



Ruamāhanga Roading Network

NZTA endorsed Procurement Strategy

On behalf of
Carterton & South Wairarapa
District Councils

July 2025

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VERSION HISTORY

Version	Prepared by	Signed	Date
A	L Cameron & M Fauvel		
B	Tim Langley		13/01/2026

1 Executive Summary

1.1 Key Issues and Opportunities

The scope of this procurement policy will include the renewal of the upcoming Network Maintenance Contract in July 2027 in addition to smaller contracts of relatively lower value. Given the imbalance of future procurement (i.e. a large proportion of budget is allocated to single maintenance contract) achieving council's procurement objectives, as listed below, are challenging.

Notwithstanding this there is opportunity to provide value through a robust procurement policy. This policy will be used to contribute significantly to the Councils' procurement objectives:

- To achieve value for money.
- To encourage development of local suppliers.
- To ensure a high standard of health & safety is embedded in procurement.

1.2 Recommendations

It is recommended that:

1. The procurement strategy is endorsed.
2. The Councils confirm the relevant levels of delegations for award of contracts within the Councils' approved budgets.

1.3 Endorsement

This Procurement Strategy has been prepared for the benefit of Ruamāhanga Roads for the procurement of professional services and physical works contractors with respect of the roading network currently managed by Ruamāhanga Roads. This endorsement approves the use for in-house professional services to administer this plan, for the designated period and designated purpose.

The Procurement Strategy and its components have been reviewed and approved as per below:

Lawrence Stephenson Infrastructure, Services Manager Carterton District Council	
Signature: 	Date: 28/1/26
James O'Connor Group Manager Partnership and Operations (Acting) South Wairarapa District Council	
Signature: 	Date: 28/01/2026

2 Introduction

The current Procurement Strategy's approval, developed in 2022, expired on 17th of May 2025. This Procurement Strategy has been developed to be applicable to the next three years planned procurements. Its development has incorporated recent revisions to the Waka Kotahi's Procurement Manual (Amendment 6).

Ruamāhangā Roads tendered and awarded a Network Maintenance Contract in July 2019. The Contract originally had a 5+3+2-year term. However, at the end of the first 5-year term, a new end date of June 2027 was negotiated – thus reducing the term by 2 years. The maximum 8-year period now aligns with the NZTA requirements defined in the endorsement letter of the 2022 procurement policy. The scope and tenure of this contract mean that the planned procurements over the next three years will include renewal (re-tender) of the Network Maintenance Contract. The life of this procurement strategy is three years. The procurement objectives have a strong alignment with Councils Long Term Plan:

Councils' procurement objectives:

- To achieve value for money.
- To encourage development of local suppliers.
- To ensure a high standard of health & safety is embedded in procurement.

The detail and processes in this procurement strategy is consistent with the value of the planned procurements. However, the reference made to Waka Kotahi's Procurement Manual requirements mean that the strategy could be applicable to a large unplanned procurement. If a significant departure is required from this strategy for a large procurement and other emergency powers are not relevant, then it is expected that a project specific strategy would be prepared for approval prior to the procurement proceeding.

The value of procurement covered by this strategy means that specific market surveys or risk analysis have not been commissioned because the cost of these exercises would exceed their added value.

The market information used in this strategy comes from information provided by market analyses undertaken over the last two years for other purposes. Similarly, the key risks identified in this strategy are those identified by other tasks undertaken over the last two years.

3 Ruamāhangā Roads

The Ruamāhangā Roads business unit is a collaboration between Carterton and South Wairarapa District Councils. It was formed for the purpose of managing the delivery of roading network maintenance, renewal and capital improvement activities.

The Ruamāhangā Roads business unit was created by Carterton and South Wairarapa District Councils after completion in 2019 of a section 17a review. The aim of the 17a review and the agreed drivers that resulted in the formation of Ruamāhangā Roads business unit is detailed in section 3.1.

3.1 Section 17a Review

Carterton and South Wairarapa District Councils in June 2025 completed a Section 17a review of their Road Maintenance Service Delivery. The review found that both Councils are providing cost-effective transportation delivery services under arrangements with Ruamāhangā Roads. The roading assets are maintained at a cost below the national average cost (\$/lane km) as at and up to June 2024. The current delivery model compares very favourably in terms of value for money compared to its rural council peer group and more broadly across all of NZ. Service delivery options have been considered, and the preferred delivery model remains the current delivery model. The current model continues to best meet the objectives set by both Councils in the previous section 17A Review in 2019.

3.2 Collaboration Agreement

The two District Councils have agreed to work together through the joint procurement and contracting of services for Road Maintenance across the two Districts. This is a significant but positive development in the region, with benefits to this approach accruing to both Carterton and South Wairarapa District Councils, as well as to Waka Kotahi as the funding partner.

The collaboration between the two District Councils is documented in a Multi-Party Funding Agreement (MPFA). The Multi-Party Funding Agreement is critical to ensuring the spirit of collaboration is maintained. It achieves this by documenting the principles under which this approach will operate, the governance structure for the joint clients, and the specific roles each District Council will perform. This is paramount to ensuring good engagement and continued buy- in to the collaborative structure.

The Multi-Party Funding Agreement identifies the funding approach and commitment agreed between the District Councils, and this approach aligns with the requirements of Waka Kotahi.

The goals and principles of the Multi Party Funding Agreement are:

Goals

The goals of the respective parties are:

- a) To deliver road maintenance works and services across the two district councils' road network as effectively and efficiently as possible
- b) To act expeditiously on the opportunities created under the enacted Land Transport Management Act 2003
- c) To work together as a joint partner, on any consultation undertaken with the community under the enacted Land Transport Management Act 2003
- d) To take a flexible attitude to the project scope, particularly where a narrow view would reduce the financial effectiveness of the project
- e) To look for efficiency gains in working on other projects,
- f) To develop an effective joint communications programme with the community

Principles

The principles relating to the agreement are that:

- a) an effective working relationship between the parties be formalised
- b) to be effective, the parties must commit suitable and available resources to complete the necessary work
- c) the parties must work together collaboratively, in an open and transparent way, and act in good faith in meeting their responsibilities
- d) each party commits to consider, investigate and resolve issues as they arise in a manner that maintains the integrity and professionalism of each agency
- e) the parties commit to the sharing of information, as is necessary, to maximise the opportunity for the MPFA goals to be delivered (It is recognised that from time to time, information may need to remain confidential or is subject to legal privilege and cannot be exchanged)
- f) nothing in this agreement will prevent the individual parties adhering to their respective governance processes
- g) each party will exercise its respective statutory powers having regard to the intentions of the parties in entering this agreement.

4 Policy Context

4.1 Strategic Objectives and Outcomes

Carterton and South Wairarapa District Councils have current purchasing guidelines that are required to be followed in the procurement of goods and services. Their goals align with those set out in the Local Government Act 2002 and in Waka Kotahi's procedures.

In addition, the Councils are committed to providing an open and competitive marketplace in Wairarapa. This is essential to allow the Councils to demonstrate to its ratepayers that it is delivering the best value for money possible. It is also consistent with the Government's procurement charter and broader outcomes.

The Councils also recognise that successful contracts are based around strong relationships and can have two, three or more parties jointly contracted to deliver a single outcome. This relationship involves a sharing of skills, risk and jointly promoting innovation to improve value of the service delivery and is relevant from the smallest of contracts to the largest performance based, long term contracts. Strong contractual relationships with the supply chain:

- Promote stability in the marketplace.
- Provide confidence to both Council and the contracting industry.
- Encourage investment in systems, training and equipment.
- Place a value on local knowledge and skills.

Note this approach by the Councils is consistent with the Government's procurement charter.

There are no other relevant contextual factors, such as other Council policies, wider Council procurement plans, or any other regulatory requirements that supersede this procurement strategy for the purchase of services for managing the roading asset.

The objectives in adopting this procurement strategy are to create:

- A system that enables the Council to satisfy the Office of the Auditor General and the Waka Kotahi's requirements that protect Council's ability to receive subsidy from Waka Kotahi.
- A system that facilitates rather than stifles delegated authority to staff.
- A system that gives control to senior management allowing them to consider large expenditure items, before they happen.
- A system that has a minimum of bureaucracy.

whilst at the same time achieving the goals outlined below.

The District Councils' goals in co-ordinating and managing the procuring of goods and services are to:

- Conform with any Statutory provisions
- Protect the Council in a business-like manner; and

- Maximise ratepayer benefit from public funds committed.

The objectives that the Councils are aiming to achieve with the procurements are:

- To achieve value for money.
- To encourage development of local suppliers.
- To ensure a high standard of health & safety is embedded in procurement.

4.2 Health & Safety, Environment and Quality (HSEQ)

The Councils' objective is to ensure a high standard of health, safety, environment and quality is embedded in procurement, Ruamāhanga Roads will use, in its evaluation of suppliers, a non-price attribute that values the HSEQ systems and culture of each supplier. The HSEQ attributes will go beyond the requirement for HSEQ prequalification and look for a supplier company culture that has embedded HSEQ into the way they transact their business.

The Councils consider that their obligations as a 'person conducting a business or undertaking' (PCBU) are important. It is critical, as a client, to provide leadership in health and safety. It will require suppliers to have health and safety prequalification as a minimum. It will then evaluate, in the non-price attributes, the supplier's performance on health and safety, the diligence the officers apply to health and safety and the level of employee engagement and participation.

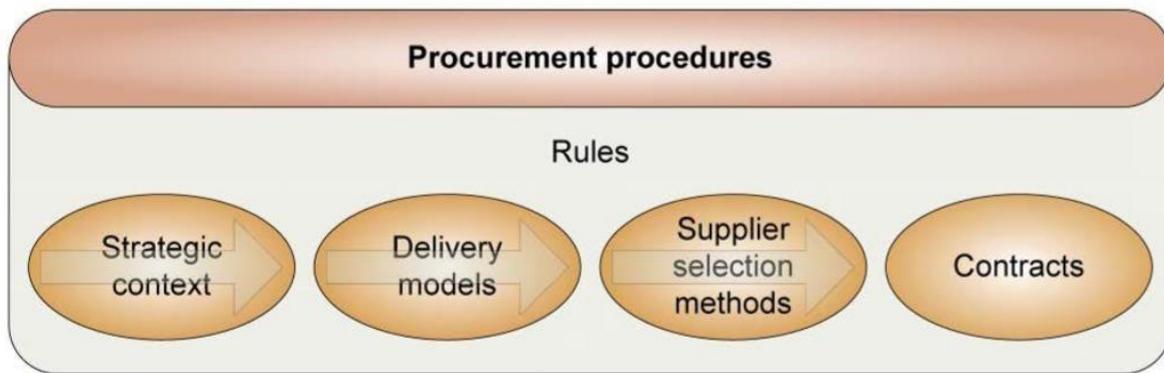
4.3 Waka Kotahi Procurement Requirements

Waka Kotahi is committed to the concepts of sustainability, value for money, maintaining competitive and efficient markets, and fair competition among suppliers. Waka Kotahi's Procurement Manual contains procurement procedures approved by Waka Kotahi under s 25(1) of the Land Transport Management Act 2003 (LTMA).

The procurement procedures contained in the manual are approved for use to purchase the goods and services required to deliver the activities that have been funded under s 20 of the LTMA.

This procurement strategy has been developed in full compliance with the requirements of Waka Kotahi's Procurement Manual and with well recognised good practice. This procurement strategy uses the same terminology and approach to describing the procurement processes and to addressing the associated key issues.

The diagram below, extracted from Waka Kotahi's Procurement Manual, which considers each of the aspects of a fully comprehensive procurement procedure has been used in the development of this procurement strategy.



The development of this strategy has specifically considered:

- The changes included in amendment 5 of Waka Kotahi's Procurement Manual,
- The requirement to comply with the Government Procurement Charter, and
- The requirement to consider how procurement can contribute to the Government's Broader Outcomes.

4.4 Waka Kotahi Procurement Manual Amendment 6

Ref to changes.

<https://nzta.govt.nz/assets/resources/procurement-manual/docs/procurement-manual-amendment-6.pdf>

4.5 Organisational policies

Carterton and South Wairarapa District Council's and their suppliers, who are contracted to procure services on its behalf, have policies on handling conflicts of interest in procuring services. Issues that arise are dealt with on an individual basis in line with those policies. Carterton and South Wairarapa District Councils have current procurement procedures and policies that are required to be followed in the procurement of goods and services.

5 Procurement Programme

5.1 Current Assets and Funding

The road network asset within the Carterton and South Wairarapa District Council's as at 30 June 2024 consists of:

	Urban Sealed	Rural Sealed	Urban Unsealed	Rural Unsealed	Total Length
Carterton DC	32.6 km	263.6 km	0.2 km	155.5 km	451.9 km
South Wairarapa DC Local Roads	69.0 km	302.0 km	0.7 km	259.7 km	631.4 km

South Wairarapa DC Special Purpose Road	34.8km	2.9km	37.7km
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The operational and capital funding for NZTA subsidised land transport services across the councils comprise with RLTP approved budgets:

2024/20 27			
	Local Road operation and pothole prevention, walking and cycling maintenance	LCLR	Total Funding
Carterton DC	\$17,885,999	\$180,000	\$18,085,999
South Wairarapa DC Local Roads	\$24,109,999	\$3,057,500	\$27,167,499
South Wairarapa DC Special purpose Road	\$2,000,000	\$2,605,000	\$4,605,000
Total	\$43,995,998	\$5,842,500	\$49,838,498

Source: TOI

The procurement programme sets out the annual profile of spend on physical assets for access and transport. The programme includes physical works for all NZTA subsidised Transport Activities (subsidised and un-subsidised).

5.2 Maintenance and Operation (incumbent Fulton Hogan)

Approximate annual spend: \$15,200,000 based on 23/24 year

Proposed delivery model: Standard NZS3917 - Measure in value contract

Proposed supplier selection method: Price Quality Method

Timeframe for re-tender: July 2027

The maintenance and operation of local roads is undertaken as one contract. The surface renewals (incl. footpaths) and pavement marking works have been incorporated into the road maintenance contract. This helps to align the scale of the contract with the expectations of the healthy market analysis and provides a potential opportunity for more competition between contractors.

The combined scope of these works will allow the contractor to optimise the workstream. The contractor will involve small and medium sized contractors through sub-contracting agreements.

Sustainability of small to medium enterprises (SME) will be achieved by requiring initiatives from tenderers on what they perceive will help to develop SME contractors. This may be through providing support, upskilling and increased learning opportunities for employees. Tenderers will be required to provide an agreed amount of work to SMEs and commit to this amount through their tendered methodology. It is intended that “Public Value” will be a scored attribute in the 2027 procurement, with a focus on Wairarapa SME inclusion.

5.3 Specialist and Minor Works (including Low-Cost Low Risk (LCLR) improvement works)

Approximate annual spend: \$1,000,000.

Proposed delivery model: Standard 3910 measure in value contracts or delivered under NMC.

Proposed supplier selection method: Price Quality Method

The number of Low Cost Low Risk opportunities are largely dependent on NZTA funding assistance. Should funding be available, there should be 2-4 opportunities per annum.

Separate contracts will be let for any LCLR work. For components of larger projects Ruamāhanga Roads may let the delivery of specific areas of specialisation separately, such as design. This approach supports the small to medium sized suppliers. Contract length may vary from a project specific timeframe to an annual or longer period contract.

LCLR work may require specific expertise or specialised contractors. These projects may be associated with other works and when this occurs, they will be included within other contracts to obtain the best value for money. There may be opportunities to include this work with the maintenance contract where appropriate. This also allows small to medium sized contractors to participate in bidding for these works.

5.4 Capital Works

Approximate annual spend: \$1,000,000.

Proposed delivery model: Standard 3910 measure in value contracts or delivered under NMC.

Proposed supplier selection method: Price Quality Method

Renewals are currently delivered as part of NMC, with no planned major capital project in the current LTP. Opportunities that cannot be delivered through the NMC, will be put out for tender to the market as and when required. Works requiring additional emergency funding may be included within the Capital works category, e.g. additional urgent Structure component renewals identified as part of ongoing inspections.

5.5 Professional Services

The current level of resourcing within the CDC and SWDC means many of the management and planning services required to support the transport service delivery within the districts will be provided by Ruamāhanga Roads staff. This resource will be shared across the two Councils and has been co-located to ensure good utilisation and alignment. Co-location with the network maintenance contractor has also been achieved. However, there is a need to support the in-house staff with both general and specialist professional services (such as Engineer to Contract Services). One such project

which will be procured under this policy is the bridge geotechnical and structural inspection programme, indicative budgets allow for a \$300,000.00 spend over the three-year project.

5.6 High risk or unusual procurement activities

At this time CDC has not identified any particularly high-risk activities nor the need for unusual procurement activities that are not covered adequately by the Waka Kotahi NZTA Procurement Manual.

5.7 Proposed Roading Contracts

The following table outlines Ruamāhanga Roads proposed roading corridor contracts per annum.

Contract	Comments	Annual Value	Procurement Method
Network Maintenance, Operations & Renewals	Includes renewals, resurfacing, footpaths, pavement parking and street lights, emergency works and routine LCLR activities	\$15,000,000	Price Quality
Specialist and Minor Works	Includes Low-Cost, Low Risk	\$1,000,000	In accordance with Project Specific Procurement Plan
Capital Works	Includes extra identified activities that require urgent works	\$1,000,000	In accordance with Project Specific Procurement Plan
Professional Services	Includes EtC Services	\$300,000	In accordance with Project Specific Procurement Plan

5.8 Unplanned Procurements

If there is a procurement required because of some unplanned event it will be determined, at the time, if the procurement fits within this strategy or whether a particular procurement strategy and plan needs to be developed.

6 Procurement Environment

The following sections detail an assessment of the market conditions relevant at the time of preparation of this strategy. A new market analysis will be completed prior to tendering any large contracts to ensure that the approach is consistent with current market conditions.

6.1 Professional Services

The supplier market for professional services is small in Wairarapa/Wellington but relative to the scale of works within the region is well qualified. Professional services in the Wairarapa range from civil engineering, land surveying, planners, traffic analysis & safety, structural and geotechnical design. These professionals provide services to the local councils, community and developers.

Smaller Consultants tend to focus on one or two disciplines meaning these consultants have limited capacity to deliver larger projects, however services can be combined to deliver larger projects.

There are also large National and International consultants with their bases in Wellington, approximately one hour's travel from the two Districts.

Key buyers for professional services in the Wairarapa/Wellington Region are national and local and regional councils, private developers and the community.

Like most professional services the current demand exceeds the local supply. This means that Ruamāhanga Roads will need to position itself as a desirable client to attract bids from these consultants.

6.2 Physical Works

Given the relative isolation of the Wairarapa region, it is well serviced with a range of small to medium sized civil contractors with various capabilities. However, based on scale of infrastructure projects in the region there are relatively few larger (tier one, two and three) contractors.

Fulton Hogan and Higgins both have offices based in the Wairarapa and typically serve the three council's (MDC, CDC, SWDC) maintenance works programmes. Although, the market is small and possibly under serviced, there is evidence that these two contractors have provided valuable training and mentoring for construction workers in the region.

The size of the possible contracts is large enough to attract interest from local suppliers, but their value will be insufficient to support a new business relocating to the area.

6.3 Supply of material

The supply of locally sourced construction materials is limited in Wairarapa. Several small quarries supply crushed rock/aggregate typically sourced from alluvial gravels while Higgins and Fulton Hogan supply both aggregate and asphalt/bitumen.

Manufacturing of other construction materials is limited; there are several pre-cast concrete yards however most materials are imported into the region.

6.4 Impact of Procurement

Given the size and duration of the upcoming maintenance works contract there is potential for a disproportionate impact on the local civil construction market and HSEQ objectives without a robust procurement process.

This is a somewhat high-risk approach, however, has worked successfully in the past for the local councils and Ruamāhanga Roads. Procurement needs to be balanced against both the needs of a healthy local civil construction market and those of the District Council Objectives.

7 Procurement Spend Profile

The table in section 5.1 shows the budgets over the 3 years for 2024/2027 NLTP. However, most of this budget is committed over the next 3 years on the contract for Network Maintenance.

The annual funding, not part of the Network Maintenance Contract, available for procurements is approximately \$200,000 for professional services and \$300,000 for physical works. It is expected that the value of each commission will not exceed \$50,000 for professional services and \$100,000 for individual physical works contracts.

Although not a planned procurement, the Councils have rights reserved under the Network Maintenance Contract to put work to the open market if the Network Maintenance Contractor is not performing well and has not sufficiently progressed the forward works programme. This procurement strategy covers the procurement of this work if their procurement is required.

8 Delivery of Work Programme

This section sets out the approach taken to procure the additional resources required to deliver the Transport Services work programme.

8.1 Strategic Objectives

To achieve the best value, in the long term, the Council's procurement needs to be flexible, collaborative and encourage development of the local market. This will benefit local businesses and the local economy.

The procurement objectives are:

- To achieve value for money.
- To encourage development of local suppliers.
- To ensure a high standard of health & safety is embedded in procurement.

Note to ensure a high standard of health & safety is embedded in procurement, Ruamāhangā Roads will use in its evaluation of suppliers a non-price attribute that values the health & safety systems and culture of each supplier. The health & safety attribute will go beyond the requirement for health & safety prequalification and look for a supplier company culture that has embedded health and safety into the way they transact their business.

These objectives are consistent with Waka Kotahi's Procurement Manual and the Government's Procurement Charter and Broader Outcomes.

8.2 Project Specific Procurement Plan

The procurement approach adopted on a project-by-project basis will be subject to validation through a Project Specific Procurement Plan. The purpose of this plan is to ensure that the approach taken is both consistent with this strategy and most appropriate to the specific requirements of that project.

8.3 Internal Procurement Processes

The Waka Kotahi NZTA Procurement Manual has considerable detail on the process for correctly determining which procurement model should be utilised in each situation. In addition to this the Procurement Manual also outlines detail on the process for correctly determining the supplier selection method.

The following list the procurement models covered under the Procurement Manual

- Direct Appointment
- Closed Contest
- Lowest Price Conforming
- Price Quality
- Purchaser nominated (target) price
- Quality based

The following sections outline Ruamāhanga Roads internal process to ensure compliance with the Waka Kotahi Procurement Manual. Note that the method adopted for each contract will be confirmed in the Project Specific Procurement Plan.

8.4 Procurement Approach

The procurement approach is split into two segments of work: professional services and physical works.

8.4.1 Professional Services

The procurement approach is to encourage the entry and growth of small local suppliers. This will be achieved by providing variety in work package size, combined with low bidding costs. This will mean the work package and bidding costs will allow for growth in the resource level available in the small local suppliers.

This approach will not preclude large National and International consultants bidding but they will need to compete with small local suppliers with lower overhead costs.

The development and growth of the local supplier market will provide longer term value and ensure these resources are available locally for other local businesses.

This approach to procurement will achieve the procurement objectives by ensuring local suppliers can compete for work on an equal basis with the large National and International suppliers. This will achieve the objectives of value for money and development of local suppliers.

There will be consideration given to a longer period of professional service contract for assessment of assets, such as bridges and other structures and Engineer to the Contract Services. The longer-term procurements, if undertaken, will be subject to a separately approved procurement strategy and plan.

Key attributes and best value for money

The key attributes of this procurement approach are to provide various sizes of work packages so that it is both feasible and attractive for the local companies to bid for the work. This procurement approach will ensure competitive prices and will encourage local businesses to grow.

The approach means that in the longer term there will be:

- a more competitive supplier market,
- a more resilient supply of service to support the Council's delivery, and
- a reduced impact on the environment of the service delivery.

Market, Procurement Complexity, Innovation and Risk

The supplier market has several local consultants who provide professional services in the Wairarapa/Wellington area as described above.

The procurements that this strategy covers a range of project complexity and scale. The procurements will be for both general and specialist services to support the in-house team. The services planned to be procured are bridge engineering, geotechnical engineering, design for low-cost low-risk and improvement projects, and asset management support. These procurements are not complex.

The procurement approach which encourages local suppliers to bid for the work is expected to provide greater innovation and value. This is because these small businesses can better manage the risk which goes with innovating, so they are more likely to try new ideas. Utilising locally based suppliers also provides an opportunity to reduce cost through lowering travel and overhead costs.

The highest risk to professional service delivery is the amount of competition for this resource within the Wellington Region. This demand for professional services is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with the smaller local suppliers through several small contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement.

Aggregation, bundling and Contract term

The approach is not to aggregate different projects of work. The approach is to size the work packages to match the resources in the local market. However, where the same work is being undertaken by other roading authorities this could be bundled to make joint procurements if the other parties are willing.

The term of the engagement will match the projects or task's duration.

Proposed delivery model(s) and supplier selection methods

The procurement approach taken to engaging contractor's Professional Services will utilise either an open or closed procurement process, depending on the contract values, and in compliance with the requirements of the Waka Kotahi's procurement manual.

The proposed delivery models and their usage is described in the table below. Note the value limits are as set out by Waka Kotahi's Procurement Manual. However, the direct appointment model will usually only be used when the value of the work is estimated to be less than \$30,000. Above this value a closed contest would be considered.

Supplier Selection Method	Expected Usage	Typical Value	Price weight [%]
Direct Appointment (similar work, known performance and track record)	Generally	Up to \$100k	NA
Direct Appointment (new supplier)	Rarely	Up to \$100k	NA
Closed Contest (LPC & PQ)	Occasionally	Up to \$200k	See below
Lowest Price Conforming	Rarely	All	100
Price quality (physical works)	Generally	>\$100k	50-70
Price quality (professional services)	Generally	>\$100k	30-50
Purchaser Nominated Price	Rarely	NA	0
Quality Based	Rarely ¹	>\$1M	0
Prequalification (health and safety)	Generally	All	N/A

The procurements will be kept simple and relatively low risk. The limited size of each procurement will mean that the overall risk to the programme will be low.

The proposed delivery model will ensure the procurement process costs do not exceed the capacities of the small local suppliers.

The other procurement models are included in case they are required for some unplanned procurement that may arise from an emergency event.

Value for money, and efficient markets.

This approach will not preclude large National and International consultants bidding but they will need to compete with small local suppliers with lower overhead costs. The development of the local supplier market will provide longer term value and ensure these resources are available locally for businesses.

Risk management

The highest risk to professional service delivery at present is the amount of competition for this resource within the Wellington Region. This demand for professional services is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with the smaller local suppliers through a number of small contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement.

Approach to contract management

The collaboration required between the two District Councils to achieve the Ruamāhanga Roads delivery of roading services means there is a culture of collaboration. This culture carries through to the management of contracts with other parties.

The Councils also recognise that successful contracts are based around strong relationships and can have two, three or more parties jointly contracted to deliver a single outcome. This relationship involves a sharing of skills, risk and jointly promoting innovation to improve value of the service delivery and is relevant from the smallest of contracts to the largest performance based, long term contracts. Strong contractual relationships with the supply chain:

- Promote stability in the marketplace.
- Provide confidence to both Council and the contracting industry.
- Encourage investment in systems, training and equipment.
- Place a value on local knowledge and skills.

8.4.2 Physical Works

The procurement approach is to encourage entry of small local contractors. This will be achieved by:

- Procuring LCLR work packages keeping the work packages small, one project for each contract, combined with low bidding costs. This will mean the work package and bidding costs will match the resource level available in the small local contractors.
- Requiring larger contractors that are tendering larger maintenance contractors to present initiatives on what they perceive will help to develop SME contractors. This may be through providing support, upskilling and increased learning opportunities for employees. Tenderers will be required to provide an agreed amount of work to SMEs and commit to this amount through their tendered methodology.
- Encouraging the possibility for smaller contractor to combine resources in a consortium approach.

This procurement approach, which is applicable to the planned procurements over the next 3 years, should not be considered a departure to the approach taken in 2019 for tendering of a Network Maintenance Contract. The approach that will be taken to the renewal of the Network Maintenance Contract, which is not expected to occur until 2028, will be determined closer to that date.

This approach will not preclude large National and International Contractors bidding but they will need to compete with and utilise small local contractors with lower overhead costs.

The development of the local contracting market will provide longer term value and ensure these resources are available locally for other businesses.

This approach to procurement will achieve the procurement objectives by ensuring local contractors can compete for work on an equal basis with the large National and International contractors. This will achieve the objectives of value for money and development of local suppliers.

Key attributes and best value for money

The key attributes of this procurement approach are to provide a variety of size the procurements and simplify the bid effort so that it is feasible and attractive for the smaller local companies to bid for the work, while not discouraging larger companies. This procurement approach will ensure competitive prices and will encourage local businesses to grow.

The approach means that in the longer term there will be:

- a more competitive supplier market,
- a more resilient supply of service to support the Council's delivery, and
- a reduced impact on the environment of the service delivery.

Market, Procurement Complexity, Innovation and Risk

There are a few small and medium sized local civil engineering contractors that provide roading services to councils, developers and private clients in the Wairarapa. Some of these contractors assist the Network Maintenance Contractor. There are also two large National contractors domiciled in the Wairarapa.

The procurements that this strategy covers will be generally small and less complex. The procurements will be for small construction projects for the low-cost low-risk, and unsubsidised improvement programmes.

The procurement approach which encourages small local contractors to bid for the work is expected to provide greater innovation and value. This is because these small businesses can better manage the risk which goes with innovating, so they are more likely to try new ideas. Utilising locally based suppliers also provides an opportunity to reduce cost through lowering travel and overhead costs.

The highest risk to physical works delivery is the amount of competition for this resource within the Wellington Region. This demand for construction services is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with the smaller local contractors through both creating a number of small contracts and incentivising the involvement of smaller contractors in larger contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement.

Aggregation, bundling and Contract term

The approach is to procure a variety of different sized work packages and incentivise larger contractors to involve smaller local contractors in larger contracts. The objective is to provide variety in the size the work packages to match the resources in the local and regional market. However, where the same work is being undertaken by other roading authorities this could be bundled to make joint procurements if the other parties are willing.

The term of the engagement will match the project's construction duration and maintenance period.

Proposed delivery model(s) and supplier selection methods

There are a range of small to medium sized roading related projects that will be procured separately from the Network Maintenance contract. These contracts are likely to be procured through a mix of individual contracts for each District Council and of combined contracts including the two Councils and DOC. The procurement approach for each of these works will be assessed on its own merits. The procurement will consider both the approach that will deliver the best value for money, and how it will continue to contribute to a healthy and sustainable market in the region.

The proposed delivery models and their usage is described in the table below. Note the value limits are as set out by Waka Kotahi's Procurement Manual. However, the direct appointment model will

usually only be used when the value of the work is estimated to be less than \$50,000. Above this value a closed contest would be considered.

Supplier Selection Method	Expected Usage	Typical Value	Price weight [%]
Direct Appointment (similar work, known performance and track record)	Generally	Up to \$100k	NA
Direct Appointment (new supplier)	Rarely	Up to \$100k	NA
Closed Contest (LPC & PQ)	Occasionally	Up to \$200k	See below
Lowest Price Conforming	Rarely	All	100
Price quality (physical works)	Generally	>\$100k	50-70
Price quality (professional services)	Generally	>\$100k	30-50
Purchaser Nominated Price	Rarely	NA	0
Quality Based	Rarely *	>\$1M	0
Prequalification (health and safety)	Generally	All	N/A

* Approval will be sought, in accordance with Waka Kotahi’s Procurement manual section 10.5, before the “Quality Based” method is used.

The procurements will be kept simple and relatively low risk. The limited size of each procurement will mean that the overall risk to the programme will be low.

The proposed delivery model will ensure the procurement process costs do not exceed the capacities of the small local suppliers.

The other procurement models are included in case they are required for some unplanned procurement that may arise from an emergency event.

Value for money, and efficient markets.

This approach will not preclude large National and International Contractors bidding, but they will need to compete with and work with small local suppliers with lower overhead costs. The development of the local supplier market will provide longer term value and ensure these resources are available locally for businesses.

Risk management

The highest risk to delivery at present is the amount of competition for physical works contractor resources within the Wellington Region. This demand for physical contractors and their staff is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with the smaller local suppliers through a number of small contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement.

Approach to contract management

The collaboration required between the two District Councils to achieve the Ruamāhanga Roads delivery of roading services means there is a culture of collaboration. This culture carries through to the management of contracts with other parties.

The Councils also recognise that successful contracts are based around strong relationships and can have two, three or more parties jointly contracted to deliver a single outcome. This relationship involves a sharing of skills, risk and jointly promoting innovation to improve value of the service delivery and is relevant from the smallest of contracts to the largest performance based, long term contracts. Strong contractual relationships with the supply chain:

- Promote stability in the marketplace.
- Provide confidence to both Council and the contracting industry.
- Encourage investment in systems, training and equipment.
- Place a value on local knowledge and skills.

8.5 Customised Procurement

No specific contract or works has been identified that would require a customised procurement plan for either professional services or physical works.

The following two projects identified fit the standard procurement models outlined in this policy and Waka Kotahi procurement manual.

- Network Maintenance Contract
- Bridge Structural and Geotechnical Inspections

Projects that fall outside of the scope of this policy would include, but are not limited to the following.

- Emergency works
- Projects outside of the budgets outlined above
- Contracts requiring specialist input (both professional services and/or physical works)
- Large projects requiring additional/external funding

9 Implementation

9.1 Capability and Capacity

The Ruamāhanga Roads business unit currently has four positions and one contract staff member engaged for specific tasks.

The staffing levels are currently under review. The view is that staffing levels should be increased. The review has identified gaps and options are being considered for filling these gaps. The requirement of the Land Transport Management Act, section 26 for approval by Waka Kotahi of the in-house professional service will be considered before implementation of any changes. However, it is not expected that this review will result in a change to the services delivered in-house but rather ensure they are adequately resourced.

10 Internal Procurement Processes

The internal processes for procurement are set out for each procurement segment.

10.1 Professional Services

The following steps will be followed for procurement of consultant services. The procurement process must follow the requirements of the Waka Kotahi Procurement Manual. These steps identify the broad process and who is responsible for completion of the Procurement Manual's requirements. The acceptance of the offers by the Roading Manager assumes that the received offers can be paid for within Councils' Transport budgets and the Roading Manager has the appropriate Council delegation.

1. A brief of the services required will be developed by The Roading Manager.
2. The Roading Manager or his delegate will determine how professional services are to be engaged based on The Procurement Manual.
3. If the procurement is to be a closed contest the Roading Manager will approve the list of consultants who are to be requested to price the work. Note for a closed contest at least 3 consultants should be asked to price the work.
4. The services brief will be provided to the consultant for pricing; it will be a requirement of a successful bid for the consultant to provide a detailed scope of services.
5. The Ruamāhanga Roading staff will evaluate the offers received after the closing date and make a recommendation to the Roading Manager.
6. The Roading Manager will consider the recommendation then forward the recommendation to the person with the relevant level of Council's delegation to accept the offer.
7. The person with the appropriate Council delegation can make one of the following decisions: accept the recommendation, decline the recommendation or request the evaluation team supply more information.
8. If step 8 results in an awarded contract, then the Ruamāhanga Staff member must:
 - a. Notify the successful and unsuccessful bidders.
 - b. Log the award of the contract with the Councils' contract records system.
 - c. Log the award of the contract in the Ruamāhanga contract record system and complete the Contract Award notification in GETS when the estimated value is \$50,000 or greater, if not already completed by the Councils' contract record system.

10.2 Physical Works

The steps detailed in this section must be followed for procurement of contractors. The processing of each step must follow the requirements of the Waka Kotahi procurement manual. The steps detailed in this section must be read in conjunction with the Waka Kotahi procurement manual's requirements. The details in this section identify the responsibilities and resources to be used for completion of the procurement.

1. A procurement plan will be prepared by the Roading Manager or his delegate that implements this procurement strategy and Waka Kotahi's Procurement Manual requirements. The procurement plan needs to take account specifically of the focus on health and safety and redefinition of value for money requirements objectives of this strategy and those in Chapter 3 of Waka Kotahi's procurement manual.
2. If the procurement is to be a closed contest the Roading Manager will approve the list of contractors who will be requested to price the work. Note for a closed contest at least 3 contractors should be asked to price the work.
3. The procurement plan will be implemented in accordance with Waka Kotahi Procurement manual, section 5.5. The implementation of the procurement means being responsible for calling for tenders, responding within the contract timeframes to questions from tenderers, managing the closing of tender bids and completion of the evaluation of tenders and provide the appropriate documentation for the Council to consider the recommendation from the tender evaluation team.
4. The Roading Manager, or his delegate, will consider the tender evaluation team's recommendation then forward the recommendation to the person with the relevant level of Council's delegation to accept the offer.
5. The person with the appropriate Council delegation can make one of the following decisions: accept the recommendation, decline the recommendation or request the evaluation team supply more information.
6. If the above step 5 results in an awarded contract, then the Consultant must:
 - a. Notify the successful and unsuccessful bidders.
 - b. Log the award of the contract with the Councils' contract records system.
 - c. Log the award of the contract in the Ruamāhanga contract record system and complete the Contract Award notification in GETS when the estimate value is \$50,000 or greater, if not already completed by the Councils' contract record system.

11 Performance measurement and monitoring

The data identified in Waka Kotahi's Procurement Manual Appendix F will be held. There are no additional Ruamāhanga Roads data and KPI requirements.

The procurement data will be analysed to determine if the Procurement Strategy's objectives are being achieved when the Procurement Strategy is updated. The analysis of the procurement data will also be reported to the Ruamāhanga Governance Board annually.

12 Communication Plan

The Procurement Strategy will be communicated to internal stakeholders once it has been approved by Waka Kotahi.

Waka Kotahi's approval of the Procurement Strategy will be sought once it has been endorsed by the Ruamāhanga Road's Governance Board members.

The signed strategy will be uploaded to the Councils' websites.

The strategy is intended to be communicated to local suppliers, after Waka Kotahi's approval and when service offers are sought from them.