

To: Melinda Bailey, Executive Director CaRS
 Roger Weeks, Director Compliance
 Albert Bass, Chief Procurement Officer

CC: Samer Soliman, Manager Heavy Vehicle Programs

From: Alex Lee, Project Engineer **Date:** 07 August 2018
 Heavy Vehicle Programs

Ref: A23496256 **Pages:** 8

Subject: Procurement Strategy for Procurement of Portable Weigh Scales



Transport
 Roads & Maritime
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MEMO

Issue

Approval to approach the market to tender for the supply of portable weigh scales. Compliance and Regulatory Services (CaRS) seeks to approach the market in accordance with the Roads and Maritime Services Procurement Manual to ensure continuity of services and achieve value for money.

Background

There are 550 portable weigh scales used by Enforcement Operations Inspections to weigh heavy vehicles in NSW to meet regulatory and road safety requirement. These portable weigh scales are 25 years old and now require urgent asset replacement to continue mass enforcement in NSW.

In January 2018, the Heavy Vehicle Programs Unit was allocated \$2 million to procure the first portion of 125 portable weigh scales to replace the current fleet of end of life scales. In July 2018, the Heavy Vehicle Programs Unit was allocated \$7 million to procure the second portion of 425 portable weigh scales to complete the fleet replacement.

The Jan 2018 procurement of 125 scales was completed using suppliers in the Heavy Vehicle Programs Maintenance Panel (Contract 17.0000302935.1100). This existing panel was created via an open market tender, and there is a high level of confidence that suppliers in that panel are comprehensive of global suppliers in this niche market.

Attached is the procurement strategy dated 07 August 2018.

Implementation

Select Tender with Request for Proposal (RFP) will be issued for this procurement with endorsement from relevant financial delegates according to RMS Procurement Manual. This select tender approach has been advised and endorsed by RMS Procurement.

Recommendation

It is recommended that you approve this Procurement Strategy to procure 425 portable weigh scales at the estimated total contract value of \$7 million for the provision of heavy vehicle mass enforcement in NSW.

Albert Bass Chief Procurement Officer	<i>Albert Bass</i>	Approved/
Roger Weeks Director, Compliance	<i>Roger Weeks</i>	Approved/ Not Approved/ Approved with changes
Melinda Bailey Executive Director, Compliance and Regulatory Services	<i>Melinda Bailey</i>	Approved/ Not Approved/ Approved with changes 15/8/18

Project: Procurement of Portable Weigh Scales

Author: Alex Lee

Date: 07 August 2018



Transport
Roads & Maritime
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COMMERCIAL IN CONFIDENCE

PROCUREMENT STRATEGY

Introduction

This procurement strategy is set out to follow the **procurement lifecycle wheel**, per the diagram below.



PLANNING**1. Procurement objective**

The objective of this procurement is to procure 425 portable weigh scales within an approved budget of \$7m.

The portable weigh scales are used by Enforcement Operations Inspectors to weigh heavy vehicles in NSW to meet regulatory and road safety requirements. This procurement will replace the remaining 425 of a fleet of 550 weigh scales which need to be replaced as they have ended their useful life. A previous procurement in January 2018 has already replaced 125 of the 550 portable weigh scales.

The replacement of portable weigh scales to enable enforcement of heavy vehicle inspections in NSW, contributes to the following operational objectives:

- Improving road safety in NSW;
- Assisting in achieving the state plan target to reduce road fatalities on NSW roads;
- Embedding the principle of prevention and early intervention into Government service delivery;
- Reducing avoidable hospital admissions;
- Contributing to monitoring and regulation of heavy vehicle movements throughout NSW;
- Addressing any recent safety concerns;
- Providing road safety enforcement to both rural and urban roads; and,
- Ensuring value for money is achieved for the project as required by the Government's procurement policy.

**2. Background**

There is a fleet of 550 portable weigh scales used by enforcement operations inspectors in NSW, which are stored in highly customised and hence high cost housings located in each inspectors vehicle. These scales are used to weigh heavy vehicles in NSW to meet regulatory and road safety requirements. These portable weigh scales are 25 years old and now require immediate replacement due continuing failures.

As more weigh scales become inoperable, there is a major risk of serious injury or worse, as the root cause of many heavy vehicle accidents is over-mass vehicles. In 2017, there have been on average 565 notices per month for heavy vehicles being over mass. These vehicles would have otherwise gone undetected and would have remained on the NSW road network resulting in a road safety risk to the public and reputational risk to RMS.

In January 2018, the Heavy Vehicle Programs Unit was allocated \$2 million to procure the first portion of 125 portable weigh scales to replace the current fleet of end of life scales. A Request for Quote (RFQ) was issued to the Heavy Vehicle Programs Maintenance Panel (Contract 17.0000302935.1100) for the procurement of 125 portable weigh scales. The procurement was successfully completed and delivery of the new scales has completed ahead of schedule.

3. Project scope

The heavy vehicle mass management program seeks to purchase 425 portable weigh scales as a replacement for the remaining fleet of weigh scales that have not recently been replaced.

This procurement will be a simple one-off contract for the procurement of 425 portable weigh scales which will not involve any sub-contractors overseen by the principle supplier.

There are no services attached to the supply of the goods. Further, equipment maintenance is out of scope. There is a separate maintenance contract for the maintenance and certification of the portable weigh scales.

The scope of activities includes:

- Confirm Ministerial and CaRS funding for the mass management program;
- Confirm CaRS requirements for provision of portable weigh scales;
- Review and update the contract to reflect CaRS requirements and commercial objectives;
- Going to market to procure 425 weigh scales
- Administration of the procurement process;
- Implementation of contract management; and,
- Communication with internal and external stakeholders.

4. Stakeholders

The stakeholders are set out in the following table:

Name	Role	Position
Roger Weeks	Project Sponsor	Director, Compliance
Alex Lee	Project Manager	Project Engineer, Heavy Vehicle Programs
Albert Bass	Procurement advisor	Chief Procurement Officer
Mark Chiu	Business analyst	Business Change Manager
Donna Willis	Procurement advisor	Senior Procurement Specialist

5. Options and benefits

The remaining fleet of 425 out of 550 portable weigh scales are at the end of their useful life, and there are no other options but to replace these assets. Replacement of these assets will:

- Ensure continuity of the heavy vehicle mass management program and avoid having over mass vehicles on the road network which compromises road safety and RMS reputation.
- Save OPEX costs on re-certification and spare parts required for each minor repair and avoid the current increasing cost of ad-hoc maintenance due to the current fleet requiring service/maintenance at a quickly increasing rate.

The following procurement options have been considered:

Option	Considerations
RFQ	• An RFQ to the suppliers in the existing Heavy Vehicle Programs Maintenance Panel (Contract 17.0000302935.1100)
Select Tender	• An RFP to the suppliers on the Heavy Vehicle Programs Maintenance Panel (Contract 17.0000302935.1100)
Open Tender	• An RFP to the open market
Direct Negotiation	• Direct negotiation with the (single) supplier of the earlier procurement of 125 weigh scales.

6. Financial analysis

Budget allocated for FY18/19 is \$7 million:

- Program Name: RMS Capital Maintenance
- Project Name: Compliance and Enforcement Asset Maintenance – Road Safety Facilities
- Prism Sub-Funding Source: Confund Recurrent Appropriation
- Project Code: P.0033298

Forecast estimated value of expenditure (exc GST) on the awarded contracts for provision of portable weigh scales:

Expenditure Milestones	October 2018	December 2018	March 2019	May 2019	Total (ex GST)
Contract Execution	\$3,500,000				\$3,500,000
Scales Delivered		\$3,500,000			\$3,500,000
Total estimated contract expenditure					\$7,000,000

7. Risk assessment

The overall procurement risk is low as it is a purchase of standard goods and a like-for-like replacement of existing equipment. However, the value of spend is very high and the procurement process must ensure RMS is getting value for money.

There are some identified risks in the implementation, as provided in the table below:

Risk	Likelihood	Mitigation Strategy	Risk Owner
The supply of goods are not delivered by 30 June 2019 to meet the business requirement for use of the new portable weigh scales	High	Ensure the Select Tender process finalises by 31 August 2018 and Extensions to the timeframes to be notified to all internal stakeholders as soon as identified	CaRS / Procurement
Changes not clearly communicated to internal and external stakeholders	Low	Communications Plan to clearly outline changes and roles and responsibilities of all internal and external stakeholders including timeframes for all changes	CaRS

8. Recommendation

It is recommended that Roads and Maritime Services issue a Request for Proposal (RFP) via Select Tender to satisfy the requirements set out in this Procurement Strategy for the following reasons:

- Simple procurement of goods (like-for-like replacement)
- Market scan of suppliers already completed via an open tendered panel arrangement
- Time constraints
- Niche supplier market
- A tender process will ensure value for money (and mitigate the risk of a high value spend)

There is a high level of confidence that the tender process for the Heavy Vehicle Programs Maintenance Panel (Contract 17.0000302935.1100) comprehensively scanned the global market for weigh scale suppliers. Five (5) scales suppliers submitted responses and all vendors were placed on the panel. The process further highlighted that the supply of this equipment is a niche market, and all relevant suppliers are on this panel. It was agreed with the RMS procurement team, that, as a tender to the open market for relevant suppliers has already been completed, a "Select Tender" with Request for Proposal (RFP) will be issued for this procurement to all five suppliers.

9. Project Plan

Planned Date Milestone

06/08/2018	Prepare RFP
14/08/2018	Tender live in marketplace
30/08/2018	Tender evaluation
07/09/2018	Approval and Negotiations
02/10/2018	Award contract
08/10/2018	Go live

SOURCING

10. Tender

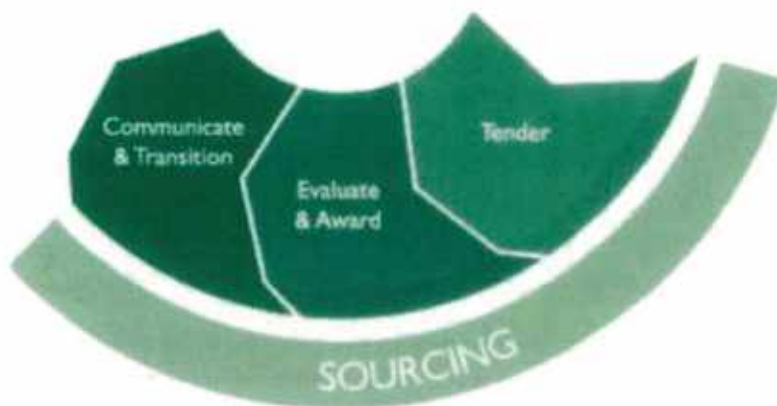
We recommend that Roads and Maritime Services issue Request for Proposal (RFP) by Select Tender for the procurement of portable weigh scales.

11. Evaluation

The value drivers are as detailed in the cost saving summary (per 6. Financial analysis).

The respondents will provide detail of their compliance to the assessment criteria; a quotation of rates and fees; and compliance to the draft contract terms.

The assessment criteria are as follows:



- | |
|---|
| <ul style="list-style-type: none"> • Reliability/Durability - Demonstrated evidence that the nominated scale model or previous models have usable life span of a minimum of 10 years. Evidence could include demonstration that no fewer than ten (10) highways agencies from around the world have used the tendered scales (or equivalent previous models) for 10+ years. |
| <ul style="list-style-type: none"> • Manufacture and delivery program - Demonstrated examples of successful delivery of 100+ scales in the last 24 months. This shows the ability to manufacture and deliver the required amount of scales within the time nominated in RFP. |
| <ul style="list-style-type: none"> • Value for money. |

Weightings will be defined by the assessment panel.

The assessment panel will include Roads and Maritime's Compliance and Regulatory Services Division (CaRS) resources. Financial assurance will be provided by a representative from CaRS Finance branch. A representative of Roads and Maritime Procurement branch will provide procurement oversight. A Probity Officer is not required for this low risk procurement.

12. Communication and transition

A Communication Strategy and transition plan will be provided by Program Management Office (PMO) outlining the tasks, timeframes, roles and responsibilities.

Respondents to the RFP are required to provide delivery plan outlining their timeframes and capability to deliver the portable weigh scales to Australia. It is estimated that the all portable weigh scales shall be delivered to RMS by 30 June 2019.

MANAGING

13. Policies

- RMS Procurement Policy PN195
- RMS Procurement Manual

The NSW Government has committed to improving road safety. NSW Government is a signatory to the National Road Safety Strategy 2011-2020 (National Strategy) which sets out targets to adopt best practice enforcement and reduce the national annual number of deaths and serious injuries by 30 per cent by 2020.

Portable Weigh Scales are used by Enforcement Operations Inspectors to weigh heavy vehicles in NSW to meet regulatory and road safety requirements.

14. Contract management

The proposed contract management strategy framework for a new contract will be led by the Roads and Maritime Procurement Contract Management Team. Roads and Maritime have a dedicated Contracts Manager for operational and tactical contract administration.

The initial role of the Contract Manager is to project manage the implementation process to ensure a seamless asset replacement from existing scales to the brand new scales.

Operational aspects of Contract Management will be managed by the CaRS Compliance Branch Heavy Vehicle Programs Unit who will monitor contract performance through the contract management function in Transport equip Ariba. A portfolio level view of all CaRS contracts will be managed by the Service Relationships branch.

15. Reporting

Providers must complete and supply Roads and Maritime Services with regular reports on their delivery timeframe, in a form approved by Roads and Maritime Services.

16. Compliance management

The provider must supply the following documentation for compliance management:

- Evidence of authorised distributor in NSW for the nominated scale
- OIML certification and IP rating certification for the nominated scale
- ISO 9001 certification from the scale manufacturer

17. Appendices

Nil

