TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

Road Transport Activity Procurement Strategy 2026

ŌTOROHANGA DISTRICT COUNCIL

Document Control

Revision	Revision date	Revised by	Approved by
ŌDC Transport Procurement Strategy 2026-2029	May 2026	Paul Strange Manager Roading	Mark Lewis Group Manager Engineering and Assets

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Ownership and Review

The Transport Procurement Strategy applies to all land transport activity procurement within the Ōtorohanga District.

This review of the Strategy has been approved by the Group Manager Engineering and Assets. A formal review is expected to be undertaken six months before the next major road maintenance contract tender. The Strategy may also be reviewed through the Long-Term Plan (LTP) process or in response to significant changes in government direction, particularly where services are added or removed.

APPROVED BY THE CHIEF EXECUTIVE OF THE ŌTOROHANGA DISTRICT COUNCIL

Chief Executive: .....

Name: .....Tanya Winter.....

Date: .....6 July 2026.....

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1.0 Executive Summary

1.1 Introduction

This Transport Procurement Strategy sets out Ōtorohanga District Council's approach to procuring land transport works and services for the 2026–2029 period. It fulfils NZTA requirements for an endorsed procurement strategy for subsidised land transport activities and, for consistency, also applies to non-subsidised land transport procurement undertaken by Council.

The Strategy is intended to support value for money, fair and transparent procurement, competitive supplier markets, safe delivery, and a resilient local transport network. It recognises that Ōtorohanga is a rural district with a large network relative to its population and rating base, and that procurement decisions need to balance affordability, supplier capability, local resilience, and long-term asset stewardship.

Council's land transport network is one of its most significant infrastructure responsibilities. It comprises 804 kilometres of roads, 37 kilometres of footpaths, 118 bridges, 11 major culverts, two fords, 83 stock underpass structures, 5,794 culverts and 3,287 signs, with an estimated replacement value of $447 million. Annual operating costs in 2026/27 are approximately $5 million, with renewals of approximately $6.5 million.

Most of Council's land transport activities are well defined and low risk, with scopes that can be clearly described in contract documents. The staged delivery model therefore remains the preferred delivery model. Other models may be considered where they can be demonstrated to provide best value for Ōtorohanga, but no advanced procurement procedures are currently anticipated.

1.2 Scope of Roading Business

The regional physical works market remains sufficiently healthy to provide competition and price tension, supported by a mix of national contractors, regional providers and local subcontractors. However, smaller local suppliers face increasing compliance and administrative requirements. This Strategy therefore seeks to preserve local capability where practical, including through appropriate contract packaging, use of local subcontractors, and opportunities for smaller suppliers to participate in low-risk works.

Council's in-house Roading Team remains a key strength, providing the majority of core professional services required to support the land transport programme. This capability is supplemented by specialist consultants and regional collaboration through arrangements such as CoLab/RATA where they provide value.

A central focus of this Strategy is the next Road Maintenance Contract, proposed to commence in July 2027. Council proposes a 3+3+3 contract term to create an attractive and competitive package, reduce tendering costs, support long-term network stewardship, and provide flexibility at each rollover point. The proposed contract is expected to include separable portions for network maintenance, unsealed pavement rehabilitation, reseals, and sealed pavement rehabilitation.

1.3 Delivery Model

The Strategy also recognises future opportunities for collaboration with NZTA and neighbouring councils, including potential shared or combined service arrangements. At this stage, combined physical works packages are not considered likely to deliver measurable financial efficiencies for ŌDC in the short term, although professional services collaboration will continue to be considered where practical.

The Strategy will be reviewed regularly and formally updated before the next major road maintenance contract tender. It may also be reviewed through the Long-Term Plan process or in response to significant changes in government direction, supplier markets, funding arrangements, or local government reform.

Ōtorohanga District Council seeks NZTA endorsement of this Transport Procurement Strategy 2026, approval for the continued use of a nine-year maximum term (3+3+3) for the district road maintenance term service contract, and continued approval under section 26 of the LTMA for Council to use in-house professional services.

1.4 Procurement Environment

Ōtorohanga District is situated in the south-west extent of the Waikato region and is characterised by its distance from national and regional service providers typically located in the major population centres. A relatively large network of low traffic volume roads and low population density results in a high proportion of land transport activity spend from the total Council budget.

The potential impacts of local government and water reform on local supplier markets remain uncertain.

The regional physical works supplier market remains sufficiently healthy to provide price tension and effective competition. Larger contractors are generally able to move in and out of the district to match market conditions and workload. They are supported by a strong base of experienced local subcontractors who provide valuable service to Council. However, the risk of losing local capability remains, particularly as smaller suppliers continue to manage increasing legislative and compliance requirements. This Strategy is intended, in part, to support the ongoing viability of these smaller local suppliers.

Council's in-house Roading Team is a significant strength, providing the majority of core professional services required to support land transport activities. This capability is expected to be retained for the foreseeable future. The Roading Team is supported by smaller consultants who provide specialist services and assist with fluctuating workloads. Road safety coordination is undertaken by a part-time consultant who also provides services to Hamilton City Council.

Central Government and NZTA initiatives continue to encourage collaborative procurement where it can improve efficiency and value for money. ŌDC's experience is that joint tendering for physical works has not delivered measurable financial efficiencies. However, collaboration for professional services can improve service capability without increasing cost. On that basis, combined physical works packages are unlikely to be pursued further by ŌDC in the short term, while professional services collaboration will continue to be considered where practical.

1.5 Approach to Delivering the Land Transport Programme

This Strategy supports delivery of the Long-Term Plan (LTP) by guiding the procurement of land transport works and services. It promotes effective maintenance, delivery of appropriately designed and constructed assets, fair pricing, a sustainable supplier market, and efficient use of funds over the long term.

The use of appropriate contract terms, together with requirements for suppliers to demonstrate established local subcontractor and supplier networks, is intended to provide fair opportunities for local businesses where appropriate. Maintaining a healthy and competitive supplier market supports long-term value for money and improves the district's resilience during emergency events, when rapid mobilisation and local capability are critical. This was demonstrated during the 2025/26 weather events, where local supplier capacity was highly valued by the community.

Council's Manual of Tendering and Purchasing Procedures, together with standard contract management process frameworks, incorporate and reinforce the principles of this Procurement Strategy.

The principles of this Procurement Strategy also align with Council's Procurement Policy.

1.6 Document Ownership and Review

This Procurement Strategy applies to all land transport activity procurement within the Ōtorohanga District.

This review of the Strategy has been approved by the Executive Leadership Team. The next review is expected to align with the 2031-34 LTP. Unless significant roading contracts are scheduled for re-tender, that review is expected to be light-touch.

1.7 Recommendations for NZTA

Ōtorohanga District Council recommends that NZTA:

a) endorse this Transport Procurement Strategy 2026;
b) approve the continued use of a variation to the NZTA Procurement Manual, section 10.21, allowing Ōtorohanga District Council to use a maximum term of nine years (3+3+3) for its district road maintenance term service contract; and
c) approve the continued use of an approval under section 26 of the LTMA, allowing Ōtorohanga District Council to use in-house professional services.

2.0 Policy and Objectives

2.1 Council Strategic Objectives

The Strategic Objectives of the Ōtorohanga District Council are defined within the **Long-Term Plan 2024-34** (LTP) and are summarised in the following Community Outcome Statements:

COMMUNITY OUTCOMES: Land transport underpins outcomes related to people, place and partnerships.

PEOPLE • Connected, empowered, engaged communities • Welcoming, proud, thriving communities

PLACE • Vibrant, diverse, liveable communities • Sustainable, resilient district

PARTNERSHIPS • Progressive, enduring, supportive partnerships for district wellbeing

Land transport procurement represents a significant proportion of Council's overall expenditure and provides an important opportunity to support local business sustainability while delivering fit-for-purpose services.

The LTP 2024/34 provides the following statement for the purpose of the road transport activity:

OVERALL
kia mau tātou ki te ara… steady as she goes.

OUR SERVICES - LAND TRANSPORT WHAT WE DO AND WHY
Land transport is integral to everyday district life and is Council's largest area of expenditure. Council manages 804 kilometres of roads that connect residents and visitors to their destinations, businesses to customers and suppliers, and local production to markets. As a rural district with a dispersed population, Ōtorohanga relies on a well-maintained and resilient roading network to connect people and support economic activity.

2.2 Strategy Objectives

Value for Money
For the purposes of this Strategy, value for money means achieving the best possible outcome for the total cost of ownership and over the whole life of the asset or service.

In accordance with section 25 of the Land Transport Management Act 2003 (LTMA), procurement procedures used by approved organisations must be designed to obtain best value for money spent, having regard to the purpose of the Act.

In the context of land transport procurement, best value for money involves procuring goods and services that deliver approved outcomes in an effective, efficient, safe, sustainable, and economically responsible manner.

Value for money is assessed using both price and non-price factors. While competitive pricing is important, the lowest initial price does not necessarily represent the best long-term value. Consideration may also be given to factors such as supplier capability and capacity, quality, risk management, health and safety performance, sustainability outcomes, innovation, resilience, and maintaining competitive and efficient supply markets.

Procurement decisions will therefore seek to achieve the best overall long-term outcome for the community and the transport network.

Competitive and Efficient Market
As a smaller rural district located some distance from larger urban centres, the number of capable and experienced road transport service suppliers available to the Council is limited. Nevertheless, the district continues to represent a viable and attractive market for regional contractors when work is appropriately packaged and procured.

Recent industry trends, including the acquisition of smaller independent civil construction contractors by larger national firms, have reduced the number of potential bidders for smaller-scale road construction and maintenance activities. To support fair and competitive pricing for future works, it is important to maintain and, where practicable, expand the pool of regional service providers, while also supporting the ongoing participation of locally based subcontractors within the district.

Council's experience indicates that smaller locally based contractors can provide highly competitive rates, often due to lower overhead costs and more modest profit expectations. In addition, Council contracts may represent a significant proportion of these contractors' workload, which can encourage strong performance, responsiveness, and a high standard of service delivery. However, increasing legislative, technical, and compliance requirements have contributed to a greater concentration of contracts among larger organisations.

Providing smaller-value project works to locally based contractors, while still achieving fair pricing through limited or invited tendering processes where appropriate, can assist in maintaining a consistent pipeline of work. This approach supports the long-term viability and capability of local contractors and contributes to maintaining a competitive and efficient supply market. It also reduces the risk of market dominance by a single provider and supports the achievement of value for money over time.

Council also recognises the importance of regional contractors engaging locally based subcontractors where practicable. This helps ensure that local businesses continue to participate in and benefit from the delivery of transport activities, supporting local economic resilience and contributing to a sustainable, responsive, and capable supply chain.

Corporate Ownership and Development of the Strategy
Council has managed land transport procurement in accordance with the Ōtorohanga District Council Manual of Tendering and Purchasing Procedures and the Delegations Manual for some time. These tendering and award processes are established and well understood by staff involved in purchasing services for Council. The Manual of Tendering and Purchasing Procedures is consistent with:

- NZTA Procurement Manual Amendment 6 (2022)
- MBIE Government Procurement Rules 5th Edition (2025).

The procurement methods set out in this Strategy are not significantly different from current practice. As the team managing roading-related procurement is relatively small, consistent application of the Strategy is expected.

Better Inform the Supplier Market
Publishing longer-term primary works through the RAMM forward works planner, including expected work values, will provide the market with greater visibility of future opportunities. This is intended to encourage existing suppliers to remain active in the market and support new suppliers considering entry into the region.

Strategy Development
The Strategy will be reviewed regularly to assess whether the procurement methods continue to achieve the intended objectives and outcomes. Engagement with the roading supplier industry will be undertaken alongside NZTA, Council, and other local road

controlling authorities with similar operating conditions to ensure the Strategy remains aligned with the current LTP and good industry practice.

2.3 Strategy Outcomes

The MBIE Procurement Principles and Charter provide mandatory guidance for procurement.

The Strategy should ensure that ŌDC applies the following procurement principles:

1. Plan and manage for great results
2. Be proportionate and right-size the procurement
3. Be fair to all suppliers
4. Get the right supplier
5. Get the best deal for everyone
6. Play by the rules

MBIE also states that procurement should:

1. **Deliver economic benefits to New Zealand**. Work to create opportunities for local businesses and small-to-medium enterprises to participate in your procurement processes. Consider if your procurement offers opportunities for delivering social, environmental and cultural outcomes.
2. **Look for new and innovative solutions**. Make sure you don't overprescribe the technical requirements of a procurement, give businesses the opportunity to demonstrate their expertise.
3. **Engage with businesses with responsible business practices**. Ensure that the businesses you contract with operate with integrity, transparency and accountability, and respect international standards relating to human and labour rights. For businesses operating within New Zealand, ensure that they comply with all New Zealand employment standards and health and safety requirements.
4. **Promote inclusive economic development within New Zealand**. Engage with Māori and Pacific Peoples, and regional businesses and social enterprises in order to actively contribute to our local economy. Openly working to include and support these businesses and enterprises through procurement will promote both skills development and a diverse and inclusive workforce.
5. **Manage risk appropriately**. Responsibility for managing risks should be with the party – either the agency or the supplier – that is best placed to manage the risk. Agencies and suppliers should work together on risk mitigation strategies.
6. **Encourage collaboration for collective impact**. Look to support greater collaboration, both across-agency and across-businesses to give likeminded groups the opportunity to find common solutions within your procurement opportunities.

In addition to meeting the KPI measures in section 5.6, the Strategy will be considered effective if the following qualitative benefits are achieved:

- The number of smaller local contractors is maintained or increased.
- The level of locally available civil engineering construction skills is maintained or increased.
- Roading construction work is delivered by a diverse group of suppliers while maintaining value for money for ratepayers.

- The district maintains 24-hour, seven-days-a-week support and suitable resourcing to respond to emergency or unexpected roading needs.

2.4 Health and Safety

Council recognises its obligations under the Health and Safety at Work Act 2015 (HSWA) and requires all suppliers to take practical steps to ensure safe work practices are used. Council requires all suppliers to comply with these obligations, recognising that contracting chains carry shared responsibilities under HSWA to consult, cooperate, and coordinate activities with suppliers and contractors.

Council also expects suppliers to actively promote best practice health and safety throughout the procurement lifecycle, including consideration of the principle of 'health and safety by design'.

Council requires contractors undertaking work on its behalf to hold appropriate SHE / Tōtika accreditation.

Contractors are required to submit contract-specific health and safety plans, which are reviewed annually. Council staff monitor these plans to confirm that agreed actions are implemented. Monitoring may include safety committee meetings, toolbox meetings, and the investigation and follow-up of workplace incidents.

2.5 Sustainability Considerations

Sustainability is of strategic and statutory importance to Council. The Local Government Act 2002 requires Council to take a sustainable approach by taking into account the social, economic, environmental, and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment, and the needs of future generations. Sustainability must therefore be considered throughout the entire procurement process. This is in line with a shift in the Government Procurement Rules (5th Edition) 2025, which replace 'broader outcomes' with the following:

When applying Rule 8, agencies must also consider opportunities to deliver economic benefit to New Zealand, including:

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 Pasifika businesses, in delivering goods and services, either directly or as subcontractors 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 must also:

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 delivering the agreed economic benefits

n) conduct sufficient monitoring of economic benefits to ensure that commitments made in contracts are delivered and reported on.

Agencies are also required to determine an appropriate rating scale and evaluation model for weighting economic benefit criteria.

3.0 Procurement Environment

This section provides an overview of the supplier market.

3.1 Professional Services

Ōtorohanga delivers professional services through its Roading Team, supported by specialist consultants who help manage fluctuating workloads and provide expertise not required on a full-time basis. This model effectively supports maintenance and capital roading programmes, forward planning, NZTA systems, asset management, and AMP delivery. Embedded consultants with strong local and institutional knowledge strengthen Council's capability. The following activities are regularly undertaken in-house by experienced staff and embedded consultants:

- Management of the maintenance contracts
- Road renewal: design, specification preparation and tendering
- Construction observations and quality assurance
- AWM data management
- Asset condition surveys
- Geotechnical assessments
- Emergency works planning

While some professional service providers for land transport activities are based within the Ōtorohanga District, Council's central location means many providers are sourced from the wider Waikato region. A broad range of experienced consultants are available to respond to price requests or tenders for specialist inputs, and recent experience has shown that a high response rate for prices has been achieved.

As a small purchaser in the specialist roading professional services market, Ōtorohanga District Council has limited ability to influence overall market conditions.

Collaboration between road controlling authorities in the Waikato region has led to the establishment of the WLASS CoLab RATA Business Unit, which provides specialist asset

management professional services and in which Ōtorohanga District participates. Pavement modelling (dTIMS) and traffic counting are currently undertaken jointly through CoLab, including specialist data analysis. The NZTA nationally delivered Consistent Condition Data Collection (CCDC) contract is also managed in the Waikato region by RIMU. As CoLab's specialist professional services offering expands, Ōtorohanga District Council is likely to use those services where they provide value.

The February 2026 storm event highlighted Civil Defence as a particular area of shared strength and collaboration.

Shared service opportunities with other councils continue to be explored where individual expertise can be used across organisations. Bylaw development is the most recent example.

Shared learning is also well established through:

- RATA Roading Managers Forum,
- RATA Asset Valuation,
- Road Efficiency Group (REG) workshops
- RATA NZGTTM (TMC workshops).

3.2 Physical Works

Since 1997, Council's maintenance operations have been delivered by an independent contractor. Previous tenders for this contract attracted six tenders in 2002, seven in 2007, three in 2012, four in 2017, and two in 2018. Most contractors who previously tendered remain active in the wider region, and contracts of this scale are expected to continue attracting interest from competent contractors.

Council has previously considered expanding the scope of the General Roads Maintenance Contract to include works such as bulk metal replacement on unsealed roads, pavement rehabilitation, and resealing. Including these activities would not be expected to reduce the number of contractors capable of undertaking the contract or compromise the quality of maintenance work. Major contractors are expected to remain active in the Waikato regardless of whether they hold ŌDC work. However, their relationships with smaller locally based contractors need to be actively managed.

In recent years, these works have been tendered separately and awarded to a range of contractors.

This is considered to have two main advantages:

- Reduced risk of resources being diverted from routine road transport maintenance, helping maintain agreed levels of service.
- A more even spread of work across regional contractors, supporting ongoing market viability.

This approach also has disadvantages:

- Increased contract administration and coordination burden on Council staff.
- Reduced ability for innovation.

- Reduced ability for contractors to work as long-term partners, manage the network over the long term, and develop strong local networks of subcontractors.
- Less coordination between workstreams and maintenance works, with a resultant decrease in the level of service provided.
- A more price-driven approach, with greater quality risks.
- Short-term gains without considering long-term resilience or value.

A number of small to medium-sized contractors have the experience and plant capacity to deliver typical maintenance works and projects, including bulk metal replacement on unsealed roads, capital works, resilience works, and low-cost, low-risk projects. However, increasing compliance, regulatory costs, and administrative requirements can limit their ability to tender for full contracts. Delivering work through a main contractor, with clear requirements for local subcontracting, helps retain local capability and supports supplier viability. The 2027 maintenance contract will require 10% of services, based on plant and labour, to be delivered by suitable local subcontractors.

Main contractors and specialist subcontractors are expected to be NZTA prequalified in the relevant category.

Price requests for works under $200k may be issued to three invited contractors.
Price requests for works under $50k may be issued directly, although the preferred approach is for these works to be managed through the maintenance contract where appropriate.

These initiatives are intended to support, and potentially grow, the range of local suppliers available for low-risk works.

For the purposes of this Strategy, a local contractor is considered to be one that has a works depot or principal administrative office in the Ōtorohanga, Waitomo or Waipā Districts.

3.3 Procurement Programmes of Other Approved Organisations

ŌDC regularly engages with both neighbouring councils and the local contracting industry on procurement programmes and tenders going out to the market. Council's procurement requirements for its roading activity sit alongside a number of other approved organisations purchasing from the same supplier market. They include:

- NZTA – State Highway IDC (expiry date 2030)
- Neighbouring district councils' land transportation activity procurement programmes.

Road Network	Form of Contract	Current Contractor	Term of contract	End date	Network length	VKT(000's)
NZTA State Highway IDC	IDC -West Waikato	Fulton Hogan	7+2	2028 (+2)	653	
Waikato DC (north)	NZS 3917	Higgins	5+3+2	2030 (+3+2)	1221 est	283,470
Waikato DC (south)	NZS 3917	Fulton Hogan	5+3+2	2030 (+3+2)	1221 est	250,000
Hamilton City	Collaborative agreement	Downer	5+3+2	2028	684	846,282

Waipā DC	NZS 3917	Downer	3+1+1	2026 (+1+1)	1123	393,851
Hauraki DC	NZS 3917	Ventia	5+2	2027 (+2)	632	96,312
MPDC	NZS 3917	Downer	5+3+2	2031 (+3+2)	1023	262,155
TCDC	NZS 3917	Ventia	4+2+2	2027	701	89,932
Waitomo DC	NZS 3917	Inframax	5+2	2029 (+2)	1008	53,233
South Waikato DC	NZS 3917	MS Civil	3+5	2029 (+5)	538	
Taupo DC	NZS 3910	HEB	5+3	2029 (+3)	816	296,059
Ōtorohanga DC (existing)	NZS 3910	Inframax	3+3+3	2027	804	58,905
Ōtorohanga DC (proposed)	NZS 3917		3+3+3	2031 (+3+3)	804	58,905

The option of jointly tendering similar work types with adjacent road controlling authorities has not been progressed through this Strategy. However, the suite of road maintenance activities continues to present potential for joint contracts due to the similarity of work type and scope.

Waitomo District Council presents some opportunities for joint contracts because of similarities in work type and scope. Although the same supplier currently holds both the Ōtorohanga and Waitomo District Council contracts, differing levels of service requirements make it unlikely that a shared procurement approach would be successful at this time.

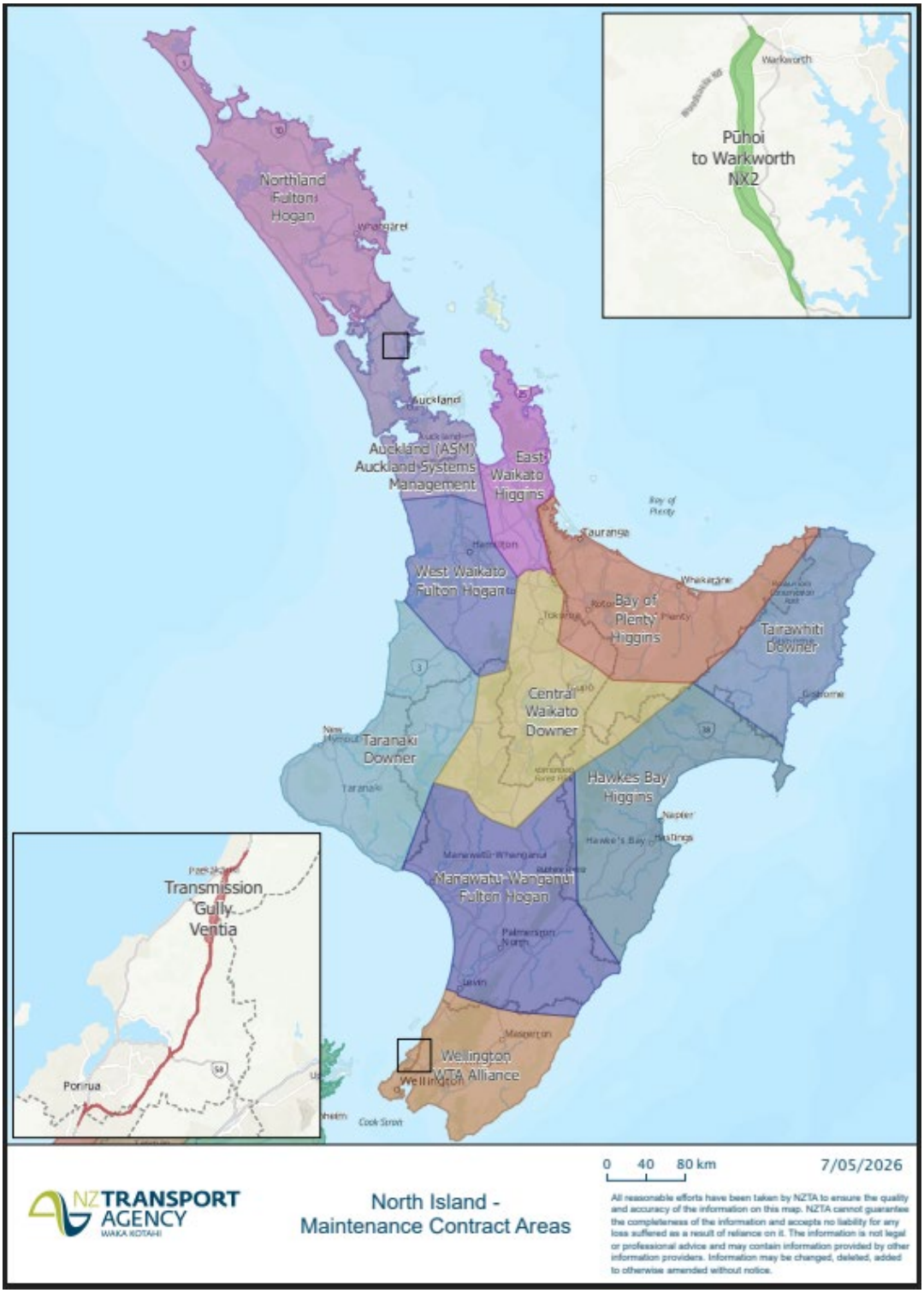
Waipā District Council also presents opportunities for urban services, where its larger scale may support improved value for money.

Other options may exist for sub-regional arrangements; for example, streetlight maintenance may be considered in the future.

Current local government amalgamation discussions make further consideration of these options difficult at this time.

3.4 Future NZTA (New Zealand Transport Agency) Collaboration Option

The state highways extending through the middle of the district are managed under NZTA's West Waikato Integrated Delivery Model (IDM) contracts, previously Network Outcomes Contracts (NOC).



The state highway network forms a central spine through the district and connects with many local roads, including routes through Ōtorohanga and Kāwhia. From an operational perspective, a combined NZTA / District Council managed road network could provide advantages, as state highways are frequently used by maintenance vehicles accessing local roads. Such a model may offer potential savings through shared overheads and mobilisation costs. Similar arrangements exist in Western Bay of Plenty District Council (Westlink) and Marlborough District Council (Marlborough Roads). Additional benefits may include improved coordination, emergency event resourcing, and management of state highways

through urban areas. However, the current barriers to pursuing this option in the short term are:

- No detailed business case has been undertaken, which would be necessary to confirm the benefits and disbenefits to both parties of any combined contract.
- Misalignment in service levels, although ONF alignment and separately identifying highway service levels within a combined contract model may be possible.
- Misalignment in contract expiry dates between Council's contracts and the Waikato IDM for state highways.
- Integrating works through a combined network model may result in project delays.

These factors indicate that this option is unlikely to be viable before 2035. If the option is considered further, the following steps are recommended:

1. A detailed business case to determine whether the option would provide value for money, efficiency, and improved outcomes for road users.
2. A review of other combined contract models in New Zealand, including whether anticipated benefits were achieved, issues encountered, and impacts on local contractor markets.
3. An assessment of the technical and managerial skills required for a combined contract, including where those skills would be located and how any capability or capacity gaps would be addressed.

If the studies support further development of the option, the next steps would be:

1. Development of a memorandum of understanding between Council and NZTA to pursue a combined contract.
2. Development of a detailed programme for preparing a combined contract, including critical milestones.
3. Workshops on the form of the combined contract.
4. Alignment of future contract expiry dates to enable a combined contract to be developed.
5. Inclusion of a broad provision in the next round of contracts to allow extensions or rollovers where needed to align replacement contract timing.

3.5 Local Government Act s17A review

Ōtorohanga District Council last completed a Local Government Act section 17A review in February 2011. Recent Council considerations had indicated that existing shared services should be strengthened and developed where they provide value for money, while allowing each party to retain appropriate control. However, current local government amalgamation discussions have delayed further development of these options. Establishing a new timeline at this stage would be impractical and may constrain the development of this Transport Procurement Strategy.

4.0 Approach to Delivering the Work Programme

4.1 Strategic Objective and Approach

This Strategy supports the delivery of LTP targets by guiding how Council purchases land transport works and services. The approach is to maintain and renew assets so they meet community needs, while securing fair pricing, sustaining the supplier market, and achieving efficient use of funds over the long term. As most contracts established under the 2021/24 Procurement Strategy remain current, and no major change to ŌDC's procurement approach is proposed, this 2026 update is largely business as usual.

4.2 Contract Term Periods

Most current roading maintenance contract terms are considered to be working well for the District. However, the Road Maintenance Contract is proposed to change to a 3+3+3 term in the 2027-30 NLTP, incorporating the activities listed below:

Contract	**Term**
Road Maintenance	3+2+2+2
Reseals and second coat sealing	2+1 + 1
Pavement Renewals	On a project basis
Unsealed road metal replacement	3 + 1 + 1
Road marking	3+1

Longer terms for larger maintenance and operational works contracts, such as AWPT and unsealed road metal replacement, reduce tendering and project management costs for Council and tendering costs for suppliers. End dates will be staggered so that one tender is re-awarded each financial year, smoothing Council's internal workload and providing a more consistent pipeline of opportunities for suppliers.

Some physical works, such as road marking, have a limited supplier base and limited local capacity. Coordination with other works is important, and a dedicated subcontractor can help reduce conflict between work programmes.

Smaller and less regular work packages, such as bridge deck replacements and bridge painting, have variable timing and volume and will continue to be tendered as required for individual financial year programmes.

The primary road maintenance contract has traditionally attracted bids from large national contractors rather than local or regional contractors. Although these contractors often employ local staff and use local suppliers, the contractor itself is not always considered local. Following an internal review of the Road Maintenance Contract and discussions with the NZTA procurement team, staff determined that a 3+3+3 contract term would create an attractive package, support strong competition, and reduce Council's tendering costs.

Where contract extensions are required because tendering difficulties exceed the three-month allowance under the NZTA procurement rules, Council must engage with NZTA and obtain approval.

Unforeseen circumstances, other than re-tendering difficulties, may require a contract extension of up to two years. This primarily relates to aligning or staggering contract expiry dates where a significant restructure of services is required. NZTA approval will be required for extensions outside this context. ŌDC has deliberately aligned existing contracts so that a combined contract in July 2027 remains achievable.

4.3 Package Size

Some physical works, particularly low-cost, low-risk and resilience improvement works, can be bundled into packages in the $10k to $50k range without materially affecting direct costs through economies of scale or geographic factors. Where practicable, these works will be packaged to provide fair opportunities for local suppliers.

4.4 Delivery Model

Most land transport activities in the Ōtorohanga District are well defined and low risk, with scopes that can be clearly described in contract documents. Council's land transport activities are therefore well suited to the Staged Delivery Model, where design is procured and completed separately from construction or implementation contracts.

All land transport activity procurement will use the Staged Delivery Model as defined by the NZTA Procurement Manual, Appendix D. The quality-based supplier selection method will be used only for professional services. A modified copy of the decision tree is provided on the next page.

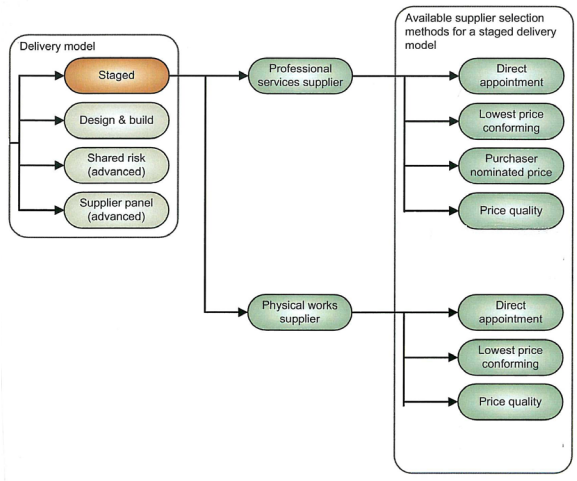


Figure 1 – Revised Staged Delivery Model

4.5 Physical Works Delivery

The following tables summarise current works.

Roads Maintenance and Renewals

Description	Approximate Value (2024/25 values)	Supplier Selection Method	Financial Year for commencement of contract	Term (years)	Comments
District roads maintenance	$6.0M/year	Price Quality Method	2018/19 awarded 14-08-2018	3+2+2+2	Term approved by NZTA EXPIRES June 2027
Sealed road resurfacing 2024-2027	$2.0M/ year	Lowest Price Conforming	2024/25	1+1+1	Rollover 2026/27 conversations are underway
Unsealed road metal replacement	$0.6M/ year	Lowest Price Conforming	1 July 2021	3+1+1	Can end July 2027
Street light maintenance	$5,000/ year	Service agreement	2024/25	Review annually	Low annual cost Service is on demand.
Pavement Marking 2025/27	$660,738	Lowest Price Conforming	2025/26	2	2 remark cycles of network, ends July 2027

Capital Projects

Description	Approx Value	Supplier Selection Method	Financial Year	Comments
None				

Expanded bridge maintenance and resilience-focused drainage renewals are generally delivered as variations to the maintenance contract, as the work is consistent with the existing contract scope but often larger in scale.

Some renewals are delivered using emerging techniques that are not yet suited to traditional tendering processes, including precast concrete bridge deck replacement, mini-bridges, MasterSCRIM treatment, and bridge scour repairs. These are progressed using trusted suppliers with price tension from three quotes where practical.

Emergency works are typically delivered through maintenance contract variations due to the need for rapid response. Local contractors provide additional resources and specialist capabilities to our maintenance contractor where required. Most emergency works involve earthworks, bridge maintenance, and culvert repairs. Stand-alone contracts may be considered for larger, design-intensive works where time permits.

Low-cost, low-risk (LCLR) activities are commonly integrated with larger renewal projects, such as pavement rehabilitations. Where sufficient work can be packaged into a discrete programme, separate contracts may be tendered as outlined in Section 4.3.

Reduced funding for LCLR activities and footpath renewals has lowered delivery volumes to a level that no longer justifies separate contract arrangements.

The following tables summarise proposed works.

Roads Maintenance and Renewals

Description	Approximate Value (2026/7 values)	Supplier Selection Method	Financial Year for commencement of contract	Term (years)	Comments
District roads maintenance	$6.0M/year	Price Quality Method	July 2027	3+3+3	

The 2027 Road Maintenance Contract is proposed to include the following separable portions:

SP1 – Network Maintenance

- Sealed pavement maintenance
- Unsealed pavement maintenance and minor renewals
- Drainage maintenance and renewals
- Bridge maintenance and component renewals
- Vegetation control
- Traffic services
- Cycleway and footpath maintenance and renewals
- Emergency works (as required)

SP2 – Unsealed Pavement Rehabilitation (Bulk metalling)

SP3 – Reseals

SP4 – Sealed Pavement Rehabilitation

A key objective of the contract is to maintain network resilience and ensure sufficient local resources are available to respond effectively to emergency events. The contract will encourage ownership, partnership, and innovation in techniques and methods to deliver core services and achieve value for money.

The contract will also support the development of the next generation of contractors and engineers. The longer-term maintenance contract may also open up opportunities to redevelop ŌDC's extensive historic quarries, some of which may offer viable options.

The use of separable portions provides flexibility at each three-year rollover to review delivery arrangements and respond to operational, market, or organisational changes, including potential future local government reform.

Council also reserves the right to package and tender larger emergency works, bridge renewals, drainage renewals, and pavement rehabilitation projects separately. This approach maintains competitive tension, allows response to changing market conditions, and provides flexibility where the scale and complexity of future works are not yet known.

4.6 Professional Services Delivery

Most professional services required to deliver the work programme will be provided by the in-house Roading Team and embedded consultants.

This model provides a cost-effective service with low overheads and appropriate technical capability.

Embedded consultants provide access to specialist skills for defined periods and support the development of Council's internal team. This approach is particularly important while government-led local government reform continues to affect recruitment and retention. These providers have developed significant local and institutional knowledge, and Council expects to continue this support in the medium term.

Where specialist skills are not available through the Roading Team, price requests will be sought from suitably resourced suppliers.

Table D – Professional Services

Description	Approx Value	Supplier Selection Method	Financial Year	Comments
CCDC NZTA contract	Nil	Price Quality	Annual review	Existing national contracts through NZTA and locally managed by WLASS (Co Lab)
Traffic counting service	$40k PA	Price Quality	Annual review	Existing contract through WLASS (Co Lab)
Road Maintenance, professional support	$120k PA	Direct Appointment (Construction Solutions Group)	Annual review	Existing Service with Andrew Stevenson/ Ryan Armstrong –CSG
Road Maintenance and Reseals and TMP cover, professional support	$120k PA	Direct Appointment (MOSHCON)	Annual review	Existing service with Rob van der Hoek/Richard Shailer – MOSHCON
Road Construction professional support	$100k PA	Direct Appointment (Construction Solutions Group)	Annual review	Existing Service with Andrew Stevenson – CSG
Emergency Repairs professional support	As required estimate $150k PA or 5% of budget	Direct Appointment (Construction Solutions Group)	Annual review	Existing Service with Andrew Stevenson – CSG
Road Safety Co-ordination	40k PA	Direct Appointment Jeni Thornborough	6 month review	Existing Service with Jeni Thornborough 1 day a week
Bridge inspection and assessment	120kPA	Direct Appointment (ACE)	Annual Review	Existing Service with Martin Cockett- ACE
WLASS (Co Lab) RAMM management services	$80k PA	Direct Appointment	2022/23	Provisional service, regional coordination and advice, traffic counts, DTIMS, REG workshops, benchmarking and regional studies.
TMC shared service	$50k/year each	Staff working at ODC and Waitomo districts	3 month trial	Shared service for TMC with ODC and Waitomo DC, trial with ODC leading, starting 1 July 2026

5.0 Implementation

5.1 Capability and Capacity

All Council staff involved in land transport procurement are guided by the Manual of Tendering and Purchasing Procedures, with additional guidance from the Delegations

Manual. Both documents are well established and understood by staff involved in purchasing for land transport activities. The NZTA Procurement Manual provides overarching guidance and rules where NZTA contributes funding.

Staff involved in land transport procurement have appropriate levels of experience, supported by ongoing external training to strengthen engineering procurement capability.

Ōtorohanga District Council has maintained a relatively stable level of land transport expenditure and staffing within the engineering group and Roading Team for some time. Council therefore has a high degree of confidence in its capacity to manage operation of the network.

The current organisational chart for staff involved in delivery of the land transport programme is shown below.

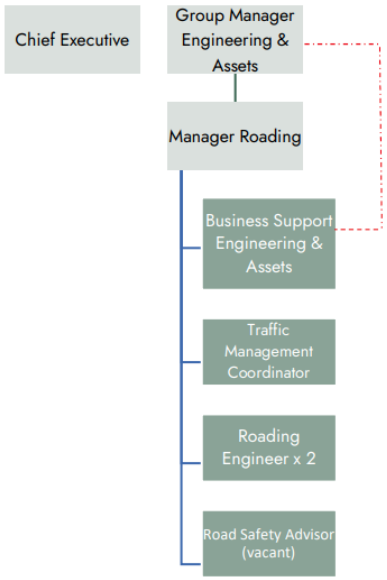


Figure 2 – Organisational Chart for delivery of the Land Transport Programme

5.2 Internal Procurement Processes

Council's Manual of Tendering and Purchasing Procedures outlines the processes for obtaining prices and awarding work. It is supported by the Delegations Manual, which confirms staff authority levels for awarding tenders and accepting prices across Council. The Manual is also supported by a decision flowchart and standard templates for the contract management process.

The type and scope of works undertaken within the district's road transport activity do not generally vary significantly from year to year. The procurement processes have been used for many years and refined to suit the work undertaken.

5.3 Communication Plan

The Procurement Strategy will be communicated to stakeholders through:

- Outline presentation to staff involved with road transport

- Posting of the Strategy on the Council website

5.4 Implementation Plan

The Strategy will be implemented following endorsement by NZTA.

5.5 Document Ownership and Review

The Strategy applies to all land transport activity procurement within the Ōtorohanga District, excluding landscape services. Oversight sits with the Group Manager Engineering and Assets, and day-to-day responsibility for compliance is managed internally by the Manager Roading.

The first edition of the Strategy was approved by Council in 2010 following the local government elections. This review incorporates collaborative tendering considerations, including the CoLab collaboration, and considers longer-term contract periods for general roads maintenance contracts.

Further reviews will be undertaken at regular intervals and, at a minimum, when major contracts are due to be tendered or when required by NZTA.

The Group Manager Engineering and Assets is responsible for overseeing future reviews, with authorisation by the Chief Executive.

5.6 Performance Measurement and Monitoring

The performance of land transport activities is monitored externally by NZTA through annual completion reporting requirements and periodic safety, technical and investment audits.

Contractor performance is measured through contractual KPIs and conformance with commitments made in tender submissions.

Monthly reports include measures such as the percentage of the approved programme completed, non-conformance reports, and incident reports. Site audits are undertaken during staff patrols of the network. Reporting of value-added commitments made in tender submissions, such as training and the percentage of subcontracted works delivered by local suppliers, has been identified as an area for improvement.

Internally, Council will review the adequacy of the Procurement Strategy at regular intervals and, at a minimum, when major contracts are due to be tendered. Changes in the supplier market will remain a focus so Council can adapt its approach, maintain value for money, and preserve the ability to respond to unexpected events.