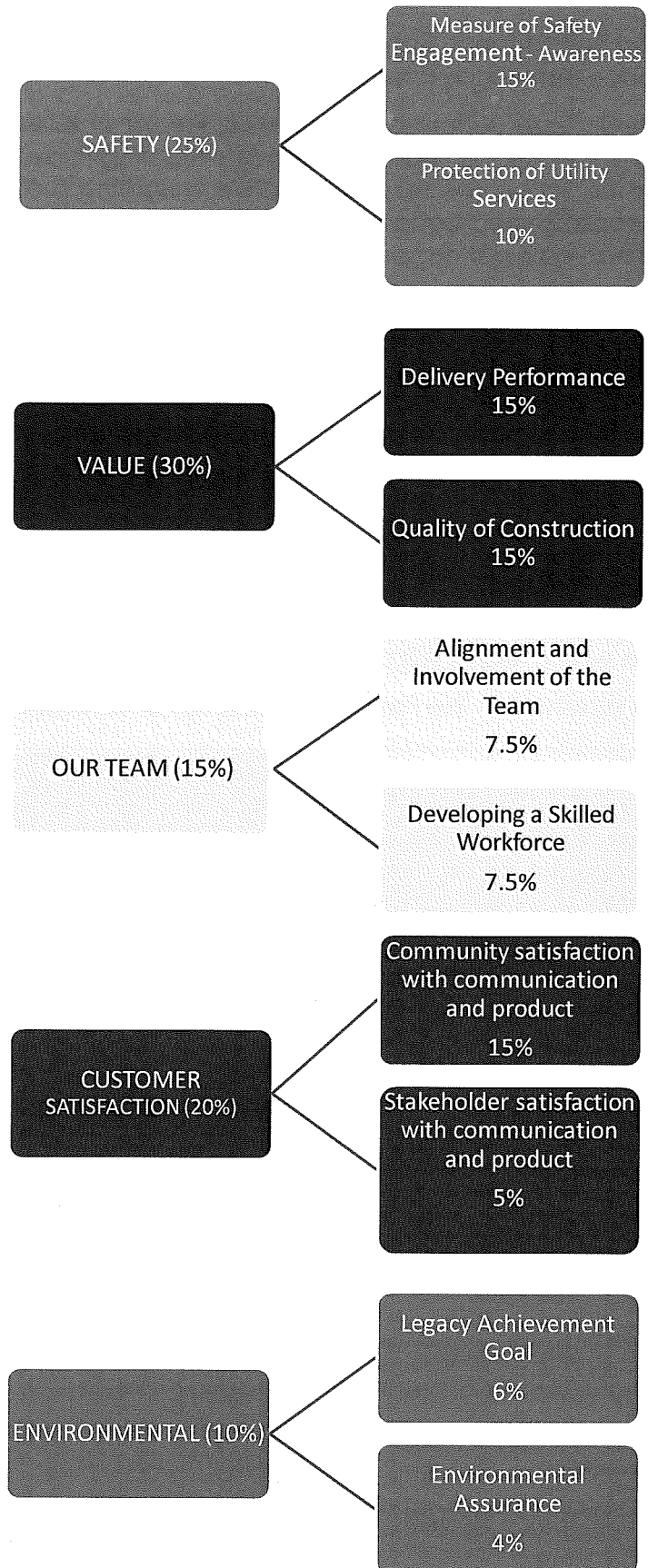
The table below summarises the Performance Score and Target Share calculations:

| | Delivery Teams | City Care | Downer | Fletcher | Fulton Hogan | MacDow |
|------|--|--------------|---------------|---------------|---------------|---------------|
| A1 | DPS KRA 1-5 | 60.00 | 62.00 | 65.00 | 65.00 | 63.00 |
| A1.1 | DPS KRA 1-5 - Scaled to 80 percent of Non Cost Score | 48.00 | 49.60 | 52.00 | 52.00 | 50.40 |
| A2 | Schedule Performance Factor | 40.00 | 45.00 | 45.00 | 47.00 | 40.00 |
| A2.1 | Schedule Performance Factor Scaled to 20 percent of Non Cost Score | 8.00 | 9.00 | 9.00 | 9.40 | 8.00 |
| A3 | TOTAL Non Cost Score (A1.1 + A2.1) | 56.00 | 58.60 | 61.00 | 61.40 | 58.40 |
| B | EV/LTD (Cost Score) | 95.0% | 115.0% | 100.0% | 112.0% | 100.0% |
| C | SCIRT Policies | | | | | |
| D | Combined Performance Score Scale Factor | 50% | | | | |
| | DYNAMIC Cost Performance Indexing Factor | 0.48 | | | | |
| E | ALLOCATION SCORE | 54.6 | 62.7 | 61.0 | 64.8 | 58.4 |
| F | Allocation Score minus Average Score | -5.7 | 2.4 | 0.7 | 4.5 | -1.9 |
| G | Change in Target Share | -2.8% | 1.2% | 0.3% | 2.3% | -1.0% |
| H | Default Share | 20% | 20% | 20% | 20% | 20% |
| I | Target Split (after Performance Influence) | 17.2% | 21.2% | 20.3% | 22.3% | 19.0% |
| J | Current Split | 22.2% | 16.0% | 17.4% | 21.3% | 23.1% |

| | |
|--|---|
| Key | Note: 1% currently equates to approx.: \$ 6,707,354 |
| Denotes data inputs from other elements of the Programme Management System | |
| Denotes policies set by the SCIRT Board | |
| A (1-3) | Current Score based on Key Result Area amalgam score of Key Performance Indicators for Delivery (refer KRA Management Plan) |
| B | Cost Performance Score (Earned Value (EV) / Life to Date Costs (LTD), for all projects in Construction and Handover. |
| C | This sets the extent to which the Combined Performance Score is allowed to influence target share and is used in calculating G. At 50%, 6 points below the month average results in 3% decrease in project share. |
| D | scores have equal weight. |
| E | Formula = A*B*D |
| F | Distance of Team Combined Performance Score from the Average for each month. |
| G | Multiplies F by C to arrive at change in Target Share away from Default share (H) |
| H | Default equal share- what is would be if all scores and cost performance was equal. |
| I | H+G |
| J | Current Split of work, SCIRT Projects for projects in the Construction and Handover Gates. |

PROCUREMENT MANAGEMENT PLAN

DELIVERY TEAM ALLOCATION PERFORMANCE WEIGHTING



PART B

This part of the allocation decision allows the SCIRT Delivery Managers to take into consideration other factors when determining the allocation of individual projects. To enable this whilst maintaining target shares will require allocation of a number of projects at the same time, possibly on a monthly basis. A decision to not allocate in accordance with target shares (e.g. due to unacceptable safety performance) will require endorsement by the EGM).

The following factors are considered.

1. Capability

- a. The nature of the work is compared with the current available capability of the Delivery Team, or their progress towards having this capability in time to execute the project when it is available,
- b. Project Management and Recent Performance in meeting reporting and other SCIRT commercial and administrative requirements may be taken into account.

2. Capacity:

The preferred Delivery Team's resource commitment versus capacity is analysed for the forecast time period in the future when the project is to be delivered.

- a. Any degree to which Delivery Team resource availability delays the start of construction counts against the Delivery Team,
- b. The risk that the Delivery Team cannot meet the Schedule requirements, as assessed by performance on previous projects against schedule, could result in non-allocation, particularly for time-critical projects.

3. Proximity:

- a. The proximity of the project to current projects being undertaken by the same Delivery Team works in their favour, as it eases coordination issues and provides potential for site management efficiencies.

4. Safety Performance (not measures included in DPS) eg: LTIFR, MTIFR

- a. Unacceptable performance on recent projects will be just cause to not allocate further projects, at least until satisfactory corrective actions have been taken and the Executive General Manager has approved.

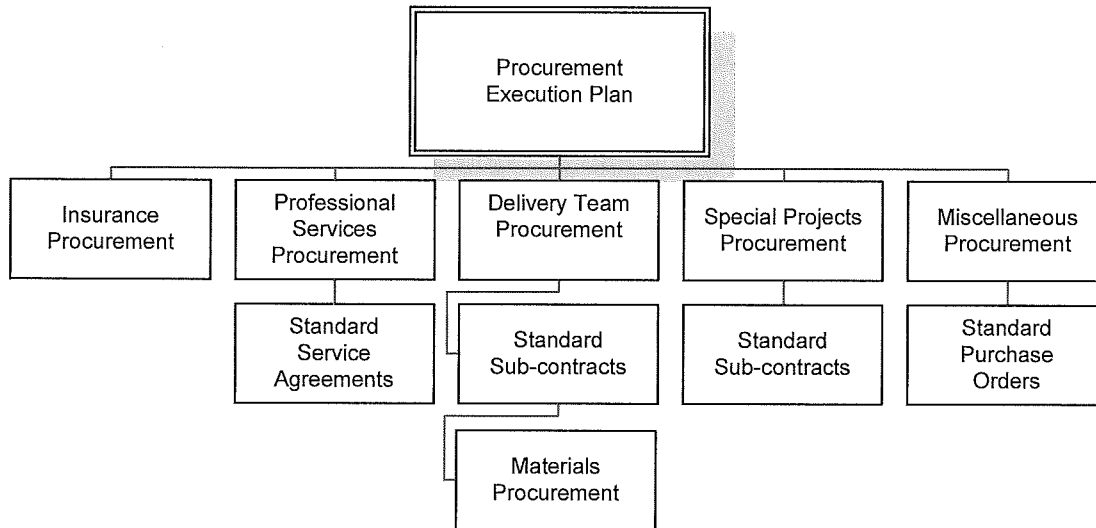
5. Context:

- a. Other issues that may have a bearing on project allocation particularly with regard to value for the programme as a whole.

Comparing the relative attributes of the competing Delivery Teams with their difference in Combined Performance Score, supports an appropriate decision being reached.

4 PROCUREMENT EXECUTION

This part of the plan sets out policy and protocol with respect to all procurement execution activities carried out by SCIRT IST. This plan will apply to all requirements for external and internal purchases for goods, services, materials and or plant to support the Programme.



The objective of this part of the plan is to ensure the Procurement is conducted in accordance with the SCIRT AA, in particular, to achieve “Best for City” outcomes by SCIRT members assessing cost, time, innovation and conformance of the procured elements, ensuring at all times that we consider:

- The most advantageous procurement terms for SCIRT, with surety, special conditions, commercial framework, use of local resource and other elements compatible with the AA,
- Integrity, diligence and accountability with no conflict of interest,
- Value for money in accordance with the *Value Management Plan*, and proving cost and time benefits to the project, delivering surety, quality and accountability,
- Transparent transactions,
- Procurement personnel performing their duties in accordance with this plan.

The performance of procurement execution activities will be measured through the Value KPIs – Productivity Gains, Plant and Labour.

4.1 SCOPE OF PROCUREMENT EXECUTION

The following activities shall be carried out at a level consistent with the nature and importance of each project and include the following common considerations:

- Purchasing documentation, duties identification and legal requirements,
- Delegated Financial Authority (DFA) limits will be observed when committing SCIRT funds; refer Financial Management Plan for details of the DFAs.

- Supplier and Subcontractor minimum performance standards must be met (check with Safety, Quality and Environmental Plans).
- All procurement processes must align with Government and Council Procurement requirements.

4.1.1 Insurance Procurement

Recognising the special nature of the programme and difficulty procuring insurance post-earthquakes, SCIRT directly procured Professional Indemnity, Public Liability and Contract Works Insurances covering not only the Alliance parties and Professional Services team but also any subcontractors undertaking services under the Alliance. These insurances will be by formal contract and personally authorised by the Commercial Manager.

Subcontractors are encouraged to take mitigation steps through exposure to the large deductibles payable under the policies.

The remainder of the insurance requirements e.g. Plant and Vehicles Insurances, will be included in the scope of supply of the Delivery Teams.

4.1.2 Professional Services Procurement

Professional Services Procurement will be administered centrally by the IST. Design Professionals will be engaged under a model described below.

The Lead Designer Organisations and all sub-consultants used on the programme (except for minor works) will enter into framework agreements directly with SCIRT regarding terms of compensation and all other commercial conditions of engagement.

The Lead Designers will not be privy to the commercial rates agreements of these sub-consultants but will be given a man-hours budget figures for each Design Project to use as the benchmark for design value for money management.

Under this arrangement Designers will be paid on a time and materials basis using the agreed rates, with Timesheets being submitted to SCIRT, via Project Centre.

Cost Performance will be measured and will be a key factor in the allocation of future work amongst the competing Design Teams.

Non-designer professionals will work under similar arrangements although the impact of performance on allocation of future work will be less structured.

4.1.3 Delivery Team Procurement

Projects will be allocated amongst the Delivery Teams. This will not require any other formal procurement process as responsibility will remain within SCIRT. The allocation will require the joint recommendation of the Delivery Managers.

At the time of project allocation the following will be provided to the Delivery Team;

- Drawings and specification
- Priced schedule of quantities
- A detailed breakdown of the Delivery TOC build-up

4.1.4 Special Projects Procurement

From time to time the IST may decide to deliver a project directly rather than via a NOP Delivery Team. In these instances formal contracts will be put in place utilising the SCIRT standard form of Subcontract Agreement. The form of these contracts will be determined on a case-by-case basis by the EGM on recommendation from a Delivery Manager.

4.1.5 Miscellaneous Procurement

Small value procurement will be agreed by the budget holder in advance and payment will be on invoice or Credit Card. Consideration should be given as to the value of the purchase weighed with the level of procurement justification required.

4.2 BUDGETARY LIMIT OF AUTHORITIES

Specific Authority to award subcontracts and approve purchase orders is in accordance with the approved Delegated Financial Authority matrix (refer Financial Management Plan). Commercial terms and conditions for each transaction must be included in the request for approval.

Authority limits refer to the aggregate value of like or related transactions across the overall SCIRT work scope. Unbundling of like or related transactions to avoid exceeding authority limits is strictly prohibited and may be subject to disciplinary action.

All transactions requiring Board approval must first be approved by the EGM.

5 CONFLICT OF INTEREST

It is the responsibility of the Commercial Manager to ensure that there is a system in place to detect any conflict of interest, or potential for conflict of interest in the works being tendered by SCIRT members. Once the conflict is identified steps are required to address the conflict before key decisions or recommendations are made.

Conflict of interest may arise where:

- A member of SCIRT directly engages a supplier or subcontractor where they or a family member have an interest in and/or they are able to influence the running of the business of the supplier or subcontractor,
- A member of SCIRT is in a position to recommend the engagement of a supplier or subcontractor where they or a family member have an interest in and/or they are able to influence the running of the business of the supplier or subcontractor,
- A member of SCIRT directly supervises the operations of an engaged supplier or subcontractor where they or an immediate family member have a business interest in the supplier or subcontractor's business and has responsibility for certifying the quality and/or value of supplier or subcontractor work,

- SCIRT selects the services, plant or resources of one of SCIRT Partners for the project works, without due assessment of other viable options which could offer better Value for Money and Best for Project outcomes.
- An interest in or the ability to influence the running of a business of a supplier or subcontractor cover areas as follows:
 - o Where the SCIRT member or a family member is a director,
 - o Where the SCIRT member or a family member is a partner,
 - o Where the SCIRT member or a family member has a controlling interest in the business and its running,
 - o Where the SCIRT member or a family member gains a beneficial return from the business of a supplier or subcontractor.

In the latter case above this extends to include an instance where a beneficial return may be available by virtue of holdings held in a business of a supplier or subcontractor through privately run superannuation schemes.

This does not mean that SCIRT members are required to provide details of shareholdings in various listed suppliers and subcontractors except in those cases where the holding is such that influence on the listed supplier or subcontractor's business can be exerted.

After an initial declaration is made, further notifications of conflict of interest in respect of an interest in or the ability to influence the running of the business of a supplier or subcontractor needs to be notified only when such interest or influence changes.

6 PERFORMANCE MONITORING AND EVALUATION

6.1 Monitoring

The performance of procurement planning activities will be measured frequently through the TOC setting process defined in the Financial Management Plan and the comparison of AOC with TOC built into the project allocation models.

6.2 Evaluation

The results obtained from monitoring and measuring will be evaluated to:

- Correct poor performance,
- Identify the reasons for poor performance,
- Address the potential likelihood of future poor performance.

From the monitoring activities, conformity with the processes and procedure in the management plan set will be evaluated. Non-conformances will be identified and addressed utilising the systems defined in the Quality Management Plan.

Also the results of monitoring will be evaluated against the programme objectives and targets to identify opportunities for improvement, utilising the systems defined in the Quality Management Plan.

These evaluation processes will operate independently of any internal or external audit/review function, and are a core management responsibility.

The topics of non-conformance and opportunities for improvement will be agenda items in regular management meetings and significant issues discussed in reports (see reporting section).

7 MANAGEMENT PLAN CONTROL

7.1 Authorisation

Initial authorisation is in accordance with the AA, Section 6.1.1. All plans are also authorised by the EGM and will be submitted to the Board for approval in the first Board meeting following the execution of the AA.

Subsequent revisions to plans will be authorised by the EGM unless the EGM deems the revision requires endorsement by the Board.

7.2 Distribution

The Plan is a controlled document and shall be distributed and revised in accordance with the SCIRT Quality Management Plan. Hardcopies are Un-Controlled copies. The Controlled copies are maintained in "Project Centre" which is a secure website which supports various project management functions for the Programme including "configuration management" i.e. version control of documents.

7.3 Auditing

Systematic internal audits will be undertaken to monitor the Plan for suitability, relevance and effectiveness. The auditor will be a person who is independent of the activity being audited.

Refer to Quality Management Plan.

7.4 Management Plan Review and Revision

This management plan is a dynamic document that is current at the time of issue. The process for monitoring and review of the Plan or its implementation and operation are detailed within the SCIRT Quality Plan.

Site management will conduct a reassessment of this management plan for the purpose of continuous Improvement. The review will consider the results of management monitoring, audit results, analysis of data, corrective and preventive actions as well as feedback from the Board, Management Team, IST, Design Team, Delivery Teams and site personnel. The frequency of the review will typically be as detailed in the Review and Audit section of the Quality Plan.

Implementation of resolutions from the review will contribute to continuous improvement.

Revisions to any management plan will always involve the Quality Manager who will take responsibility for ensuring the management plan set remains co-ordinated when revisions occur.

The document may be revised and updated in response to areas identified for improvement, such as;

- Changes in the Requirements and Minimum Standards defined in Schedule 5 of the AA ,
- Substantial changes in design or scope, construction sequence, staging, methodology, process or resource,
- Requests by any Statutory Authority,
- Internal and external audits,
- Suggestions and comments from personnel,
- Preventative action following a non-conformance,
- Necessity for corrective action,
- Senior management review,
- Recommendations of the Independent Estimator or Strategic Review Panel.

8 RECORDS AND REPORTING

8.1 Project Information, Data & Records Management

The primary location for soft copy filing of all documents and correspondence is in the SCIRT Project Centre system.

For management, storage and archiving of project data please refer to Administration Plan. For IT Systems, including support, security, licenses and usage, please refer to Administration Plan.

8.2 Reporting

8.2.1 Monthly report to Board

SCIRT is committed to providing a monthly progress report to the Board. This management plan will contribute to this report as outlined below:

- Project Allocation split among Delivery Teams

The report will additionally include, where needed:

- The course of action proposed in response to any significant delays that have occurred to SCIRT Work during the previous month to ensure that SCIRT Work will thereafter be carried out ,
- Any act, matter or thing which has or is likely to have a material adverse effect on the progress of the SCIRT Work, together with detailed particulars on how the issue is being dealt with,
- A copy of the updated index of quality records including all significant non-conformances identified under the Quality Plan together with the dispositions, authorisations and corrective actions undertaken where related to procurement.

Significant Non-conformance with this plan will be included in the Monthly report to the Board.

8.3 Report Details

The Administration Plan includes a reporting section describing report design and documentation protocols

PROCUREMENT MANAGEMENT PLAN

9 ROLES AND RESPONSIBILITIES

| Procurement MP | | Responsibility | | | | | | | |
|-------------------------------------|---------------------------|-------------------------|-------------------------------|-------------|-------------------|-------------------------------|-----------------------|---------------|--------------------|
| Role | Executive General Manager | Human Resources Manager | Community Stakeholder Manager | SQE Manager | Delivery Managers | Professional Services Manager | CCC Interface Manager | Value Manager | Commercial Manager |
| Plan Issue/Revision authorisation | Own | | | | | | | | Assist |
| Auditing | | | | Own | | | | | |
| Plan Review | Own | | | Assist | | | | | Assist |
| Project Design Allocation | | | | | | Own | | | Assist |
| Project Delivery Allocation | | | | | Own | | | | Assist |
| Materials Rate Agreements | | | | | Assist | | | Assist | Own |
| Plant and Equipment Guideline Rates | | | | | Assist | | | Assist | Own |
| Local Industry Participation | Assist | | | | Assist | | | | Own |
| SCIRT insurances | | | | | | | | | Own |
| Monthly Report to Board | | | | | | | | | Own |

APPENDIX 1 – DELIVERY PERFORMANCE SCORING FRAMEWORK

1. SAFETY

(DPS Framework)

| Why Important? | 'Zero Harm' is a non-negotiable philosophy regarded as a foundation to business success for all of our people and communities we operate in. | | | | | |
|--|---|---|--|----------------|-----------------|-------------------|
| Objective | 1.1 Achieve the buy-in from our people that all injuries can be prevented by encouraging safety assurance through hazard reports, near miss reports, safety audits and identify opportunities to reduce or mitigate critical risks. 1.2 Establish accountability for all teams for this critical programme risk. | | | | | |
| KRA Weighting | 25 % | | | | | |
| KRA champion | David Hanham | | | | | |
| KPIs | KPI WEIGHTING | MEASURE | TIMING OF MEASURE | MCOS | STRETCH | OUTSTANDING |
| 1.1 Measure of Safety Engagement - Awareness Near Miss reports Safety audits | 60% | Quality of Safety Auditing (Monthly assessment of delivery team on-site safety auditing done by site staff. Monthly audit reviews undertaken randomly will assess behaviours, leadership, improvement opportunities and close out of actions.) | Recorded monthly Reviewed six monthly | 70-79% | 80-89% | 90-100% |
| 1.2 Protection of Utility Services | 40% | Utility strikes per services passed | Recorded monthly Reviewed six monthly | 99.5% – 99.84% | 99.85% - 99.99% | 100% - No strikes |

PROCUREMENT MANAGEMENT PLAN

2. VALUE

(DPS Framework)

| Why Important? | | Delivery of Value is a foundation element of the SCIRT infrastructure rebuild and is a necessary reassurance for taxpayers and ratepayers that the rebuild program is being carried out in the best possible manner from SCIRT functions and for projects from inception to handover. | | | | |
|-----------------------------|---------------|---|--|-------------------------------------|--------------|-------------------------------|
| Objective | | <p>The key performance indicators (KPIs) of this key result area are selected to provide specific focus beyond the intended value management framework.</p> <p>2.1 The measurement is intended to create and maintain a focus on business throughput by providing a measure for every project under construction, based on the rate of spend. It is summed across the delivery teams and the programme and changes over time will be visible. The measure is separate from Earned Value Analysis reporting but is based on the same data.</p> <p>2.2 Is intended to highlight commitment and effectiveness to the activities covered in the audit subjects that extend across the board of site activity.</p> | | | | |
| KRA Weighting | | 30 % | | | | |
| KRA champion | | Rod Cameron | | | | |
| KPIs | KPI WEIGHTING | MEASURE | TIMING OF MEASURE | MCOS | STRETCH | OUTSTANDING |
| 2.1 Delivery Performance | 50% | The rate of completion of projects measured by spend compared with the average spend from 5%-95% of baseline as submitted into Earned Value Reporting, expressed as a % of baseline. | Recorded and reviewed monthly | 100% (i.e. predicted rate) to <105% | 105% – <110% | 110% and above capped at 125% |
| 2.2 Quality of Construction | 50% | A scoring from the monthly project verification audit, with values based on the quality of actions recorded in a wide range of site quality control processes (and not just 'Yes/No' presence or absence of actions). | Measured for one project per delivery team per month | 60 - <70% Score | 70 – <80% | 80 - 100% |

PROCUREMENT MANAGEMENT PLAN

3. OUR TEAM

(DPS Framework)

| Why Important? | | The outcomes delivered by a high performing team are strongly impacted by first having skilled resources and then building success by creating a shared and well communicated vision, goals and objectives. Measuring the enrolment and wellbeing of the team to achieve these outcomes enables a proactive plan for creating a challenging and stimulating team environment that delivers results | | | | |
|--|---------------|---|---|--|------------|-------------|
| Objective | | <p>3.1 will measure the success in enrolling all sub-teams into the goals and objectives of the broader SCIRT team. This KPI can be impacted by the IST, the Delivery teams and the Clients.</p> <p>3.2 is focused on delivering an outcome of up-skilled resources for the programme and leaving a legacy of an improved training model for the Industry. The success of this is reliant on stakeholder (primarily Delivery Teams') contribution and participation to this training model.</p> | | | | |
| KRA Weighting | | 15 % | | | | |
| KRA champion | | Belinda de Zwart | | | | |
| KPIs | KPI WEIGHTING | MEASURE | TIMING OF MEASURE | MCOS | STRETCH | OUTSTANDING |
| 3.1 Alignment and Involvement of the Team <ul style="list-style-type: none"> - Involvement of partners in establishing SCIRT standards - Demonstration of collaboration | 50% | <p>Survey of the Team to assess levels of involvement and Interaction between Client, Board, MT and Delivery Teams.</p> <p>Questions will be created with the assistance of specialist 'Survey' support and attached as separate document. Questions may be changed over the course of the Programme to capture key relevant information.</p> | <p>Recorded monthly</p> <p>Reviewed six monthly</p> | 65 - <75 % positive feedback from survey | 75 - <85% | 85 - 100% |
| 3.2 Developing a Skilled Workforce | 50% | <p>Number of operatives (site engineers, supervisors and below) enrolled in and completing NZQA Qualifications pathways (including verified SCIRT competency modules). A +30% weighting is applied to Level 4 and crew leader qualifications and a +50% to subcontractors</p> | Data collected and reviewed bi-monthly | 18.4 to 19.4 | 19.4 to 20 | 20 to 21 |

4. CUSTOMER SATISFACTION

(DPS Framework)

| Why Important? | | We are delivering this programme of projects for the people of Christchurch, and therefore it is essential that we measure their level of satisfaction. We need to ensure our customers and key stakeholders know what we are doing and how we are doing it. We need to know that they are satisfied with the process and the outcome. | | | | |
|---|---------------|---|---|-----------|-----------|-------------|
| Objective | | <ul style="list-style-type: none"> All SCIRT teams are highly committed and go out of their way to achieve the highest possible standards during construction and community engagement. The desired outcome is that the community and key stakeholders respect and trust SCIRT and are satisfied with the engagement process. | | | | |
| KRA Weighting | | 20 % | | | | |
| KRA champion | | Linda McGregor | | | | |
| KPIs | KPI WEIGHTING | MEASURE | TIMING OF MEASURE | MCOS | STRETCH | OUTSTANDING |
| 4.1 Community satisfaction with communication and product | 75% | <p>A combination of results from two surveys will be used to determine 4.1 :</p> <ul style="list-style-type: none"> Community in areas where work has finished (face-to-face survey, carried out 2 to 4 weeks after work package completed, reported every 3 months). A representative sample from wider Christchurch community (telephone survey, 6 monthly, reported every 6 months). | KRA scores updated whenever new survey is completed | 65 – <75% | 75 - <85% | 85 - 100% |
| 4.2 Stakeholder satisfaction with communication and product | 25% | Identified representatives from key stakeholder organisations (Online quantitative survey conducted six-monthly) | Six monthly | 55 – <70% | 70 - <85% | 85 - 100% |

PROCUREMENT MANAGEMENT PLAN

5. ENVIRONMENTAL

(DPS Framework)

| Why Important? | | To deliver an environmentally sensitive rebuild and minimise impacts during and after construction | | | | |
|-----------------------------|---------------|---|--|-----------------------|----------------|-------------|
| Objective | | 5.1a To develop environmentally aware people who proactively identify environmental incidents, opportunities and initiatives in the field, and act on them. 5.1b Promote innovative and sustainable construction practices which add value to the rebuilding of Christchurch. 5.2a Eliminate environmental non-compliance events. 5.2b Build robustness into the Environmental Auditing process. | | | | |
| KRA Weighting | | 10% | | | | |
| KRA champion | | David Hanham | | | | |
| KPIs | KPI WEIGHTING | MEASURE | TIMING OF MEASURE | MCOS | STRETCH | OUTSTANDING |
| 5.1 Legacy Achievement Goal | 60% | Monthly assessment of progression against legacy achievement goal framework. | Recorded monthly Reviewed six monthly | 1 – 9 points | 10 – 20 points | > 21 points |
| 5.2 Environmental Assurance | 40% | Quality of Environmental Auditing Monthly assessment of Delivery Teams on site environmental auditing done by site staff. The focus and scoring is related to quality of the compliance delivery, leadership and close out of actions. | Recorded monthly Reviewed six monthly | Audit score 70 - <80% | 80 - <90% | 90 - 100% |

APPENDIX 2

BEST-PRACTICE GUIDELINES FOR THE PROCUREMENT OF MATERIALS AND SUBCONTRACTORS IN THE SCIRT ALLIANCE

1 Introduction

Each of SCIRT's five Non-Owner Participants (NOPs) has its own procurement policies and procedures. These Guidelines are not intended to replace the existing procedures of the NOPs but to supplement them in the context of procurement activities within the SCIRT Programme of Works with the aim of providing additional supply chain value to the Owner Participants.

These Guidelines are applicable where the value of goods and services being procured exceeds \$100,000. This figure and the Guidelines themselves will be reviewed on a twelve-monthly basis for validity and currency.

Any conflicts that may exist between these Guidelines and the respective procurement policies and procedures of any of the NOPs shall be identified and resolved.

The purpose of this document is twofold:

- To drive best value in procurement over the SCIRT Programme of Works,
- To minimise waste in the supply chain.

The application of these Guidelines is expected to result in direct cost savings to the Owner Participants. Furthermore, by applying 'smart' purchasing, Delivery Teams can reduce input costs which will ultimately allow for lower Target Outturn Costs (TOC) thus generating additional savings for the Owner Participants.

2 Guiding Principles

Procurement activity within SCIRT must be consistent with the following guiding principles:

- Maximising value for money,
- Minimising administrative cost,
- Optimising the supply chain,
- Maintaining a sustainable supply chain,
- Maintaining market tension,
- Sound ethical business practices and legal compliance,
- Compliance with the terms and principles of the *SCIRT Alliance Agreement*,
- Transparency and best-practice demonstrated to our clients,
- Supplier/Subcontractor alignment with SCIRT best practice,
- Procurement considered at Early Contractor Involvement (ECI) stage,
- Leveraging economies of scale,
- Provision of clarity to the market,
- Communicating potential for value generation to all parts of SCIRT.

All personnel involved in the procurement of goods and services for SCIRT projects must read and understand the contents of the *SCIRT Trade Practices Guide*. They must familiarise themselves with the key principles of trade practices law and the obligations that both individuals and companies face under the Commerce Act 1986, the Fair Trading Act 1986 and related legislation.

3 Record Keeping

SCIRT Integrated Services Team (IST) and SCIRT Delivery Teams must maintain records of procurement activities. Above the \$100,000 intervention point, these records must be sufficiently detailed to demonstrate that the guidelines in this document have been applied and must include the following:

- (a) A brief description of the process used to approach the market and select the supplier(s) and/or subcontractor(s),
- (b) The rationale for using that particular supplier/subcontractor selection model,
- (c) The reason(s) for decisions made regarding:
 - pre-selection (if any) of a number of suppliers or subcontractors, and
 - award of contracts to particular subcontractors and suppliers.

These reasons must make reference to prices/rates offered and to any other non-price attributes given consideration such as relevant experience, relevant skills, methodology, etc.

4 Audit Schedule

An annual audit schedule will be established which requires the IST Commercial Team to review adherence by the Delivery Teams to the Procurement Management Plan including these Guidelines. Each Delivery Team will be audited a minimum of twice per year and each Audit will review the procurement of three separate projects.

Any non-compliance with the Procurement Management Plan will be recorded on a Non Conformance Report as per the Quality Management Plan.

5 Supplier/Subcontractor Selection Process

5.1 Alliance Agreement

These Guidelines are not intended to be prescriptive as to the type of processes to be employed when selecting suppliers or subcontractors, other than such processes must be documented, competitive and consistent with the SCIRT Alliance Agreement and trade practices law.

The Alliance Agreement (Section 17.1.2) requires a *competitive* selection process for subcontractors and suppliers.

The *Overriding Commitments and Objectives* of the Alliance Agreement (Section 1) include the following long term considerations relating to procurement:

- Demonstrate best **long run** value for money,
- Break down unsustainable cost structures on assets or services to ensure CCC has the **lowest whole of life** cost structures moving into the future,
- Ensure the infrastructure sector maintains a **sustainable market condition**.

5.2 Default Competitive Process

At its most basic level, the selection process may involve inviting a *minimum* of three able suppliers/subcontractors to submit quotations for a particular work or supply package. Those invited may include Non-Owner Participants and/or their Related Companies providing they also include parties outside the Alliance. This can be, but need not be, a formal tender process.

Negotiations may be held following the submission of quotations prior to contract award.

Contracts must not be awarded to suppliers/subcontractors based on price alone without due consideration of qualitative issues. The following non-price attributes must be considered when awarding contracts:

- relevant experience
- relevant skills
- proposed methodology.

Awarding Parties (e.g. Delivery Teams) may at their discretion use as many additional non-price attributes provided they consider relevant to the circumstances, for example:

- track record
- resources – availability, lead-time, programme
- financial viability.

Where a selection process identifies only two willing and able suppliers/subcontractors, despite reasonable efforts to identify a minimum of three, the selection process may proceed with the two that have been identified.

The control by the IST to ensure competition is achieved will be determined by the TOC set for that project. The TOC will be subject to independent review by the Independent Estimator and will have no direct relation to the actual price obtained by the Delivery Team for the goods and services.

5.3 Direct Appointments

The direct appointment of subcontractors and suppliers, where the value of the contract awarded exceeds \$100,000 without a prior competitive process is not permitted, other than in exceptional circumstances requiring the approval of the SCIRT IST Commercial Manager.

In exceptional cases where only one willing and able supplier/subcontractor (e.g. a monopoly supplier) is identified, then the Awarding Party (e.g. Delivery Team) may – subject to the approval of the IST Commercial Manager – negotiate the terms, including price, of a contract with that supplier/subcontractor, ensuring as far as possible that value for money is obtained. In such cases the IST Commercial Manager must give due consideration to possible opportunities to leverage economies of scale across the SCIRT Programme of Works.

In the case of small uncontested purchases, existing corporate vendors and preferred suppliers should be used to avoid unnecessary proliferation of vendors. However, the market should be tested at reasonable intervals to ensure value for money is being achieved.

Other possible exceptions where direct appointment of suppliers or subcontractors may be justified, subject to the approval of the SCIRT Commercial Manager, are described in Sections 10.9, 10.10 & 10.11 of the NZTA Procurement Manual.

5.4 Multi-Project Procurement

Delivery Teams are encouraged to move away from project-by-project procurement to a multi-project basis. This creates value by leveraging economies of scale. Where practicable competitive processes for selecting subcontractors and suppliers should encompass several projects.

To facilitate multi-project procurement, the Delivery Management Team within the IST should ensure early allocation of projects, insofar as is practicable and in accordance with the Project Allocation Plan (Section 3 of the Procurement Management Plan).

Procurement must also be considered during the Early Contractor Involvement (ECI) process. In particular, any risks associated with lead times for specialist items must be identified. In the event of such a risk being identified, an application for early purchase of materials can be made through the IST Commercial Manager.

Prospective suppliers and subcontractors should be encouraged by the Delivery Teams to contribute to the ECI process in terms of knowledge, experience and innovation.

5.5 Negotiations based on Previously Tendered Rates

Holding separate competitions prior to selecting each supplier and subcontractor on every SCIRT project can be costly, inefficient and impractical in a buoyant market. The following alternative is permitted.

Delivery Teams may enter into negotiations, and subsequently expand or extend existing contracts with, or award new contracts to, subcontractors and suppliers that are performing (or have performed) satisfactorily on existing/previous SCIRT projects, provided that *all* the following apply:

- (a) The existing/previous rates must have been the result of a competitive process,
- (b) The existing/previous rates must be renegotiated to reflect the particular circumstances and quantities pertaining to the new or extended project,
- (c) The total monetary value of the new work or purchase order awarded on the basis of such negotiations should not exceed the value of the existing or previous contract or order to which the rates originally applied,
- (d) The negotiation has no bearing on the independently determined TOC rate for the Project,
- (e) Transparent documentation of the basis of the negotiation and encompassing (a) through (d) above shall be available upon request for audit confirmation purposes.

5.6 Schedule of Rates Contracts/ Term Supply Contracts

In cases where the nature and scope of work are known but the quantities although relatively large are indefinite, subcontracts or material supply contracts for future work can be let on this basis using quantities that are *indicative* only. However, this still requires a competitive process as Section 5.2 above.

This arrangement may be used where there is a degree of uncertainty around the allocation of particular projects to Delivery Teams, and this uncertainty would otherwise prevent multi-project procurement and/or bulk material orders.

Such an arrangement may evolve into a standing order that entitles the Delivery Team, during an agreed term of the arrangement, to "order" work/materials periodically which are then paid for at the pre-agreed rates.

Where the volume of work envisaged is too large for a single supplier/subcontractor to undertake in the context of a sustainable supply chain, and where quantities are also indefinite but there is likely to be a succession of similar or related activities in a long-term programme of works, it is acceptable to set up term supply contracts with a number of competing suppliers in accordance with the *supplier panel delivery model* outlined in Section 6.4 of the NZTA Procurement Manual. This model shall be given due consideration as an option in the case of centralised procurement by the IST.

5.7 Frustrated or suspended Subcontract Agreements

In cases where a contract is suspended or delayed and that Delivery team will be incurring standing costs then other delivery teams may be approached to identify opportunities to utilise the skills of that subcontractor and mitigate potential claim on the Alliance.

If a delivery team wishes to use that subcontractor they will then agree the rate for the work they require to be completed. They will notify the original delivery team of the contract value that will offset any potential claim for losses.

6 The Supply Chain: Challenging Margin-on-Margin and Differential Pricing

The supply chain for all goods and services must be understood before making a significant procurement decision. An example of a supply chain is shown below.

All links in the chain will be applying a margin, but is every link in the chain adding value or merely 'clipping the ticket'?

Where there is 'margin on margin' in transactions, we must be able to demonstrate that those taking a margin are adding sufficient value to justify that margin.

In some cases it may be possible to extract value by streamlining or reconfiguring a particular supply chain. The *SCIRT Trade Practices Guide* should be consulted in this regard. In particular, competition must be maintained and market power must not be misused. Caution must be exercised in by-passing particular links where this results in an

additional administrative burden on other links in the chain. Increased administration costs may be reflected in a subsequent increase in margins.

Where a Delivery Team can avail significantly cheaper supply rates than its subcontractors for particular materials, then it is recommended that the Delivery Team should either:

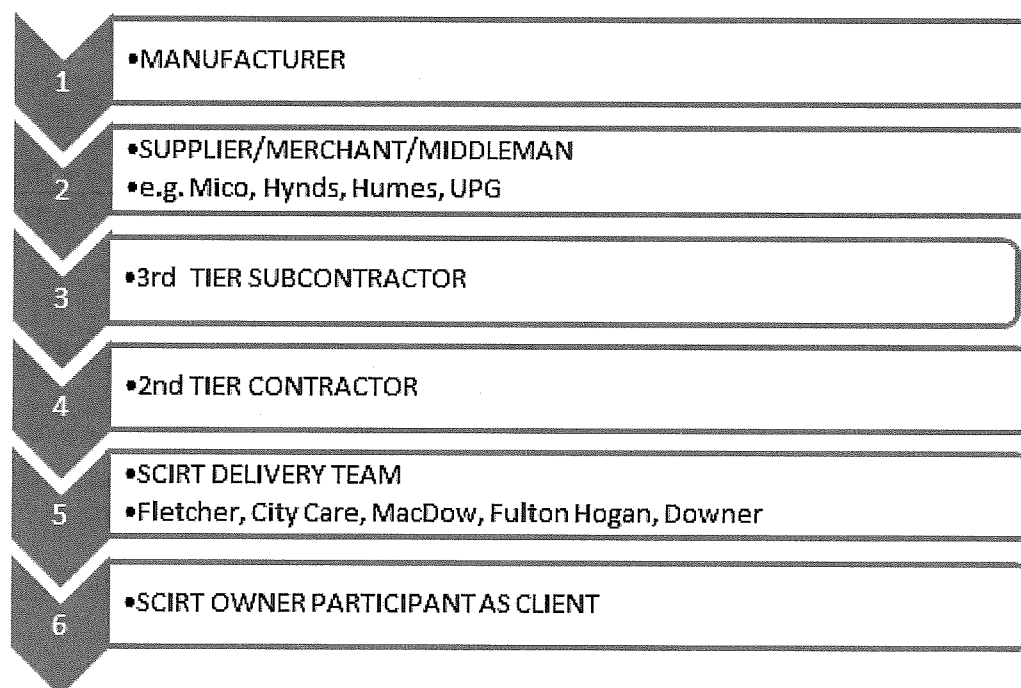
- a. Purchase the materials on behalf of its subcontractors, or
- b. Put in place an arrangement with a supplier(s) to allow the Delivery Team's subcontractors to avail of the rates available to the Delivery Team (e.g. NOP national rates or SCIRT agreed rates).

The Delivery Team may have to act as guarantor for the subcontractor in the latter case.

Exceptions to this general rule would include specialist materials procured by specialist contractors or relatively small purchases where the involvement of the Delivery Team would not add value. Any arrangement to facilitate bulk procurement must be administratively efficient.

It must be recognised that subcontractors in order to have a sustainable business will still need to maintain similar margins on a lesser turnover. The savings are made through minimising waste in the supply chain, e.g. suppliers need fewer sales representatives to supply fewer contractors.

Figure 1: One possible supply chain for polyethylene pipe



7 Centralised Procurement

Key professional services (e.g. design services, insurances, etc.) required by SCIRT shall be procured centrally by the IST. (*PMP Sections 4.1.1 through 4.1.5*)

The Delivery Teams will generally be responsible for providing all plant, labour, materials and subcontractors to deliver the project. (*PMP Section 4.1.3*).

However, the IST may, in accordance with PMP Section 4.1.4, decide to deliver one or more projects directly rather than via a NOP Delivery Team.

Furthermore, the IST may decide to centralise the procurement of particular goods or services required for SCIRT's Programme of Works where it has been deemed advantageous to do so. SCIRT's Procurement Support Group has developed a Category Management Matrix to assist with the decision making process regarding the degree of centralisation appropriate for the procurement of particular categories goods or services. This use of this matrix must form part of any decision made by IST with regard to centralised procurement.

8 Design with procurement in mind

8.1 Use of trade names

In general the SCIRT Design Team should not specify proprietary products in construction documents e.g. drawings and specifications.

Where there is no suitable or well-understood generic name, or in the interests of clarity, a particular trade name may be shown on the document provided it is followed by wording such as 'or approved alternative', 'or equivalent approved', etc.

Where only a single product or a small number of products are approved by the Client for the particular purpose, e.g. flow meters, all approved products may be listed.

8.2 Standardisation versus 'one-offs'

Standardisation is fundamental to the delivery of value.

In general, only those materials that are included in the Christchurch City Council specifications and Approved Material List (AML) shall be specified in SCIRT designs. Any departures from the AML must be authorised by the Design Team Lead and marked prominently on the design drawings. The description and quantity of the non-standard item shall be entered in the *SCIRT Procurement Register for Non-Standard Items* (maintained by the SCIRT Resources Coordinator) to facilitate procurement.

Lengths of PE pipe shorter than 400 metres should be avoided. Where it is deemed necessary to design lengths of PE shorter than 400 metres, the details should be entered into the *SCIRT Procurement Register for Non-Standard Items*.

In particular, the design of "one-off" items or "specials" should be avoided. These are items not readily supplied "off the shelf" by domestic New Zealand suppliers/merchants. Where such items are necessary they must be authorised by the Design Team Lead and marked prominently on design drawings. The description and quantity such items shall be entered in the *SCIRT Procurement Register for Non-Standard Items*.