



**Christchurch Central**  
Development Unit

*Te Uepū Whakabiato*

# Procurement CCDU



Canterbury Earthquake  
Recovery Authority

*Te Mana Haumanu ki Waitaha*

# Christchurch Central Development Unit (CCDU)

## CCDU functions:

- Finalise the Christchurch Central Recovery Plan (Recovery Plan)
- Lead the recovery of the central city working collaboratively with CCC and Te Rūnanga o Ngāi Tahu and public/private stakeholders
- Recovery Plan incorporates spatial 'Blueprint Plan'



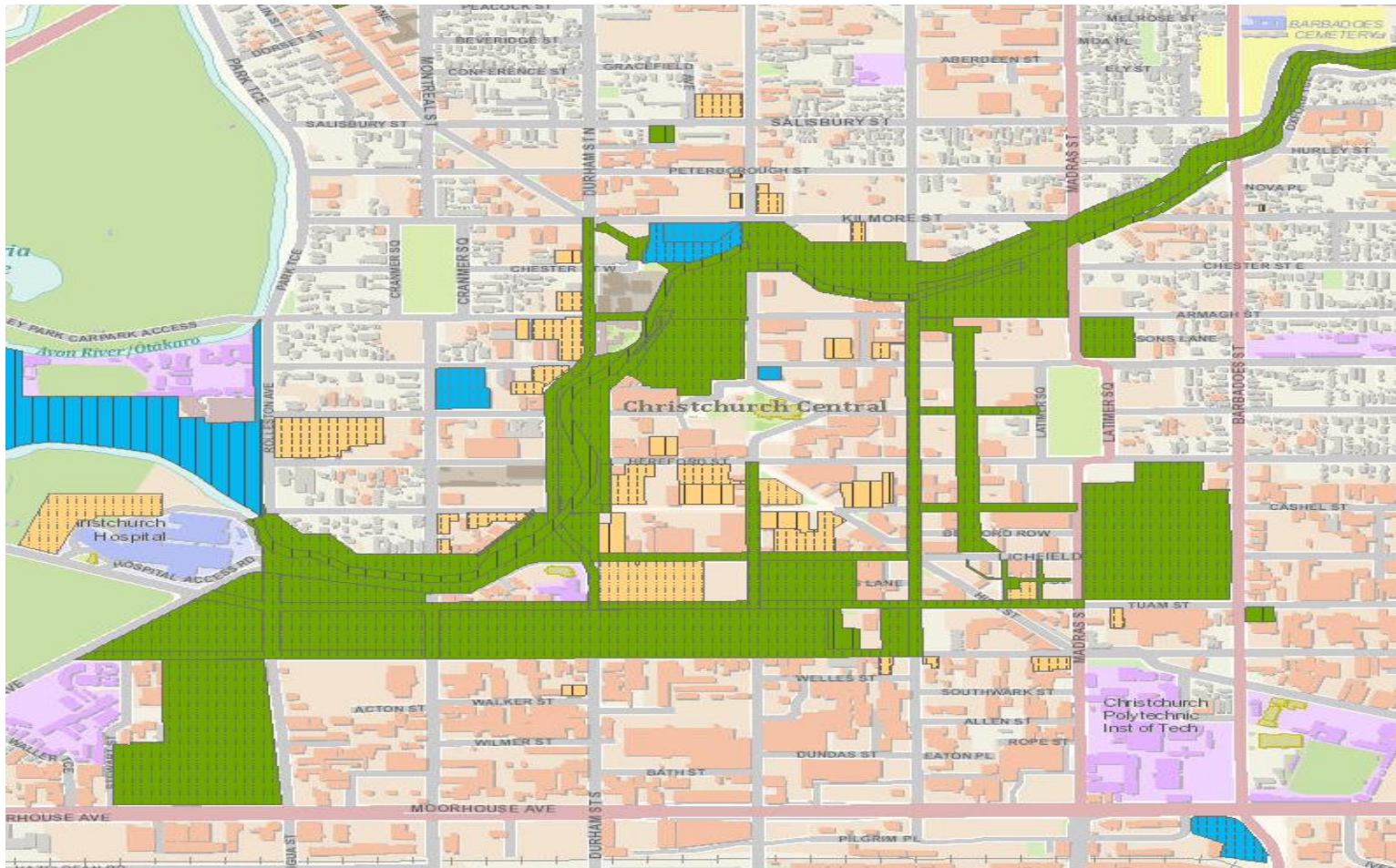
# Christchurch Central Delivery Programme (CCDP)

## Anchor Projects:

- Avon River Precinct
- North & East Frame Public Realm
- East Frame Residential Development
- Convention Centre Precinct
- Health Precinct
- Bus Interchange
- Metro Sports Facility
- Retail Precinct
- Earthquake Memorial
- The Square
- Innovation Precinct
- Public Realm – South Frame, Innovation Precinct & Health Precinct
- Residential Demonstration Project
- Performing Arts Precinct
- New Central Library
- The Stadium



# Christchurch City Anchor Projects



# Bus Interchange



Artist's impression of the view from Tuam Street.



# Justice Precinct



# CCDU Delivery Team Structure

## Reporting into GM

- Four Development Directors (DD's)
- Project Advisor to DD's
- Project Director
- Internal Project Manager or Manager's
- External PM, QS and Design Team
- Construction Management Office
- Procurement Team



# Investment and Commercial Teams

## Key Roles

### Investment Team

- ❖ Business Retention and Attraction
- ❖ Investor Engagement and Relations
- ❖ Tenancy
- ❖ Stakeholder engagement
- ❖ Sponsorship and Philanthropy
- ❖ Project Support

### Commercial Team

- ❖ To support decision making and delivery of the Recovery Plan (value for money outcomes for Anchor project)
- ❖ Support and contributes to development, procurement and delivery of Anchor Projects
- ❖ Appropriate commercial inputs into all projects and programmes of work





# Government Rules of Sourcing

**CERA as Central Government Agency subject to Rules**

## **Five Principles:**

- To plan and manage for great results
- To be fair to all suppliers
- To get the right supplier
- To get the best deal for everyone
- To play by the rules



# Government Rules of Sourcing

## Office of Attorney General Recommends:

- Accountability
- Openness
- Value for money
- Lawfulness
- Fairness
- Integrity in all procurement activities



# Government Rules of Sourcing

## Open market tendering (applies to goods and services)

- ❖ Rule 14(2) – maximum total estimated value (Rule 9) meets or exceeds relevant threshold (Rules 7 and 8); and
- ❖ NO Exemption (Rule 15(9))
- ❖ All of Government Contracts
- ❖ Syndicated Contracts
- ❖ Common Capability Contracts (Panels)
- ❖ Direct (on occasion low value or H&S risk - emergency)



# Construction Procurement

CERA procurement approach:

- Uses combination of open tenders, closed tenders, panel tenders, specialist service tenders
- Working with stakeholders:
  - local government, iwi, community groups, greater construction industry, land owners, business owners, investor, property developers and other Central Government Agencies



# Stages of Design/Construct Lifecycle

1. Business Case / Master-Planning
2. Concept design
3. Preliminary design
4. Developed design
5. Detailed design
6. Building consent documentation
7. Tender documentation
8. Tender assessment and construction documentation
9. Contract phase monitoring and observation
10. Defects liability



# CERA Procurement Approach Continued

Needs to accommodate for Christchurch :

- **Retaining and attracting** new quality businesses and supply chains
- **Encouraging investment**
- **Supporting, facilitating and encouraging** new development
- **Engaging with** greater Construction Industry, Investors and Developers in a timely, cost effective manner
- **Encourage and support** private sector involvement in Anchor Projects and Precincts



# Critical to CERA

- Be fair to all suppliers
- To get the right supplier
- Get a deal that the parties can work with and live with over the term of the contract
- Play by the rules
- Ensure accountability
- Have openness
- Ensure Value for Money
- Lawfulness
- Fairness
- Integrity in all procurement activities



# Market Considerations

- Current demand push and supply side pull pressures to increase
- (CHCH) Significant supply side problem predicted mid-late 2015
- Shortage of skills (trades related)
- Resource reallocation from EQ repairs to commercial vertical rebuild
- Recent market intelligence:
  - Construction start increased 300% in 24 months
  - \$2.26 Billion to be spent over next 12 months
  - Forecast demand & supply pressures in labour intensive practices such as electrical and mechanical





# Development Models, Procurement Methods and Contract Structuring

- Build only model (Design then Build)
- Build only design endorsement model
- Design and Build model
- Preliminary, General and Margin (PG&M) and Guaranteed Maximum Price (GMP)
- Target Price model
- Construction Management model
- Lender Involved
- Developer Lead model (BOOT)
- PPP model
- Alliance model
- Early Contractor Involvement (ECI)



# Tender Development Process

- Specific Strategic and Operational Procurement plan developed per project
- Developer, Investor or Main Contractor input depends on specific strategic & operational environment approach
- Each Tender has a Procurement Plan and Evaluation Plan created
- Evaluation Panel appointed for each tender (Conflicts of Interest and Confidentiality Declarations)
- Evaluation process and criteria agreed for each tender
- Probity Advisors



# Evaluation Methodology

- Evaluation methodology developed for each tender.  
Methods **include**:
  - Lowest Price Conforming
  - Simple Score
  - Weighted-attribute
  - Value-add Price Analysis
  - Target Pricing
- Minimum standards
- May use multiple stages/steps for procurement



# Contract Form

Goods or Service	Form of Agreement
Project Management, QS and Design Team	<p>CERA Standard design consultant agreement for design services amended for Project Management Services</p> <p><b>Conditions of Contract for Consultancy Services (CCCS)</b> General use for contracts between clients and consultants for the purposes of procuring and providing consulting services.</p>
Designers / Advisors (low value / low risk)	<p>For use with consultancy services less than \$100,000 and low risk or such other approved Ministry standard form agreement.</p> <p><b>Government Model Contract for Services.</b> The GMCs are aimed at low-value, low-risk common goods and services.</p>
Minor Construction Works (less than \$500,000 and low risk)	<p>NZS 3910:2013 Conditions of contract for building and civil engineering construction – With CERA standard form amendments. Minor Construction works contract.</p>
Minor Construction Works (less than \$5M)	<p>NZS 3910:2013 Conditions of contract for building and civil engineering construction – With CERA standard form amendments.</p> <p>NZS 3916:2013 Conditions of Contract for building and civil engineering – design and construct – With CERA standard form amendments.</p>
Major Construction Works (more than \$5M)	<p>NZS 3910:2013 Conditions of contract for building and civil engineering construction – With CERA standard form amendments</p> <p>NZS 3916:2013 Conditions of Contract for building and civil engineering – design and construct – With CERA standard form amendments.</p>
Supply Agreements (materials, equipment and on-going maintenance)	<p>At present CERA is using bespoke agreements – may consider the FMANZ forms or the AS/NZ 4911 agreement.</p>



# Commonalities of Best Practice (5 Countries) 1 of 2

- Effective planning
- Early engagement
- Standardised tender documents
- Standardised contracts
- Use of Lump Sum Fixed/Fluctuation Price Contract, GMP methodologies, Schedule of Rates, Cost Point Alliancing, PPP's, Management Contracts, Partnering Philosophy
- The need on a Project by Project basis to evaluate the tension between Principals and construction contractors based on design adequacy, speed to market requirements (programme), budget constraints, Government requirements on spending public money, other stakeholders (e.g. communities, developers, construction industry) and how that translates to risk appreciation and treatment

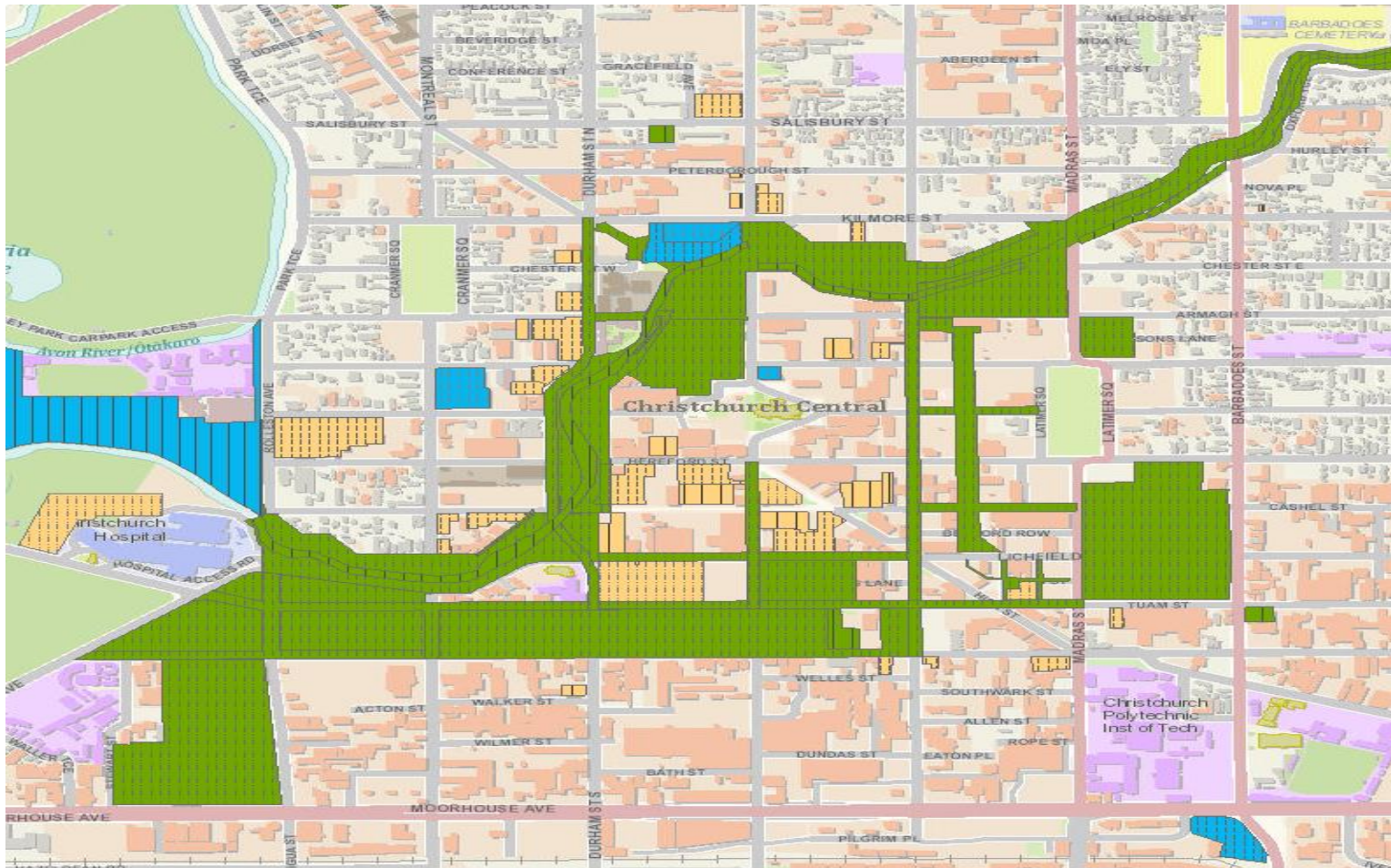


# Commonalities of Best Practice (5 Countries) 2 of 2

- Regular testing of the market for improved contracts
- The use of tender evaluation criteria to rate respondents
- The use of processes and systems and documentation similar in nature and effect to ROI, RFI, RFT's, RFP's etc
- The use of Tender Evaluation Teams, TET's, and requirements for signoff on conflicts of interest
- Shortlisting of respondents for formal interviews and presentations
- Due diligence checks (site visits and reference checks)
- Debriefing sessions
- Formalised regular contract management of service providers



# Christchurch City Anchor Projects



# Risk of Taking Shortcuts

- Legal challenge to process from unsuccessful respondents
- Poor decision making and awarding of contracts to parties not fit for purpose
- Legal, programme, cost and political risk
- Deviations from process
  - Public law principles (Judicial Review natural justice and procedural fairness)
  - FTA 1986 and Equitable Estoppel
  - Reputational damage to CERA if market think CERA tender processes are biased or impugned
  - Reputation damage could have flow on impact of increased costs

