

Subject **Amendment 5 to the NZ Transport Agency Procurement Manual**

Circulation All Approved Organisations
Local Government New Zealand (LGNZ)
Civil Contractors NZ (CCNZ)
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Circulated by Tara Macmillan, Senior Manager Procurement

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Purpose

This general circular advises of an amendment to the NZ Transport Agency's *Procurement manual: for activities funded through the national land transport programme*.

Most readers of this general circular will have been made aware of this change on 20 September through the 'Heads up' advice sent to all subscribers to the Procurement Manual update service. If you are not currently a subscriber then use this [link](#) to add your name and email address to the list of subscribers.

Effective date of this Procurement manual amendment

The effective date of this latest [Procurement Manual Amendment 5](#) is 1 October 2019.

Immediate compliance with all of the new Procurement Manual requirements for all future procurement is not anticipated. This point is expanded on below.

Summary

The impact of the Procurement manual amendment described in this general circular is summarised as follows.

Many of the changes reflect the transition to the new [Government Procurement Rules](#) (GPR) (currently called the Government Rules of Sourcing). The New Zealand Government Procurement and Property (NZGPP) group, Ministry of Business, Innovation and Employment (MBIE) has recently rewritten the Rules (GPR 4th edition) which come into effect 1 October 2019.

The key [Government Procurement Rules](#) driven changes to the Procurement Manual are:

- The requirement to comply with the [Government Procurement Charter](#) which sets out government's expectations for how agencies should conduct their procurement activity to achieve public value.

- The requirement to consider how procurements can, where appropriate, contribute to the [Government’s Broader Outcomes](#)
- Updates to some of the specific GPR Rule numbers referenced in the Procurement Manual to align with the numbering in the GPR.

These changes maintain the ‘equivalence’ between the [Government Procurement Rules](#) and the Procurement Manual first established in 2017 with the publication of Procurement Manual Amendment 4.

In addition to the above changes brought about by the rewritten [Government Procurement Rules](#) the following changes have been made:

- An update to the Health & Safety Expectations to strengthen the Transport Agency’s requirement that Approved Organisations consistently embed health and safety controls and standards within the procurement lifecycle and that health and safety forms a key consideration in every procurement decision.
- Inclusion of information about the Transport Agency’s involvement in the *Construction Sector Accord*, and that the Transport Agency expects Approved Organisations to contribute, where appropriate, to the priorities outlined in *Construction Sector Accord*.
- Redefinition of *value for money*, intended to align with the GPR concept of *public value*.

Public value

The Land Transport Management Act (LTMA) s25 requires the Transport Agency to approve procurement procedures that are ‘designed to obtain best value for money’. The Procurement Manual (Chapter 3) describes how approved organisations can ensure that they obtain best value for money when purchasing works, goods and services.

The best value for money concept is intended to be broad but is regularly narrowly interpreted, typically by giving more emphasis to initial cost that is optimal. The ‘public value concept’ which is closely aligned to the ‘community value’ concept adopted by some local authorities, is intended to address some of these narrow interpretation issues and in particular to support the broader outcomes concept now included in the GPR and to encourage consideration of benefits beyond delivery of the immediately contract requirements.

The LTMA ‘best value for money’ concept is aligned with Government procurement’s concept of ‘public value’.

Transitioning to full compliance with the new Procurement Manual requirements

Immediate compliance with the new Procurement Manual requirements is not expected in every instance. Where an activity has been approved for funding by the Transport Agency before 1 October 2019 then there is no obligation to retrospectively apply the new Procurement Manual requirements. Full compliance is expected where the related funding is approved on or after 1 October 2019 and the contract through which the approved funding is being expended is advertised after 31 December 2019.

Notwithstanding the above where full compliance with all applicable Health and Safety at Work Act requirements is not already being achieved the Transport Agency expects that this will be addressed immediately.

Delivering broader outcomes

Broader outcomes are the secondary benefits that are generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for New Zealand. Under the new Procurement Manual, Approved Organisations are required to consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

The Transport Agency expects that Approved Organisations consider the appropriateness of seeking broader outcomes through all contracts. This includes term service contracts associated with continuous programmes, for example for road maintenance or for public transport services.

A Framework for Delivering Broader Outcomes will be published by NZGPP, MBIE and NZTA in October 2019. All subscribers to the Procurement Manual update service will be advised by email when it is published. The purpose of the framework is to provide a practical and consistent model to enable the effective delivery of broader outcomes as part of a robust approach to strategic procurement.

As further guidance material on broader outcomes and the other changes included in the amended Procurement Manual become available we will advise all subscribers to the Procurement Manual update service.

Publication of this amended Procurement Manual

[Procurement Manual Amendment 5](#) has been published on the web as a PDF file.

Attachments

There is one attachment to this general circular – a list of the amendments to the Procurement manual.

Enquiries

All enquiries relating to this circular should be directed to procurement@nzta.govt.nz.

Tara Macmillan

Senior Manager Procurement

Attachment 1 – List of amendments to the Procurement manual

Note that all significant Amendment 5 changes are identified by a vertical line in the left margin.

Throughout this document there have been updates to the specific Rule numbers referenced to align with updated Government Procurement Rules numbering – these have not been identified with a vertical line.

Significant change are:

1. Chapter 1 – updates to reflect the changes to Government Procurement Rules:
 - Addition of the Government Procurement Charter and a requirement to comply.
 - The need to consider how procurement activities can, where appropriate, contribute to the Government’s Broader Outcomes.
2. Chapter 1 – other updates
Inclusion of information about the Transport Agency’s involvement in the Construction Sector Accord, and that the Transport Agency requires approved organisations to where appropriate contribute to the Transport Agency’s specific commitments under the Accord.
3. Chapter 3
 - Redefinition of ‘value for money’ to ‘best value for money’ which aligns with Government procurement’s concept of ‘public value’ and update of term to ‘best value for money’ throughout the document.
 - An update to the Health & Safety Expectations, to strengthen the Transport Agency’s expectations to require approved organisations to consistently embed health and safety controls and standards within the procurement lifecycle and that health and safety forms a key consideration in every procurement decision.