July 2025: Version 2.1

STRATEGY FOR THE PROCUREMENT OF TRANSPORT INFRASTRUCTURE

QUEENSTOWN LAKES DISTRICT COUNCIL

Quality Assurance Statement		
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FOREWORD

The Property and Infrastructure Directorate manage Queenstown Lakes transportation network, improving road safety and ensuring people enjoy easy access to different modes of transport. The activity operates and maintains local roads (including streetlights, bridges, footpaths, traffic signals, sumps, berms, bus shelters, parking buildings and parking machines), and monitors crash statistics to identify problem areas and determine solutions. Resilience of the transport network is supported by identifying the impacts of land use, growth and development on the network and parking resource, and identification of where future upgrades or control is required. The activity invests in walking and cycling projects, and although, managed by Otago Regional Council Public Transport projects and education to encourage greater use of more sustainable transport modes.

QLDC transport forward works plan is not without significant funding and affordability constraints, both NZTA Waka Kotahi and local government are managing complex funding environments where tough decisions must be made around what we can and can't fund. QLDC work hard to meet the needs of our community, the LTP 2024 focuses on a baseline approach, this means protecting the assets we have and keeping our maintenance and renewals budgets has been key. The next three years of transport capital expenditure will focus on key pre-implementation activities, behaviour change through travel demand management and planning and preparing for our future transport needs.

As a district facing challenges from rapid population growth and high visitor numbers,

The Approach in developing this Strategy has been through:

- Engagement, consultation and collaboration with New Zealand Transport Agency Waka Kotahi (NZTA Waka Kotahi) to ensure their acceptability of the Strategy, including all the vital aspects of their Procurement Manual that QLDC needs to comply with.
- Guidance given by NZTA Waka Kotahi Procurement Manual, A *Procurement strategy checklist* on the structure of procurement strategies
- Internal consultation and collaboration to achieve a document that is well received, understood and supported internally
- Industry engagement, consultation and collaboration.

Tony Avery
General Manager, Property & Infrastructure

1. EXECUTIVE SUMMARY

This procurement strategy outlines the Queenstown Lakes District Council's ("QLDC") intentions for the strategic procurement of transport infrastructure services and works up to 30 June 2028. A strategic approach to procurement will enable Council to better increase its chances of obtaining public value.

A large portion of Council's funding for transportation activities is financially assisted by the New Zealand Transport Agency Waka Kotahi (NZTA Waka Kotahi) and the LTMA requires that approved organisations (Queenstown-Lakes District Council in this case) develop procurement procedures to obtain best value for money spent. This strategy therefore focuses on Council's procurement of transportation related goods and services.

This strategy covers the procurement of Transportation activities, including professional services funded from the National Land transport Plan (NLTP). The Long-Term Plan 2024-2034 provides for transport budgets of circa $412m (17% of total anticipated QLDC spend over 10 years). The annual estimates of capital spend is provided in Figure 1: Transport Capital Expenditure by Cost Driver.

The objectives and outcomes in this strategy are consistent with Council's strategic and organisation-wide procurement policy as well as the NZTA Waka Kotahi requirements. The key outcomes are described in Section 2.

In order to comply with its obligations under Section 25 of the Land Transport Management Act ("LTMA"), NZTA Waka Kotahi requires that approved organisations develop a procurement strategy for NZTA Waka Kotahi funded transport and roading activities under Section 20 of the LTMA.

In preparing this strategy we have reviewed and considered the following:

- QLDC 2022 Transportation Procurement Strategy
- QLDC 2024 Activity Management Plan
- QLDC Procurement Policy and guidelines
- Waka Kotahi's 10 and 30 year "Arataki Plan"
- Waka Kotahi current procurement manual
- REG Te Ringa Maimoa best practice guidance, including Contract Model Selection and Commercial Acumen guidance.
- REG Te Ringa Maimoa best practice guidance
- Undertaken a 17A review under the Local Government Act

2. KEY ISSUES AND OPPORTUNITIES TO OBTAIN PUBLIC VALUE

There continues to be internal and external challenges for QLDC in obtaining public value in in the delivery transport infrastructure. These include:

2.1. ISSUES

- QLDC's geographic isolation where distance from key markets for goods and services and other urban centres increases transport and trade costs and the expense of establishing new operations in Queenstown.

- Continued rapid growth in the district is reflected in increased demand for infrastructure works and services, not only from local authorities, but also residential activity and commercial subdivisions.
- Demand, traffic movements and visitor numbers are continuing to increase from covid lows and are now back to pre-covid levels and higher. Land development and subdivisions continue to be built adding to traffic numbers and changing land use and intensification.
- During the Covid years, the significant levels of Crown stimulus money stretched world, national and local supply chains. Now in a post Covid New Zealand and with a change in Government, the supply market is suggesting demand has reduced, particularly in the South Island.
- Through the first generation of managing the Engineering Panels (2019 – 2025) Council has taken lessons learnt and optimised the number of panels and the performance frameworks in the new Engineering Panels developed and commenced early 2025.
- Rising interest rates, high levels of inflation, staff shortages linked with accommodation challenges and supply issues are all factors affecting our budget with the cost of running any business increasing. QLDC is not immune to these pressures either. As an organisation we continue to strive for greater cost efficiencies while protecting levels of community service and ensuring that we balance the cost to the community as well as to individuals.
- On top of these difficult conditions, QLDC has continued to face ongoing challenges with building defect and weather tightness claims. Two recent claims have had a significant fiscal impact on QLDC, which along with other market pressures has required QLDC to seriously review its capital works programme and service delivery. This impacted the 24-34 LTP on the land transport programme, with a focus on protecting the existing assets, saw a significant de-escalation of the proposed programme.
- Kā Huanui a Tāhuna, the Whakatipu Transport Programme Alliance (the Alliance) is a six-participant alliance including Owners - QLDC and NZTA Waka Kotahi and Non-Owners - Beca, Downer, Fulton Hogan and WSP. The Alliance is still QLDC's largest vendor by spend, although with the practical completion (PC) of the Street Upgrades and Lakeview projects and the targeted PC for the Arterial project in late 2025, the dominance of QLDC's spend is diminishing from 3x as at June 2024 and 1.5x at April 2025. The Alliance will however remain a material supplier in the District, but now with a focus on delivering NZTA's $250m Queenstown Upgrades Programme. The scale of the Alliance creates both risk and opportunity within the local market. The key risk being the consumption of resources.

2.2. OPPORTUNITIES

- Kā Huanui a Tāhuna has also created multiple opportunities - a clear four plus year forward works programme, a focus on increasing sub-contractor capability in delivery, technical, quality elements and in particular health, safety and wellbeing.
- Ensuring optimal social and environmental outcomes are obtained by understanding how our procurement approach can impact Broader Outcomes and planning for them.
- QLDC intends to generally continue to procure services and works in stages. Capital projects will usually include a design contract followed by one or more construction contracts. Design and construct will continue to be a consideration, though has yet to be rolled out in larger horizontal capital projects.

- Where value for money can be evidenced, QLDC will continue to use advanced components to support the efficient and effective delivery of procurement programmes and projects.
- Better understanding our Suppliers and through robust procurement planning for programmes and projects will drive value for money, increase the capability and capacity of the supply market, increase new entrants and market competition.
- Able to leverage knowledge and skills from the current Roading Network Maintenance Contract that expires in March 2027 and taking these lessons and opportunities into a new proposed Roading Network Maintenance Contract that would commence April 2027 and run for 5 + 3 + 3 years in total. Council intends to tender this new agreement via an open market RFP in April 2026.
- Increasing procurement capability, capacity and consistency, QLDC has:
  - Introduced a new Procurement Policy (2021) and new Procurement Guide (2022) continue to build procurement capability, capacity and consistency; and
  - Adopted a QLDC-wide Procurement Strategy (2023) setting up a Centre-led procurement function with the creation of new roles for a Procurement Manager, Senior Procurement Specialist and Procurement Specialist.

2.3. RECOMMENDATIONS

The Queenstown-Lakes District Council requests that NZTA Waka Kotahi:

- Endorse this procurement strategy.
- Approves the use of the advanced components, including the:
  - Continued use of the multi-disciplinary Engineering & Specialist Support Services Panel to procure NZTA Waka Kotahi funded professional transport services.
  - Continued use of the new 3 Waters Design Panel to procure NZTA Waka Kotahi funded professional transport services.
  - Continued use of the 3 Waters Contract Works Panel, and its replacement Contract Works Panel, to procure NZTA Waka Kotahi funded transport works.
- continued use of in-house professional services; and
- approves the term of the new Roading Network Maintenance contract is a maximum of 11 years (5+3+3). The new term commences 1 April 2027 and would conclude (assuming rights of renewal are executed) March 2038.

2.4. ENDORSEMENTS

The Queenstown Lakes District Council endorsed this strategy on:

NZTA Waka Kotahi endorsed this strategy on:

Property and Infrastructure will maintain and review this strategy regularly to ensure compliance with NZTA Waka Kotahi Procurement Manual and that all procurement opportunities provide public value and consistency with Council’s Procurement Policy and Procurement Guide.

3. QLDC POLICY CONTEXT

3.1. INTRODUCTION

This document is the Strategy for the Procurement of Transport Infrastructure ("the Strategy") for QLDC for the period ending 30 June 2028. Its development is required under Rule 10.4 of the *Procurement Manual for Activities Funded Through the National Land Transport Programme* ("Waka Kotahi Procurement Manual") published by NZTA Waka Kotahi so it can meet its obligations under Section 25 of the LTMA when providing funding under Section 20 of the LTMA.

This Strategy is set in the context of QLDC's Procurement Policy and Procurement Guide ("Procurement Policy") which were released in December 2021 and June 2022 respectively (attached as Appendix A). These key documents set out the principles and approaches required of the organisation when procuring goods, services or works.

In instances where this Strategy specifies an approach that differs to the general approaches set out in the Procurement Policy, the departure will be documented and signed off under appropriate delegation.

3.2. QLDC'S PROCUREMENT POLICY

The Procurement Policy contains the framework, principles, and associated guidelines for the procurement of goods services or works by Council.

The Procurement Policy identifies three key goals for procurement at QLDC:

Table 1: Key Goals of Procurement

Optimise public value	Get the best possible result over the whole-of-life of the goods, services or works by maximizing the benefits and outcomes generated by QLDC's procurement activities.
Supporting the delivery of QLDC objectives through efficient and effective procurement	Make conscious decisions to use procurement to assist the delivery of QLDC objectives. Ensure procurement activity has consideration for QLDC's Procurement Principles and Procurement Charter, including planning for broader outcomes.
Build procurement capability and capacity	Develop QLDC's procurement, knowledge, systems, processes and resources to support efficient and effective procurement that aligns with industry best practice.

The Procurement Policy identifies the following outcomes sought from Procurement at QLDC:

- Public value
- Broader outcomes
- Local suppliers
- Health & safety
- Supplier Code of Conduct; and
- QLDC as a "Client of Choice"

The above, and in particular Broader Outcomes, are further defined in QLDC's Procurement Policy and their use provided for in the Procurement Guide (see links in Appendix A). The next stage for QLDC is the development of systems to measure, monitor and report on the use of, and effectiveness in, using broader outcomes to generate greater public value. The QLDC-wide Procurement Strategy acknowledges and plans for this development.

QLDC has adapted NZ Government Procurement’s:

- Procurement Principles
- Procurement Charter
- Supplier Code of Conduct

and these are incorporated into our Procurement Policy.

In the context of the Strategy, these key procurement documents, along with the recently adopted QLDC-wide Procurement Strategy, support the delivery of Public Value with an increasing focus on Broader Outcomes and Health, Safety and Wellbeing.

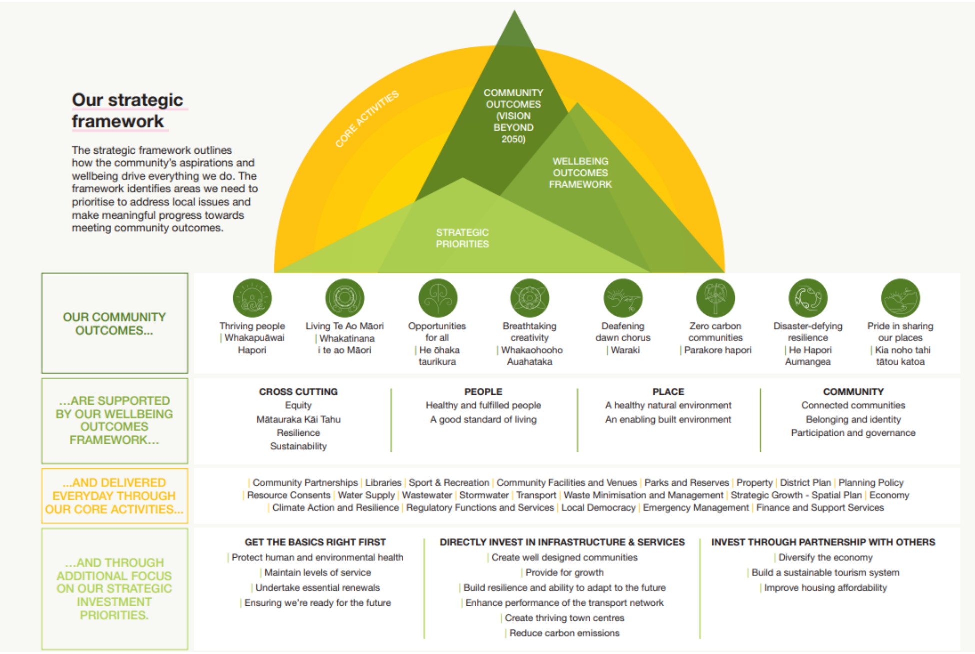
Not every project will have the ability to promote all the goals, principles or charter, but by adopting a strategic approach and considering things such as contract value, term of the contracts, possible bundling of contracts etc, QLDC can have a greater impact in delivering greater public value. Critical to this will be the need to better liaise with Suppliers to understand their constraints and working with them over a period of time to ensure we can progressively improve how we influence and deliver broader outcomes.

3.3. QLDC STRATEGIC FRAMEWORK & 30 YEAR INFRASTRUCTURE STRATEGY

In 2024, QLDC’s new Strategy and Policy Directorate developed a Strategic Framework help council to:

- prioritise resources and actions in a way that advances the community's long term well being,
- ensure councils work is aligned with the broader vision for the district, regional objectives and national policies,
- promotes transparency and accountability to residents and stakeholders in the region.

Figure 2: Our Strategic Framework



Our Community Outcomes
Community outcomes were defined with the community, in Vision Beyond 2050, and reflect the community's aspirations for itself. These extend beyond the things that Council delivers and have been incorporated in many community driven initiatives and strategies.

Our Wellbeing Outcomes
Community outcomes are supported by the wellbeing outcomes framework, which guides how Council contributes to the wellbeing of the district's people and environment. These are based on the Wellbeing Framework for Otago developed by Otago Regional Council in conjunction with Otago's district and city councils.

Strategic Priorities
Strategic priorities are those areas that require specific investment or partnerships over the next ten years to make meaningful progress towards achieving outcomes. These do not cover everything Council does, rather they are those areas where additional focus and attention is required.

30 YEAR INFRASTRUCUTRE STRATEGY

Council's infrastructure assets and services should enable everyone in the district to maximise their wellbeing. Infrastructure services are essential for healthy and connected neighbourhoods and communities. Services must be resilient and safe, and protect the natural environment for generations to come. Council will work in partnership with iwi, communities, central government, funders and other infrastructure providers to plan and build for this future. The cross-cutting wellbeing principles – Equity, Matauraka Kai Tahu, Resilience, and Sustainability – are embedded within the objectives that guide Council's investment in infrastructure and its approach to planning, delivering and operating assets and services.

Councils transport infrastructure plays a critical role in realising this vision by enabling people to live healthy lives supporting a stable and prosperous local economy, growing resilience to sudden natural events, and respecting and protecting the natural environment's mauri. The following objectives guide how investment in, and management of, Council's three waters, transport and waste infrastructure give effect to the wellbeing outcomes and Spatial Plan:

OUTCOME	OBJECTIVE	ABBREVIATED TO...
Healthy and fulfilled people	Provide infrastructure services that reliably protect people from harm.	Protect people from harm
	Leverage investment in infrastructure to create opportunities for people to increase activity, recreation and social connection.	Leverage investment
A good standard of living	Sustain timely infrastructure investment to support and strengthen the district's growing complex economy and associated employment opportunities.	Sustain timely investment
	Pursue efficiency, effectiveness, and funding opportunities that support the sustainability of infrastructure services.	Sustainable infrastructure
A healthy natural environment	Prevent contaminants associated with infrastructure services from entering the natural environment.	Prevent contaminants from entering environment
	Reduce the impact of infrastructure on global emissions and resource extraction.	Reduce emissions and resource extraction
	Identify and prioritise opportunities for environmental regeneration.	Environmental regeneration
An enabling built environment	Optimally sequence infrastructure interventions to maximise servicing capability for the district's growing population.	Optimise infrastructure servicing
	Enable access to essential services following a natural hazard event, and optimise the recovery of all services thereafter.	Natural hazard response and recovery

The term 'infrastructure' includes network infrastructure, roads, trails, public transport facilities and community facilities.

In order to meet these outcomes, the Council procures:

- Professional services for studies, assessments and designs
- Maintenance, renewal and upgrades to its existing infrastructure; and
- Construction of new infrastructure.

3.4. SPATIAL PLAN – WHAIORA

Grow Well Whaiora

The Spatial Plan is a tool to support and direct change that benefits the wellbeing of the Queenstown Lakes community and New Zealand both now and into the future. It will guide decisions and investment across local, regional and central government to help address the challenges in the Queenstown Lakes. The Spatial Plan is being based around the phrase 'Grow Well' or 'Whaiora' in Te Reo Māori which translates to "in the pursuit of wellness". The first-ever joint Crown-District Council-Iwi Spatial Plan for the Queenstown Lakes establishes an integrated, long-term, collaborative strategy that improves community wellbeing, protects the environment and maintains a world-class visitor experience.

The Queenstown Lakes Spatial Plan will:

- Provide one picture of where the Queenstown Lakes is heading and highlighting significant areas of growth and change;

- Guide and align investment decisions at local, regional and central government level;
- Identify the key issues facing the area and the priorities that need to be advanced to address these.

Both Council and the Partnership adopted this spatial plan in June 2021.The next generation of the Spatial Plan is began in November 2022, it will meet the requirements of the National Policy Statement for Urban Development and contain the district's Future Development Strategy (FDS). A key benefit of a combined FDS and Spatial Plan is that the Spatial Plan will become the statutory document that Resource Management Act (RMA) documents (i.e., the District Plan) must have regard to when they are being prepared or changed. The document is also strongly encouraged to inform other long-term plans and infrastructure strategies to promote long term strategic planning and integration of planning, infrastructure and funding decisions.

Three principles and five spatial outcomes guide the direction of the Spatial Plan and address the challenges and opportunities facing the Queenstown Lakes District. The Spatial Plan also identifies strategies and key initiatives to achieve the outcomes; these were developed and tested in collaboration with the community.

Table 2: Whaiora | Grow Well - Goals, Principles and Outcomes

<table>
<tr><th>Goal</th><th colspan="5">Whaiora | Grow Well</th></tr>
<tr><td>Principles</td><td colspan="2"><u>Hauora | Wellbeing</u>
Decisions about growth recognise social, economic, environmental and cultural considerations.</td><td colspan="2"><u>Aumangea | Resilience</u>
Ensuring communities and visitors are resilient to shocks of the future, including adapting to climate change.</td><td><u>Whakauku | Sustainability</u>
Programmes and activities are delivered according to sustainable development principles and work towards zero emissions.</td></tr>
<tr><td>Outcomes</td><td>Consolidated growth and more housing choice</td><td>Public transport, walking and cycling are everyone's first travel choice</td><td>A sustainable tourism system</td><td>Well designed neighbourhoods that provide for everyday needs</td><td>A diverse econoy where everyone can thrive</td></tr>
<tr><td></td><td colspan="5">Strategies to achieve the outcomes.</td></tr>
</table>

3.5. OBJECTIVES AND OUTCOMES FOR THIS PROCUREMENT STRATEGY

The Council's primary infrastructure procurement objective is to:

Deliver the right infrastructure, at the right time, to the right standard, at public value.

In addition, the Council requires its transport procurement to achieve or contribute to the following outcomes:

Table 3: Procurement Strategy Outcomes

Procurement Strategy Outcomes
Council transport infrastructure programmes and projects are aligned to the current three years in the TYP.

Council procurement processes are right-sized: timely, efficient, and effective
Suppliers are participating in contestable processes to deliver QLDC projects and programmes
Council understands and engages with its supply market.
QLDC's Procurement Principles, Charter & Outcomes are considered as part of our procurement planning.

Alignment with NZTA's Smart buyer approach

QLDC acknowledge that to deliver efficient and effective programmes it is crucial to be a smart buyer of works and services, we will do this by considering:

- Economy – through securing (or supporting) the provision of products, materials and expertise at the quality, in the volumes and at the times and locations required, at the lowest price.
- Efficiency – through the processes used, including standard documentation and contracting forms selected for achieving best cost / quality and outcomes; knowledge of the product / materials, and supplier market applied.
- Effectiveness – taking opportunities for changing from traditional products and materials by maintaining support for innovation in the nature and characteristics of products and materials, and for a strong supplier market.

3.6. NZTA WAKA KOTAHI'S PROCUREMENT MANUAL REQUIREMENTS

This Strategy focusses on the requirements of the NZTA Waka Kotahi Procurement Manual (NZTA Waka Kotahi Manual) requirements as both a funding requirement and as good procurement practices relating to the transport sector.

The Waka Kotahi Procurement Manual (Effective 1 April 2022) states: Approved organisations must consider how procurement activities can, where appropriate, contribute to the Government's Broader Outcomes including the following priority areas:

· increase New Zealand businesses' access to government procurement increase the size and skill level of the domestic construction sector workforce

· improve conditions for workers and prevent modern slavery within our supply chain

· support the transition to a net zero emissions economy

NZTA Waka Kotahi procurement requirements are incorporated in the way QLDC delivers transport infrastructure procurement, by:

- **Achieving best public value** by having the capability and capacity to successfully deliver the procurement programme and then using the best appropriate delivery model and supplier selection method for each procurement.
- **Encouraging competitive and efficient markets** by understanding the local supply market, building relationships with suppliers, using the best appropriate delivery model and supplier selection method for each procurement.

- **Ensuring fair competition among suppliers** by using the best appropriate supplier selection methods and appropriate apportionment of risks and rewards in the RFx documents and evaluations for each procurement.

Latest Version

The latest version of NZTA Waka Kotahi Manual, 2022 Amendment 6, is available here:
[Procurement manual amendment 6 [PDF, 4.3 MB]]

The changes included in Amendment 6 are fully described in General circular:
[22/01 Amendment 6 to the Waka Kotahi NZ Transport Agency Procurement manual [PDF, 161 KB]]

3.7. QLDC'S APPROACH TO MEETING THE REQUIREMENTS OF THE NZTA WAKA KOTAHI MANUAL

For QLDC to contribute to the Governments Broader Outcomes there will need to be a focus for council as follows:

Table 4: QLDC Measures to Achieve Key Requirements

QLDC Measures to Achieve Key Requirements	
Public value	• Public Value is emphasised in the Procurement Rules, which revisits the definition of value for money. This definition is consistent with the council's view of managing its activities for the wider benefit of the Community. • Robust asset management planning regime to identify an effective work plan and provide a whole of life approach to asset management. • Use the most appropriate selection and engagement processes that suit the procurement and its level of risk. • Successful delivery of works and services (the right outcome at the right time and within budget). • Optimising asset life while meeting appropriate service levels through the application of the One Network Framework ("ONF"). • Stipulating "Living Wage" requirements on suppliers when tendering for works. • Working both internally and externally with our suppliers to move towards zero carbon emissions. This will include a move to more EV vehicles and plant, reviewing lower emission materials (e.g Bitumen Emulsion/Cutback Bitumen) and recording and monitoring emissions for maintenance activities.

Competitive and efficient markets.	• Understanding the local supply industry and building good relationships • Using the best appropriate delivery model • Supplier selection methods are appropriate for the project when considering value, risk and complexity.
Fair competition among suppliers	• The process for awarding contracts will be open, clear and defensible and meet the requirements of the NZTA Waka Kotahi Procurement Manual. • Risks are assigned to the organisations best able to influence and manage that risk • Encouraging innovation including by not having overly prescriptive specifications. • Setting a minimum subcontractor percentage delivery within the roading physical works. contract to increase the capability of Tier 2&3 suppliers.

3.8. HEALTH & SAFETY

The consideration of health and safety at QLDC is multi-faceted. Over-arching governance, monitoring and reporting is facilitated by corporate level policies. From a procurement perspective health and safety is contemplated throughout the Plan/Source/Manage elements of the procurement lifecycle. The procurement approach to Health and Safety is further defined in QLDC's Procurement Policy and its use provided for in the Procurement Guide (see links in Appendix A).

Our Engineering Control Group place particular importance on considering and optimising Safety in Design; we require our suppliers to be prequalified as Sitewise Green (or equivalent); and safety is explicitly overseen by the Field Assurance Team (through sites audits and inspections).

In major operational contracts such as Roading Network Maintenance contract, health and safety is explicitly monitored and reported on through the contract control groups (Operations and Governance Groups – see Contract & Supplier Management for further detail).

3.9. SECTION 17A REVIEW

The District shares boundaries with two local authorities Central Otago District Council, Southland District Council, the Central Otago Network Outcome Contract area runs through QLD and Otago Regional Council runs public transport services in the district.

Serious consideration has been given to a multi-agency approach to service delivery over the last two decades.

In 2002 the Remarkable Roads initiative was floated. This planned for combined management and service delivery across Queenstown-Lakes District Council, Central Otago District Council and Waka Kotahi networks. The idea was abandoned in 2005 following changes in management direction of the three organisations.

In 2012, Queenstown-Lakes District Council , Central Otago District Council and Waka Kotahi revisited how clustering might be applied to the state highway and local roads networks in the Central Otago and Queenstown Lakes Districts. Consideration was given to establishing a Shared Roading Unit and Joint

Physical Works Contracts. Agreement was not reached by the councils and Waka Kotahi.

In 2016 the Central Otago Network Outcomes Contract was let to Fulton Hogan for a period of seven years, and the Queenstown Lakes District Council term maintenance contract was also let and contract renewal dates were aligned to enables future consideration of alignment.

On February 22 2025, QLDC undertook a S17a review facilitated by an external consultant. This workshop included representatives from QLDC, Central Otago District Council, Southland District Council, the NZTA State highways representative and NZTA Investment Advisors.

The goal of the workshop was to consider how partnering with other organisations for procurement could provide more efficient and effective delivery. The workshop involved a discussion of historic assessment in this space along with an assessment of the current state of play.

The workshop systematically reviewed and assessed options for the governance, funding and delivery of Road Network Maintenance infrastructure, that included, but are not limited to:

Cost Effectiveness of the present service.

Consideration of other cost-effective options for region-district wide integration

Further optimised delivery models and Levels of Service consideration

The workshop covered:

- Appointment and approach to renewals (essentially discretionary spend
- QLDC looking at best optimised approach to the base target cost + discretionary spend.
- Discussion with NZTA, Central Otago and Southland District Councils on their network maintenance delivery models, lessons learnt and opportunity for co-delivery of works and services across adjoining boundaries (including Dept of Conservation roads). A number of opportunities were identified for shared service and effective delivery were explored and actions were taken to be considered in the development of the next QLDC maintenance contract.

3.10. OTHER RELEVANT FACTORS

The Council shares these requirements, and also requires:

a) Increased customer focus

b) Increased alignment of capital and maintenance activities

c) Increased use of supplier and market knowledge

d) Increased supplier ownership of outcomes; and

e) Compliance with all statutes and regulations.

3.11. CURRENT POLICIES AND DOCUMENTS

The following QLDC Council policies, documents and tools influence this Strategy:

a) Long Term Plan

b) Annual Plans

c) 30 Year Infrastructure Strategy

d) Financial Strategy

e) Transport Activity Management Plan 2024-2034

f) Delegations Register

g) Procurement Policy and Procurement Guidelines

h) Health, Safety and Wellbeing policies; and

i) Supplier Pre-qualification (SiteWise) for HSAW.

The following external documents influence this Strategy:

a) NZTA Waka Kotahi Procurement Manual & Policies

b) Regional Land Transport Plan

c) Government Policy Statement on Land Transport Funding

d) Local Government Act 2002

e) LTMA; and

f) Government Procurement Rules.

4. PROCUREMENT PROGRAMME

The Council delivers transportation services through supply contracts for professional services, maintenance & operations, renewals and capital projects.

Where appropriate Council generally utilises the following supplier selection methods:

- Direct appointments for low value, low risk projects
- Closed procurements; and
- Open procurements.

The Council procures contracts for high value or complex capital projects as and when required. Capital projects are usually competitively procured on a staged basis, specifically separating design from construction. Procurements are generally priced on a lump sum, measure and value or more often, a combination of the two.

The Council engages consultants to undertake tasks and various activities that cannot efficiently or effectively be addressed by internal staff due to limitations around time or expertise. This includes providing specific analysis and advice such as modelling, surveying and valuation, design and other short-term assistance.

QLDC has established the following to facilitate the efficient procurement of goods, services or works:

- Kā Huanui a Tāhuna 3 Waters Design and Physical Works Panels – this includes design and construction services. Many 3 Waters projects include elements of roading and will be used where appropriate
- Is seeking to renew the current Roading Network Maintenance Contract, for an 11 Year term (in total, 5+3-3) commencing April 2027. This is the same term as the current Contract.
- Engineering Specialist Support Services Panel – for professional services such as investigation,

planning, design, cost management and construction phase services and project management; and

- Prequalification for Construction activities – this includes Contractors who have met the requirements to be pre-qualified for these works.

Other specialists are sourced as appropriate.

Contracts are also established with education specialists from time to time to help spread messages publicly and encourage behaviour changes. This includes topic areas such as road safety and travel choice.

The Council may elect to extend contract terms from time to time subject to the maximum term requirements of the NZTA Waka Kotahi Manual and internal delegated authority approvals.

4.1. PUBLIC TRANSPORT

The Council does not run any Public Transport (bus and ferry services are run by private companies on contract to the Otago Regional Council). However, Council supports the Otago Regional Council through integrated planning through as part of the Way 2 Go Partnership, by subsidising the local bus services and trough the provision of infrastructure to support Public Transport which includes providing, cleaning and maintaining bus stop facilities, some of which are subsidised by the Otago Regional Council and NZTA Waka Kotahi, and wharves.

4.1.1. WAY TO GO PARTNERSHIP

QLDC works closely with the collaborative 'Way to Go' partnership (Otago Regional Council and NZTA Waka Kotahi) to address our challenges.

Way to Go operates under a Memorandum of Understanding signed by the parties in December 2018.

Figure 3: Way to go (QLDC, ORC, NZTA Waka Kotahi)

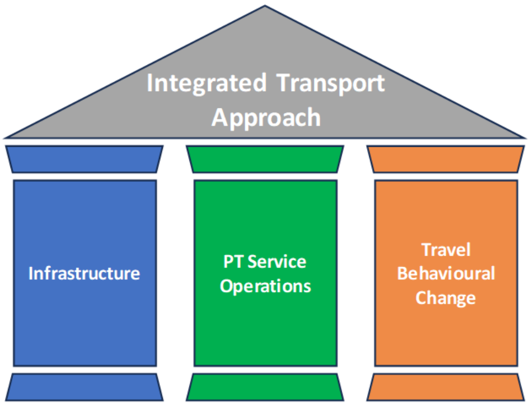
Way to Go recognises the unique transport challenges faced by the Queenstown Lakes District and is committed to working collaboratively to provide residents, visitors and ratepayers with an enduring, affordable, safe transport system, which also provides transport choice.

This joined up approach will:

- Enable a more logical planning and professional services environment
- Enable more efficient sequencing of construction projects
- Reduce the risk of competition for consultants and contractors; and
- Increase the procurement capability of all three organisations by drawing on the expertise of the home organisations.

As set out in the Queenstown Integrated Business Case (QIBC) QLDC cannot just build out of the issues facing the district issues, so the business case sets out an approach based on three pillars.

Figure 4: The QIBC Pillars of Investment



This is detailed in the Better Ways to Go Mode Shift Plan which sets out how we will encourage customers to move from their cars to active modes.

- **Public Transport** Provide urban public transport (PT) services; improve public transport infrastructure; bus stops and shelters; information technologies, Bee cards, provisions to carry, prams, bikes and skis and trialling new services such as water ferries. The conversation around mass rapid transport become key solutions which are being explored.
- **Behaviour change /Travel Demand Management (TDM)** Active Travel; PT can only offer part of the solution; the first and last part of people's journeys (between home and the PT services and work) are likely to be made by foot or bike, so Active Travel is a key part of the solution.
- **Infrastructure** Shaping Urban form; working with planners and developers early in the process to shape a transport system that supports multi modal approach.

4.2. QLDC LONG TERM PLAN 2024-2034

QLDC adopted the Long Term Plan He Mahere Kahurutaka 2024-34 (Ten Year Plan) in September 2024. This was approximately three months later than the standard requirement to adopt an LTP by 30 June because the process was extended by Central Government. The LTP was set in a financially constrained environment and focused on a baseline approach.

The following criteria set out what fits that baseline.

- Honour Existing Commitments
- Maintain Existing Levels of Service
- Essential Renewals
- Deliver Critical Enablers for Existing and Future Priorities
- Comply with High Impact Regulatory Requirements

4.2.1. SUBSIDISED & UNSUBSIDISED TRANSPORT BUDGET PROFILE

QLDC received their approved allocation from NZTA Waka Kotahi in October 2024. Overall, there was a shortfall between requested and approved funding of $39m. Following an internal review, transport officers presented a recommended way forward to QLDC Councillors which focussed on maximising available funding assistance whilst maintaining a balanced expenditure approach across the programme.

QLDC plans to invest $411.7m (inflated to FY) of capital expenditure and $127.1m of operating expenditure in transport assets and services over the next ten years which makes QLDC to be considered as a significant procurement organisation – both in terms of a New Zealand context, and especially within the region of Queenstown Lakes / Central Otago districts.

Following the significant shortfall from the NLTP24-27 funding period, Council reprioritised QLDC's residual transportation capital expenditure. For the 24-27 period, approximately $49m is allocated for unsubsidised Transport projects. $12.6m of this represents where QLDC did not receive a 51% share. This will enable QLDC to continue to move forward with a range of projects whilst maintaining a balanced expenditure approach across renewals, minor improvements, major projects and planning activities.

**Table represents approved LTP as of 1 April 2025. Transport budgets may have been amended since this date.*

Figure 5: Transport Capital Expenditure by Cost Driver 2024/25 – 2033/34 *

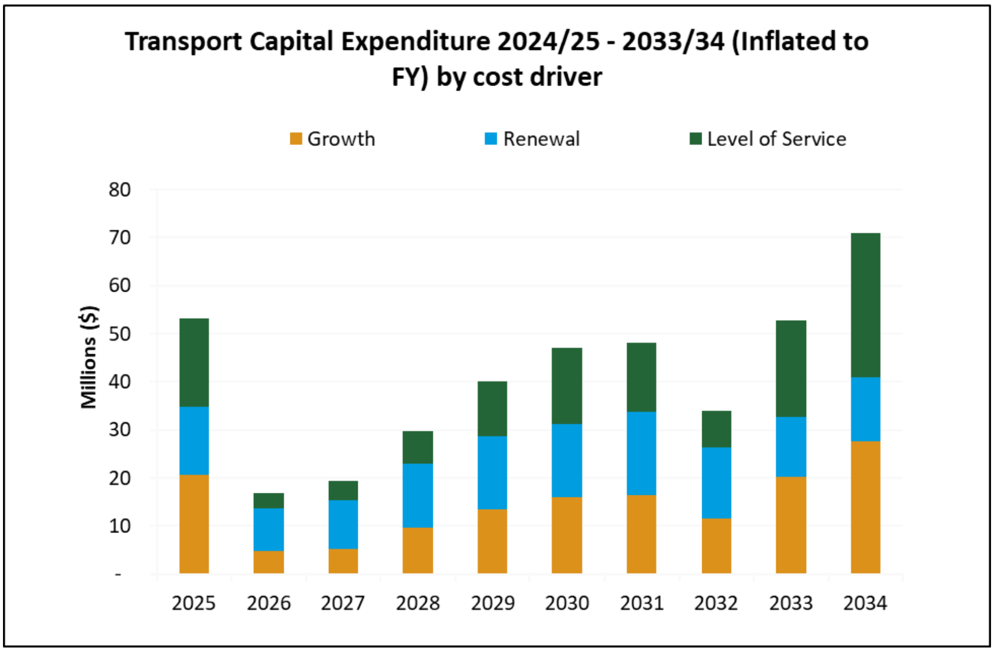
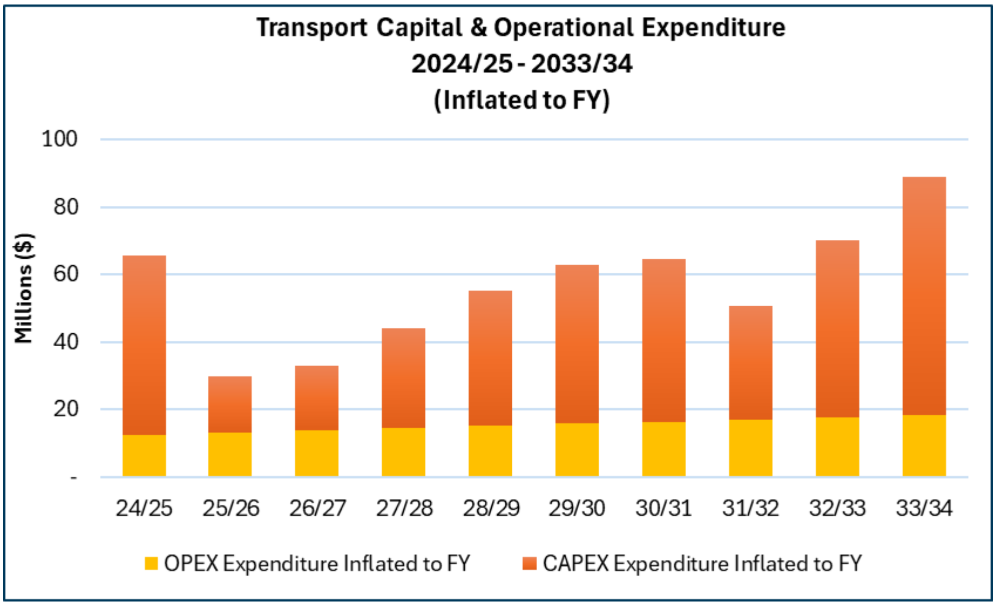


Figure 6: Capital & operational Budgets 2024/25 – 2033/34 (includes unsubsidised projects (Opex budgets exclude overheads

interest & depreciation)



4.3. PROCUREMENT FORWARD PROGRAMME & MARKET ENGAGEMENT

The following table further breaks down the next three years budgets into Transport related activities (QLDC Ten Year Plan, uninflated).

Table 5: Subsidised Transport procurement budget 2023/24 -2024/25

Name	Work Category	Current Contract Expiry	Indicative budget			Proposed approach including supplier selection method
			25/26	26/27	27/28	
Road Maintenance contract*	100's, provisional 200s (excl. 212/214)	2027	$10.8m*	$11.2m*	$11.7m*	New contract to be tendered in 2026, commencing 1-April-2027. 5 + 3 + 3 contract, further details within this procurement plan. Open Tender
Lighting Maintenance Contract	122	03/2026	$500k	$525k	$550k	contemplating extension pending performance review to 03/27 to align to roading contract expiry to allow for inclusion in roading contract as an option (No decision made yet) Open Tender
Bridges and Structures Assessment and Asset Management	151	06/2028	$90k	$90k	$90k	Secondary procurement through the Engineering Specialist Services Panel
Road Safety Education Contract Road Safety Education Various	432	June 2026	$100K	$100k	$100k	A mix of subsidised and unsubsidised budget. Open Tender Various contracts – mix of direct award, closed tender, and secondary procurement
Network & Asset Management	151	Annual work programme	$616k	$616k	$616k	Various contracts for professional services, inspections, assessments – mix of direct award, closed tender, secondary procurement and open market (excludes QLDC business unit costs and overheads included in the road maintenance contract)
Reseals	212	2+1 contract term for the period 23/24 – 25/26	$4.4m	$4.5m	$4.6m	Option to extend for one year to cover 25/26 PQM Option to include reseals under next road maintenance contract, next reseal contract term pending a decision on that
Design and MSQA for Reseals	212/151	06/2028	$120k	$120k	$120k	Design and MSQA for reseals 24/25 – 27/28. Current contract expires June-2026 with potential for +1 PQM
Pavement Rehabilitation	214	Various contracts	$2m	$2m	$2m	PQM

Name	Work Category	Current Contract Expiry	Indicative budget			Proposed approach including supplier selection method
			25/26	26/27	27/28	
Low Cost Low Risk – Local Road Improvements	341	06/2024	$3.6m	$2.2m	$3.6m	Minor Improvements Professional Services Panel Construction – Open market / PQM
Activity Management Planning	003	N/A	$0	$0	$0	No subsided programme – some local share
Travel Demand Management	421	N/A	$100k	$100k	$100k	Procurement planning in progress
Transport Modelling	002	N/A	$1.3m	$100k	$100k	Model build procurement planning underway. Cost shared between QLDC, NZTA and ORC. MoU in development. Open market / PQM
Master Planning - Transport	Unsub / 004	TBC	$0	$0	$0	No subsidised budget
2025 Engineering & Specialist Support Services Panel - 3 Waters Advisory & Design and Horizontal Project Management. Cost management, planning (can be used to support transport specific projects)	Various	3+ 1+1 term (2030)	$3M	$5M	$8M	Contested through the new ESSS Panels Spend encompasses Three Waters and some Transport spend (likley $200 – 300k pa transport related)

** Note, these are operational costs (less emergency works) e.g. 7.8m for 25/26, plus $3m of provisional 200's. X 4% asset increase/inflation each year. Large degree of uncertainty around 4th quarter of 26/27, and 27/28 due to expiry of current contract and retender*

Appendix B provides a summary of operational / maintenance contracts including rights of renewal and go to market dates.

QLDC commits to providing regular market updates as we gain greater certainty on our procurement forward programme.

4.4. IDENTIFICATION OF ANY PENDING HIGH-RISK OR UNUSUAL PROCUREMENT ACTIVITIES

No high-risk procurement activity is contemplated by this Strategy.

While well understood and not unusual in transport procurement, advanced procurement procedures may be considered.

5. PROCUREMENT ENVIRONMENT

5.1. ANALYSIS OF SUPPLIER MARKET

Queenstown Lakes and the Central Otago District are serviced by a number of national, multi-national and local suppliers.

5.1.1. TRANSPORT INFRASTRUCTURE PROFESSIONAL SERVICES PROVIDERS

The council has identified that specialised skills, resources and knowledge are necessary to support the council's functions. It acknowledges that there are real costs in changing providers, including the loss of institutional knowledge and business continuity; and this should be reflected in the councils procurement processes.

The following specialist activities are required to be undertaken from time to time.

· Investigations, RAMM management, Asset Valuation, Geotechnical Advice, Assets Deterioration Modelling, Individual Structural Bridge Inspections, Network Structural Bridge Inspections, Legal Services, Property Management

· Economic analysis

QLDC (directly or indirectly) has or is currently using the following transport infrastructure professional services providers:

Table 6: QLDC Transport Infrastructure Professional Services Providers

Consultant	Services	QLDC Panel(s)
Abley	Transport Professional Services	No
Aecom	Full service	No
Babbage	Infrastructure investment, strategy, analysis, advice	ESSS
BECA	Full service	ESSS + 3W
Boffa Miskell	Urban Design	No
Fluent Infrastructure Solutions	Infrastructure investment, strategy, analysis, advice	ESSS
GHD	Full service	ESSS + 3W
Hadley Consultants	Design	No
Jacobs	Full service	No
Jasmax	Urban Design	No
LandLAB	Urban Design	No
Meyer Cruden Engineering	Roading Forward Work Programme	No
Rationale	Infrastructure investment, strategy, analysis, advice	No
RCP	Project management	Yes
Stantec	Full service	ESSS + 3W
Team Projects	Independent Engineer to Contract	ESSS
Utility 2017	Infrastructure investment, strategy, analysis, advice	No
WT Partnership	QS & Cost Management	ESSS
WSP	Full service	No

6. INFRASTRUCTURE WORKS PROVIDERS

Physical works suppliers enable the establishment of new assets as well as maintaining them to provide the required level of service. Works are undertaken under the direction of the council staff. Goods and services procured from suppliers include Road maintenance – sealed and unsealed roads, Road resurfacing, Road renewals/reconstruction, New roads construction, Signs and traffic services, Bridge maintenance, Asphalt footpaths, Concrete structures, Streetlight supply, installation and maintenance, Electricity supply for streetlights

QLDC (directly or indirectly) has or is currently using the following transport infrastructure works providers:

Table 7: QLDC Transport Infrastructure Works Providers

Contractor	Services	QLDC Panel
Brian Perry Civil	Capital Works	No
Civil Projects	Capital Works	No
Done Rite	Capital Works	No
Downer NZ	Roading Maintenance / Capital Works	3W
Fulton Hogan	Capital Works	3W
HEB	Capital Works	3W
McConnell Dowell	Capital Works	3W
McKay	Lighting Maintenance	No
SouthRoads	Capital Works	No
Stewart Civil	Capital Works	No
The Roading Company	Capital Works	No
Wilson Contractors	Capital Works	No

6.1. ELECTRICITY PROVIDERS

QLDC currently holds a range of contracts with electricity suppliers for Council power consumption. The contract that covers streetlighting is currently held with Genesis.

Historically, QLDC has used the All of Government approach to renewing its electricity contracts, as they expire. This has typically resulted in the lowest cost procurement. However, QLDC is currently reviewing this approach as part of a wider strategic review of is power supply arrangements. This could see Council consider a range of ways to reduce the cost of energy consumption, including rooftop solar and batteries.

This review is expected to be complete by the end of the 2024/25 financial year.

6.2. ANALYSIS OF QLDC'S PROCUREMENT SPEND & PROFILE

As part of our commitment to be as transparent and proactive as possible in relation to sharing information of interest to those in Queenstown Lakes, we regularly upload awarded contracts and supplier spend reports. These can be found on the QLDC website - QLDC Awarded Contracts and Spend

6.3. ANALYSIS OF THE IMPACT OF THE PROCUREMENT PROGRAMMES OF OTHER APPROVED ORGANISATIONS AND OTHER ENTITIES

Under the Land Transport Management Act 2005 QLDC is part of the combined Otago-Southland Regional Land Transport Committee area. QLDC is an active member of regional planning and supports on-line meetings to maximise the involvement of those remote from Dunedin. In addition, QLDC regularly participates in the Regional REG workshops and actively leads in the local discussions at these events.

The following organisations are procuring or may procure significant projects that may attract local suppliers away from QLDC's transport infrastructure projects:

- NZTA Waka Kotahi
- Central Otago District Council
- Southland District Council
- Otago Regional Council
- Private developers
- Kā Huanui a Tāhuna
- Airports

There is evidence that the contractor supplier market is nearing capacity in the Queenstown Lakes and Central Otago regions. Kā Huanui a Tāhuna in particular are a major consumer of sub-contractors and has noted local suppliers are currently participating in RFX processes at lower levels than when it commenced operation in early 2021.

Council's 3 Waters programme will also be using the same large contracting organisations and their sub-contractors, and the same project management resources. Although the procurement timing can be somewhat managed to limit when contracts are coming to the market, the programme may limit resources available for roading contracts.

The Council is mindful that the normal activities of NZTA Waka Kotahi, Otago Regional Council, Central Otago District Council and Southland District Council, if all procured at the same time as the Council, could place undue pressure on the industry by creating work 'spikes' and reducing competition for individual contracts. Council will continue to work with these parties to better understand the load (and the availability of work to the industry) throughout the year. The Council believes it will benefit from greater levels of competition for its contracts as a consequence.

The winter climatic conditions in the region and the peak tourist period over the Christmas/New Year/Easter period also limits the time available for construction of transport projects in the Queenstown Lakes District.

7. APPROACH TO DELIVERING THE WORK PROGRAMME

7.1. SPECIFIC STRATEGIC OBJECTIVE

This Strategy has considered how to achieve public value through the procurement process, which includes considering Broader Outcomes. Initiatives to ensure the on-time delivery of the programme have also been identified.

7.2. TRANSPORT PROCUREMENT OBJECTIVES

Council aspires to deliver on the following objectives:

Table 8: Council Procurement Objectives

Objective	Addressed by
Council programmes and projects are aligned to the current annual plan and three-year programme in the 10 Year Plan	…updating our strategies to take into account programme changes in the 10 Year Plan and policy changes.
Council processes are timely, effective and deliver at lowest cost of ownership	…helping remove questions about the way projects will be procured in the future. …investigating and applying within each asset management plan and during project planning a whole-of-life cost analysis process.
Best value suppliers are participating in contestable processes to deliver Council projects and programmes	…determining the value suppliers will bring to a project through attribute testing during the tending process. For high risk, high value projects the Council will use a pre-qualification process to ensure best value suppliers for particular projects are identified and known to Council staff before requesting for tenders. …using the recent panel procurement method for consultants which requires a set tender process to establish the panel, and the use of tendering for all other contracts over the value specified in the Procurement Policy. Secondary procurement processes have also been improved to include a new Statement of Work template and tighter control over oversight of secondary procurement processes. …considering Broader Outcomes in our evaluation process
Council understands its supply market	…conducting workshops with consultants and contractors, requesting and receiving feedback, and reviewing recently awarded contracts.
Broader outcomes are enhanced	…assigning higher weights to Suppliers that contribute to Council goals of improving environmental and social outcomes.

7.3. PROCUREMENT PLANNING

QLDC's procurement processes mandate procurement planning for all procurement activity above $10,000.

It's intended that a 'short-form' procurement plan be developed for simple procurements (low cost / low value - $10k to $100k), and a more detailed plan for complex procurements with higher costs, risk and/or high customer or community profile (value greater than $100k).

The level of procurement planning is assessed as whole of life for the activity, project or contract. Services are not to be unbundled from projects (e.g.: $20,000 of professional services fees in a $500,000 capital project is part of a complex procurement). Also, the value is based on the total value of the contract over the total term of the contract (e.g.: $400,000 for a five-year $80,000 pa contract is a complex procurement). For panel agreements, the procurement planning will be addressed in the respective Panel Management Plan.

Procurement at QLDC's is governed by the Delegations Register.

7.4. PROJECT SPECIFIC PROCUREMENT PLAN

QLDC's Full Procurement Plan is based on the NZ Government Procurement model. In developing the Procurement Plan QLDC will consider:

a) The services required for each project

b) The whole of life value of the procurement activity

c) The risk, complexity and chance for innovation that each project presents

d) The Council's procurement goals, including public value, broader outcomes, use of local and health and safety

e) The procurement method

f) The rationale for the procurement method; and

g) The form of contract to be used.

Based on this analysis QLDC will identify its preferred plan for each procurement activity. Where the preferred strategy differs in some respect from Council's Procurement Policy, appropriate delegated authority for departures will be obtained through a Procurement Departure Request.

7.5. DELIVERY MODELS

In most cases, maintenance and other specialist contracts will be single contracts while most capital projects will include a design contract followed by a construction contract.

The base delivery model for capex procurement will be staged delivery.

A new Engineering & Specialist Support Services Panel replaced the expired Engineering professional services panel, effective from early 2025. The new Panel was a broad 3 Waters Advisory & Design category and a Horizontal Project Management both available for Transport related projects.

Design and construct contracts may be considered for projects where:

- the design component is simple and low;
- complexity and uncertainty is high;

- the Council considers that suppliers are best placed to influence and manage risk; and
- the opportunity to innovate is high.

Delivery model selection will follow the requirements of the Procurement Policy, NZTA Waka Kotahi Procurement Manual and this Strategy.

7.6. SUPPLIER SELECTION METHODS

The Council intends to utilise a variety of supplier selection methods. Decisions will be project specific and will consider risk and opportunity, with method and rationale set out in each Procurement Plan.

The following methods are contemplated by this Strategy:

- Direct Appointment
- Lowest Price Conforming
- Price Quality method; and
- Quality Based.

Supplier selection will follow the requirements of the Procurement Policy, NZTA Waka Kotahi Procurement Manual and this Strategy.

7.7. ADVANCED COMPONENTS REVIEW

Along with the standard procurement delivery models and supplier selection methods, robust procurement planning may identify greater value for money from the use of advanced components. Currently the Council's procurement planning has identified the use of advanced components being contemplated in multiple scenarios, including:

Supplier Panel – Engineering & Specialist Support Services Panel

The principles of the Engineering & Specialist Support Services Panel (ESSSP) are threefold: an open market approach, i.e. there'll be a competition to be on the panel; the panel numbers will be constrained, to remove the common fault of panel members not getting enough work to reward their investment; and there will be a robust secondary procurement process for panel members to win work and for the Council to evidence value for money, i.e. the opportunity for success will be regularly available.

The primary panel procurement will be a balance or Price and Non-Price attributes.

As rates will be sought to evidence price value and estimates are not available at a discipline level – the primary supplier selection methodology will evaluate utilising a price / quality method (PQM), without disclosure of the estimate.

The secondary procurement will be greatly simplified by:

- providing different procurement methodologies for different dollar ranges; and
- generally only seeking methodology, key personnel and price.

The professional services panel has an initial term of three years with two one-year rights of renewal. It contains a mix of larger 'Tier 1' suppliers and smaller 'Tier 2' local suppliers. The panel contract term is based on successful experience with the first round of these ESSSP Panels as well as lessons learnt from other Local Government Panels including Christchurch City Council

7.8. UTILISATION OF QLDC'S 3 WATERS PANELS

QLDC has a large 3 Waters programme that for the foreseeable future will dominate our capital programme. Currently we have 3 Waters panels both for design and contract works.

In 2024 QLDC went to the open market seeking panel members for the next iteration of its Engineering and Specialist Support Services Panel (ESSSP). The new ESSSP covers a range of disciplines to support the 3 Waters programme, including design & advisory, project management, planning, quantity surveying (cost management) and Engineer to Contract.

The disciplines are also very aligned with the delivery of transport related professional services.

The ESSSP was procured utilising a best practice procurement approach that very closely mirrored the NZTA Waka Kotahi procurement process.

Where it is logical and value for money can be evidenced, QLDC plans to continue utilising the 3 Waters panels, and the new ESSSP, for transport related professional services.

QLDC's 3 Water Contract Works Panel expires later in 2025, and QLDC is currently developing a procurement plan for an approach to the open market. Our current thinking is that this will likely follow the ESSSP and be "generic", ie suitable for both 3 Waters, and where it is logical and value for money can be evidenced, also utilised for NZTA Waka Kotahi funded, and QLDC funded, transport related contract works.

7.9. COMBINING CONSTRUCTION WITH MAINTENANCE

Existing maintenance contracts provide the ability to vary the scope to add both similar maintenance activities; and the delivery of low cost / low contract works projects to the original contract.

This is contemplated where the contractor has shown they can produce a value for money outcome, and it is unlikely that negotiating with a panel supplier or going to open or closed tender will produce a better result. The value for money consideration will also include the cost for the Council procurement.

7.10. ROADING NETWORK MAINTENANCE CONTRACT

This document covers the procurement of the next Road Maintenance Contract. The current Contract expires in March 2027 and QLDC are reviewing the lessons and opportunities from that contract through consultation with the contractor and stakeholders. A review under Section 17A of the Local Government Act is part of this process as discussed earlier in this document.

It is proposed that the Roading Network Maintenance Contract that would commence April 2027 and run for 5 + 3 + 3 years in total. Council intends to tender this new agreement via an open RFP in April 2026.

The current road Maintenance Contract has proven successful, delivering robust contractor inspection and programming (with QLDC review) of work, but also encouraging some innovation through the 'Performance' based aspects and providing the contractor to inform work selection. Approx $3m in renewals is also included as provisional scope, encouraging good performance.

The Road Efficiency Group (REG) provides guidelines for selection of a road maintenance contract delivery model. QLDC has completed a facilitated workshop to explore the options in REG's proposed delivery model selection tool.

The proposed new contract (from 2027) is seeking to:

- Modernise the performance framework. Consider options for more collaborative aspects in the contract model or KPI's
- Utilise smarter asset management tools that have become available since the previous contract,
- and clarity on scope of contractor vs P&I new SAM team
- Involve SME engagement for current state assessment and analysis of opportunity
- Have more Reseals, minor rehabs, lighting works and services
- Focus more on sustainability and emissions reduction
- Review the delivering of Traffic signals maintenance – currently MOU with NZTA
- Consider how NZTA's new risk based Temporary Traffic Management approach can be implemented for more efficient and effective TTM
- Review the inclusion of DOC remote roads

Council has arrived at what could be considered a long-term maintenance contract on the basis of:

- An initial 5-year term, allows for a return on the investment period required for the contract establishment leading to greater market interest and competitive pricing, while the 3-year potential extensions provide efficiencies from long term relationships and network knowledge. From some early market sounding we know that a longer term will lead to greater market interest with stronger competitive pricing. A longer term provides greater surety to contractors in regard to making commitments (such as hiring permanent staff, investing in depots, investing in medium to large scale plant and equipment and solid commitment to sub-contractors, and a longer term over which to depreciate required plant and equipment). Adaptive mechanisms within the contract will be developed to deal with innovation, evolving technology/practices, updated regulations/legislation and cost escalations over the contract term.
- There are several factors we are cognisant with the longer term and have planned accordingly to best manage. These include
    - Requirements (contractor selected for the original term may not be the best to deliver materially different requirements)
    - Funding streams and annual plan commitments
    - Variable economic conditions
    - Network conditions
    - Changing supply chains (sub-contractors, key materials such as aggregate/bitumen)
    - Evolving technology/practises
    - Updated regulations/legislation
- Adaptive pricing mechanism for dealing with cost escalation over contract term
- Specifically, the 3 year extension approach has seen success by encouraging delivery of a facilitated opportunities plan throughout the extension period.
- Council to update and refresh their procurement approach for the next term through in-depth market research, analysis into contract models trends, extensive supplier feedback, asset data updates, internal approvals and procurement document sets. It also enables the incumbent to remain fully engaged with purpose and impact for a strong final 36 months period.
- Given the scale and inertia of the Road Maintenance Contract, a lessor term of 2 years for the

renewal tenure risks less engagement or disconnect through less co-dependency and earlier KPI drop off risk.

7.11. COLLABORATION WITH NEIGHBOURING COUNCILS AND NZTA WAKA KOTAHI

Council understands that in order to fulfil its community outcomes and deliver public value, it needs to work more collaboratively with community and stakeholders prior to committing to projects or significate changes. QLDC has demonstrated commitment to collaboration through Way to Go and Kā Huanui a Tāhuna.

QLDC also have some shared services:

- QLDC manage State Highway Street Lighting in the QLD under the QLDC Street Lighting Maintenance Contract.
- Local Road Traffic Signals are maintained under the Aspiring Highways contract and Wellington Traffic Operations (WToC) provide communications and operational support
- There are also boundary agreements with Southland District Council around maintenance activities where it is more efficient.

Additional examples of collaboration include involvement in the Road Efficiency Group (REG) from all levels of Council, from the QLDC Chief Executive to staff involved in REG programme as well as attendance and support of the regional workshops, which provide opportunity for the local roading authorities to work together on mutually beneficial projects. Key opportunities being followed up include pavement data collection, such as Falling Weight Deflectometer, High Speed Data collection, contract management and shared learning and training opportunities.

7.12. PRE-QUALIFICATION ARRANGEMENTS

Pre-qualification has been introduced for suppliers' health and safety systems including a requirement to meet the standards of Site Wise Green or equivalent.

The Council intends to investigate whether there are efficiencies to be obtained through the provision of prequalification of works suppliers. In the future, prequalification may also be used for different work values and/or expertise.

Prequalification is contemplated to allow efficiencies to both QLDC and Suppliers.

7.13. BUNDLING OF CONTRACTS

The letting of a number of smaller contracts rather than bundling them may help support smaller local contractors to build a positive track record, but it may require more staff time to manage. This will be assessed on a case-by-case basis as it may be better to bundle some projects to realise staff savings, especially when Council resources are under pressure. The Council will continue to review the situation as and when internal resources change.

This Strategy does not preclude the Council from using internal staff to do work for infrastructure services that may have been previously contracted.

7.14. FORMS OF CONTRACT

The Council's procurement framework will contain a range of contract templates for use by the staff. These contracts will be (wherever possible) standard form contracts with tailored special conditions to effectively manage Council's identified risk profile. Forms of contract in use by the Council include:

- NZS3910:2013 – Conditions of contract for building and civil engineering
- NZS3917:2013 – Conditions of contract for building and civil engineering – Fixed term
- CCCS: 4th Edition Dec 2017 – Conditions of contract for consultancy services
- ACENZ/IPENZ: Feb 2019 – Short form agreement for consultant engagement
- Pre-Construction Services Agreement (QLDC); and
- Services Agreement (QLDC).

7.15. CONTRACT & SUPPLIER MANAGEMENT

The Council has adopted (and is further refining) performance measuring and reporting systems as appropriate to the type of contract. Supplier performance management will:

- Promote best practice and incentivise positive supplier behaviour that aligns with the QLDC's objectives;
- Set benchmarks and performance targets to communicate expectations on performance;
- Provide the suppliers with feedback on their performance;
- Provide periodic health checks on projects and vendors to be used as a management tool to identify issues and improvement opportunities; and
- Provide the Council with measures other than price to support procurement decisions.

Supplier performance management will be further developed to deliver at three discreet levels:

- Contract Performance – carried out by the Operation and Maintenance Business Unit will measure the performance of the supplier against contract performance targets. Contract performance is considered monthly through the operations teams, and quarterly through the governance level Core Group (senior managers of both QLDC and the supplier);
- Supplier Management – carried out by the Property & Infrastructure Management Team to leverage contract performance to optimise supplier performance across QLDC; and
- Benefit Realisation – Carried out by QLDC's contract and project managers to ascertain whether the contracts deliver the anticipated benefits detailed in the business case and/or procurement plan. This will include achievement of Broader Outcomes anticipated at time of tender.

7.16. EXCEPTIONS, ADVANCED AND CUSTOMISED COMPONENTS

As discussed above, there are situations that may require alternative procurement processes to be considered and used (such as panels, alliances and/or private public partnerships), the Council reserves the right to consider these on a case-by-case basis and will consult with relevant stakeholders where necessary.

In some cases, it may be prudent to deviate from this Strategy, in which case advance approval will be sought from NZTA Waka Kotahi.

8. IMPLEMENTATION

8.1. CAPABILITY AND CAPACITY

The following staff who are available to manage and support transportation services, this is covered by the approved Service Level Agreement:

Operations and Maintenance

- Infrastructure Operations Manager (30% allocated to transport)
- Roading Operations and Contract Manager
- Roading Contracts Technician
- Senior Environmental Advisor (30% allocated to transport)
- Senior Engineer – Roading Ops & Safety
- Senior O&M Project Manager (40% allocated to transport)

Strategic Asset Management

- Strategic Asset Manager (30% allocated to transport)
- Transport Asset manager
- Asset Engineer
- Asset Technician
- Road Safety Technician

Strategic Infrastructure Planning Team

- Strategic Infrastructure Planning Manager (30% allocated to transport)
- Transport Strategy Manager
- Senior Transport Engineer

Investment & Business Support

- Investment Advisor
- Investment and Support Services Manager (30% allocated to transport)
- Commercial & Procurement Manager. (30% allocated to transport)
- Contracts Administrator (40% allocated to transport)

8.2. INSOURCED / OUTSOURCED MODEL

By both self-delivering transport procurement and maintaining strong oversight of outsourced transport procurement, through project management services, Council benefits from:

- Greater flexibility and responsiveness
- Increased capability and capacity
- Greater supply market intelligence
- Stronger relationships being developed with contractors, consultants and other service providers; and
- Risk being better understood and managed.

The Council outsources its design function and generally limits its in-house professional services to contract and project management.

8.3. CATEGORY MANAGEMENT

The QLDC-wide Procurement Strategy contemplates category management.

While not yet programmed for implementation, the introduction of a transport category management approach is one route to further drive efficient and effective procurement at QLDC. This will provide greater transparency, both internally and externally, of the supplier selection methods contemplated for each category segment. Until that stage though, the Council will rely on its procurement planning as described earlier.

8.4. INTERNAL PROCUREMENT PROCESSES

The QLDC Procurement Policy sets out how goods, services or works should be planned and procured. This policy has been developed with reference to the Auditor General's Procurement guidance for public entities (Controller and Auditor General, 2008) and the Government Procurement Rules 4th Ed.

8.5. PERFORMANCE MEASUREMENT GENERAL APPLICATION

Council will collect information on its procurement activities through these methods:

a) Contract reviews
b) Maintenance of project files with all key documentation
c) Face-to-face discussions with suppliers
d) Liaison with affected third parties
e) Internal discussions between staff, especially contract and project managers
f) Customer and neighbour feedback during and after contract implementation.

The present system obtains the information required by NZTA Waka Kotahi under Section 11 of the Manual, and sufficient information to enable the Council to monitor progress against its own procurement goals.

The Council will undertake regular reviews of the quality and quantity of information obtained, and the results of any audits, in order to ensure the Council is working towards meeting it goals and objectives. Additional information gathering exercises and procedures will be added where necessary.

8.6. APPLICATION TO MAINTENANCE CONTRACTS

The performance of Council's maintenance contracts is tracked through KPI reporting to the contract management team on a monthly basis, and to a governance level "core group" on a quarterly basis.

The role of the core group is:

a) Steering group made up of senior managers for the contractor and the client.

b) Ensure that information about what's working well about the contract as well as possible problems reach those with power to influence.

c) Formal process to review and sign off KPI results.

d) Part of the process for escalating more serious differences as appropriate.

e) Provide a forum to review and challenge KPIs and contract scope to ensure the contract stays relevant for the full term.

f) Ensure contract managers on the contractor and client side have a clear vision of what is expected from the contract.

g) Forum to discuss community and elected member feedback and develop strategies to address areas of concern.

8.7. PERFORMANCE MONITORING

The application of this Strategy will be monitored annually by reviewing the past year's procurement processes against this Strategy.

The supplier market will be monitored by measuring the following:

- The number of tenders received per market approach. If this is trending towards less than 3 tenders per contract, then a review of go-to-market and communication strategy will be triggered.
- The spread of prices received from the tenderers for each contract. If the spread is increasing the amount of work for suppliers is likely to be increasing and a review of the project specific procurement strategies may be needed.
- Customer and neighbour feedback sought, monitored and acted upon during contract implementation and after contracts have been completed.
- Objectives of Broader Outcomes are achieved.

8.8. COMMUNICATION PLAN

On completion of the endorsement process the Strategy will be:

- communicated to internal stakeholders
- uploaded to QLDC's publicly facing website; and
- advised to the supply market at QLDC's next market briefing.

9. CONCLUSION

This Strategy has been built on the foundations and lessons learnt from the operation of previous Strategies. The Councils procurement capability continues to mature and is now better resourced to provide greater support and enable the efficient and effective delivery of transport activity.

The Queenstown Lakes District is undergoing massive growth which both puts pressure on existing suppliers but is also creating opportunities for new entrants, as can be evidenced from new suppliers operating in the district.

The Council acknowledges that successful delivery of this Strategy will require ongoing commitment to professional development, the updating of forms of contract and RFX templates; monitoring how our key goals including broader outcomes and increased levels of health, safety and wellbeing are being achieved and ensuring the consistent application of fit-for-purpose procurement through the Plan/Source/Manage lifecycle.

10. CORPORATE OWNERSHIP AND INTERNAL ENDORSEMENT

This Strategy is endorsed for the Queenstown Lakes District Council by the General Manager of Property and Infrastructure who is accountable for its implementation. The Strategy will be reviewed when there are significant changes in the supply market, procurement best practice, or in three years – whichever is sooner.

____

Tony Avery

General Manager – Property & Infrastructure

April 2025

APPENDIX A – PROCUREMENT POLICY AND PROCUREMENT GUIDE

QLDC's Procurement Policy is available here.

QLDC's Procurement Guide is available here.

APPENDIX B – SUMMARY OF OPERATIONAL & NETWORK MAINTENANCE CONTRACTS

The following table summarises QLDC's current maintenance agreements and provides possible renewal and return to market dates.

Notes – rights of renewal are at the discretion of QLDC.

Contract No	Incumbent Supplier	Contract Name	Contract & Go to Market Dates				
			Start Date	Right of Renewal 1	Right of Renewal 2	Final Expiry	Latest Go to Market Date
CT16-007	Downer	Roading Network Maintenance Contract	1/10/2016	31/03/2021	31/03/2024	30/03/2027	2026
CT16-007	Downer	Renewals (under Roading Network Maintenance Contract)	1/10/2016	31/03/2021	31/03/2024	30/03/2027	2026
CT16-007	Downer	Minor Improvements (under Roading Network Maintenance Contract) - assume 20%	1/10/2016	31/03/2021	31/03/2024	30/03/2027	2026
O-19-035	McKay	Lighting Maintenance Contract (Joint contract with NZTA Waka Kotahi. QLDC portion only)	1/05/2019	31/03/2024		31/03/2027	2026
N/A	Various as per AOG Panel	Electricity for Street Lighting	Various				
C-19-047	Stantec	Minor Improvements Professional Services	1/07/2024			30/06/2027	
C-24-076	MCE	Reseal and FWP Professional Services	1/07/2024			30/06/2027	

Endorsed by:

Queenstown Lakes District Council on:
NZTA Waka Kotahi on:

QUEENSTOWN LAKES DISTRICT COUNCIL

www.nzta.govt.nz

NZ TRANSPORT AGENCY
WAKA KOTAHI

44 Bowen Street
Pipitea
Wellington 6011

18 July 2025

Geoff Mayman
Queenstown Lakes District Council

Dear Geoff

Endorsement of the Queenstown Lakes District Council Transport Procurement Strategy 2025 – 2028

This letter confirms NZTA endorsement of the Queenstown Lakes District Council Transport Procurement Strategy 2025– 2028. This endorsement encompasses approval of:

- a maximum of 11 years (5+3+3) for the Roading Network Maintenance contract intended to start in April 2027
- on-going use in-house professional services
- the use of an *Advanced Procurement Procedure - Supplier Panel* for:
    - the latest iteration (2024) of the ESSS panel
    - the upcoming Contract Works panel.

Approval of the Contract Works panel is contingent upon NZTA endorsement of the procurement plan for the upcoming tender to establish a Contract Works supplier panel.

This Strategy endorsement will expire on 18 July 2028.

Please contact me should you have any queries regarding this matter.

Regards

Dean Hollis
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