

# Procurement plan

## Advertising Services for Metlink Public Transport Assets

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# Contents

<b>Reviews, Endorsements, and Approval .....</b>	<b>4</b>
<b>Background and Context .....</b>	<b>5</b>
<b>Market analysis .....</b>	<b>7</b>
The supply market.....	7
GWRC’s value as a customer.....	8
Desired supplier relationship .....	8
Consideration of Asset Transfer.....	8
<b>Requirements and costs .....</b>	<b>9</b>
Our requirements.....	9
Key dates .....	10
Estimated revenue .....	10
Future revenue generating opportunities .....	10
<b>Key stakeholders .....</b>	<b>11</b>
Internal stakeholders .....	11
External stakeholders.....	12
Communications .....	12
Innovation .....	12
<b>Tendering process .....</b>	<b>13</b>
Type of tender.....	13
Market engagement.....	13
Evaluation team .....	13
Proposed timeline .....	14
<b>Evaluation methodology.....</b>	<b>15</b>
Evaluation method .....	15
Evaluation approach.....	15
Due diligence.....	18
<b>Contract type .....</b>	<b>19</b>
Transitioning to new supplier .....	19
Managing implementation.....	20
<b>Risk management.....</b>	<b>20</b>
<b>Probity management.....</b>	<b>22</b>
<b>Contract delivery.....</b>	<b>22</b>
<b>Contract completion.....</b>	<b>22</b>
End of term.....	22
Exit strategy.....	233

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# Reviews, Endorsements, and Approval

## Reviews and Endorsements

Role	Name	Position / title	Signature	Date
Procurement review	Cath Mitchell	Senior Procurement Advisor	s7(2)(a)	05/05/2023
Procurement endorsement	Hemi Kanji	Manager Procurement		09/05/2023
Legal review	Deborah Kessell-Haak	Head of Legal and Procurement		09/05/2023
External probity advisor	s7(2)(a)	Barrister and Solicitor		09/05/2023
Financial confirmation	Luke Baron	Strategic Finance Business Partner Metlink		10/05/2023
Business owner & subject matter review	Richard Baker	Manager Commercial and Investments		11/05/23
Project sponsor	Samantha Gain	General Manager Metlink		18/05/2023

## Approval of the budget

Delegated financial authority holder				
<b>Total Revenue:</b>	Expected Revenue from Initial contract Term (3yrs): \$6,000,000 GST excl Expected Revenue from Rights of Renewal (2yr+2yr): \$8,000,000 GST excl Total expected Revenue (3yr+2yr+2yr): \$14,000,000 GST excl			
<b>Financial year:</b>	<b>Financial year</b>	<b>Revenue Amount</b>	<b>Funding type</b>	<b>Cost code</b>
	23/24 (9months)	\$1,500,000 GST excl	Opex	101928
	25/25	\$2,000,000 GST excl	Opex	
	26/27	\$2,000,000 GST excl	Opex	
<b>Name:</b>	Nigel Corry			
<b>Position/title:</b>	Chief Executive Greater Wellington Regional Council			
<b>Signature:</b>	s7(2)(a)		Date: 22 May 2023	

## Background and Context

In 2018, Go Media Ltd (Go Media) were awarded an Advertising Services Contract to sell advertising across Metlink's Bus and Rail assets. The contract's term is 3yr+1yr+1yr.

Greater Wellington Regional Council (GWRC) were satisfied with Go Media's performance at the end of the first contract term and extended the contract for both rights of renewal (to 30 June 2023). The Women's Football World Cup will be in Aotearoa New Zealand over the current expiry date, and the event is a major revenue generator for GWRC, so the decision was made to extend the contract to 30 September 2023 to maximise this commercial opportunity for both GWRC and Go Media.

The revenue generated over the current contract period is forecast to exceed \$4.2 million (ex GST). While this is slightly lower than was anticipated when the contract was awarded, there are many mitigating circumstances

- COVID 19 and lockdowns decimated the out of home advertising market
- New advertising policy which restricted some popular categories such as fast food
- Slower implementation and agreement of new formats (covering windows on buses)
- Train Bulkheads having to be removed for a period due to fire safety issues

GWRC is retendering the contract, and with new formats being made available will be seeking to double this revenue to the region of \$2 million per annum. This procurement plan is to openly advertise the new contract opportunity to select a supplier to access Greater Wellington Regional Councils public transport assets and sell advertising on them. The legislation that allows this is covered under the Public Transport Operating Model (PTOM) agreements.

### **PTOM**

The Land Transport Management Act 2013 (LTMA) establishes a new framework for planning and contracting public transport services, known as the PTOM.

GWRC transitioned to PTOM within a broader Public Transport Transformation Programme to provide better value for money and a better customer experience.

Under PTOM, public transport services are grouped into 'units' of routes, and Operators have tendered (and in certain circumstances, negotiated) to deliver all services within those units, instead of individual routes. The Wellington region is made up of 18 bus units, 1 rail unit and 1 ferry unit.

Under the PTOM rail contract, GWRC is also permitted to display advertising at Station buildings and on Platforms including Wellington Station Platforms (but excluding Wellington Station building), subject to the relevant consents and on the Vehicles and other assets owned by Greater Wellington Rail Limited (GWRL). The recent changes to the Wellington Network Agreement have incorporated the platforms at Wellington Station in the outer station lease allowing GWRC to create a digital advertising network, this right will not be unreasonably withheld by Kiwi Rail

There is currently no agreement in place to advertise on the ferry services which are contracted differently to the bus and rail networks. There may be future opportunities for this, however this is currently unknown. This will not be included in the Request for Proposal suite.

GWRC, with its current advertising services partner for the past 4.8 years have successfully sold advertising across the bus network and more recently the rail network in 83 trains.

The original contract was for bus backs only, and this has now expanded to include:

- 1) Bus Curb sides
- 2) Bus Traffic Sides
- 3) Full Wraps

- 4) Half wraps
- 5) Top half backs DD
- 6) Stair Traffic Sides DD
- 7) Gobstoppers (a complete full traffic side wrap)

In addition, there are bulkheads across the 83 Matangi Trains and a pilot with bulkhead advertising in 25 buses

## What is important to us when choosing a supplier

Due to strategic alignment considerations, GWRC proposes to partner with a supplier for a 7-year term (3yr+2yr+2yr). To this end, we want to partner with a supplier who:

- is innovative, proactive, collaborative, and able to develop new revenue opportunities
- has a demonstrated track record of providing similar services in both digital and static out-of-home advertising
- has the capacity and capability to manage a delivery team
- will work transparently with GWRC and be able to provide clear financial reporting and forecasting
- can demonstrate commitment to positive outcomes for Māori
- is a socially responsible organisation that is committed payment of the Living Wage in the services provided to us
- is committed to driving positive environmental outcomes
- upholds guardianship of the GWRC advertising policy

## Championing Broader Outcomes

Government procurement can and should be used to support wider social, economic, cultural, and environmental outcomes that go beyond the immediate purchase of goods and services. GWRC believes this contract opportunity can support achieving secondary socio-cultural, economic, and environmental outcomes and have reflected Broader Outcomes in the proposed weighted criteria.

## Importance of this service to GWRC

- Based on our analysis of supply positioning this procurement to GWRC is tactical acquisition:



- This means the procurement will generate revenue for GWRC that will contribute to the running of the PT Network and support other funding sources such as rates, however the revenue is non-vital to GWRC.
- It is worthy to note that this contract is important as it enables customer communication channels for both Metlink and the other GW departments. To this end, it is a requirement of the contract that up to 10% of the bus fleet, and 1 in 8 of the digital slots, are made available to GWRC for communications.
- Strategies to address and maximise revenue generation are
  - contracting a minimum annual guarantee
  - Making assets available for the media service provider to sell advertising on

- The media partner will work with Metlink PTOM operators and strategic partners to make assets accessible
- Monthly Reporting
- Joint planning

## Market analysis

### The supply market

- The key suppliers are Go Media (GWRC current supplier), Media Works (AT and ECAN), J C Decaux Digital Billboards, and ooH Media Street Furniture.
- Go Media and Media Works dominate the bus advertising market in New Zealand.
  - Media Works have contracts with ECAN, and AT
  - Go Media have contacts with Greater Wellington, and many of other regional councils such as Horizon, Waikato, Tasman District Council.
- The key buyers and their influence on the market (demand) are
  - For bus, regional councils are the main buyer,
  - Digital Out of Home (e.g. digital screens) is dispersed between many landlords including Transport Authorities and district councils, Kiwi Rail, Waka Kotahi, and many private landlords. For example, in Wellington the street furniture contract which includes bus shelters is managed by Wellington City Council. The total out of home market (static and digital) is much bigger than Transport out of home advertising. The total revenue of out of home advertising in New Zealand per year is estimated at \$132 million.
- Competition is primarily based on product types, range and visibility, ie the number of people viewing the advert and the number of times. The contract opportunity will likely be seen as desirable by suppliers which will provide competitive tension.
- This is a mature competitive market (advertising services on public transport assets), however the bus market is limited to the available assets (the primary markets are in Christchurch, Auckland and Wellington).
- New digital assets are emerging such as the digital rail network in Auckland and the one being developed in Wellington by GWRC. The Digital market is expanding quickly as it is more flexible, can be changed more quickly and production costs are much lower.
- Existing pricing methodologies are revenue share and fixed priced. Factors affecting pricing include:
  - Out of Home Revenue share of the whole advertising market
  - The Metlink assets available to advertise on
  - The audience data that is made available to advertisers
  - The production cost of installation and the flexibility of digital formats
  - Patronage across the public transport network
  - The type of advert – how do customers interact with the advert (dwell time)
  - The number of times a customer sees and advert in a day.
- The availability of alternative or substitute goods/services is limited for bus and train, but there is a large offering of out of home media services in the Greater Wellington Region, these comprise of digital out of home street furniture, digital billboards, and traditional billboards.
- In summary, current market behaviours are moving towards digital and away from static formats and these impacts on buyers by making their advertising choices more flexible and cheaper. Therefore, the static on-bus advertising market needs to become more progressive in how it sells to customers, incorporating new strategies that include call to actions where the advertisers take advantage of the dwell time, i.e. the time the prospective customer is in front of the advert.
- Future market behaviours that would better support successful delivery are expanding the digital formats available for example digital screens in buses and trains, advertising in Metlink

Apps, Websites, and a relationship between Wellington City Council and their street furniture contract.

- The gaps between current and future behaviours are limited to available assets. Strategies to close these gaps are working with the Metlink Assets and Customer services team and a future media services partner to expand the digital network.
- The likely impacts that this procurement could have on the market is low to medium due to the dominant market duopoly. The Wellington out of home market is an important segment of the New Zealand out-of-home Market and as such will be important (and strategic) to the supplier who wins the contract.

### GWRC's value as a customer

- The value of the GWRC's account and the attractiveness of the account have been assessed.
- We are likely seen as a development opportunity.
- This means there is a real opportunity for the successful supplier to grow their business in both the Greater Wellington Region and Aotearoa New Zealand.
- Strategies to address this include work collaboratively with the supplier to maximise opportunities for both parties (creating win-win).

### Desired supplier relationship

- GWRC will seek a strategic collaborative relationship with the supplier due to:
  - the proposed length of the contract (7 year term – 3yr+2yr+2yr),
  - the high level of desired trust and communication with the supplier, and
  - the shared approach to managing risk.
- This means at the GWRC will work in partnership to grow the revenue generated from advertising across the assets and hold an annual strategy hui to develop a strategic roadmap (which will be reviewed quarterly). The desired outcome will be to maximise revenues through the contract for GWRC and the supplier.
- It is important there is a high trust relationship between the parties, in particular the upholding and process involved in maintaining GWRC's advertising policy.

### Consideration of Asset Transfer

To generate new incremental revenue streams, the current supplier is in the process of rolling out a digital kiosk network across nine of the regions train stations. This network including establishment costs has an asset value of \$1.331 million exc GST. The asset transfer has been captured in the [current contract under Clause 13](#). To this end, this procurement plan includes how the asset transfer has been considered within this upcoming procurement process:

- 1) **GWRC purchase the assets from the current advertising services provider**  
Contractually the incoming provider would be required to maintain and manage the assets. The rate card submitted for the digital network from prospective suppliers would not need to allow for repayment of this assets and GWRC would expect a higher percentage of the revenue generated.
- 2) **The prospective advertising services suppliers agree to transfer the assets**  
Asset transfer would be at the full establishment cost, and the cost is accounted for in their rate card.
- 3) **Alternative asset transfer proposals accepted**  
The advertising services providers would be invited to propose an alternative option for asset transfer, articulating why they believe it is the best option for GWRC to pursue.

We have determined that option 2 will provide best outcomes for this procurement. It will be enacted in the process through a pre-condition within the RFP response form and recognised within the contract. This has been discussed with our probity advisor, procurement team, and internal Legal Counsel, and they are comfortable with this approach.

A primary consideration that underpins GWRC's recommended option is:

What 'normal' best practice in the market is: the assets are usually transferred to the incoming advertising services provider.

An example to illustrate this 'normal' market behaviour is the jumbo screen at Nelson airport that was installed by Go Media and is depreciated over 10 years. If the contract passes to another provider, the screen must be transferred at its depreciated value.

## Requirements and costs

### Our requirements

GWRC wants to partner with an Advertising Services supplier who will:

- manage the entire process of advertising across all available public transport assets in line with Metlink's advertising policy. This includes (but not limited to) sales, installation and production costs, revenue collection, payment, and distribution.  
This will involve managing the relationship between all key stakeholders including but not limited to operators, Inc kiwi rail, production companies, installation companies, advertising agencies and direct customers.
- be a single point of contact to manage the above process. GWRC also acknowledges that no one organisation may be able to deliver all aspects and therefore will need to sub contact some work.
- provide accurate annual forecasting and monthly reporting on all activities to GWRC.
- commit to a minimum annual guarantee (and payment mechanism to enable the minimum guarantee to be met).
- will proactively develop new advertising streams throughout the term of the contract in collaboration with GWRC.
- be the guardian of the Metlink advertising policy. They will need to ensure all advertising across all assets is in-line with that policy, other relevant policies that may be added from time to time, and other relevant industry practice guidelines such as the Advertising Standards Authority (ASA).  
Please Note GWRC retains the right to veto on all advertising.
- champion broader outcomes for Māori, the natural environment, and support the living wage.

The current available assets are

- 450+ Buses - External Decal
- 25 - buses internal bulkheads
- 83 -Trains internal bulkheads
- 49 -Digital Kiosk Commuter Network faces across 9 stations.

There is scope for advertising across additional assets such as Station Buildings, Interiors of trains and buses, the interchanges. If the opportunity arises, they will be managed through statement of works and run as individual projects. It is expected that the successful partner will be proactive in identifying these opportunities and work with the Commercial and Investment team in Metlink to grow revenues through the contract.

## Key dates

- We require service provision to commence by no later than 1 October 2023
- We estimate the sourcing process, and contract negotiations, will take up to 3 months
- A transition period of 10 weeks is built into the timeline if required
- This means that the Request for Proposal process must (ideally) be initiated by 30 April 2023

## Estimated revenue

An estimate of revenue generated during the initial 3-year term of the new contract is \$6 million (minimum). This is an increase of 30% compared to the current contract, predominantly driven by the digital network.

If both rights of renewal are executed (2yr+2yr), we estimate an additional \$8 million in revenue (\$14m in total) will be generated. Effectively, it's 100% growth per annum compared to current revenue.

This revenue forecast does not include a forecast for additional revenue from expanding static assets and digital on-board trains and buses. This potential revenue from this is currently unknown as it is depended on how these assets are funded.

### Estimated whole-of-life Revenue

	Contract Year 1	Contract Year 2	Contract Year 3	Contract Years 4, 5, 6 & 7
Net Media Static Bus and Train	\$ 1,200,000	\$1,200,000	\$ 1,200,000	\$4,000,000
Net Digital Platforms	\$800,000	\$800,000	\$800,000	\$4,000,000
Sub-Totals	\$2,000,000	\$2,000,000	\$2,000,000	\$8,000,000
			<b>Grand Total</b>	<b>\$14,000,000</b>

Our forecasting estimates are based on previous performance, as below:

Financial Year	Forecast Digital Revenue	Non-Digital Revenue to GW
2018-19		\$748,922
2019-20		\$633,732
2020-21		\$818,432
2021-22		\$976,738
Forecast 2022-23	\$150,000	\$1,102,966
Forecast 2023-24	\$1,000,000	\$1,274,411

## Future revenue generating opportunities

Future revenue generating opportunities will be dealt with on a project bases with the successful media partner, in collaboration with the relevant stakeholders. The work will be managed through a statement of works.

Possible future opportunities include:

### Bus

Bus advertising interiors (seatbacks bus takeovers and digital screens)

### Trains

Train advertising internal stickers (seat back), train takeovers, train wraps, digital screens and other formats not yet envisaged

### Train stations

In the case of station advertising, in accordance with plans agreed with the GWRL, the rail Operator and KiwiRail (as the owner of the land that the station buildings are located on)

### Car parks

In the case of car park advertising, in accordance with plans agreed with the relevant owner and/or GWRL as lease of the carpark land

### Media channels

In the case of media channels (apps, websites, and landing pages), in accordance with the GWRC Advertising Policy, any other relevant GWRC Policy added from time to time and any other industry best practice guidelines such as the Advertising Standards Authority.

## Key stakeholders

### Internal stakeholders

Role	Characteristics	Stakeholders
<b>Responsible</b>	The person or people responsible for undertaking the procurement.	Richard Baker Manager Commercial and Investment <b>Role:</b> Business Owner and Subject Matter Expert
<b>Accountable</b>	The person or people that have authority to make decisions and are accountable for the outcomes.	Sam Gain GM Metlink <b>Role:</b> Endorsement of procurement Nigel Corry Chief Executive GWRC <b>Role:</b> Delegated Financial Authority
<b>Supportive</b>	The person or people that do the real work.	Michael Freeman Business Development Specialist Metlink <b>Role:</b> Subject Matter Expert Cath Mitchell Senior Procurement Advisor <b>Role:</b> Procurement support Deborah Kessel-Haak Manager Legal and Procurement <b>Role:</b> Legal and Contracts advice Luke Baron Strategic Finance Business Partner-Metlink <b>Role:</b> Financial support Alex Hare Health & Safety Advisor <b>Role:</b> Health & Safety support

<b>Consulted</b>	The person or people who needs to be consulted to add value or get 'buy-in.	Tim Shackleton Manager Commercial, Strategy and Investment <b>Role:</b> Endorsement of procurement documentation
<b>Informed</b>	The person, people or group, groups that need to be kept informed of key actions and results but are not involved in decision-making or delivery.	Metlink SLT: Tim Shackleton, Bonnie Parfitt, Fiona Abbot, Melissa Anderson

### External stakeholders

Role	Characteristics	Stakeholders
Responsible	The person or people responsible for undertaking the procurement.	Not Applicable
Accountable	The person or people that have authority to make decisions and are accountable for the outcomes.	Not Applicable
Supportive	The person or people that do the real work.	Not Applicable
Consulted	The person or people who needs to be consulted to add value or get 'buy-in'.	Not Applicable
Informed	The person, people or group, groups that need to be kept informed of key actions but are not involved in decision-making or delivery.	PTOM Operators  KiwiRail

### Communications

- GWRC will communicate with internal stakeholders by regular updates and communications through weekly Heads-up Meetings and email when required.
- GWRC will communicate with external stakeholders as and when required, likely via the GWRC tenders inbox ([tenders@gw.govt.nz](mailto:tenders@gw.govt.nz)).

### Innovation

Suppliers are welcomed to provide new and innovative way to deliver revenue through this process. These innovations must be backed up by demonstrable examples of how these innovations could work. To this end, GWRC will be accepting alternative/non-conforming proposals, on condition that a conforming proposal is submitted by that supplier.

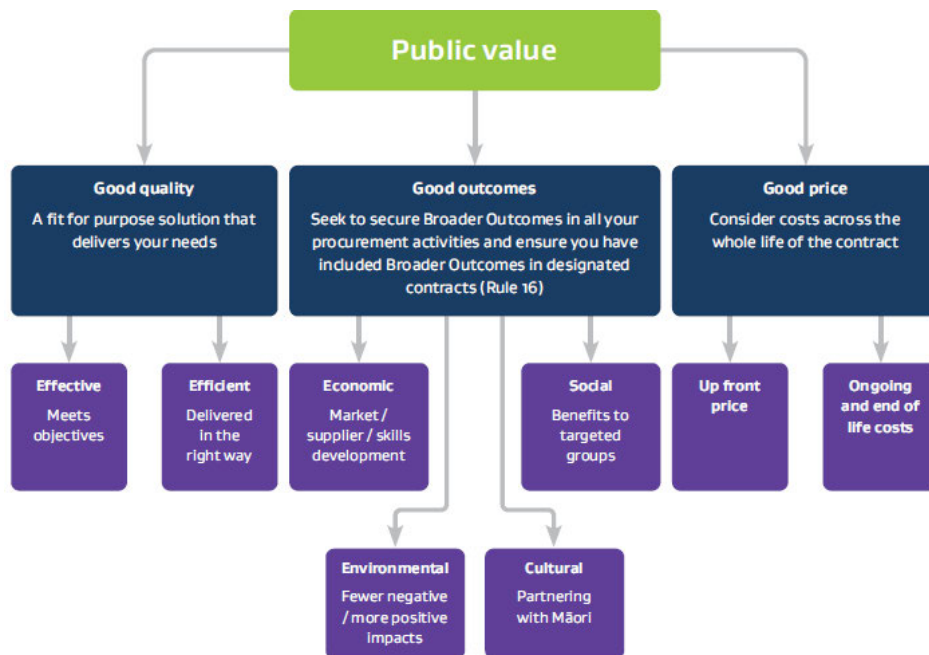
# Tendering process

## Type of tender

The recommended approach to market is a one-stage open competitive Request for Proposal.

The reason for this recommendation is due to:

- 1) the supply market being mature, stable, and having more than one supplier operating in it,
- 2) GWRC would like to see if there are new/innovative ways of delivering the services,
- 3) GWRC would like to see potential solutions/services from new market entrants, and
- 4) GWRC desires competitive proposals to maximise best outcomes for the process, and achieve greatest public value for money:



There is no All-of-Government, syndicated or other collaborative contract which can meet our requirements. Other approaches to market, including collaboration, were considered but determined as not suitable.

This approach to market fits with GWRC’s procurement policy, and the Government Procurement Rules, Charter, and Principles. As this activity is not funded by Waka Kotahi, this process does not need to follow Waka Kotahi Procurement Rules, this was confirmed via email by Philip Walker of Waka Kotahi - [Waka Kotahi on 27/3/2023](#).

## Market engagement

The dominant suppliers in the market are Go Media and Media Works. They are both aware that this contract is approaching renewal.

The contract opportunity will be advertised on GETS (and through social media channels if determined necessary). Before advertising on GETS, GWRC will engage with the market through publishing an early notice on GETS advising of the intention to go to market.

## Evaluation team

A cross-functional team will be involved in the evaluation of Proposals and recommendation.

#### Evaluation Panel Members

Role	Name	Organisation	Voting/Non-voting
Chair of evaluation panel	Cath Mitchell	GWRC	Non-voting
Administrative support	Daniel Dennes	GWRC	Non-voting
Subject matter expert	Emmet McElhatton	GWRC-Metlink Policy	Voting
Subject matter expert	Matthew Lear	GWRC-Metlink Operations	Voting
Subject matter expert	Michael Freeman	GWRC-Metlink Commercial	Voting
Subject matter expert	Craig Fairhall	GWRC-Metlink Strategy	Voting

#### Subject Matter Experts (as and when required by the evaluation panel)

Role	Name	Organisation
Financial analyst	Tracy Xie	GWRC-Metlink
Business group/owner	Richard Baker	GWRC-Metlink
Legal advisor	Deborah Kessell-Haak	GWRC
Probity advisor	s7(2)(a)	
Health & Safety	Alex Hare	GWRC
Finance business partner	Luke Baron	GWRC

#### Proposed timeline

The proposed timeline for the procurement is as follows:

Action	Indicative date
<b>Pre-procurement</b>	
Advance notice published on GETS	7 April
Procurement plan approved	Week beginning 15 May
Tender documents approved	Week beginning 15 May
<b>Tender</b>	
Tender advertised on GETS	Week beginning 15 May
Supplier briefing/s (if required)	Week beginning 22 May
Last date for supplier questions	9 June
Tender closing date	15 June, 12pm (midday)
<b>Evaluation</b>	
Panel confidentiality and conflict of interest declarations signed	May 2023
Evaluation panel individually score	15 June to 6 July
Evaluation panel meets (moderate written response)	7 & 8 July
Short listed supplier presentations	15 & 16 July
Evaluation panel meets (moderate presentations and preferred supplier recommendation)	19 July
Develop evaluation report and recommendation	20 to 26 July
Evaluation report and recommendation approved	27 July
<b>Post-evaluation</b>	
Advise bidders of outcome	August 2023
Debrief unsuccessful suppliers	August 2023

Action	Indicative date
Due diligence and contract negotiation	3 July to 14 July 2023
Contract award notice published on GETS	Week beginning 17 July onwards
Contract start date	1 October 2023

## Evaluation methodology

### Evaluation method

The evaluation model that will be used is weighted attribute (weighted score).

Price will not be a weighted criterion. Instead, price will be considered when determining the overall public value for money over the whole-of-life of the contract.

A two-envelope process will be used, and suppliers' pricing proposal will be reviewed by the evaluation panel once the non-price criteria scoring is completed.

### Evaluation approach

Each response will be subject to the following evaluation stages:

#	Stage	Weighting	
1	Pre-condition and compliance assessment	Pass/Fail	
2	Weighted criteria	Fit for Purpose	30%
		Capability & Capacity	30%
		Broader Outcomes	20%
3	Weighted presentation (shortlisted suppliers)	20%	
4	Value for money consideration (including pricing)	Rank	
<b>Total possible weighting</b>		<b>100%</b>	

#### Stage 1: Pre-conditions and compliance assessment

Firstly each response must comply with the requirements of the process (proposal submitted on-time, agree to Terms and Conditions of the process etc).

Secondly each response must meet/agree to all the following pre-conditions before proceeding further in the evaluation process:

#	Pre-condition
1.	You, the Respondent, confirm that all personnel who will be involved in delivering the services will receive at least the New Zealand living wage standard (currently \$23.65).
2.	You, the Respondent, confirm that your proposed annual guarantee meets a minimum of \$2,000,000 equivalent per year (noting the first year of the contract is 9 months).
3.	You, the Respondent, confirm that you are proposing that GWRC contracts with a single party. Note: consortia are permitted but there must be a single contracting party.
4.	You, the Respondent, confirm that you have the legal and financial capacity to honour this contract, noting that the purchase value for the digital kiosk network is \$1.331m.
5.	You, the Respondent, agree to be bound by the New Zealand Government Supplier Code of Conduct: <a href="https://www.procurement.govt.nz/assets/procurement-property/documents/supplier-code-of-conduct.pdf">https://www.procurement.govt.nz/assets/procurement-property/documents/supplier-code-of-conduct.pdf</a> .

Exclusion of responses from further consideration will be subject to approval by the Manager Procurement.

## Stage 2: Weighted Evaluation Criteria (written)

Those responses that pass Stage 1 will proceed to have their written response to criteria questions evaluated by a panel. The proposed written evaluation criteria are as follows:

#	Criteria	Weighting
1	<b>Fit for Purpose Solution</b>	<b>30%</b>
	1.1 Plan of how the supplier will deliver the services	10%
	1.2 Ability to drive innovation and continuous improvement	16%
	1.3 Risk identification and management	4%
2	<b>Capability &amp; Capacity</b>	<b>30%</b>
	2.1 Track record delivering similar services	7%
	2.2 Proposed personnel	10%
	2.3 GWRC Advertising Policy	5%
	2.4 Capability to manage day to day operational delivery	6%
	2.5 Financial management and reporting	2%
3	<b>Broader Outcomes</b>	<b>20%</b>
	3.1 Positive Outcomes for Māori	7%
	3.2 Environmental Outcomes (i) Response to Climate Change	3%
	3.2 Environmental Outcomes (ii) Managing Waste	3%
	3.3 Social Outcomes (Living Wage and Corporate Social Responsibility)	7%
<b>Total possible weighting for written response</b>		<b>80%</b>

Each Panel member will individually review each response against the evaluation criteria and assign a score out of 0 to 10 for each criterion question from the below rating scale:

Description	Definition	Rating
<b>Excellent</b>	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	9-10
<b>Good</b>	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	7-8
<b>Acceptable</b>	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with supporting evidence.	5-6
<b>Minor reservations</b>	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	3-4
<b>Serious reservations</b>	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience,	1-2

Description	Definition	Rating
	skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	
<b>Unacceptable</b>	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	0

A moderation meeting will take place to provide an opportunity for panel members to discuss the responses, review their scores, and change their individual score if they wish. Within the moderation spreadsheet, all Panel member's individual scores will be averaged and their respective weighting applied. This will inform a total weighted score out of 80% for each response for Stage 2.

A Quality Threshold (Threshold) will be applied to ensure only capable suppliers proceed in the process. If a supplier does not meet the Threshold of scoring at least half possible weighted % for each moderated criterion question, the Panel is under no obligation to consider them for shortlisting to presentation stage (Stage 3).

The panel will then determine which Respondent/s they wish to shortlist to presentation. It is likely those Respondent's with the highest weighted scores will be shortlisted, however the panel will consider all risks, assumptions, dependencies (and any other relevant information to date) when determining the shortlist.

### **Stage 3: Weighted presentation (shortlisted respondents)**

Shortlisted respondents will be invited to present to the Panel. GWRC will issue each shortlisted respondent a set of weighted questions that they will be required to answer by way of a presentation. Each Panel member will individually review each presentation against the weighted questions and assign a score out of 0 to 10 for each question from the rating scale.

The Panel moderated scores for each presentation will be averaged and their respective weighting applied. This will inform a total weighted score out of 100% for each response. This score will be combined with the Stage 3 score and provide a weighted score ranking (highest score out of 100% will be ranked as number 1).

The Presentation evaluation will likely be in three parts:

- 1) **Broader Outcomes** - Demonstration of how the organisation uses Broader Outcomes in their day-to-day business
- 2) **Innovation** - How they will use innovation to benefit GWRC, supported by how they have used innovation in the past.
- 3) **The People** - Demonstration that they have the people and partners to deliver.

### **Stage 4: Value for money consideration (including pricing)**

Once the panel have completed scoring the weighted presentations, the pricing responses of those suppliers will be opened and reviewed by the panel.

The Panel members will then determine which respondent(s) to select based on the best public value over the whole-of-life of the Contract. This means achieving the best combination of good price, good quality and good outcomes (social, environmental, cultural and/or economic outcomes).

It is likely that the top ranked Respondent will be selected as the Preferred Respondent, however, other considerations that may inform the selection can include:

#### **Non-price considerations**

*Risks, opportunities, benefits, assumptions, and dependencies of:*

- Capability

- Capacity
- Approach/methodology
- Contribution to Broader Outcomes
- Degree of innovation
- Supplier presentations
- Supplier response to clarifications
- Willingness to collaborate and co-operate, such as ease of contracting
- Health and safety
- Training and development opportunities
- Any due diligence completed to date
- Size, structure and type of organisation, number of employees, annual turnover
- Wider considerations - eg government strategic landscape, GWRC strategic landscape, supply market, economy, industry or quality awards, relevant licences and accreditations etc

### **Price considerations**

*Risks, opportunities, benefits, assumptions, and dependencies of:*

- Whole of life revenue (Gross Media/Production) - does it align with our expectations Is it realistic or unrealistic (based on size/turnover/client base etc)
- Revenue share % (nett) – does it align with our expectations. Is it realistic or unrealistic (based on size/turnover/client base etc)
- Annual guarantee (digital/bus/train) - does it align with our expectations. Is it realistic or unrealistic (based on size/turnover/client base etc)
- Annual growth – does it align with our expectations. Is it realistic or unrealistic (based on size/turnover/client base etc)
- Completeness of pricing (to enable an informed decision to be made)
- Appropriateness of pricing (relevant to supply market)
- Commercial components – eg additional services/optional extras
- Expected costs - does the pricing include all expected costs (one-off's, ongoing). Could there be hidden costs. Do we know what costs are fixed, and variable

As well as a Preferred Respondent, there may also be a second/third/forth etc Preferred Respondent who could be approached if negotiation with the Preferred Respondent fail. No Preferred Respondent may also be the recommendation.

### **Due diligence**

Due diligence may be conducted at any time during a procurement process if GWRC believes there is just cause. For example, if it comes to our attention that a supplier may be breaching worker rights at any time during a procurement process, we have an obligation to undertake due diligence to ascertain the truth of the claim.

For this procurement process, due diligence will likely consist of the following as a minimum:

- 1) Reference checks of supplier
- 2) Reference checks of any third-party organisations a supplier includes in their response
- 3) Companies Office check
- 4) Financial viability assessment of 3 years of audited accounts (or agreed substitute)

GWRC may wish to undertake any (or all) of the additional following due diligence activities with any supplier/proposed sub-contractor:

- 1) Interviews
- 2) Presentations
- 3) Site visits
- 4) Health and Safety checks
- 5) Third party opinion

Findings from any and all due diligence conducted prior to supplier recommendation will be considered as part of the overall public value for money proposition of each response.

If any supplier 'fails' any aspect of due diligence, GWRC (likely the evaluation panel with support from Procurement) will determine whether the 'fail' is a risk that is manageable or unmanageable (and therefore acceptable, or not).

## Contract type

- The short-listed supplier will be offered a contract for services based on a bespoke set of terms and conditions drafted for this procurement.
- The proposed contract term is three years with options to extend (i.e. 3+2+2).
- As at commencement date (and subject to negotiation), the quality standards / key performance indicators for measuring the supplier's performance are
  - Adherence to the agencies advertising policy
  - Financial targets are achieved
  - Health and Safety Incidents
  - The management off and timely removal of expired advertising
- The timeframes for delivery are Services commence 1 October 2023
- Specific reporting requirement
  - Operational and financial reports are Monthly
  - Strategy meetings quarterly
  - Forecasting Annual July 1<sup>st</sup>.
- GWRC's Invoice to the supplier will be based on the supplier's reporting, and reporting expectations as detailed in the contract.
- New intellectual property arising as a result of the contract will be the property of GWRC
- The proposed contract terms and conditions are in final draft with GWRC Legal Team
- Variations to contract will be in writing and signed by both parties. Variations involving an increase in price must only be made within the limit of the financial authority.
- To exit the contract, the supplier will need to write to GWRC at least 5 months prior to the expiry of a Term.

## Transitioning to new supplier

- In the event that this procurement results in the selection of a new supplier a transition plan will be developed to actively manage the changeover. Transition arrangements will also be addressed during the negotiations with the new supplier. The current contract has been extended by 3 months so that the current supplier can sell advertising during the women's FIFA world cup.
- The transition will likely have a minor impact on ongoing service delivery.
- Significant transition risks to be managed include:
  - Transfer of digital assets and technology so that sales of digital advertising can continue without loss of business
  - Inductions of staff to access bus and train depots

- Removal of old advertising across bus and train assets and transition of ads that extend past the end of the contract.
- Sales Strategies to deliver targets from Month one October 2023

## Managing implementation

- The responsibility for managing delivery under the contract and supplier relationship management will pass to the Commercial and Investment Team, A nominated contact in the team, the Business Development Specialist, on the signing of the contract. This person will develop a contract and relationship management plan in consultation with the successful supplier.
- The supplier’s performance will be reviewed Monthly throughout the contract with an annual strategy meeting, the output of which will be reviewed quarterly. The supplier will be required to report on their financial performance monthly and adherence to kpi’s quarterly.
- Operationally a biweekly meeting will be schedules to cover any production issues.

## Risk management

- Overall this procurement is deemed to be low with a low risk.
- Key risks have been assessed against the GWRC risk framework. They have been assessed on the basis of likelihood (L) and consequence (C).
- The key for the following risk tables is:
  - likelihood (L): R = rare U = unlikely P = possible L = likely A = almost certain
  - consequence (C): N = negligible L = low M = moderate H = high E = extreme.

### Key risks in the procurement process

Risk	L	C	Rating	Mitigation action	Responsible
• Challenge of process and outcome	U	M	Low	Engage External probity	Procurement Team, External Probity Advisor, Project Team
• Lack of interest in the contract opportunity	U	M	Low	Advance notice released prior to open competitive RFP. Allowing consortium and alternative proposals	Procurement Team, Project Team
• Challenge to asset transfer to a new supplier (Barrier to Entry)	U	L	Low	Assessed the market and based on industry norms this is Pre-Condition	Procurement Team, External Probity Advisor, Project Team
• Not contracting with a supplier who will pay living wage	U	N	Low	Pre-Condition	Procurement Team, Project Team

<ul style="list-style-type: none"> <li>Not achieving Broader outcomes</li> </ul>	P	L	Medium	Broader outcomes are evaluated and weighted as part of the criterion. The criterion questions will be checked (as far as possible) by internal GWRC SME's.	Procurement Team, Project Team
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### Key risks in delivering the contract

Risk	L	C	Rating	Mitigation action	Responsible
<ul style="list-style-type: none"> <li>Difficulty managing the transition to a new supplier</li> </ul>	U	L	Low	10-week window from contract award to contract start to allow time for the new supplier to transition in and the incumbent to transition out. (Transition Plan)	Project Team
<ul style="list-style-type: none"> <li>Issues that a new supplier having to build relationships with the operators may impact Metlink Services</li> </ul>	P	M	Medium	Previous experience in managing operator relationships to ensure smooth delivery of advertising across assets. Working closely with a new supplier to introduce them to operators and ensure processes are in place at the end of the transition (Transition Plan)	Advertising Services Partner & Commercial and Investment Team
<ul style="list-style-type: none"> <li>Poor Contract Performance</li> </ul>	P	M	Medium	Previous experience in managing similar contracts and reporting, Cleary demonstrating hitting and exceeding targets  Minimum annual guarantee through the contract Annual strategy requirements with Monthly Reporting and a Quartey review against strategy and forecast	Commercial and Investment Team  Business Development Specialist Metlink
<ul style="list-style-type: none"> <li>Pandemic and lockdown</li> </ul>	R	H	Medium	Manage the impacts by working closely with the	Commercial and Investment Team

				advertising services partner to minimise the loss of revenue	
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## Probity management

The day-to-day management of probity for this process will be managed by the GWRC Procurement Team.

An external probity advisor (Jonathan Kaye Law) will provide ad hoc/specialist probity advice when required.

For the defensibility of procurement processes, it is essential that GWRC demonstrates ethics and integrity in all procurement activities. This means:

- acting fairly, impartially, and with integrity
- being accountable and transparent
- being trustworthy and acting lawfully
- managing conflicts of interest
- protecting the supplier's commercially sensitive and confidential information.

Management of probity in this process will include:

- ensuring compliance with GWRC's code of conduct
- ensuring that financial authority for the procurement is approved before proceeding to tender
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest
- ensuring that all responses are opened at the same time and witnessed
- numbering copies of suppliers' tenders and returning them to the panel chair once the tender process ends (if appropriate)
- destroying physical copies of supplier responses once the procurement process ends
- treating all suppliers equally and fairly
- providing each supplier with a comprehensive debrief at the end of the procurement process.

## Contract delivery

On the signing of the contract, the responsibility for managing its delivery, and supplier relationship management, will pass to the Business Development Specialist in the Commercial Strategy and Investment Team. This person will develop a contract and relationship management plan in consultation with the successful supplier. If required a transition plan from the current supplier to the new supplier will be drafted in consultation with all stakeholders.

## Contract completion

### End of term

At the end of the original contract, there will be an option to extend the contract by 2+2 years subject to good performance by the supplier and continued best public value-for-money over the whole-of-life being delivered. At the end of the term GWRC will likely run a new competitive procurement process.

## Exit strategy

Our strategy to exit from the contract is to run a new RFP at either 3, 5 or 7 years depending on the performance of the supplier. If the supplier is consistently not delivering the required revenue or meeting the specified KPI's. The RFP would be based on lessons learnt from the exiting contract and contract management. The new contract award would include a transition plan to the new supplier if required. This is required to minimize the impact on revenue generation through the sales of advertising.

Document Ends