



# **MPDC's Land Transport Procurement Strategy**

**Version 1**

**26 September 2025**

**Issued under the authority of:  
Assets & Projects Manager  
(Susanne Kampshof)**

**Endorsement by Executive team – 30 September 2025**

**Subject to review (three-yearly or less as applicable)**

**CM # 3100439**

## Table of Contents

<b>1</b>	<b>Executive Summary .....</b>	<b>3</b>
1.1	Summary statements of key issues and opportunities to obtain best value for money	3
1.2	Recommendations .....	4
1.3	Evidence of corporate ownership or internal endorsement of the procurement strategy	4
<b>2</b>	<b>Policy context of Matamata-Piako District Council.....</b>	<b>6</b>
2.1	Strategic objectives and outcomes .....	6
2.2	Strategic objectives for the Land Transport Procurement Strategy .....	8
2.3	NZ Transport Agency Waka Kotahi procurement requirements and what they mean for Matamata-Piako District Council .....	8
2.4	Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment .....	13
<b>3</b>	<b>Procurement Programme.....</b>	<b>22</b>
3.1	Procurement programme, segmented by:.....	22
3.2	Identification (where relevant) of any pending high-risk or unusual procurement activities	33
<b>4</b>	<b>Procurement Environment.....</b>	<b>35</b>
4.1	Analysis of the supplier market.....	35
<b>5</b>	<b>Approach to Delivering the Work Programme .....</b>	<b>41</b>
5.1	Confirmation of Specific Strategic Objectives .....	41
5.2	The Procurement approach.....	42
5.3	Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why .....	51
<b>6</b>	<b>Implementation.....</b>	<b>53</b>
6.1	Capability and Capacity.....	53
6.2	Internal Procurement Processes .....	56
6.3	Performance Measurement and Monitoring.....	57
6.4	Communication Plan .....	58
6.5	Implementation Plan.....	58
6.6	Corporate ownership and internal endorsement .....	59
<b>7</b>	<b>Appendix A: Base list of Organisational Outcomes/Drivers discussed in Workshop (6 August 2025) .....</b>	<b>60</b>
<b>8</b>	<b>Appendix B: Participant Selections of Contract Term (5+3+2) discussed in Workshop (6 August 2025) .....</b>	<b>62</b>

## 1 Executive Summary

This is the current Land Transport Procurement Strategy for Matamata-Piako District Council (Council), which is reviewed and updated three-yearly or less, at the request of the NZ Transport Agency Waka Kotahi.

The Land Transport Procurement Strategy sets out the strategic approach to procurement of land transport activities and considers long-term goals of maximising sustainable value for money over the whole of life of assets or services being procured. It also fulfils Council's obligations as required by the Office of the Auditor General.

The NZ Transport Agency Waka Kotahi co-invests in many of Council's land transport activities and projects as legislated under the Land Transport Management Act 2003 (LTMA). Section 25 of the LTMA requires that an approved organisation (such as Council) have in place procurement procedures to obtain best value for money spent.

Council procures a vast range of goods and services to benefit community and maintain growth in the district. For this reason, procurement approaches vary by scale, complexity and risk.

Council work activities and projects subject to procurement are identified within the Land Transport Activity Management Plan (LTAMP) for acceptance within the Long-Term Plan. The LTAMP also considers the government direction for investment as set out in the Government Policy Statement for Land Transport.

All AOs must have an endorsed procurement strategy to seek funding.

This is now the fourth review of what was earlier a Roading Procurement Strategy – first adopted by Council and endorsed by the NZ Transport Agency back in 2011. It demonstrates how land transport contracts and projects are to be procured in alignment with Council's procurement policy.

No advanced procurement procedures are included in this strategy, as all subsidised transport activities will be procured with appropriate supplier selection models.

Council recommends the NZ Transport Agency Waka Kotahi endorse this Land Transport Procurement Strategy and approve an exemption allowing for a 10-year term of the General Road Maintenance and Sealed Road Resurfacing contract, to be procured from 1 July 2026 with an initial contract term of five(5) years and subsequent extensions of three (3) years and two (2) years i.e.  $(5 + 3 + 2) = 10$  Years.

Once endorsed by the NZ Transport Agency Waka Kotahi, Council will release the strategy to staff via the intranet and to the public on its website.

### 1.1 Summary statements of key issues and opportunities to obtain best value for money

Throughout Council's Land Transport Procurement Strategy, several issues and opportunities are identified that can assist with obtaining best value for money.

One issue that became very clear through the delivery model selection process was the importance of *strategic alignment*; emphasised through Council's strategic objectives and

outcomes. For example, ensuring that Council's purchasing decisions and activities support highlighted key drivers (as selected, or via the LTP process, both of which are quite similar) of road/network safety, community affordability, growth and demand, asset condition and risk management.

*Market engagement* was found to be an area that Council staff could do better at and therefore should invest greater effort in, i.e. this might be both an issue and a future opportunity. This was about developing and fostering robust supplier relationships that would encourage competition and innovation.

The need for on-going *capability and capacity* review amongst the roading delivery team. While human resourcing is mostly stable for now, the future could be quite different, hence sufficient staff within the team need to be skilled for future procurement processes and the contracting environment.

Contract performance needed to be carefully *measured and monitored* to ensure that value was extracted from supplier commitments. This would require implementation of a staff systems to track contractor progress e.g. indicators, measures, data collection etc.

Opportunities came in the form of *clarity with the scope of works* and accuracy with cost estimates to ensure risk is well managed. *Continuing to monitor and compare performance* against best practices for cost efficiencies – much of this work is being done already with the assistance of Co-lab RATA and the REG groups, so benchmarking could be helpful. A continued focus on selecting the best delivery model to obtain optimal value for money is also an opportunity – this round the Traditional Delivery Model was found to have the right mix for Council's purposes.

## **1.2 Recommendations**

Council recommends that the NZ Transport Agency Waka Kotahi:

- Endorses this Land Transport Procurement Strategy.
- In accordance with 5.3 below, acknowledges that Council is not requiring the use of advanced components, simply because there are 'other' more suitable components that can be applied to the intended procurement.
- In accordance with 5.3 below, acknowledges that Council is not requiring the use of customised procurement procedures, simply because it has no need for such tailored approaches, more commonly applied to the above public transport or PPP activities.
- Approves a variation for a single combined *General Road Maintenance and Sealed Road Resurfacing*, traditional contract with a 10-year term (5years + 3+ 2) = 10 Years, commencing from 1 July 2026.
- Approves the continued use of in-house professional services as outlined below under *6.1 Capability and capacity*, provided predominantly by Council's Roothing Team. Confirmation had been received from the NZ Transport Agency Waka Kotahi that Council last had the continued use of in-house professional services in accordance with s26 of the LTMA approved on 24 October 2022 and no changes to that arrangement have taken place since.

## **1.3 Evidence of corporate ownership or internal endorsement of the procurement strategy**

Council's Land Transport Procurement Strategy applies to all land transport purchasing made by Council within the Matamata-Piako district. Use of the strategy is overseen by the

Assets & Projects Manager and ensuring compliance with the strategy is the responsibility of the Procurement Specialist.

Council's Executive Team internally endorses this strategy once satisfied it is ready for sending on to the NZ Transport Agency Waka Kotahi for their endorsement.

## 2 Policy context of Matamata-Piako District Council

### 2.1 Strategic objectives and outcomes

#### Council's Vision

Council's people-focussed vision is shown below. Council's land transport network contributes to the vision by providing connections that enable people to:

- Travel in safety to/from their destinations,
- Transport goods and services in support of economic growth, and
- Access required services e.g. health, social and recreational.



#### Council's Community Outcomes

Council has below identified four (4) community outcomes for our district that together help us to achieve our vision. For each outcome priorities have been identified (ways in which Council will work toward achieving them).

A blue vertical graphic containing four community outcomes. Each outcome has a circular icon, a title in Māori and English, and a list of priorities.

- Outcome #1**  
**He wāhi kaingākau ki te manawa | A place with people at its heart**  
Icon: A hand holding a heart with a flower inside.  
Priorities:
  - Be the connector between community, iwi, NGOs and government agencies
  - Prioritise community grants that enhance placemaking
  - Create vibrant, welcoming town centres
  - Strive for liveable, accessible, connected neighbourhoods
- Outcome #2**  
**He wāhi puawaitanga | A place to thrive**  
Icon: A hand holding a growing plant.  
Priorities:
  - Seek opportunities to realise Matamata-Piako's economic potential
  - Support and encourage quality, sustainable and varied development
  - Invest in the right infrastructure at the right time
- Outcome #3**  
**He wāhi e poipoi ai tō tātou taiao | A place that embraces our environment**  
Icon: A hand holding a green leaf.  
Priorities:
  - Educate and exemplify continuous improvement in waste minimisation
  - Create and maintain green and natural and open spaces
  - Demonstrate and advocate for climate friendly and community resilient initiatives
- Outcome #4**  
**He wāhi whakapapa, he wāhi hangahanga | A place to belong and create**  
Icon: A hand holding a colorful paper airplane.  
Priorities:
  - Genuine partnership with mana whenua
  - Partner and plan for multi-purpose sporting, cultural and community hubs
  - Support arts and heritage as an important part of our communities

#### Council's Key Transport Challenges (or Drivers)

As reported in Council's Long-Term Plan (LTP), below are the key land transport challenges or drivers. These are expanded on to provide more context.



### **Climate change and resilience**

Council's focus is on ensuring our land transport network remains fit for purpose, and investments are focused where and when they are most needed with storms and drought featuring as most predominant severe weather events.

Council has been actively working with a consultant to ready itself for climate resilience by identifying key climate related issues/risks and considering how best to address them.

Council is also working on a climate resilience strategy that will aim to address asset lifecycle enhancements, adaptive planning frameworks and a clear risk profile for the land transport network into the future.

### **Growth and demand**

Over the last five years, our district has experienced faster growth than predicted, experienced through significant increases in residential subdivisions and land use applications, as well as through increased building consents for new houses.

A growing population places pressure on our existing land transport network and requires new roads and safety improvements to existing roads.

Council is in the process of developing a growth strategy which will feed into regional spatial planning. This will help gain a greater appreciation and understanding of those aspects that are driving demand and hence which assets to best focus on.

### **Affordability**

Council's future challenge is providing land transport asset maintenance and renewals that achieve adequate service levels, while balancing community affordability with community expectations.

Such demands, alongside an ageing population and recent high inflation and interest rates, limit the ability and willingness of our community to pay for infrastructure assets and services.

### **Compliance**

Council has National, Regional and Local drivers that require Council alignment and prioritisation to ensure land transport investments are appropriate.

The Government's four strategic priorities outlined in the Government Policy Statement 2024 are: *Economic growth and productivity; increased maintenance and resilience; safety, and value for money.*

## **2.2 Strategic objectives for the Land Transport Procurement Strategy**

Council is strategic about the role that land transport plays in the district and therefore:

- Accepts that the land transport procurement strategy assists to achieve its vision and community outcomes, as new, upgraded and well-maintained land transport infrastructure are all part and parcel of effective procurement.
- Recognises that each procurement impacts its operating environment and therefore a longer term planned approach to procurement helps increase the likelihood of obtaining a best value for money spend.
- Recognises that this Land Transport Procurement Strategy records the long term, integrated approach to the land transport sector procurement activities funded under s20 of the LTMA.
- Uses the Land Transport Procurement Strategy to provide clear communication with potential suppliers, other purchasers in the market, and other Councils, while also providing for public transparency.
- Uses the Land Transport Procurement Strategy to plan, prepare for and manage risks.
- Acknowledges that a recent s17A Service Delivery Review has been completed and that this procurement strategy may in part overlap, however, both reviews demonstrate consistency.
- Understands that while the Land Transport Procurement Strategy is a specific document, it adheres to Council's wider organisational-wide procurement manual and where necessary enables for the procurement of specialist services and advice.

Council's overall objectives from the Land Transport Procurement Strategy are to:

- Manage the procurement process to obtain best value for money on all purchased outputs.
- Ensure procurement planning reflects core values, corporate aims and objectives.
- Ensure risk is appropriately managed and all procurement remains legal, ethical and transparent.
- Ensure Council's procurement function embraces continuous improvement and innovation.
- Manage Council supply chains, develop better relationships, and promote cooperative and collaborative procurement arrangements with suppliers and other purchasers.
- Implement efficient and effective processes.
- Build trust in our communities that expenditure is well planned and well executed.

## **2.3 NZ Transport Agency Waka Kotahi procurement requirements and what they mean for Matamata-Piako District Council**

### **Best value for money**

The New Zealand Transport Agency Waka Kotahi defines 'best value for money' as: 'The most effective combination of cost, quality, benefit and risk to meet a requirement'.

In the context of land transport procurement in New Zealand, obtaining best value for money spent means purchasing a good or service that delivers the output approved for funding under s20 in an efficient and economic manner.

Efficiency and economy have both financial and non-financial attributes. Non-financial attributes may include:

- *Quality* (e.g. in terms of the supplier or the product)
- *Impact on communities and the environment* (e.g. positive or negative impacts on connectivity, disruption and pollution)
- *Design integrity* (e.g. arising from capable and skilled suppliers)
- *Innovation* (e.g. meeting LTMA outcomes via an agreed output variation from that originally specified)
- *Whole-of-life considerations* (e.g. when considering the longevity of value against maintenance costs of different materials over the life of the asset)
- *Training and development opportunities* (e.g. by valuing suppliers that invest in workforce capability)
- *Health and safety practices* (e.g. by valuing suppliers that meet certain specified standards).
- *Economic Benefits to New Zealand*. The earlier promoted concept of "*Broader Outcomes*" is being replaced by a new economic benefit rule (Rule 8), that specifically focuses on requiring suppliers to demonstrate how they will deliver economic benefits to New Zealand for contracts exceeding certain value thresholds. Previously, Broader Outcomes required that agencies consider environmental, social, economic, and cultural secondary benefits from procurement.

Rule 8 states, "Agencies must require that suppliers demonstrate in their tender proposals how they will deliver economic benefits to New Zealand for contracts above the value thresholds of \$100,000 (for goods, services and refurbishment works) and \$9 million for construction works.

Agencies also **must** consider the following opportunities to deliver economic benefit to New Zealand when applying Rule 8:

- a) providing skills and training that benefit New Zealand communities
- b) employing workers in New Zealand
- c) paying taxes in New Zealand
- d) using New Zealand businesses, including SMEs, regional businesses and Māori and Pacifica businesses in delivering goods and services, either directly or as a subcontractor or in the supply chain
- e) creating export opportunities for New Zealand goods and services
- f) developing New Zealand industry capabilities or capacity
- g) developing and adopting innovative products or practices that benefit New Zealand communities
- h) the environmental benefit of the proposed solution to New Zealand
- i) contributing to positive social and cultural outcomes in New Zealand communities.

Agencies also **must**:

- j) set clear expectations in their Notice of Procurement of the economic benefits they are seeking to be delivered in the procurement opportunity
- k) ensure their expectations are proportionate to the size, risk, complexity and value of the procurement opportunity
- l) include a minimum weighting of 10 percent for evaluation purposes for economic benefits in a procurement
- m) include contract provisions for the delivering of the agreed economic benefits
- n) conduct sufficient monitoring of economic benefits to ensure that commitments made in contracts are delivered and reported on.

Further to the above, agencies need to decide a rating scale to judge the criteria against, and an evaluation model to determine how to weight the criteria against each other.

### **The Government Policy Statement (GPS)**

The Government policy statement on land transport (GPS) sets out the Government's strategic priorities relating to land transport. The GPS plays a key role in establishing the financial and non-financial attributes that will be valued at both activity selection and procurement stages. Council while planning, assessing and making investment and procurement decisions will be guided by strategic priorities, key outcomes and principles for investing as outlined in the Government policy statement on land transport.

### **Council establishes benefits or value from each activity**

Council aims as part of the initial funding process for land transport activities to establish the benefits or 'value' from each activity that it expects to deliver, along with an estimate of the cost. Therefore, Council's crucial first step when obtaining best value for money is adopting *optimal activity selection*, which is about deciding where to spend allocated land transport funding to yield the most value, i.e. selecting the activity that makes the largest contribution to achieving the objectives of the LTMA for the funds invested, *or choosing an activity that exhibits the best whole-of-life combination of benefits across the life of the good or service*.

*Whole-of-life best value for money requires taking a long-term view and not simply considering the initial capital cost. The assessment considers the social, environmental and economic impact of the outputs, any ongoing maintenance and operation costs of the asset or service, and costs associated with its disposal.*

All activities are then evaluated by the NZ Transport Agency Waka Kotahi under the requirements of Section 20 (s20) of the LTMA – to address funding approvals. For most activities, the 'base' *best value for money* outcomes will be determined from the selection process and expressed in the output specification. The base then forms an important benchmark throughout the procurement process.

### **Council procures under s25 of the LTMA ready for delivery**

The activities initially approved for funding (above under s20) are then procured (under s25) through an *approved procurement procedure* ready for delivery. This approved procurement process enables Council to at least maintain, or better still, enhance the activity's 'value'. In this respect, the outlined purpose of procurement is to:

- *Maintain the best value for money outcomes identified* by ensuring that the expected value is delivered, the expected quality is provided, and the expected cost and time is not exceeded, or
- *Enhance (where possible) the best value for money outcomes identified* by enabling the identification of a solution with more value (e.g. higher quality) or at a lower whole-of-life cost than anticipated in the initial best value for money evaluation.

Council's ability to maintain or enhance best value for money spent is achieved by following these components of the process:

- Taking a strategic approach to procurement.
- Optimising whole-of-life best value for money.
- Using an approved procurement procedure.
- Allocating and managing risk appropriately.
- Proactively managing contract delivery.
- Monitoring performance.

### Competitive and efficient markets

Council in part signals its support for competitive and efficient markets through the financials in the Long-Term Plan (LTP), explaining *what* will be done, *how much* will be spent and, *when* it intends to procure certain infrastructure and services, over a 10-year period.

Council's aim in terms of competitive and efficient markets is to ensure that there are an appropriate number of suppliers to provide the full range of services that Council requires, and that these services (where possible) are provided based on sound competition between suppliers, enhancing Council's ability to obtain best value for money.

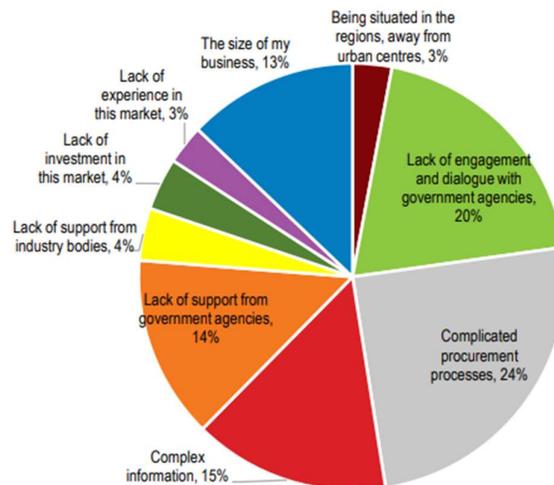
Council then continues to look towards enhancing value by going beyond price to consider the likes of quality and innovation and other non-financial attributes when operating in different markets. Likewise, Council recognises that at times situations exist where a single supplier or limited market may be the most efficient market outcome, and it is unlikely that a competitive market is sustainable.

Alternatively in some markets, supplier competition can be excessive; potentially contributing to suppliers investing too much time and money in the procurement process, and this can inflate costs and damage Council's ability to obtain the best value for money spent.

This Land Transport Procurement Strategy will be used whenever Council conducts market analysis and identifies a lack of sustainable competition in a chosen segment of the market, to best guide the use of procurement procedures that contribute to enhancing sustainability and competitiveness. The Land Transport Procurement Strategy also considers how procurement procedures can be used to manage the costs of the proposal process.

The below snippet from MBIE indicates some of the ways that markets can be made more competitive and efficient. For example, reversing the top three of: *Complex procurement processes*; *engagement with the market*, and *complexity around information* (all of which are barriers to market entry and still relevant to local government and the land transport sector).

**Figure 4. Main factors that make it difficult for firms to effectively bid for government contracts**  
2021



Source: NZ Government Procurement Business Survey; Ministry of Business, Innovation and Employment (2021).

### Fair competition amongst suppliers

Council aims to create fair competition amongst suppliers. Efforts include:

- Promoting open and transparent procurement processes
- Engaging early with potential suppliers to understand their needs and capabilities and,
- Ensuring all suppliers have equal opportunities to participate.

Council (in line with *Treasury market engagement guidance 2019*), typically will engage with a broad cross section of the market that includes potential suppliers close to the local market and those that have participated in similar projects.

For more substantial works, Council adopts an **Open Invitation** approach by use of the New Zealand Government Procurement processes such as the Government Electronic Tenders Service (GETS). This provides a fair and transparent process for potential suppliers to approach the market. It means that interested potential suppliers can self-select to become a participant in the market engagement process, reducing the risk to Council of omitting a key interested supplier. The use of direct approaches such as Expressions of Interest (EOIs) and advertising on LinkedIn and other digital platforms are other approaches open to Council, resulting in a smaller number of participants, reducing process administration and enabling more targeted conversations with suppliers.

Where possible, Council aims to extend the duration of term contracts to provide more suitable return periods for equipment purchase etc. noting that NZ Transport Agency Waka Kotahi procedures and evaluation methods are strictly followed. Overall, the Land Transport Procurement Strategy ensures community outcomes are met and fulfilled through fair and competitive processes.

## 2.4 Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment

### Council policies

Council's procurement policy applies to all of Council's purchasing activities and works alongside other specific guidelines e.g. the NZ Transport Agency Waka Kotahi procurement rules for land transport.

Council's procurement policy states its vision and commitments and includes other procurement related material e.g. sustainability, competitive processes, potential conflicts of interest and the need to prevent preferential treatment in procurement.

Other related Council policies are referred to in the Procurement Manual including staff delegations and fraud. The Procurement Manual and Contracts Procedures Manual help staff to manage contracts. Council also has a Delegations Policy and Register, providing guidance to staff on financial delegations.

After each triennial election, Council's procurement policy and associated policies are reviewed (for delegations, procurement conditions, acceptance or otherwise of NZ Transport Agency Waka Kotahi requirements or limits and the membership and role of the Tender Board) and then approved by Council. Council is currently reviewing what is now *Economic Benefits to New Zealand*.

### The Sustainability Policy

The Sustainability Policy also needs to be taken into consideration. Sustainability is about meeting the needs of today without adversely affecting the needs of tomorrow. In a business sense the key messages of sustainability tie-in with what are considered sound business practices, such as building efficiency, minimising waste, maximising resources and using renewable resources.



Council is committed to working with contractors to maintain Health and Safety in the workplace through the *Local Government Health and Safety Pre-qualification Scheme*. This is achieved by maintaining positive partnerships, through consultation, cooperation and coordination. Council follows the WorkSafe NZ guidance on how PCBUs should work together, which includes the following requirements:

- Effective scoping of the required works: MPDC will work with contractors to understand what work needs to be done and where, and to share information about what hazards and risks are involved.
- Pre-qualification of contractors: MPDC requires all contractors undertaking physical works to be registered with SHE (see information below).
- Monitoring: Subject to the risk and length of the work, council contract managers will undertake monitoring during the duration of the contract. This might include the likes of site visits and inspections, pre-start meetings and site handover, inductions, and project updates.

- Post-contract review: MPDC Council will do a post-contract review how the contract went including an assessment of health and safety.

Several Waikato and Bay of Plenty Councils have teamed up with SHE Software NZ Ltd to develop a new streamlined pre-qualification process. All contractors and sub-contractors working for MPDC must have current prequalification through this system, ensuring Councils are using contractors who operate with effective health and safety management systems and are holding current and relevant insurances. This process requires contractors and sub-contractors who carry out services for MPDC to apply to become pre-qualified every two years, with insurance renewals conducted annually.

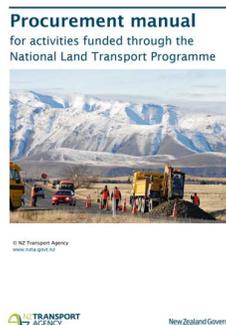
Tōtika is the Health & Safety Prequalification Scheme that has been developed and implemented by Construction H&S (CHASNZ) to create a standard for all health and safety pre-qualification systems in the Construction sector. SHE PreQual are a Tōtika Gold accredited member and accordingly have adopted the Tōtika question set and criteria for contractors who would like to be Tōtika approved.

### Supporting Local Businesses

While not a policy, Council recognises that there is a benefit to the community from purchasing locally. Therefore, local suppliers are given every opportunity to bid for Council tenders. ‘Local’ can mean within the district boundaries and/or the Waikato Region. All things being equal, the price submitted needs to be competitive with the market. And any decisions made are likely to be based on the “whole-of-life” value, rather than the purchase price, while staying within procurement guidelines.

### The NZ Transport Agency/Waka Kotahi Procurement Manual

The NZ Transport Agency Waka Kotahi requires all approved organisations to have a procurement strategy that documents the long-term integrated approach to the procurement of land transport sector activities funded under s20 of the LTMA. Their procurement manual provides procedures approved under s25 of the Land Transport Management Act 2003 (LTMA). **NB: Procurement procedures contained in the manual are equivalent to the Government Procurement Rules, as they apply when NLTF monies are being invested.**

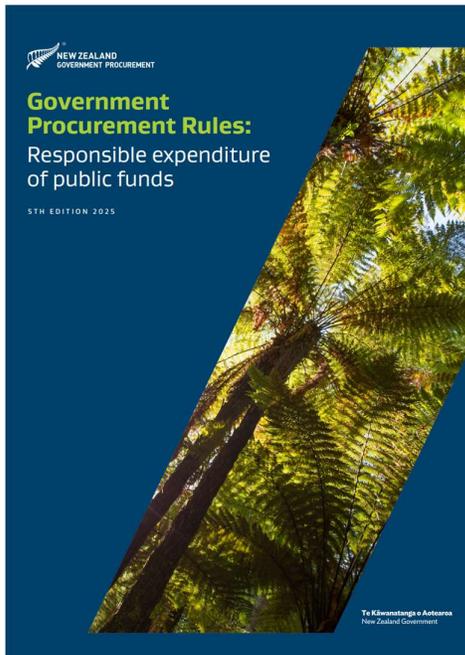


### Procurement manual (updated 6 April 2022)

Approved organisations may use these procurement procedures (subject to conditions imposed under the LTMA), to purchase the outputs (goods and services) required to deliver activities funded under s20. However, should approved organisations wish to use the advanced components specified in this manual, they must first obtain written approval from the NZ Transport Agency/Waka Kotahi under s25 of the LTMA.

## The Government Procurement Rules, Rules for sustainable and inclusive procurement (5th Edition) 2025

The Government Procurement Rules are the Government's standards of good practice for government procurement. The rules must be read along with the Principles of Government Procurement, the Government Procurement Charter and other good practice guidance. Refer to [www.procurement.govt.nz](http://www.procurement.govt.nz) for further details.



### The five principles of Government Procurement

The Principles of Government Procurement apply to all government agencies and provide government's overarching values. They apply even if the Rules do not. Agencies should use the Principles for guidance and to help make good procurement decisions.

Take time to read the five Principles. You need to understand how they apply to the work that you do.

#### 1. PLAN AND MANAGE FOR GREAT RESULTS

- Identify what you need and then plan how to get it.
- Set up a team with the right mix of skills and experience.
- Involve suppliers early – let them know what you want and keep talking.
- Take the time to understand the market and your effect on it. Be open to new ideas and solutions.
- Choose the right process – proportional to the size, complexity and any risks involved.
- Encourage e-business.

#### 2. BE FAIR TO ALL SUPPLIERS

- Create competition and encourage capable suppliers to respond.
- Treat all suppliers equally – we don't discriminate (this is part of our international obligations).
- Seek opportunities to involve New Zealand businesses.
- Make it easy for all suppliers (small and large) to do business with government.
- Be open to subcontracting opportunities in big projects.
- Clearly explain how you will assess proposals – so suppliers know what to focus on.
- Talk to unsuccessful suppliers so they can learn and know how to improve next time.

#### 3. GET THE RIGHT SUPPLIER

- Be clear about what you need, and fair in how you assess suppliers – don't string suppliers along.
- Choose the right supplier who can deliver what you need, at a fair price and on time.
- Choose suppliers that comply with the Government's Supplier Code of Conduct.
- Build demanding, but fair and productive, relationships with suppliers.
- Make it worthwhile for suppliers – encourage and reward them to deliver great results.
- Identify relevant risks and get the right person to manage them.

Government Procurement Rules 5th edition

13

#### 4. GET THE BEST DEAL FOR EVERYONE

- Get best public value – account for all costs and benefits over the lifetime of the goods or services.
- Make balanced decisions – consider the potential economic benefits to New Zealand.
- Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive.
- Take calculated risks and reward new ideas.
- Have clear performance measures – monitor and manage to make sure you get great results.
- Work together with suppliers to make ongoing savings and improvements.
- It's more than just agreeing the deal – be accountable for the results.

#### 5. PLAY BY THE RULES

- Be accountable, transparent and reasonable.
- Make sure everyone involved in the process acts responsibly, lawfully and with integrity.
- Stay impartial – identify and manage conflicts of interest.
- Protect suppliers' commercially sensitive information and intellectual property.

Importantly, the *Five Principles of Government Procurement* apply to all government agencies and provide government's overarching values. These apply even if the Rules do not. Agencies should use the principles for guidance and to help make good procurement decisions.

The below foreword has highlighted the reason for the rule update and expectations surrounding their use.

## Foreword

Government spends tens of billions of dollars on goods, services and works from business and third parties. It is important that procurement is done well, good outcomes are achieved, and trust in the system is maintained. Procurement teams are the stewards of this expenditure.

As the Procurement System Leader, I am pleased to introduce the fifth edition of the Government Procurement Rules: Responsible expenditure of public funds. The Government Procurement Rules (the Rules) ensure that system settings are clear and support agencies to achieve the best possible public value while also ensuring integrity, transparency and accountability throughout their procurement activities.

The Rules have been updated with a focus on economic growth, more transparency and strengthened accountability. The changes enable a stronger, more cohesive procurement system and respond to feedback from key stakeholders.

Government agencies will be expected to engage with businesses that deliver public value to New Zealand, including through increased employment, skills and training and economic growth for local communities. This will create greater opportunities for New Zealand's small and medium sized enterprises, including regional businesses.

The new Rules put stronger requirements around reporting for better transparency of government spending and better insights for everyone. They support economic growth through government procurement, and they tighten the rules of engagement on panel contracts. Government agencies must publish their procurement policies and consider how they can create opportunities for New Zealand businesses.

The procurement function is an agency's key market interface, providing intelligence and insights on market dynamics and emerging trends, as well as external feedback on investment projects. Procurement can also add value to an organisation beyond the acquisition of the goods and services needed to conduct business. This potential is realised through a focus on good procurement practice and robust processes.

This edition supports these aspirations. It aims to meet the challenge of simplifying and streamlining processes and requirements to help realise the promise of better value for New Zealand.



Carolyn Tremain  
Procurement System Lead  
Secretary for Business, Innovation and Employment and Chief Executive  
Te Tumu Whakarae mō Hikina Whakatutuki

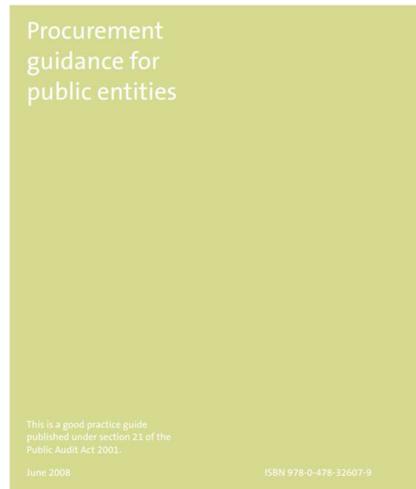
### The OAG procurement Guidance for Public Entities (2008)

This Office of the Auditor-General (OAG) guidance outlines the good practice that public entities should use to procure goods or services. Also outlined are expectations that the OAG may use when carrying out performance audits or inquiries under section 16 or section 18 respectively of the Public Audit Act 2001, or in annual financial audits.

While not a set of rules, the OAG guidelines outline 'good practice that public entities should use to procure goods or services.' Guidelines use the basic principles of:

- Accountability,
- Openness,
- Value for money,
- Lawfulness,
- Fairness, and

- Integrity



### The Road Efficiency Group (REG) Guidelines

The Road Efficiency Group (REG) produced the above guidelines (version 3, March 2018) to assist road controlling authorities (RCAs) when making or improving their road maintenance delivery model decisions and affirming value for money for ratepayers and road users. The guidance material was produced after examining 11 New Zealand case studies involving road maintenance procurement delivery models and comparing the findings from these studies with a national and international literature review. This was done to validate the case study findings internationally and ensure the quality of the guidance.



March 2018

### **Council's Long-Term Plan (2024-34)**

Every three years Council produces a Long-Term Plan that sets the direction for the next 10 years, outlining our key aims, objectives and priorities for the Matamata-Piako district. The Plan also:

- Describes the type of district our communities have told us they want: *our Community Outcomes*
- Identifies the key projects to take place over the next 10 years
- Provides an overview of each activity we will carry out and the services we will provide for the next 10 years
- Determines how much this will all cost and how we will fund it.

The Local Government Act 2002 sets out the purpose for Councils as follows:

- To enable democratic local decision-making and action by, and on behalf of, communities.
- To promote the *social, economic, environmental* and *cultural* wellbeing of communities in the present and for the future.

### **Council's Land Transport Activity Management Plan (LTAMP)**

Below is the Land Transport Activity Management Plan (LTAMP) with a purpose of identifying how Council's land transport assets and activities are delivered and managed. The LTAMP provides information about each of the separate activities and assets used to justify work programmes and budgets included in the long-term plan (LTP). The LTAMP specifically provides:

- Descriptions of the Activity (and associated Assets)
- The Level of Service to be provided to the community over the ten-year period from plan preparation
- Performance Measures used to monitor whether the activity is delivering the desired level of service
- How the Activity and/or Assets will be funded
- Details of any new projects and planned expenditure
- A list of assumptions used when preparing the LTAMP as well as uncertainties and risks involved



Land Transport  
Activity Management Plan  
(LTAMP)  
2024 - 2054  
(Version 2)



## The Regulatory Environment

### The GPS 2024

The following are key aspects of the regulatory environment that impact Council's procurement. Although mentioned above, the GPS is repeated below.

The GPS 2024 outlines the Government's land transport investment priorities, and guides expenditure of over \$7 billion from the National Land Transport Fund (NLTF) and around \$1.5 billion from local government, each year. The GPS sets the balance between investing in new projects and ensuring we maintain and repair our existing infrastructure.

The GPS 2024 focusses on achieving four key strategic priorities:

1. Economic Growth and Productivity
2. Increased Maintenance and Resilience
3. Safety
4. Value for Money

Local Government, the NZ Transport Agency Waka Kotahi, the New Zealand Police, KiwiRail, and other approved organisations under the Land Transport Management Act 2003 (the Act) receive funding from the NLTF for the land transport activities they deliver, such as the construction and maintenance of state highways, local and rural roads, road policing, and public transport. In turn, Regional Land Transport Plans (RLTPs) must be consistent with the GPS. This means the direction and aims of the GPS have a direct influence on the funding that goes to regions and activities.

The GPS 2024 also recognises the importance of local and rural roads in connecting our communities and businesses to key routes, and the importance of ensuring the whole network is maintained to a reliable standard.

### The Land Transport Management Act (LTMA) 2003

The purpose of this Act is to contribute to an effective, efficient, and safe land transport system in the public interest. *Section 25 refers to: Procurement Procedures.* The most applicable points are:

- The NZ Transport Agency Waka Kotahi must approve one or more procurement procedures that are designed to obtain the *best value for money spent* by the Agency and approved organisations.
- In approving a procurement procedure, *the Agency must also have regard to the desirability of enabling persons to compete fairly for the right to supply outputs required for approved activities*, if two or more persons are willing and able to provide those outputs; and *encouraging competitive and efficient markets for the supply of outputs required for approved activities*.
- It is a condition of every procurement procedure that the NZ Transport Agency Waka Kotahi or an approved organisation must procure outputs from a provider other than the Agency or that organisation (as the case may require), or its employees.

*However, nothing in subsection (4) prevents an approved organisation from procuring from the organisation's own business units the provision of minor and ancillary works on terms approved by the Agency.*

### **The Land Transport Act 1998**

While not specific to procurement, the Land Transport Act 1998 promotes safe road user behaviour and vehicle safety; provides for a system of rules governing road user behaviour, the licensing of drivers and technical aspects of land transport; recognises reciprocal obligations of persons involved; consolidates and amends various enactments relating to road safety and land transport; and enables New Zealand to implement international agreements relating to road safety and land transport. It also includes the registration and licensing of motor vehicles and the regulation of commercial transport services and the limits on driving hours.

### **The Local Government Act (LGA) 2002**

The purpose of this Act is to provide for democratic and effective local government that recognises the diversity of New Zealand communities; and, to that end, this Act —

- (a) states the purpose of local government; and
- (b) provides a framework and powers for local authorities to decide which activities they undertake and the manner in which they will undertake them; and
- (c) promotes the accountability of local authorities to their communities; and
- (d) provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

Section 14 covers: Principles relating to local authorities.

Local authorities are expected to:

- Conduct business in an open, transparent, and democratically accountable manner.

- Give effect to identified priorities and desired outcomes in an efficient and effective manner.
- Be aware of, and have regard to, the views of all its communities. When making a decision, a local authority should take account of the diversity of the community, the community's interests within its district, and the interests of future as well as current communities; and the likely impact of any decision on each aspect of well-being (per section 10).
- Provide opportunities for Māori to contribute to its decision-making processes.
- Actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes.
- Undertake any commercial transactions in accordance with sound business practices
- Ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets.
- In taking a sustainable development approach, take into account the social, economic, and cultural well-being of people and communities; and the need to maintain and enhance the quality of the environment; and the reasonably foreseeable needs of future generations.

*Sections 76 covers Decision-making.* Every decision made by a local authority must be made in accordance with such of the provisions of sections 77, 78, 80, 81, and 82 as are applicable.

## 3 Procurement Programme

### 3.1 Procurement programme, segmented by:

Procurement segmentation is the strategic process of dividing the procurement market or an organisation's supplier base into distinct, homogeneous groups based on criteria like value, risk, and performance, enabling the development of tailored procurement strategies.

For this Land Transport Procurement Strategy segmentation helps Council to optimise resource allocation, enhance supplier relationships, improve efficiency, mitigate supply chain risks, and achieve better cost management and overall value creation.

Council carries out planned and preventative maintenance for the existing road network as well as planned major and minor renewals and upgrades, emergency repairs (as/when required), a small programme of capital works and professional investigations funded by the NZ Transport Agency Waka Kotahi.

#### Size, type or duration

For the NLTP period 2024-27, Council and the NZ Transport Agency (as co-investor) have together invested almost \$42.5 million in the Maintenance, Operations and Renewals (MOR) Programme. That equates to a bit less than \$14.2 million per annum. This programme is by far the largest by size.

The existing General Maintenance and Sealed Road Resurfacing contract combines the functions of road maintenance with road surfacing and is the largest open tender contract by size and value. This contract started back on 1 July 2019 with a contract term of 3+2+2 (7 years) and is due to expire on 30 June 2026 and triggered Council's recent s17A review.

Prior to 2019, maintenance and resurfacing functions were separated out (unbundled) and tendered as two smaller contracts. However, it was found that through bundling there was greater supplier market interest.

Council has below recorded a range of existing contracts by size, type and duration, where possible shown with annual values and renewal dates.

The most effective way to segment these contracts is consistent with activity classifications as defined in the Government Policy Statement on land transport (GPS) 2024, and as used by the Minister of Transport to provide direction to NZ Transport Agency Waka Kotahi (NZTA) on funding allocations for types of investment. The activity classes are high-level groupings of activities. A work category must link to at least one activity class; however, some work categories link to several activity classes – where this happens the activity title will show that.

**2024-27 NLTP Activity Class (Local Road – Pothole Prevention)****2024-27 NLTP Activity Class (Local Road – Operations)**

<b>General Maintenance and Sealed Road Resurfacing</b>	
Contract Start	1 July 2019
Contractor	Fulton Hogan
Date for Renewal	(3 years to 30 June 2022 + 2 + 2) = <b>30 June 2026</b>
Services Required	Maintenance and Resurfacing
NZTA work categories included in contract	111- Sealed pavement maintenance 112 – Unsealed pavement maintenance 113 – Routine drainage maintenance 114 - Structures maintenance 121 – Environmental Road maintenance Renewal of road: 211 – Unsealed road metalling 212 – Sealed road resurfacing Including some minor area wide pavement treatment as well. 214 - Sealed Road pavement rehabilitation
Value	\$3,850,000 per annum. Maintenance \$2,400,000 per annum. Sealed Road Resurfacing
Risk/Complexity/Scope for Innovation	Low – Medium - Medium
Possible Delivery Models	Traditional
Possible Supplier Selection Methods	Price-Quality
Estimate of Interest	Council received 2 tenders for this contract although 8 organisations submitted their interest.
Contract Management	Roading Team to programme and supervise the works

As with the above General Road Maintenance and Sealed Road Resurfacing contract, Road Markings Maintenance and Renewals and Signs Maintenance and Traffic Service Renewals contracts are up for tender next financial year (2026).

By individualising contracts, the supplier market can provide specialist services to Council. Generally, Council tenders on Lowest Price Conforming with some of the more specialised works tendered as Price Quality.

### 2024-27 NLTP Activity Class (Local Road – Operations)

<b>Road Markings Maintenance and Renewals</b>	
Contract Start	1 July 2021
Contractor	Road Markers NZ
Date for Renewal	30 June 2024 + 1 + 1 = <b>30 June 2026</b>
Services Required	Maintenance and Renewals
NZTA work categories included in contract	122 – Network services maintenance 222 – Traffic services renewals
Value	\$349,000 per annum
Risk/Complexity/Scope for Innovation	Low/Low/Low
Possible Delivery Models	Traditional
Possible Supplier Selection Methods <b>(Current Selection Method)</b>	Price-Quality Method
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received.
Contract Management	Roading Team to programme and supervise

### 2024-27 NLTP Activity Class (Local Road – Operations)

<b>Network Services (Signs) Maintenance and Traffic Services (Signs) Renewals</b>	
Contract Start	1 July 2021
Date for Renewal	(3 years to 30 June 2024 +1 + 1) = <b>30 June 2026</b>
Services Required	Signs (Maintenance and Renewals)
NZTA work categories included in contract	122 – Network Services Maintenance 222 - Traffic Services Renewals
Value	\$727,388/3 = <b>\$242,463 p/a</b>
Risk/Complexity/Scope for Innovation	Low/Low/Low
Possible Delivery Models	Staged/Traditional (Measure and Value)
Possible Supplier Selection Methods	Price Quality
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received.

Contract management	Roading Team to programme and supervise
---------------------	---

### 2024-27 NLTP Activity Class (Local Road – Operations)

<b>Structures Asset Management Services (SAMS)</b>	
Contract Start	1 July 2022
Contractor	Gray Matter Limited
Date for Renewal	(3 years to 30 June 2025 + 3) = <b>30 June 2028</b>
Services Required	Professional services (SAMS) to Matamata-Piako District Council broken into 4 categories: inspections, information, project and advisory services.
NZTA work categories included in contract	151 – Network and Asset Management
Value	\$65,543 (approx. base cost – p/a) Years 1 to 3.
Risk/Complexity/Scope for Innovation	Medium/Medium/Medium
Possible Delivery Models	Joint procurement with other Waikato Councils
Possible Supplier Selection Methods	Price Quality (MBIE Weighted Attributes)
Estimate of Interest	High interest from all stakeholders
Contract Management	Roading Asset Engineer to programme and supervise

### 2024-27 NLTP Activity Class (Local Road – Operations)

<b>Structures (Maintenance) and Structures (Component Replacement)</b>	
Contract Start	1 July 2025
Contractor	Still to be tendered for 2025 Contractor (presently unknown)
Date for Renewal	30 June 2026
Services Required	Structures Maintenance/ Component Replacement
NZTA work categories included in contract	114 – Structures maintenance 215 – Structures Component Replacement
Value	114 = \$131,333 per annum 215 = \$92,333 per annum
Risk/Complexity/Scope for Innovation	Medium/Low/Low

Possible Delivery Models	Staged/ Traditional (Measure and Value)
Possible Supplier Selection Methods	Lowest Price Conforming
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received.
Contract Management	Roading Team to programme and supervise

Contract	Start Date	Renewal Date	Contractor	Service Required	Annual Value	Risk/Complexity /Scope For Innovations	Delivery Model	Supplier Selection	In-house Design & Supervision	In-house Physical Works
General Maintenance and Resurfacing	01-Jul-19	2022 + 2+ 2	Fulton Hogan	Maintenance	\$3.85m	LMM	Staged	PQ	Roading Team	None
Signs and Maintenance	01-Jul-21	2024 + 1+ 1	Directionz Ltd	Maintenance & Renewals	\$242K	LLL	Staged	PQ	Roading Team	Specialist
Pavement Markings	11-Oct-21	2024 + 1+ 1	Road Markers NZ Ltd	Maintenance & Renewals	\$349K	LLL	Staged	LP/PQ	Roading Team	Specialist
Streetlighting Maintenance	01-Oct-24	30 June 2027 + 1+ 1	Horizon Services Ltd (Trading as Horizon Networks)	Maintenance / Renewals & Capital	\$467.747K	MLL	Staged	LP/PQ	Roading Team (plus Power Solutions Ltd - external)	Specialist
Street Cleaning	03-Jun-19	2022 + 1+ 1	Civic Ltd	Maintenance	\$105K	LLL	Staged	LP/PQ	KVS	
Footpath Cleaning (unsubsidised)	01-Nov-19	2022 + 1+ 1	KVS	Maintenance	\$129K	LLL	Staged	LP/PQ	KVS	
Streetlighting Consultancy Services	01-Jul-22	30-Sep-26	Power Solutions Ltd	Professional Services	\$83K (Variable)	LMM	Staged	LP	Roading Team	Specialist

### 2024-27 NLTP Activity Class (Local Road – Operations)

<b>Streetlighting Consultancy Services</b>	
Contract Start	1 July 2022
Contractor	Power Solutions Limited
Date for Renewal	(approx. 4 years to 30 September 2026)
Services Required	Professional Streetlighting Consultancy
NZTA work categories included in contract	122 – Part of (Network Services Maintenance) 222 – Traffic Services Renewals
Value	\$83,000 per annum (variable)
Risk/Complexity/Scope for Innovation	Low/Medium/Medium
Possible Delivery Models	Staged/Traditional (Measure and Value)
Possible Supplier Selection Methods	Price - Quality
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received.
Contract Management	Roading Team to programme and supervise

**2024-27 NLTP Activity Class (Local Road – Operations)**

<b>Network Services (Streetlight) Maintenance/Traffic Services (Streetlight) Renewals</b>	
Contract Start	1 October 2024
Contractor	Horizon Services Ltd/Horizon Networks
Date for Renewal	(3 years to 30 June 2027 + 1 + 1) = 30 June 2029
Services Required	Streetlight Maintenance and Renewals
NZTA work categories included in contract	122 – Part of (Network Services Maintenance) 222 – Traffic Services Renewals
Value	\$467,748 per annum
Risk/Complexity/Scope for Innovation	Medium/Low/Low
Possible Delivery Models	Staged/Traditional (Measure and Value)
Possible Supplier Selection Methods	Price - Quality
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received.
Contract Management	Roading Team to programme and supervise

**2024-27 NLTP Activity Class (Local Road – Pothole Prevention)**

**2024-27 NLTP Activity Class (Walking and Cycling)**

<b>Routine Drainage Maintenance and Footpath Maintenance</b>	
Contract Start	1 July 2025
Contractor	Kaimai Valley Services (KVS)
Date for Renewal	To be reviewed annually
Services Required	Maintenance
NZTA work categories included in contract	113 – Routine Drainage maintenance ( <i>District-wide Mechanical Street Cleaning – 2024-27 #2360</i> ) 113 – Routine Drainage maintenance (District-wide Catchpit and Sump Cleaning – 2024-27 #2361) 125 - Footpath Maintenance
Value	\$245,957/3 = \$81,652 p/a (#2360) \$296,000 = \$98,000 p/a (#2361) \$36,988 for footpath maintenance
Risk/Complexity/Scope for Innovation	Low/Low/Low

Possible Delivery Models	N/A as KVS are under \$100k p/a*
Possible Supplier Selection Methods	Direct Appointment
Estimate of Interest	Limited interest likely given specialist nature
Contract Management	Roading to programme and supervise

### 2024-27 NLTP Activity Class (Safety)

<b>Safety Promotion, Education and Advertising</b>	
Contract Start	1 July 2025
Contractor	Various community road safety service providers
Date for Renewal	Annual
Services Required	Maintenance
NZTA work categories	WC: 432 Safety promotion, education and advertising
Value	\$40,000 p/a (2024-27)
Risk/Complexity/Scope for Innovation	Low/Low/Low
Possible Delivery Models	Lump Sum
Possible Supplier Selection Methods	Direct Appointment
Estimate of Interest	Sufficient interest for a competitive process expected
Contract Management	Road Safety Coordinator to programme and supervise

### 2024-27 NLTP Activity Class (Local Road – Pothole Prevention)

### 2024-27 NLTP Activity Class (Local Road – Improvements)

<b>Sealed Pavement Rehabilitation (including Drainage Renewals and Associated Improvement categories)</b>	
Contract Start	Annual packages of work
Contractor	Various contractors
Date for Renewal	Procured on a 'per package' basis,
Current contract period	Current contract period
Services Required	Construction
NZTA work categories included in contract	213 - Drainage Renewals

	214 - Sealed Road Pavement Rehabilitation 341 – Low-cost/Low risk (associated improvements)
Value	\$3,600,000 per annum
Risk/Complexity/Scope for Innovation	Low/Low/Medium
Possible Delivery Models	Staged/Traditional (Measure and Value)
Possible Supplier Selection Methods	Lowest Price Conforming
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received. Generally, 4 or more tenders for each package are received.
Contract Management	Roading Team to design and supervise

### 2024-27 NLTP Activity Class (Local Road Improvements)

<b>Low-Cost Low Risk Improvements – Speed Management around Schools</b>	
Contract Start	Annual packages of work (Capital Expenditure)
Contractor	Various contractors
Date for Renewal	Procured on a 'per package' basis or smaller 'per job' basis if specialised
Services Required	Construction
NZTA work categories included in contract	341 – Low cost, low risk roading improvements
Value	\$362,700 (over FYs 2024/25 & 2025/26)
Risk/Complexity/Scope for Innovation	Low/Medium/Medium
Possible Delivery Models	Staged
Possible Supplier Selection Methods	Lowest Price Conforming
Estimate of Interest	Sufficient interest for a competitive process expected based on historical tenders received. Generally, 4 or more tenders for each package are received.
Contract Management	Roading Team to design and supervise and project Manager in place to oversee.

### 2024-27 NLTP Activity Class (Walking and Cycling)

<b>Footpath Renewal</b>	
Contract Start	10 October 2024

Contractor	MS Civil (Cambridge)
Date for Renewal	30 June 2026
Services Required	Construction
NZTA work categories included in contract	225 - Footpath Renewal
Value	\$55,000
Risk/Complexity/Scope for Innovation	Low/Low/Low
Possible Delivery Models	Staged/ Traditional (Measure and Value)
Possible Supplier Selection Methods	Lowest Price Conforming
Estimate of Interest	Sufficient interest for a competitive process expected
Contract Management	Roading Team to programme and supervise

### 2024-27 NLTP Activity Class (Local Road Operations)

<b>Network and Asset Management</b>	
Shared Services Agreement (Start)	1 July 2024 to 30 June 2027 (Annual Values *vary)
Contractor	Trading as Co-lab RATA (Waikato Local Authority Shared Services Ltd)
Date for Renewal	Annual (1 July 2025 – 30 June 2026) current
Services Required	A Co-lab RATA programme of activities (inclusive of: Forums, Software Licences, Regional Projects, Data Collection Contracts, Asset Information Team Support, etc.)
NZTA work categories included in contract	151 – Network and Asset Management
Value	\$251,225 (2025/26 FY)
Risk/Complexity/Scope for Innovation	Low/Medium/High
Possible Delivery Models	Direct Appointment
Possible Supplier Selection Methods	A regionally based competitive, value-for-money offering.
Estimate of Interest	Co-lab RATA has been formed as a unique shared service provider (in the New Zealand setting).
Contract Management	Council Assets Team work alongside Co-lab RATA to utilise available benefits from shared

	services/combined industry-led training and development.
--	--

### Unsubsidised Capital

Unsubsidised capital works are separated into separate activities and procured for sums less than \$100k or if suited to a tender Council may select to tender based on either Lowest Price Conforming or Price Quality. This helps Council to sustain competition, provides local suppliers adequate opportunity as well as encouragement for high quality suppliers.

The values indicated below represent the *total value* of the works to be carried out and Council may consider entering one or more contracts for relevant works.

<b>New footpath installations, New Street lighting, Rural Intersection Safety Upgrades and Growth-related Projects</b>	
Contract Start	Various packages throughout the year
Date for Renewal	Procured on a 'per package' basis or smaller 'per job' basis
Services Required	Design and Construction
Growth-related projects	\$80,000 per annum for new Streetlighting \$3,763,000/3 (2025-28 – varies)
Risk/Complexity/Scope for Innovation	Low/Low/Low
Possible Delivery Models	Staged
Possible Supplier Selection Methods	Lowest Price
Estimate of Interest	At times can struggle with interest for these works as they are smaller in size. Where they are directly linked to new subdivisions work, we investigate having them delivered by the contractor that is on site.
Contract management	The Roding team design and supervise or alternatively delivered through developer agreements and private developers. Project Managers put in place for delivery.

### Complexity

The complexity of the maintenance requirements within the network, consider the likes of the extent of urban/rural roads, variances in operational requirements such as traffic management, current road conditions, network data availability and the personnel skills base and experience. 2026 local road General Maintenance and Sealed Road Resurfacing, road markings and signs contracts are all relatively straightforward for Council i.e. are of low complexity. Complexity is removed through clear tender specifications and well-defined

scope of works. Council's roading staff are familiar with contract conditions, design elements and contract delivery, have access to data both via contractors and Co-lab RATA, and have the right team and mix of experience; having managed the existing contract over the last six plus years and prior to that in earlier contracts having separate maintenance and resurfacing activities. Road marking and road signage is specialised, yet all aspects of these contracts are familiar activities for Council staff to manage.

### **Scale**

Maintaining and resurfacing the road network represents a large part of what Council does and therefore the General Maintenance and Sealed Road Resurfacing contract is arguably both the most important and valuable activity of the overall land transport function. Whereas the scale of road marking and signage contract works are much lower.

### **Timing**

All three of the abovementioned contracts are up for renewal during 2026, signalling urgency in terms of undertaking these activities.

### **Innovation potential**

All three contracts have the potential for innovation. Council staff are currently applying innovation to improved traffic management, forward work programming and new resurfacing treatments. Council has worked with NZTA on motorcyclist specific road markings, provided Variable Message Signage at key locations on the network and applied the use of high-visibility markings. Council staff are constantly examining new ways of factoring innovation improvements into the network.

### **Risk management**

Council emphasises and invests in risk management. The Land Transport Activity Management Plan describes the types of risk management undertaken through the land transport network. Council employs a risk management specialist, develops a risk management framework, integrates risk management into decision-making and procurement processes, and engages with suppliers to manage risks effectively.

An important factor in the selection of a delivery model is how risk should be allocated, and which party can best manage the risk. Note that it is unlikely that all risk can, or should, be managed away through the contract. Council anticipates sharing risk with the supplier.

### **Assessment of the supplier market**

It is anticipated that there will be a competitive market of potential suppliers for all three of the abovementioned activities. This is based on previous supplier interest in similar contracts and Council's location relative to suppliers based in the Waikato and Bay of Plenty. 4.1 looks

more closely at the supplier market and the competition that may exist particularly for the larger maintenance and resurfacing contract.

### Council’s need for specialised skills (Consultancy Services)

While Council undertakes a lot of its own Professional Services and has in Kaimai Valley Services (KVS) an in-house works unit to conduct minor and ancillary works (both covered below under 6.1), there is at times the need for the support of specialist consultants.

The below table represents an illustrative (non-exhaustive) list of the various entities /companies and correspondingly the type of specialist services that they provide to Council.

Entity/Company	Description of Specialist Services
<p>Co-lab RATA (shared services provided to affiliated Councils within the Waikato and Bay of Plenty).</p> <p><b>(First established 2014, the Waikato Local Area Shared Services (WLASS) established a Waikato Centre of Excellence (known as the Road Asset Technical Accord – RATA) for road asset management. Now trading as “Co-lab RATA”.</b></p>	<ul style="list-style-type: none"> <li>• High speed data collection</li> <li>• Traffic Count Surveys</li> <li>• Support with the structures contract</li> <li>• Asset Work Manager (AWM) recording/expertise</li> <li>• Footpath Condition Ratings</li> <li>• Roding Forums</li> <li>• Data Reporting/Benchmarking</li> </ul>
<p>Gray Matter Limited</p>	<ul style="list-style-type: none"> <li>• Structural inspections and reporting</li> <li>• Traffic engineering</li> <li>• Parking design and management</li> <li>• Land Development Engineering</li> </ul>
<p>LMC Consultants</p>	<ul style="list-style-type: none"> <li>• Land Transport Safety</li> <li>• Speed Management Planning</li> <li>• Traffic Engineering</li> </ul>
<p>Pinnacles Civil</p>	<ul style="list-style-type: none"> <li>• Traffic/road safety engineering</li> <li>• Tender reviews</li> </ul>
<p>Tonkin &amp; Taylor</p>	<ul style="list-style-type: none"> <li>• Climate-based risk assessments</li> <li>• Flood modelling</li> </ul>
<p>Waugh Infrastructure Management Ltd</p>	<ul style="list-style-type: none"> <li>• Asset/Activity Management Planning (Advice &amp; Assistance)</li> </ul>

### 3.2 Identification (where relevant) of any pending high-risk or unusual procurement activities

Research suggests that pending high-risk or unusual procurement activities generally involve transactions flagged for potential issues like fraud, cost overruns, poor supplier selection, or significant supply chain disruptions.

The importance of Council being aware of what constitutes high-risk, or unusual procurement activities cannot be understated. These activities require careful monitoring and management due to the high financial stakes and the potential negative impacts on project or service delivery. Often high-risk or unusual procurement activities require a data-driven approach to risk assessment and mitigation, to ensure the organization's integrity and objectives are met.

At the time of preparing this Land Transport Procurement Strategy there was no awareness of any pending high-risk or unusual procurement activities, nonetheless the need to stay vigilant is ever-present. Therefore, for future awareness, the following examples of these activities have been noted:

- Fraud and Corruption
- Unusual Requirements
- Supplier Malfeasance (e.g. *a vendor engaging in fraudulent activities, such as significantly lower bids than competitors*)
- Supplier Dependency (e.g. *Relying too heavily on a single or limited number of suppliers for critical goods or services*)
- Inadequate Needs Analysis
- Outdated Procurement Processes (e.g. *Using manual or inefficient systems, such as spreadsheets or email, that increase the risk of data entry errors, limit visibility, and delay decision-making*).

Council should be aware also of the some of the consequences that high-risk or unusual procurement activities can create within the organisation. These are some (but not all) examples:

- Financial loss
- Project delays and service disruptions
- Reputational damage, and
- Operational inefficiencies

## 4 Procurement Environment

### 4.1 Analysis of the supplier market

Council recently undertook analysis of the supplier market for the purpose of completing the Land Transport Procurement Plan. Known potential suppliers include:

- **Fulton Hogan** (the incumbent). Who are also presently delivering the West Waikato NOC contract and commencing a new contract with Waikato District Council from 1 July 2025.
- **Downer**. Who have recently reduced their market share in the Waikato with only Hamilton City Council, Waipa and the Central NOC contracts in place from 1 July 2025.
- **Ventia**. Who are currently delivering Thames Coromandel and Hauraki District Council contracts.
- **Higgins**. Who are currently delivering the East Waikato NOC and are starting the Wakato District Council North contract from 1 July 2025.
- **HEB**. Who has been tendering recent council contracts and currently delivering contracts in South Auckland and Taupo.
- **Inframax**. Who are currently delivering the Otorohanga and Waitomo District Council contracts. Considered to be less likely to tender within the Matamata-Piako district having lost the Taupo contract last year, they may be looking for more work.
- **Local suppliers**. There may be interest from other contractors that currently deliver road projects, who are looking to expand into maintenance to provide more regular business e.g. Schick, Swaps, Base Civil, Camex, etc.

Notable key buyers and their influence on the market (demand) are:

- The NZ Transport Agency Waka Kotahi - procuring **under** a national IDM contract (17 separate state highway network maintenance contracts) between March 2025 and July 2025, with the contracting industry expected to know the result by December 2025. So, by the time Council begins tendering, there should be more market certainty about the added capacity that the NZ Transport Agency Waka Kotahi has for future work.
- South Waikato, Otorohanga and Thames Coromandel District Councils' all have road maintenance contracts set to expire 30 June 2027. All other council contracts are likely to extend beyond 2028.

### 4.2 Analysis of Matamata-Piako District Council's current procurement expenditure and profile.

As context, our roading network consists of 967km of sealed roads and 55km of unsealed roads. It also includes 377 bridges, streetlights, road markings, signs and road drainage assets. In addition to providing access to properties, the road corridor is also where utilities are usually located (e.g. gas, power, telecommunications, water, sewer and stormwater).

Roads provide for a wide variety of users with diverse needs, including private and commercial car drivers and passengers, freight operators, dairy tankers, stock trucks, quarry trucks/machinery, public transport, harvesting contractors/ farm machinery, cyclists and pedestrians. They also support and enable economic growth, and when designed appropriately, enhance living environments and amenity.

Below is information taken from the NZ Transport Agency Waka Kotahi's Transport Investment Online (TIO). The table shows the approved commitments including the NZ Transport Agency Waka Kotahi's share against each Work Category within the respective Activity Classes.

The below table (for the 2024-27 NLTP period) reveals:

- the investment in *Local Road pothole prevention* is by far Council's largest investment per Activity class, emphasising Council's response to GPS 2024, i.e. the need to keep all aspects of the sealed and unsealed pavements in good condition. This is seen as a sensible attempt to redress past years of pavement underfunding.
- The investment in *Local Road Operations* at approximately one third of the *local road pothole prevention* activity class, while offering key support to local road renewals and maintenance should be strengthened at the next NLTP. It is recognised that both the NZ Transport Agency and local councils haven't seen the importance of high-quality traffic services and the integrity of structures under the same light as roads.
- *Walking and cycling improvements* are the least invested in activity class and are a clear departure from the previous government's 2021-24 NLTP.
- *Local road improvements* (bridge and structural renewals) lack investment and highlight a potential future risk to Council. Accordingly, Council will consider this Activity Class ahead of NLTP 27.

A feature of the below funding is the NZ Transport Agency Waka Kotahi's commitment to a normal 51% financial assistance rate.

Work Category Summary							
Activity Class	WC	Description	2024/25	2025/26	2026/27	3-Year	NZTA/WK share
<b>Local road operations</b>	114	Structures maintenance	229,921	238,491	240,587	708,999	361,589
	121	Environmental maintenance	719,560	893,441	834,760	2,447,761	1,248,359
	122	Network service maintenance	963,961	757,915	796,124	2,518,000	1,284,180
	123	Network operations	0	0	0	0	0
	131	Rail level crossing warning devices maintenance	186,384	0	0	186,384	95,056
	140	Minor events	0	41,000	30,854	71,854	36,646
	151	Network and asset management	778,926	961,930	894,143	2,634,999	1,343,849

	215	Structures component replacements	40,120	142,884	93,995	276,999	141,269
	221	Environmental renewals	0	0	0	0	0
	222	Traffic services renewals	407,684	476,288	454,028	1,338,000	682,380
	<b>Total</b>		<b>3,326,556</b>	<b>3,511,949</b>	<b>3,344,491</b>	<b>10,182,996</b>	<b>5,193,328</b>
<b>Local road pothole prevention</b>							
	111	Sealed pavement maintenance	2,940,089	3,000,011	3,083,086	9,023,186	4,601,825
	112	Unsealed pavement maintenance	68,881	86,119	85,849	240,849	122,833
	113	Routine drainage maintenance	556,036	733,964	741,759	2,031,759	1,036,197
	211	Unsealed road metalling	50,434	61,876	57,685	169,995	86,697
	212	Sealed road resurfacing	3,056,806	3,060,194	3,119,733	9,236,733	4,710,734
	213	Drainage renewals	304,720	331,482	326,768	962,970	491,115
	214	Sealed road pavement rehabilitation	3,493,556	3,368,757	3,429,195	10,291,508	5,248,669
	<b>Total</b>		<b>10,470,522</b>	<b>10,642,403</b>	<b>10,844,075</b>	<b>31,957,000</b>	<b>16,298,070</b>
<b>Walking and cycling improvements</b>							
	124	Cycle path maintenance	0	0	0	0	0
	125	Footpath maintenance	36,311	36,999	37,653	110,963	56,591
	224	Cycle path renewal	0	0	0	0	0
	225	Footpath renewal	83,703	55,061	71,273	210,037	107,119
	<b>Total</b>		<b>120,014</b>	<b>92,060</b>	<b>108,926</b>	<b>321,000</b>	<b>163,710</b>
<b>Local road improvements</b>							
	216	Bridge and structures renewals	0	0	0	0	0
	<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total</b>		<b>13,917,092</b>	<b>14,246,412</b>	<b>14,297,492</b>	<b>42,460,996</b>	<b>21,655,108</b>

Additional to the above there is limited other co-investments:

- A small amount of funding was approved during the 2024/25 year for a Morrinsville walkway, part of the earlier 2021 commissioned CERF (Climate Emergency Response Fund). At budget 2024, the coalition government confirmed its decision to close this fund off.

- Council has some targeted Low-Cost Low-Risk improvements as modest co-investments, which mostly include road widening to align with road width requirements and some minor drainage improvement, drains and culverts.
- Council is seeking to conduct a design and feasibility study for a new rail crossing in Matamata and at present seeks NZ Transport Agency Waka Kotahi's approval for this.
- Council has a proposal in front of the NZ Transport Agency Waka Kotahi for district-wide school speed limit changes. This will also seek approval and co-investment.

### **4.3 Analysis of the impact of the procurement programmes of other approved organisations and other entities**

The following information was gathered prior to this strategy, while completing Council's s17A review of land transport service delivery. This information can also be found under Appendix C – at the rear of this strategy. Below is detail recorded from some Councils contacted within the Waikato. It mostly examines their significant land transport procurements.

Note: Only those Councils listed were approached (*excluded are national NZ Transport Agency IDM/C contracts, Otorohanga District Council, Hamilton City Council, Taupo District Council and Waitomo District Council*).

Using this information is Council's best attempt to demonstrate whether the procurement programmes of other AOs and other entities impact Council's procurement.

In short, the answer is no. This is because these listed AOs aren't well placed to get involved with Council's procurement i.e. to encourage collaboration when it comes to contracts to be tendered. It is also fair to say that generally there is insufficient awareness between AOs as to the individual structuring of procurement practices/processes, sufficient to realise material collaborative gains through the open market competitive process. To be viable, this would demand significant expansion on available procurement information.

---

#### **Hauraki District Council (HDC)**

HDC has Ventia in place to complete their General Maintenance contract with lesser value contracts e.g. for streetlight maintenance and bridge structures the responsibility of McKay Electrical and WSP respectively.

The contract with Ventia started 1 July 2025 and 30 June 2030. The 7-year contract term is structured 5 years initially then a subsequent 2-year extension.

**General Maintenance Contract is worth \$5-6m p/a**

**Contract renewal due date 2030**

(Unfortunately, contracts were already let/in place, prior to Council asking whether there was future potential for collaborative tendering).

---

#### **South Waikato District Council (SWDC)**

SWDC's new maintenance contract started 1 July 2025. The contractor is MS Civil of Cambridge. The contract term is 5 years, 3 + 1 + 1.

**The Maintenance and Resurfacing Contract is worth approximately \$5.5 to 6m p/a**

**Contract renewal due date 2035**

(Unfortunately, contracts were already let/in place, prior to Council asking whether there was future potential for collaborative tendering).

---

### **Thames Coromandel District Council (TCDC)**

TCDC anticipated at the time of Council's s17A review a new Professional Service contract starting from 1 July 2025 and possibly a new Operational Services contract from 1 July 2027, presently held by Ventia.

The Professional Services contract term is 3 + 2, while the Operational Services contract is expected to have a term of 3 + 2 + 2.

**The roading contracts are worth approximately \$14m p/a (Professional Services) and \$45m p/a (Operational Services).**

**Contract renewal due dates of 2030 & 2032 (possibly).**

(Council doesn't go to the open market until 1 July 2026 for the main maintenance contract and other lesser value contracts. Hence the timings of TCDC's procurements aren't well aligned for collaborative tendering).

---

### **Waikato District Council (WDC)**

WDC has in place a 3917 Collaborative Procurement Model. Emphasis is placed on greater transparency and decision-making. Only the streetlight function is separate from the remainder of the contracts.

The two new contracts i.e. there is a North and South split to the district operation started 1 July 2025.

**Roading Programme is worth approximately \$40m p/a**

**Contract renewal due date 2025**

(Council doesn't go to the open market until 1 July 2026 for the main maintenance contract and other lesser value contracts. Hence the timings of TCDC's procurements aren't well aligned for collaborative tendering).

---

### **Waipa District Council**

Waipa has in total four road maintenance contracts, all of which were mid-term with different expiry dates. Streetlighting and street cleaning expires 30 June 2026 while street signage and road marking expire 2028.

Waipa retendered early 2023 the large General Maintenance contract (encapsulating reseals, rehabilitation sites and maintenance). This is a 5-year contract held by Downer, structured 3+2+2.

**Roading contract cost is approximately \$16 p/a.**

**Contract renewal due date 2028 or 2030**

(Unfortunately, contracts were already let/in place, prior to Council asking whether there was future potential for collaborative tendering).

---

**Western Bay of Plenty District Council**

Earlier this year WBoPDC adopted a new contract structure with Professional Services to be delivered in-house, and services procured from external providers when required. Physical works would be outsourced and delivered through multiple contracts – all of which replace the former one network maintenance contract between WSP, Downer and WBoPDC.

**Roading Programme is worth approximately \$6.8M/33months**

**Contract renewal due date is 2021**

---

## 5 Approach to Delivering the Work Programme

### 5.1 Confirmation of Specific Strategic Objectives

The NZ Transport Agency Waka Kotahi expects that Council's strategic Land Transport Procurement Strategy objectives will align with its own national strategic objectives. This means aligning with national strategies in terms of:

- The One Network Framework (ONF) – providing a structured approach to prioritising road corridors and transport systems, and
- The Infrastructure Procurement Strategy (IPS) – with a focus on improving procurement processes, growing and developing strategic partnerships and evolving procurement approaches.

Land transport network safety is an objective of paramount importance to Council – this is in terms of road safety, reducing DSIs, quality design, use of the network by multiple users, and how mobility is preserved for those with accessibility issues, etc.

Also, being a rural district with strong ties to industrial activity and tourism – farming, meat processing, quarrying, chemical processing, Hobbiton, the Te Aroha spa complex etc., economic development and local employment are critical to growth and prosperity, with a desire to ensure that these industries and services are supported by quality land transport infrastructure to an appropriate level of service.

Council is committed to climate change and building resilience into the land transport network. While early days, risks are being confirmed and action plans derived that will help safeguard communities into the future.

The NZ Transport Agency Waka Kotahi wants to see objectives of value for money, safety, sustainability and resilience, all of which are covered by Council's Land Transport Procurement Strategy. In going about achieving these objectives, Council must consider and challenge procurement practices to ensure the safety of contractors and subcontractors, how buying or supporting local enterprises can be achieved, how contractors can employ local people, Māori and Pasifika.

Council is taking advice from Co-lab RATA as to the benefits of cadetships in terms of cost-effective resourcing, skills development and employing local students. There is opportunity to work alongside neighbouring Councils for such initiatives, with Hauraki District Council sharing their past successes with this approach to skills development and job security.

Council is factoring-in staff capability and competency to ensure the land transport network is maintained to the current high standard. With this comes recognition that some senior staff are close to retirement age and there is skills development of younger promising staff to fill future employment gaps.

Council will continue to encourage innovation and actively searching for the best use of our physical resources when completing the design work and encouraging and supporting our contractors to do the same. Council will also focus on ways to enable staff and contractors to support wider impacts such as environmental and economic sustainability with a view of long terms costs and benefits as opposed to short term outcomes.

## 5.2 The Procurement approach.

For each segment of the work programme the procurement strategy should identify the optimal procurement options as they relate to the strategic objectives.

1 July 2026 will see the start of a new General Maintenance and Sealed Resurfacing contract – Council's largest individual contract by size and value. As well, during 2026 there will be two separate, lesser value, road marking and road signage contracts up for renewal, highlighted under 3.1 The Procurement Programme. Council has focussed on the approach taken for these specific contracts within a segmented work programme. This is because Council staff needed to determine within sufficient time the appropriate delivery model for use with these contracts. So, what drove Council's delivery model selection?

It was recognised that Delivery models can impact 'value for money' significantly, as some models are better suited to different market conditions and client objectives than others. For guidance Council staff researched available material, settling on the earlier (2018) work conducted by the Road Efficiency Group (REG), titled – *"Road Maintenance Procurement: Delivery Model Selection Guidelines"*, referenced on page 15.

The REG delivery model selection guidelines concluded the following:

- That the 2018 review had enabled the identification of key drivers that Council could use in conjunction with a delivery model selection matrix tool to determine the appropriate delivery model, and that key drivers varied according to the changing needs of both the Council and the marketplace – at times requiring new delivery models to be created.
- That there were advantages and disadvantages from each delivery model.
- That Council staff needed to understand the key drivers, their importance to the organisation, and the delivery model characteristics to be able to select the appropriate delivery model.
- That it was best if Council staff held a workshop to determine the best delivery model when applying the matrices and that the workshop would be best facilitated by an independent person, involving the relevant people including those approving the contract and one or two independent experts. In other words, contract model selection is largely driven by Council's specific needs.

Council staff agreed to adopt REG's workshop suggestion (bullet 4, above). In doing so, staff went through several steps led by an independent (NZQA Qualified) facilitator, comprising a team of four participants and completed the workshop on Wednesday, 6 August 2025.

### Step 1: Identify Council's outcomes and objectives

The first step involved identifying Council's organisational outcomes as well as those outcomes that it didn't want, Council's procurement expectations and a desired culture. Annual Plans, LTPs, the Infrastructure Strategy, the Procurement Strategy and Land Transport AMP were all reviewed in advance to identify a range of possible outcomes and objectives (later these were refined down to make a priority list). Appendix A contains the complete (base) list for reference purposes.

## Step 2: Assess market conditions

Participants were then asked to consider the supplier market and who the potential bidders might be. Also, what would it take to attract new tenderers and from suppliers' how they believe Council could achieve better value for money. The REG report had recommended Council engage with the contracting industry when carrying out market analysis. Under consideration was:

- The number of potential suppliers.
- Known supplier capabilities and their competencies.
- The ways suppliers consider Council could maximise value through procurement.
- The types of contracts attractive to suppliers.

From the above points it became clear that Council had a good understanding of the number of potential suppliers, but over and above that was weak on supplier specifics as part of the market assessment.

## Step 3: Together participants discussed and completed the Smart Buyer self-assessment

Participants together discussed and completed the Smart Buyer self-assessment to better determine the appropriate contract delivery model. REG guidelines defining delivery models as: *“a combination of contract type and contract features/parameters”*.

Contract delivery model information was supplied to enable participants to understand and be familiar with particularly appreciation for definitions, advantages and disadvantages, and when they should and shouldn't be used. Of particular importance was how well the delivery models could achieve Council's key drivers (see below).

### Key drivers of delivery models

Key drivers include the following organisational aspects of Council (influencing both the delivery model and the supplier selection method).

- What is Council's smart buyer capability?
- What is Council's smart buyer capacity?

The REG *Smart Buyer Principles Assessment Tool* enabled Council staff to complete an assessment and score Council's potential as a smart buyer. The self-assessment tool could be used to assess both organisational capability and capacity.

Guidelines indicated that the potential benefits from raising Council's smart buyer capability might include reduced supplier selection process costs, better risk management and more objective assessment of performance for use in future supplier selection processes.

Council staff completed the assessment and scored Council in terms of the below Smart Buyer questions (1 to 14), responses to each of the questions are in italics, below the snippet.

**As can be seen, staff assessed Council as having a Smart Buyer Total Score of 62 – this result sitting within the range of 55 to 64 (our organisation has embraced smart buyer principles but still has some areas where it can improve).**

## Appendix A: REG smart buyer self-assessment tool

Assessment is based on the smart buyer characteristics identified in the RMTF (2012) report. This statement of characteristics is included at the end of this appendix.

Score the following by ticking the appropriate box - (1) Disagree to (5) Strongly Agree

Whenever you score yourself '4' or '5' think of an example you can use to justify your score to an independent auditor or the other attendees at this workshop

Assessment statement	Score				
	1	2	3	4	5
<b>Our organisation</b>					5
1. Fully understands the different contracting models available					5
2. Holds meetings that update the contracting industry on the forward works programme and any changes it is taking in approach, and proactively engages with the contracting industry to ensure that it gains optimal value out of any changes being implemented		✓			
3. Has sufficient robust data (or is in the process of gathering robust data) on networks that enables optimal integrated decision making					✓
4. Has access to expertise that fully enables best use of the data available					✓
5. Is open to alternative solutions to those proposed in the contract documents					✓
6. Understands risk and how to allocate and manage it				✓	
7. Has a council that is prepared to pay more now to achieve a lower whole-of-life cost			✓		
8. Actively pursues value for money and does not always award contracts to the lowest price					✓
9. Is able to manage supplier relationships/contracts to ensure that expenditure is optimal and sustains infrastructural assets at appropriate levels of service					✓
10. Supports ongoing skill and competency training and development for its staff					✓
11. Actively participates in gatherings to share and gain knowledge within the sector					✓
12. Is effective in keeping up with best practice in procurement including best practice RFP/contract documentation					✓
13. Regularly seeks and receives candid feedback from suppliers on its own performance as a client and consistently looks to improve its performance			✓		
14. Explores opportunities for collaboration by either sharing in-house resources with neighbours, or by procuring together or tendering together. That exploration could be through an LGA s17A evaluation of transport function delivery options.					✓
Number of ticks in each column		1	2	1	5
Multiplying factor	x1	x2	x3	x4	x5
Total score in column		2	6	4	50
<b>Total score</b>					<b>62</b>

### 1) Council fully understands the different contracting models available.

Council roading staff have been involved with procurement for a long period of time and therefore have a good understanding of the various contracting models. Combined, staff have considerable years of experience with contract procurement.

- 2) Council holds meetings that update the contracting industry on the forward works programmes and any changes in approach and proactively engages with the contracting industry to ensure it gains optimal value from any changes being implemented.**

Council roading staff acknowledge the need to better engage with the contracting industry. By sharing forward work programmes and changes to the procurement approach helps to signal ways to better direct the supplier value proposition.

- 3) Council has sufficient robust data (or is in the process of gathering robust data) on our networks to enable optimal integrated decision-making.**

Waikato-based Councils benefit from the data management supplied through the Co-lab RATA relationship. REG also provide data through Transport Insights, and data is gained within Council – hence data is very robust. Notwithstanding this, Council is constantly working on data improvements.

- 4) Council has access to expertise that fully enables best use of the data available.**

The Co-lab RATA relationship provides reliable data use and availability, particularly for Asset Work Manager (formerly RAMM). As well, the present Maintenance and Resurfacing contract technical staff have good knowledge and technical expertise that is freely shared with Council.

- 5) Council is open to alternative solutions to those proposed in the contract documents.**

Frequently Council provides for Alternative contract responses to tenders and other purchasing. With the larger contracts that have technical aspects, Alternative tenders are accepted.

- 6) Understands risk and how to allocate and manage it.**

Council has a low tolerance for risk; accordingly, risk management is a high priority within planning and operational activities. A consultant is currently employed to manage risk within the organisation.

- 7) Is Council prepared to pay more now to achieve a lower whole of life cost.**

Limits exist, in that ratepayer affordability reduces the cap on local share funding contributions and therefore the extent of available procurement options. Extra scrutiny applied to the procurement approach helps achieve best value for money spent.

**8) Council actively pursues value for money and does not always award contracts to the lowest price.**

Council frequently applies a price-quality tendering approach balancing competitive pricing against the quality of goods or services. Generally, PQM is applied for high value, high-risk long-term contracts whereas Lowest Price for short term, low risk contracts.

**9) Council can manage supplier relationships/contracts to ensure optimal expenditure, which sustains infrastructural assets at appropriate levels of service.**

Experience and prior knowledge help Council staff ensure their activities and assets receive appropriate levels of service. Network experience and local knowledge means expenditure is focused on the areas that provide best value for money and best value for the asset.

**10) Supports on-going skill and competency training and development for staff.**

Council staff undergo regular, routine training in support of good procurement practices, including for: engineering, project management, conflict resolution, risk management and conditions of contract. The combined team cover a range of disciplines that together strengthen the delivery of goods and services. Our procurement specialist is also available to guide staff throughout the procurement process steps.

**11) Council actively shares and gains knowledge within the sector.**

Council roading and asset staff are routinely engaged with contractors at other councils, and at Co-lab RATA and REG forums. This enables them to acquire new knowledge and share learnings on procurement as well as project and contract management best practice.

**12) Council is effective in keeping up with best practice in procurement, including best practice RFP/contract documentation.**

Council's Procurement Specialist is responsible for overseeing and managing purchasing decisions within Council, identifying potential suppliers, creating and managing contracts after negotiation of business deals, managing supply inventory and aiding in the resolution of any arising supplier or contractor issues. Council also engages Risk and Insurance specialists. Staff in roading also receive regular updates on procurement including RFP and contract documentation.

**13) Council regularly seeks and receives candid feedback from suppliers on its own performance as a client and consistently looks to improve its performance.**

Council staff agree that supplier feedback on own performance is something that is lacking currently and would add value to the relationship. PACE scores are applied by Council staff to Contractor performance however this is too one-sided and could be altered in such a way as to build in more reciprocity.

**14) Council explores opportunities for collaboration by either sharing in-house resources with neighbours, or by procuring together or tendering together. That exploration could be through an LGA s17A evaluation of transport function delivery options.**

This year, and for the previous Land Transport Procurement Strategy – 3 years prior, the Roothing Asset Engineer invested considerable time and effort engaging with nearby district Councils within the Waikato – not just our neighbours, to test the potential for procuring and tendering together. This was part of an LGA s17A function. Unfortunately, timing of recently established contracts didn't allow for the desired collaborations. However, a good example is an earlier collaboration by Co-lab RATA in terms of a combined Structures and Asset Management contract. Co-lab RATA is optimising opportunities for more collaboration and to procure well amongst Councils. And the s17A review has highlighted further potential for future collaborations.

### **The Delivery Model Selection Tool**

This part of the workshop focused on completing the delivery model selection tool, testing for the preferred delivery model, and then gaining consensus. This was also about considering the preferred deliver model in terms of its shape and application i.e. across the road network.

Questions asked included:

- Should Council be collaborating with neighbouring Councils'?
- The extent of bundling and aggregation.
- The number, size and duration of contracts.
- The method of payment.

REG case study information proved helpful to determine the preferred delivery model. Participants could design appropriate options that suited Council's key drivers – allowing for options to be developed and tested for a custom-built bespoke delivery model. Alternatively, and possibly more suited to Council's situation, the delivery model best suiting the most important key drivers could be used and then enhanced, if required.

The REG Road maintenance procurement: Delivery model guidelines focussed on:

- Traditional contracts
- Performance-based contracts (PBC)/Performance-specified Road maintenance contracts (PSMC)
- Alliance contracts, and
- Frameworks contracts.

Delivery model definitions and advantages and disadvantages helped provide the greatest clarity. Participants discussed and agreed that the existing traditional contracts were still the most appropriate. Below advantages were noted and comments included about ways of overcoming any known disadvantages.

## **Traditional contracts (reasons including the advantages for remaining in place)**

- Participants acknowledged that Council is already very familiar with the traditional contract delivery model format and working arrangements. Any perceived rivalry should it exist between Council and future contracting staff can be managed. While Council has clear objectives, there may be opportunity to share objectives for the betterment of both the client (Council) and the contractors.
- The traditional model applies to all sizes of contracts, which Council has. That is helpful toward driving-down tender and contract administration costs.
- Both the simplicity and flexibility of the traditional contract appeal to Council and may equally appeal to suitable bidders.
- Contracts are expected to be scoped correctly, applying learnings from earlier traditional contracts with improvements added ahead of tendering. Schedules of rates tend to be accurate as well, providing contractors with greater cost certainty.
- Council has a team of nine roading staff with collective skills that incorporate survey, design, project management and contract administration. In addition, there is asset management support from within the group.
- Council has a low tolerance for risk and aims to reduce risk at every opportunity hence there is a high focus on risk management. However, some risk can be shared with contractors.
- There are strong similarities between Council and Tasman's Delivery Model selection (as noted on page 43 of the guidelines). This is in respect to maintenance contract size, staffing, method of contract payment, unbundling of works and quality/price trade-offs. Likewise, Council will aim to maximise contract performance results focussing on network condition and customer expectations. For similar reasons Council has rejected the Framework panel and Performance Based models. Alliance was also rejected due to perceived complexities and that recently some councils have moved away from Alliance model contracts.
- Council's motivation to drive the work programme stems from a desire to do good by the community it serves and is provided from a strong knowledge and passion for the land transport network, industries and tourism operations within the district. Council has robust associations with neighbouring district councils and the Waikato Regional Council, also from land developers. The district is well placed for growth and sits in an enviable spot within the Golden Triangle (Auckland, Hamilton and Tauranga).

## **Contract duration**

Council recognises there is value from having in place stable, longer-term contracts, enabling it to more fully develop, maintain and utilise relationships and teams, network knowledge and to properly plan and invest.

Participants examined different scenarios using the example of the 1 July 2026 new General Maintenance and Resurfacing Contract as the prime example. The top five key drivers were used, to help gauge contract duration and complexity benefits.

The unbundled General Maintenance and Sealed Resurfacing contract ended up with the lowest score signifying it scored the best when compared against most of the key drivers. A contract term of 5+3+2 was also deemed by participants to be most effective.

<b>Contract Options</b>	<b>Status Quo 3+2+2 = 7 Years (3917)</b> General Pavement Maintenance and Sealed Road Resurfacing	<b>3+2+2 = 7 Years (3917)</b> Pavement Maintenance only (no Resurfacing)	<b>New term 5+3+2 = 10 Years (3917)</b> Pavement Maintenance and Sealed Road Resurfacing <b>(unbundled)</b>	<b>New term 5+3+2 = 10 Years (3917)</b> Pavement Maintenance and Sealed Road Resurfacing (fully bundled with signs, road marking etc.)
<b>Key Drivers</b>				
<b>Network Safety</b>	1	3	1	4
<b>Asset Condition</b>	2	3	1	4
<b>Affordability</b>	3	1	2	4
<b>Risk Management</b>	1	3	1	4
<b>Growth &amp; Demand</b>	2	2	1	2
<b>Total score</b>	<u>9</u>	<u>12</u>	<u>6</u>	<u>18</u>

*NB: The selected key drivers above did not specifically match those in the LTP (they were indicative). The actual photo recording of the participants views is Appendix B.*

## The Results

- Appendix A contains the complete list of council outcomes and objectives. From these, only *Network Safety*, *Asset Condition*, *Affordability*, *Risk Management* and *Growth and Demand* were selected as the strategic top five (5) for this assessment.
- Explored next was the supplier market and who potential bidders might be. These details are under 4.1. Captured there is recent relevant experience of suppliers in the Waikato as well as the impact the NZ Transport Agency Waka Kotahi has had in terms of Independent Delivery Models and Contracts - IDCs designed to provide certainty of work enabling companies to plan, allocate resources and train personnel. Participants were less certain about known supplier capabilities and competencies; the ways different suppliers could maximise value through procurement and the types of contracts attractive to suppliers; all of which recognise the value from Council engaging with the industry – something that was noted as a key follow-up action for future contracts.

- As mentioned above, the Smart-Buyer Assessment was scored from the REG Smart Buyer Self-Assessment Tool. Council's total score = 62. The consensus was that this is a good fit for Council.
- Participants discussed that collaboration with neighbouring Councils was an integral part of the recently conducted s17A review process and for many reasons (mostly contract timing) this hadn't come to anything yet. Council had bundled road maintenance with resurfacing 6 years prior to increase scale and synergise activities. Most other contracts were unbundled allowing for activity specialisation e.g. road signage and road marking contracts, street lighting etc. and appeared to be working well.  
Council's method of payment was predominantly measure and value or lump sum.
- Participants went on to decide the most appropriate future delivery model and contract duration. The General Maintenance and Resurfacing Contracts had previously been based on a 7-year contract term, however there was consideration of the potential to extend to a 10-year contract term with several advantages raised. The continuation of the existing traditional contract delivery model was most advantageous for reasons bulleted above.
- About the duration of the forthcoming contract. An Opus 2012 Review of Delivery Models stated that, "There should be alignment with asset life cycles or age such as surfacing life and time for contractor to depreciate plant and equipment. Also, time to live with the consequences of workmanship and to understand the behaviour of the asset which are being managed. Whilst the term of the commission is considered to be less important for network management and maintenance contracts, it is considered that 8-12 years would be more appropriate duration rather than the 5-7 years.
- Council's Long-Term Plan incorporates roading risks and operational methods to address them. Council also includes a comprehensive list of organisational risks in its Land Transport Activity Management Plan (LTAMP). These include risks associated with: Planning, Management, Delivery and to Physical Assets.
- Council currently procures its contracts using the below traditional model, which allows the contractor to minimise their risk whilst at the same time leaving sufficient accountability and ownership for the performance of the contract.

## At a glance - Traditional Delivery Model

Guidelines for use	
<p>Regarded as the best delivery model to use for routine, uncomplicated works of small to medium size and duration where:</p> <ul style="list-style-type: none"> <li>timeframes are enough to complete the design and then follow up separately with the construction works</li> <li>requirements for innovation are less important, as requirements are straightforward, and scope is well-defined</li> <li>the client is willing to retain all of the design risk</li> <li>there's likely to be a large pool of tenderers and strong competition</li> <li>the client wants to retain overall control of the design throughout the project</li> <li>there's need for a high degree of cost certainty at the time of contract award</li> <li>there are appropriately-skilled and experienced resources available to administer and manage the contract.</li> </ul>	
Potential benefits	Points to note
<ul style="list-style-type: none"> <li>The client has full control of the design of the project at all stages.</li> <li>The client can reduce design-related risk by ensuring that all design issues are resolved, that design innovation is considered (where appropriate) and that the design fully meets its requirements, before procuring the construction works.</li> <li>The straightforward nature of the bidding process (especially if a schedule of quantities is used), lowers the cost of tendering and level of risk retention by the client, and usually encourages a competitive tender field.</li> <li>Bids are generally less complex and cheaper to assess than under many other delivery models.</li> <li>There's a high degree of cost certainty at the time of contract award, provided the design is substantially complete and properly reflects the project brief.</li> <li>The model is well-known and understood by industry and clients.</li> <li>The design can be varied with relative ease after the construction contract has been awarded.</li> </ul>	<ul style="list-style-type: none"> <li>Price certainty relies on the completeness and accuracy of the client's design documentation. Errors or omissions in the design will lead to variations and extra cost to the client.</li> <li>A long lead time is required to get to the tender stage, as design needs to be at a level sufficient to complete tender documentation.</li> <li>There's no single point of responsibility for design and construction. Design risk rests with the client and construction risk with the contractor. This can lead to difficulties later, in deciding who's responsible for defects, eg whether they result from design error or poor workmanship.</li> <li>The client is responsible for providing accurate information (eg drawings and specifications) to the contractor in a timely manner. Any delays may result in extra costs to the client and/or extensions of time for the contractor.</li> <li>The separation of the design and construction process reduces the opportunity for the design and construction teams to work together to optimise the design from a construction perspective, eg methods of construction, minimising waste, and reducing health and safety risks.</li> </ul>

### 5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why

Advanced components are components of procurement procedures specifically identified as such in the Procurement manual, which may only be used with the express permission of the NZ Transport Agency Waka Kotahi. As examples, some delivery models (e.g. Supplier panel delivery model) and some supplier selection methods are identified as advanced.

Advanced components are judged by the NZTA to be 'advanced' because there is a significant risk that they will reduce value for money if not used appropriately and used well.

**Council is not requiring the use of advanced components simply because there are 'other' more suitable components that can be applied to the intended procurement.**

The NZ Transport Agency Waka Kotahi defines customised procurement procedures as tailored procurement approaches used for specific projects or activities, often involving Public-Private Partnerships (PPPs). These procedures are designed to ensure best value for money and are subject to approval under the Land Transport Management Act (LTMA). Typical examples of customized procedures include those for public transport services like buses, ferries, and rail, as well as for infrastructure projects under PPPs.

**Council is not requiring the use of customised procurement procedures simply because it has no need for such tailored approaches, more commonly applied to the above public transport or PPP activities.**

The NZ Transport Agency Waka Kotahi notes that variations to the NZ Transport Agency's procurement procedures, funding approval, and project scope often require specific approvals. Such variations may impact the way procurement strategies are developed, how projects are managed and the types of contracts used.

As Council wishes to establish a longer-term contract, it is required to seek the *NZ Transport Agency's* approval since this will be a *variation to rule 10.21. Maximum term of a term service contract for infrastructure or planning and advice.*

Council's current General Maintenance and Resurfacing contract (expiry 30 June 2026) is a 7-year (3+2+2) contract. It is proposed to extend that to (4+3+3). Council staff are confident this longer-term contract provides for better whole-of-life outcomes.

## 6 Implementation

### 6.1 Capability and Capacity

Currently, Council’s roading team remains at nine (9) staff who together manage the district’s road network. The below roading structure has been relatively stable and contains a real depth of experience; especially for the roading manager and team leader roles, less so those under them.



Also shown below is the Assets & Projects team.

A Service Level Agreement is in place between the Asset and Projects team and the Roding team who are Council’s in-house consultancy unit.

Figure 1 Current MPDC team structures



In addition to the abovementioned teams, Council has an in-house works unit Kaimai Valley Services (KVS) who carryout minor and ancillary works. Council’s policy is to ensure that KVS remains a viable alternative supplier of minor works to ensure a reasonable level of

competition within the local market. Council periodically tests the value for money aspect of KVS's services, exploring competition in the marketplace via public tenders or by seeking unit rate comparisons of KVS's work activities.

Council undertakes a lot of its own Professional Services, numerous examples of which are shown below picked from the list in the NZ Transport Agency Waka Kotahi Planning and Investment Knowledge Base. Examples include:

- Approving, administering and monitoring Activity Management Plans, policy and standards, risk and levels of service (*Assets & Projects*)
- Preparing and administering funding assistance claims, Long-Term Plans (LTPs), Annual Plans, Long-Term Programmes, and communications plans and strategies (*Roading and Policy, Partnerships and Governance*)
- Administering a supplier pre-qualification system (*Roading*)
- Reporting and providing data and information to the Transport Agency, Audit NZ, etc. (*Assets & Projects, Roothing and Finance*)
- Undertaking financial processes, management accounting and reporting (*Roothing and Finance*)
- Preparing contracts and evaluating tenders for works and services (*Roothing*)
- Investigating and resolving public enquiries related to activity planning, investigation, design and delivery (*Assets & Projects and Roothing*)
- Evaluating proposed activities including data collection, outcome evaluation, assessment of risks, submission of activity-specific information to the NZ Transport Agency Waka Kotahi (*Assets & Projects and Roothing*)
- Gathering information for activity management systems (*Assets & Projects and Co-lab RATA*)
- Gathering / managing asset and service condition information (*Assets & Projects, Co-lab RATA and Roothing*)
- Consulting with affected parties (*Assets & Projects and Roothing*)
- Managing contracts and activity delivery (*Roothing*)
- Preparing plans and strategies for the management of activities or assets, safety, the environment, projects, customer education, etc. (*Assets & Projects and Communications*)
- Reporting on project feasibility, project development, contract performance, asset management systems, asset service condition, public transport services and service performance, etc. (*partly Assets & Projects and Roothing*).

Additionally, Council's emphasis is high on in-house delivery – either fully or partially, with the relevant teams and external shared service providers (in brackets - above) supporting this work.

The NZ Transport Agency's Waka Kotahi previous endorsement of in-house Professional Services on 24 October 2022 is covered under 1.2. That in-house arrangement remains unchanged as the **best value for money spent** option for these reasons:

- **Constant interactions between asset management and service delivery** enabling teams to work openly and respectfully share knowledge whether in the planning phases, within forward work programmes or projects, under delivery, capitalised or added-into to the network.
- **A clearer and more comprehensive appreciation for level of service requirements – community drivers, industry demand, assessments of growth etc.**

- **The ability to plan for future demand** – internally gather population predictions, balance transport modes, obtain traffic counts and record heavy vehicle needs and impacts.
- **Comprehensive asset awareness** – e.g. knowledge of asset types, records of new and disposed assets, asset lives, and asset valuations.
- **The capability to manage risk** in all its forms.
- **Robust financial management for operations, maintenance, renewals and capital items.**
- **Shared services with other Councils and the technical input from Co-lab RATA** strengthen Council's ability to make the best use of available resources, share expertise, save time and add technological benefits.

Overall, in-house Professional Services keep systems and processes aligned. They keep Council decision-makers in the picture, and everyone knows where things are at.

### Capability (mostly within Council)

Capability is demonstrated by the many internal professional services and procurement tasks undertaken and the expertise within Council. While mostly fully capable; identifying the needs and planning, to contract management and performance evaluation, the roading team is supported by the asset engineer and procurement specialist, and as and when required brings in additional external consultancy skills.

Council has been fortunate with personnel resourcing, with little in the way of staff turnover relative to other Councils, and good stability in key roles, especially leadership. However, a previously highlighted area where Council could add further capability is via the placement of a land transport cadet – enabling younger people to enter Council or even two Councils (if a shared cadet is the way forward) and develop their strengths in a range of land transport activities and processes.

Co-lab RATA through shared services has done good work in this area, laying the platform for such a cadet scheme to flourish amongst and within Waikato Councils. Co-lab RATA recognised the resourcing gap in the land transport industry and duly undertook an investigation into the requirements for engaging cadets; a cost-effective option that has since been promoted to Councils at RATA forums. Council's Roding Asset Engineer is presently investigating whether a shared arrangement for a cadet might be viable in conjunction with one of the neighbouring Councils.

Otherwise, roles are at full or near full capacity and Council is well placed reaping the benefits of good resourcing. Additionally, Council's human resources team have a range of mechanisms that they use to recruit the right candidates – many of the workforce live outside of the district but are willing and able to travel or mix-up the working week through hybrid (working from home) arrangements.

As the Council's preferred contract form is NZS3910 and NZS3917 it also needs to provide or resource an Engineer to the Contract.

### Capacity (Contractors and Consultants)

Capacity speaks to the supplier market. By having a healthy market with good competition council can obtain value for money and avoid over-reliance on a single supplier.

Market availability is about the number and capabilities of suppliers in the market who can provide the necessary goods and services e.g. road construction, maintenance or the supply of construction materials. Council adopts e-tendering for most of its contracts, conducted through Tender link and GETS. Generally, there is a good response from contractors within the area with typically five (5) or more bids submitted for Council's larger contracts.

The table below indicates contractors that are currently active in the local area, representing a mix of national, regional and locally based contractors. Council's unique location enables it to attract contractors from throughout the Waikato region, particularly from Hamilton, and on occasions from the Bay of Plenty. As can be seen, Council benefits from a reasonably large and diverse supplier market.

<b>Contractor</b>	<b>Services provided</b>	<b>Project Type</b>
Fulton Hogan	Civil Construction	Large/Medium/Small
Downer EDI Works	Civil Construction	Large/Medium/Small
Higgins Contractors	Civil Construction	Large/Medium/Small
HEB Contractors	Civil Construction	Large/Medium/Small
Schick Civil Construction	Civil Construction	Large/Medium/Small
J Swap Contractors	Civil Construction	Large/Medium/Small
MS Civil Construction	Civil Construction (& footpaths)	Medium/Small
ECB Group	Civil Construction (& footpaths)	Medium/Small
Conspec Construction	Concrete & Structural specialists	Medium/Small
Top Cru	Concrete & Structural specialists	Medium/Small
Directionz Limited	Signage	Medium/Small
Horizons	Street Lighting	Large/Medium/Small
Arborcare	Arborist	Medium/Small

Council has a limited number of Professional Services provided by external consultants. These are procured through the Professional Services Panel (when suitable), or via quotes/tenders from the open market using *price quality*.

There are a few small local firms based within the Council's district able to provide basic services, however no large consultancy firms are with the closest WSP based in Paeroa and Pinnacles based in Waihi.

Other consultancies such as Beca, GHD, MWH and Aurecon service the area from Hamilton and Tauranga. Council uses Waugh Infrastructure Management (Timaru), Gray Matter (Cambridge) and WSP (Paeroa) for specialist advice and a few local consultants for smaller tasks.

## **6.2 Internal Procurement Processes**

Council as an Approved Organisation (AO) must adhere to specific internal procurement processes including publishing the procurement strategy, using approved procurement procedures and focussing on best value and probity.

Key is ensuring alignment and subsequent endorsement with the NZ Transport Agency Waka Kotahi Procurement Manual, which provides overarching guidance and regulations for roading procurements, taking precedence over Council's documents.

Where there are contradictions between the NZ Transport Agency Waka Kotahi Procurement Manual the Councils Procurement Manual, the NZ Transport Agency Waka Kotahi Procurement Manual shall be followed.

Council's Land Transport Procurement Strategy should be read in conjunction with Council's Procurement Policy and Procurement Manual, to ensure compliance requirements are met.

### **6.3 Performance Measurement and Monitoring**

The NZ Transport Agency Waka Kotahi applies various performance measurement and monitoring KPIs to Council's Land Transport Procurement Strategy.

**Value for money** is one such KPI, that can be measured in terms of the below. Council's programme or projects may also be subject to **Cost Effectiveness** monitoring, for:

- Whole-of-life project costs (including agreed variations or scope changes) comparing to initial cost estimates.
- Quality standards and expected specifications.
- Timelines initially programmed.
- How the initial supplier or contractor assessments were performed relative to actual project or activity delivery.
- How tender bids can incorporate innovation in to pricing and how value is derived throughout the project.

#### **Efficiency and effectiveness**

Assessments can be made of the time and resources consumed during the procurement process for the project or activity, inclusive of the tender process and overall contract management. Also, whether contract management has been effective by keeping the project or activity on target and having dealt with programmed risk management.

#### **Innovation and Market Conditions**

The effectiveness of innovation sourced through the procurement approach is the value gain in terms of the project or activity's outcome. Assessed could be the procurement process itself - targeted at the supplier market and how well that procurement process went e.g. was the procurement a good experience for both buyers and sellers? Or has there been positive or negative land transport experiences following the supply of goods or services?

#### **Transparent and Accountable**

The NZ Transport Agency Waka Kotahi as co-investor wants to see procurement processes that are open, transparent and well-functioning. Accountability is in terms of how Council conducts future procurement processes.

#### **Internal Reporting, Review and Feedback**

Council's own performance is monitored through the Annual Plan process, ensuring accurate reporting against Long Term Plan (LTP) performance measures. As examples, *Levels of*

*Service, Financial performance, Quality, Health & Safety and Customer Satisfaction* are all subject to monitoring.

Customer user perception surveys consider a range of internal performance measures at the request of Council. Council has contractors perform routine network inspections as well.

Separately, the Road Efficiency Group (REG) has in place through *Transport Insights* monitoring and reporting of a range of performance measures, enabling individual Councils to assess or benchmark their performance. This assists Council staff, Co-lab RATA and the NZ Transport Agency Waka Kotahi, as all parties collaborate and want to see sound investment outcomes.

The NZ Transport Agency Waka Kotahi review Transport Investment Online (TIO) and Annual Achievement Reports as well as monitoring safety and performing technical and procedural audits. All in all, there are a range of methods of review and reporting.

## **6.4 Communication Plan**

Council's Land Transport Procurement Strategy will be communicated to internal stakeholders using internal systems e.g. Council's intranet and its Promapp (business process management software) that documents, manages and improves business processes and knowledge sharing.

Other means of internal communication include via staff presentations and the training of staff involved in or linked to the land transport activities. Council also distributes information via shared documents. Council intends publishing the Land Transport Procurement Strategy online consistent with the NZTA Procurement Manual and New Zealand Government Procurement Rules.

In terms of reaching out to other Approved Organisations, Council emphasises open communication at roading forums, through inter-council phone calls including s17a discussions as to how partner organisations can further be aware of what work is being done and marketed to suppliers. Council will add the land transport procurement strategy to its website and summarise key information for other audiences including the public's attention.

Council is working to build a stronger and more engaged supplier market for land transport procurement that ultimately should lead to improved outcomes for Council and the community. Many of the required processes are already in place, with examples including ensuring tender process clarity, support for local businesses, and utilising feedback mechanisms for successful and unsuccessful suppliers. Other efforts can be worked on, such as more frequently applying pre-tender briefings, communication forums for suppliers, demonstrating council's commitment to probity and accountability. Council's 'value for money' focus and publishing future forward works programmes can be developed.

## **6.5 Implementation Plan**

Council acknowledges the importance of the Land Transport Procurement Strategy and its functions – principally the acquisition of goods and services and the effective and transparent use of public funds for infrastructural and operational purposes.

Council recognises and appreciates the interrelationship between the strategy and the Land Transport Management Act 2003 (LTMA); the LTMA providing the land transport and investment framework, with the strategy giving effect to the Government Policy Statement

(GPS) on land transport by contributing to an effective, efficient and safe land transport system in the public interest.

Taken further, Council's implementation plan will incorporate procurement needs and objectives i.e. what infrastructure, or professional services are sought, what the procurement outcomes are likely to be e.g. sustainability, resilience, cost-effectiveness, accessibility etc., as well as how they align with other district and regional planning.

Council's procurement strategy and implementation plan can be communicated to suppliers, community groups and other stakeholders, as well as within council. Requests for proposals or tenders can be sought or alternatively direct negotiations had for the types of goods or services to be procured; looking openly at the benefits of each approach for the objective sought and risks considered.

Council can promote procurement benefits, whether these be exclusively or a combination of value for money, environmental, social, or sustainability. Also moving ahead, exploring ways to build into procurement innovation and continuous improvement.

Council plans to implement the Land Transport Procurement Strategy once endorsed by the NZ Transport Agency Waka Kotahi.

## **6.6 Corporate ownership and internal endorsement**

Council's Land Transport Procurement Strategy applies to all land transport purchasing activities. In terms of internal responsibilities for the strategy:

- the *Assets and Projects Manager – Roading*, oversees its use.
- the *Procurement Specialist* has responsibility for ensuring compliance with the strategy, and
- the *Executive Team* internally endorse it.

## 7 Appendix A: Base list of Organisational Outcomes/Drivers discussed in Workshop (6 August 2025)

### Annual Plan 2023/24 Roding/Infrastructure

- Impact on other RCAs: Do MOUs with NZTA/WK impact any of the maintenance or resurfacing works? We need to recognise that at times interfacing with other RCAs has a cost.
- Financial constraints: There were budgetary changes with respect to *sealed road resurfacing*, resulting in less funding than proposed in the LTP – instead more funding was directed to road rehabilitation works.

### LTP 2024-34 (Ten Year Plan)

- Level of service: Describes the level of service as “staying the same” i.e. Council seeks to maintain the same or a similar roading standards.
- Affordability: Targeted investments will be required to maintain levels of service in the longer term.
- Risk management: Council is *prepared to risk more wear and tear* on the roading network.
- Community: The Roding network *will meet community needs and expectations*.
- Reliability: A reliable roading network – timely responses to customer service requests.
- Footpaths: Maintained to acceptable levels of service.
- Smoothness and comfort targets: A roading network *maintained and developed to provide smoothness and comfort (targets)*.
- Safety targets: A roading network that is *safe for all users*.
- Inspection frequency: Increased frequency of inspection/maintenance of road drainage systems.
- Identification: Identification of vulnerable road corridors to water erosion, slips, and undermining
- Monitoring: High productivity motor vehicles (HPMV) routes.

### Infrastructure Strategy

- Critical assets: Maintained for lifeline routes, arterial and collector roads
- Climate change: Increase frequency of inspection / maintenance of road drainage systems and identify road corridors vulnerable to water erosion, slips, undermining.
- Key drivers: Growth and demand, climate change and resilience, compliance, and affordability.
- Challenges: Risk management: We aim to maintain the network at its current level, but there is a possibility of some deterioration on some specific roads.

## **NZ Transport Agency/ Waka Kotahi Work Categorisation (WC 111: Sealed Pavement Maintenance, WC 112: Unsealed Pavement Maintenance, WC 211: Unsealed Road Metalling and WC 212: Sealed Road Resurfacing)**

- Inspections and pothole repairs in accordance with definitions, numbers, locations and response times and reported in a way that minimises rework.
- Effective safety of workers and public – choice of traffic control and warning devices.
- Communications/updates: Contractor provides these in ways that not only satisfies the client road engineer, but also the asset engineer. Think of ways that communication can be upgraded for quarterly reporting.
- Material selections are agreed with client ahead of works.
- Pre-seal repairs:
- Road protection for stock damage.
- Rail level crossings: Learnings/new innovations/relationships with Kiwi Rail.
- Resurfacing: How can Council obtain more for less? Finding efficiencies – standardisation, TTM cost savings,
- Resilience: How can resilience be factored-in to resurfacing? E.g. modifications to asphalt and chip seals to improve resistance to temperature and water damage. Structural design changes to withstand loading.
- Opportunities for trials.

## **Land Transport Activity Management Plan**

- Asset condition: The importance of a good and clear understanding of asset condition and performance.
- Tools: Understanding and importance of ONF as it relates to the delivery to be undertaken. Also performance measure tools available through REG insights, the use of Junoviewer, DTIMS, RAMM data and HSD.
- Key issues: How to deal with weak subgrade conditions.
- New roads/subdivisions: How is this maintenance factored in to the existing network – what is the role of the contractor here?
- Drainage assets: how these fit-in with planned maintenance/resurfacing.
- CRM/CM items: How are these relevant to a future delivery model?

## 8 Appendix B: Participant Selections of Contract Term (5+3+2) discussed in Workshop (6 August 2025)

Contract Options	Stakes Quo 3917 Cyll + MAY - upstate PACE reference Ransom + Dring's + Reson 41212ys Adjust Qtd for year ownership	3917 Parameter Design No resets	3917 Same Scope Longer Term Size Ownership of network	3917 Fully bonded annual - Signs / load making / Pledge - Subcontract
- Network Safety	Head Supplier coordinates subcontract work	3	1 Make provision in tender	4 Risk with more subcontracts to PACE
- Asset Condition	Efficient to manage	3	2 Incentive to price well	4 Subcontracting will make less affordable
- Affordability	3	More affordable if resets subcontracting Have resourcing Council to manage	1 Lead supplier more willing to invest	4 Council directly resourced to manage upfronted
- Risk Management	Mgt of subcontractors road to achieve LoS Addressed through regular reviews of cyclic qtd's	3	1 Cost of functions more vs cost of procurement & loss of good supplier Longer term relationship = ownership = real investment	2 Less opportunity for local suppliers direct to council
- Growth & Demand	2	2		2
	9	12	6	18

## **9 Appendix C: Waikato RCA's known recent and significant procurements**

Below are up-to-date regional Waikato RCA details, relating to the wider land transport procurement. This information was gathered as part of Council's s17A review.

*NB: excluded are national NZ Transport Agency IDM/C contracts, Otorohanga District Council, Hamilton City Council, Taupo District Council and Waitomo District Council all of whom weren't canvassed.*

---

### **Hauraki District Council**

HDC has Ventia in place to complete their General Maintenance contract with lesser value contracts e.g. for streetlight maintenance and bridge structures the responsibility of McKay Electrical and WSP respectively.

The contract with Ventia started 1 July 2025 and 30 June 2030. The 7-year contract term is structured 5 years + 2 years.

**General Maintenance Contract is worth \$5-6m p/a**

**Contract renewal due date 2030**

---

### **South Waikato District Council (SWDC)**

SWDC's new maintenance contract started 1 July 2025. The contractor is MS Civil Construction Limited of Cambridge. The contract term is 5 years, 3 + 1 + 1.

**The Maintenance and Resurfacing Contract is worth approximately \$5.5 to 6m p/a**

**Contract renewal due date 2028**

---

### **Thames Coromandel District Council (TCDC)**

TCDC anticipated at the time of Council's s17A review a new Professional Service contract starting from 1 July 2025 and possibly a new Operational Services contract from 1 July 2027, presently held by Ventia.

The Professional Services contract term is 3 + 2, while the Operational Services contract is expected to have a term of 3 + 2 + 2.

**The roading contracts are worth approximately \$14m p/a (Professional Services) and \$45m p/a (Operational Services).**

**Contract renewal due dates of 2030 & 2032 (possibly).**

---

---

### **Waikato District Council (WDC)**

WDC has in place a 3917 Collaborative Procurement Model. Emphasis is placed on greater transparency and decision-making. Only the streetlight function is separate from the remainder of the contracts.

The two new contracts i.e. there is a North and South split to the district operation started 1 July 2025.

**Roading Programme is worth approximately \$40m p/a**

**Contract renewal due date 2025**

---

### **Waipa District Council**

Waipa has in total four road maintenance contracts, all of which were mid-term with different expiry dates. Streetlighting and street cleaning expires 30 June 2026 while street signage and road marking expire 2028.

Waipa retendered early 2023 the large General Maintenance contract (encapsulating reseals, rehabilitation sites and maintenance). This is a 5-year contract held by Downer, structured 3+1+1. **Contract renewal due date 30 June 2028.**

**Total Roothing contracts cost is approximately \$16M p/a.**

---

### **Western Bay of Plenty District Council**

Earlier this year WBoPDC adopted a new contract structure with Professional Services to be delivered in-house, and services procured from external providers when required. Physical works would be outsourced and delivered through multiple contracts – all of which replace the former one network maintenance contract between WSP, Downer and WBoPDC.

**Roothing Programme is worth approximately \$6.8M/33months**

**Contract renewal due date is 2021**

---