

Timaru District Council | Land Transport Group

Land Transport Procurement Strategy

1 July 2026 – 30 June 2029

Document Control

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Timaru District Council Approval

Name	Title	Date
Suzy Ratahi	General Manager, Land Transport	1 July 26

NZTA Endorsement

Refer Appendix 4.

Executive Summary

Introduction

Timaru District Council (TDC) is an approved organisation under the Land Transport Management Act 2003, making it eligible for funding assistance from the New Zealand Transport Agency (NZTA) for roading works. To qualify for this funding, the LTMA requires all approved organisations to have a Procurement Strategy endorsed by NZTA.

This Procurement Strategy has been developed to guide procurement across TDC’s land transport activities, including infrastructure and professional services funded by NZTA. The objectives are to:

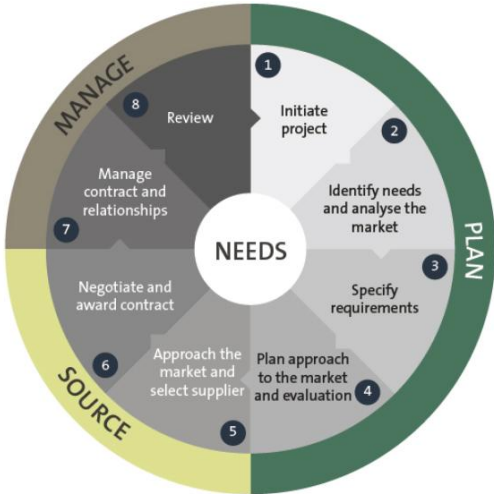
- Deliver sustainable value over the lifetime of purchased goods and services.
- Ensure fair and effective management of suppliers and service providers.

It ensures compliance with the NZTA Procurement Manual, Government Procurement Rules, and Council policy. It provides assurance that National Land Transport Fund (NLTF) contributions are managed responsibly and guides procurement decisions to achieve value for money, encourage fair competition, support a sustainable supplier market, and deliver broader community outcomes.

This strategy supports the delivery of the work programme identified in years 3, 4 and 5 of TDC’s Long-Term Plan (LTP) 2024–2034. Over the full 10-year LTP period, TDC will invest more than \$430 million in roading infrastructure maintenance and improvements, with expenditure expected to increase in future LTPs due to ageing assets such as bridges, rising delivery costs, and growing network demand.

Procurement Delivery Model

Delivery of the LTP is dependent on effective procurement practice. Procurement in this context can range from relatively simple and low risk purchasing through to delivery of more complex and high risk programmes and projects. Land Transport applies the Government Procurement Lifecycle model, where the three best practice phases of Plan, Source and Manage are broken down into eight stages.



As shown in Table 1 (below), Land Transport uses a staged model (aligned with the NZTA Procurement Manual) for procurement, with general guidance based on the contract value and choice of specific method taking into account the complexity and risk involved.

Table 1: Staged Model: Supplier Selection method

	Contract value (\$)			
	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$300,000	Over \$300,000
Type of Contest				
Direct appointment	✓	✓	✓*	✓*
Closed contest	✓	✓	✓	✓*
Open contest	✓	✓	✓	✓

	Contract value (\$)			
	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$300,000	Over \$300,000
Evaluation Method				
Lowest price conforming tender	✓	✓	✓	✓
Price quality (e.g. weighted attributes)	x	✓	✓	✓
Purchaser nominated price (professional services only)	✓	✓	✓	✓

Key
✓ Most appropriate
✓ Appropriate
✓ Less Appropriate, or ✓* Only appropriate with NZTA prior approval
x Not appropriate, or ✓* Only appropriate with NZTA prior approval

Notes:

- Direct appointments for NZTA-funded works are limited to \$100,000 without prior approval.
- Procurement complexity and risk influence requirements, including detailed plans and external probity advice for larger contracts.

Programme and Delivery

TDC's Land Transport Group manages over \$1 billion in assets, including roads, bridges and structures, drainage assets, street signs and markings, traffic signals, street furniture, street lights, footpaths and cycle paths. The Land Transport Procurement Programme is identified in the Long-Term Plan 2024-34, evidenced by the Land Transport Activity and Asset Management Plan and the TDC Infrastructure Strategy 2024-54. The programme includes maintenance activities, capital projects/programmes and professional services.

Planned expenditure over the life of this strategy is as follows:

Table 2: Land Transport spend by year 2026-2029 (LTP)

Expenditure type	2026/27	2027/28	2028/29
CAPEX	\$21,177,000	\$24,470,480	\$21,929,299
OPEX	\$11,520,570	\$11,981,392.80	\$12,460,648.51

Note: OPEX includes ~\$3m per year for WC151. Figures reflect the total Land Transport budget, not necessarily what is tendered to the market.

Recommendations

Timaru District Council recommends that NZTA:

- Endorse this procurement strategy
- Approve the continued use of in-house professional services

Strategic context

Organisational and network overview

The Timaru District Council (TDC) is a local authority in the South Island serving over 48,000 people in South Canterbury. The main settlement is Timaru, with other smaller settlements of Geraldine, Pleasant Point and Temuka. The Timaru District is a sub-regional centre in Canterbury with a strong primary and industrial base that provides a significant contribution to the Canterbury and New Zealand economy. The District has its own international port, Primeport Timaru, and a regional airport with scheduled passenger services.

TDC's Land Transport Group is responsible for the provision, operations, maintenance and development of the land transport network in the Timaru District. This includes the following assets:

- Sealed roads
- Unsealed roads
- Bridges and culverts
- Drainage
- Environmental assets e.g. vegetation, street trees
- Traffic signals
- Street lights
- Street furniture
- Walking and biking infrastructure

The Land Transport Group also provides response to emergency events, undertakes road safety promotion activity, and undertakes asset management activities to ensure prudent stewardship of assets for future generations. The transport network is a critical enabler of the freight sector and underpins nationally significant primary industry supply chains. Transport infrastructure is thus essential to the economic development of the District, and the resilience and connectedness of its communities.

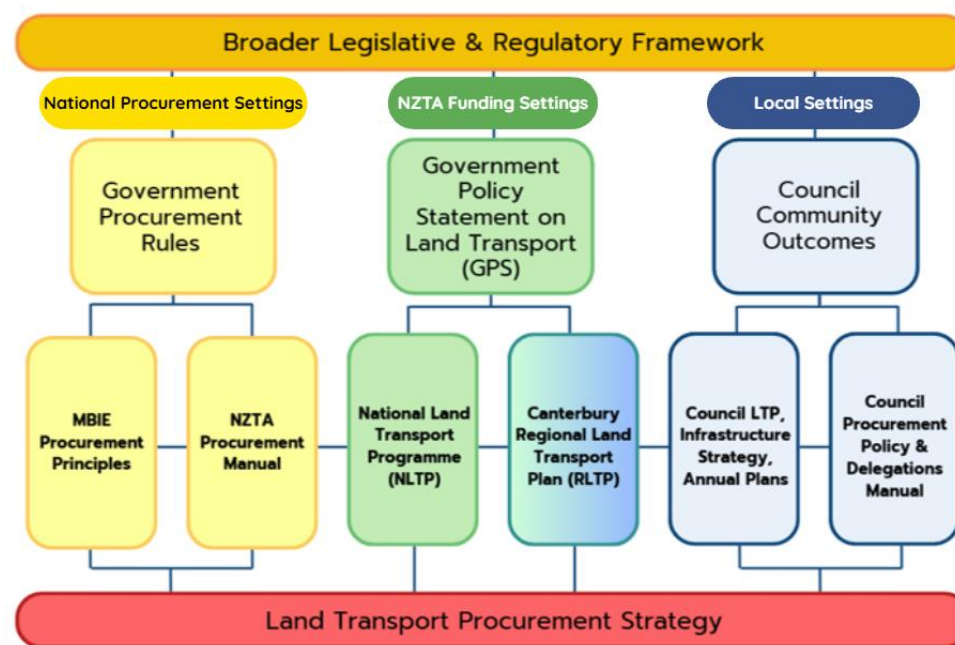
Strategy purpose

Timaru District Council (TDC) is an approved organisation (AO) under the Land Transport Management Act 2003 (LTMA), making it eligible for funding assistance from the New Zealand Transport Agency (NZTA) for roading works. To qualify for this funding, the LTMA requires all AOs to have a Procurement Strategy endorsed by NZTA.

This Strategy has been developed in alignment with national procurement settings, NZTA funding settings and local settings for this purpose.

Figure 1 below summarises these settings, which are described in the following sections and provide the strategic context for land transport procurement in the Timaru District.

Figure 1: Summary of national, local, funding settings guiding procurement



NZTA Funding Settings

The following key documents guide development and funding of the land transport activity programme:

- The **Government Policy Statement on Land Transport (GPS)** outlines the Government's strategy to guide land transport investments over the next 10 years and guidance on where Government will focus resources.
- The **National Land Transport Programme (NLTP)** is a three-year programme of planned activities and a ten-year forecast of revenue and expenditure prepared by NZTA to give effect to the GPS. The NLTP is a partnership between NZTA, which invests national funding on behalf of the Crown, and local government, which invests local funding on behalf of ratepayers.
- The **Canterbury Regional Land Transport Plan (RLTP)** sets out the current state of our regional transport network, the challenges we face, and the priorities for future investment. Activities must be included in the RLTP in order to be eligible for National Land Transport Programme Funding.
- The **Timaru District Council Long Term Plan 2024-34** confirms the programme and local funding share for land transport activities in the Timaru District.

National Procurement Settings

Procurement for land transport activities is shaped by central government expectations and funding conditions, primarily through:

- Government Procurement Rules (all-of-government baseline)
- NZTA Procurement Manual (sector-specific requirements linked to funding).

Government Procurement Rules

The Government Procurement Rules (5th edition) guide agencies to:

- Plan and manage for great results
- Be proportionate and right-size the procurement
- Be fair to all suppliers
- Get the right supplier
- Get the best deal for everyone
- Play by the rules

While TDC is not a mandated agency for the application of these rules, they are applied to ensure consistency and alignment with NZTA requirements.

NZTA Procurement Manual

The NZTA Procurement Manual outlines principles of procurement specific to the transport sector and presents mandatory procurement requirements tied to National Land Transport Programme funding. TDC adheres to the Procurement Manual for all NLTP-funded activities.

Local settings

Timaru District Council Strategic Objectives and Community Outcomes

TDC is required under the Local Government Act 2002 to make decisions that promote the current and future well-being of its communities. To meet these requirements, Council prepares a Long-Term Plan (LTP) outlining its strategic priorities, objectives, and planned activities over a ten-year period. The LTP is reviewed triennially, with Annual Plans developed each year to confirm the work programme for the upcoming financial year and the associated funding arrangements. The vision for the Timaru District, as set out in the Long-Term Plan 2024–2034, is:

“Where people, place and business prosper within a healthy, adaptable and regenerative environment.”

The vision is supported by five community wellbeing outcomes:

- Connected citizens
- Enhanced lifestyle
- Sustainable environment
- Diverse economy
- Resilient infrastructure

TDC also prepares a 30 year Infrastructure Strategy (30-year plan) that informs the roading and footpaths programme.

Both documents are informed by the Land Transport Activity and Asset Management Plan (AMP), the blueprint for investment in land transport assets in the Timaru District.

The priorities for land transport in the current LTP, Infrastructure Strategy and AMP are:

- Fit for purpose roads and structures that enable areas of economic strength to thrive, maximising local economic growth.
- Resilient and affordable roading infrastructure that meets community needs.
- Safe roads, footpaths and street networks.
- Facilitation of sustainable transport options.

The first three years of the LTP include \$62M for maintenance, renewals, and improvements against these priorities.

Council Procurement Policy

All Council Procurement activity must take into account the TDC Procurement Policy 2026, and the Delegations Manual, which identifies TDC’s Committee, sub-committees, groups and Council Officers and their levels of financial and statutory delegation.

Broader Outcomes

The Government Procurement Rules provide guidance on considering broader outcomes within procurement. These are defined as “the secondary benefits generated by the way a good, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic, and contribute to long-term public value for New Zealand.”

Since 2021, TDC has been embedding broader community outcomes and sustainability considerations into non-price attributes for tenders and has supported suppliers with accompanying guidance on these requirements. Larger contractors have generally built capability in this area, while medium and smaller suppliers are still developing their approaches. Land Transport monitors and reports annually on contract KPIs, including contributions to broader outcomes.

It is noted that the updated GPS 2024 has deprioritised broader outcomes for transport investment. Accordingly, while our procurement approach will

continue to align with the Government Procurement Rules, broader outcomes will not be strongly weighted during the term of this strategy.

Broader Legislative and Regulatory Framework

TDC's procurement activities are guided by a framework of national and local legislation. Key statutes include the Local Government Act 2002 and the Health and Safety at Work Act 2015. TDC ensures compliance with all relevant laws and regulations throughout its procurement processes, maintaining robust systems to meet statutory obligations and uphold best practice.

Other relevant legislation includes, but is not limited to:

- Land Transport Management Act 2003
- Public Records Act 2005
- Resource Management Act 1991

TDC maintains stringent internal delegations to support procurement and procurement planning is robust, guided by Council's Procurement Policy.

Health and Safety

This TPS incorporates TDC's obligations under the Health and Safety at Work Act 2015. Key elements include:

- Clarifying our duties as a Person Conducting a Business or Undertaking (PCBU) and understanding the relationship with other PCBUs
- Formalising our approach to pre-qualification and performance management
- Clarifying our safety expectations with our suppliers
- Risk management

Before any contract is awarded, a land transport contractor or supplier is required to satisfy pre-qualification criteria as outlined in the TDC Health and Safety Manual 2024, or equivalent industry standard qualification such as ISO 45001. The level of detail required for pre-qualification depends on the type of work being undertaken and its complexity, risk and duration. All suppliers are categorised as low, medium or high risk in order to determine pre-qualification requirements. This is incorporated into the procurement process, with preconditions requiring all contractors to commit to requirements. Award of the contract will not occur if these preconditions are not met.

The framework for management of health and safety during procurement and continuing through contract management can be found in Appendix 1.

TDC is also progressively transitioning its risk assessment and contractor management processes to align with the NZ Government Transport and Traffic Management (NZGTTM) risk-based framework for traffic management. This approach replaces the current risk categorisation with a project-specific methodology, enabling more targeted monitoring of safety management on site. This transition is being acknowledged during procurement and supported ongoing by Council's Corridor Management team who monitor compliance.

Local Government reform

Over 2025 and 2026 the New Zealand Government has launched the most significant structural reset of local government since the 1989 reforms. At its core is a shift toward fewer, larger, and more integrated local authorities that combine regional and local government functions, governance and planning systems. Over the long term this is expected to result in stronger alignment between land use, economic development and transport network investment, as well as deeper integration of asset management planning at a regional level.

The outcomes of reform are expected to be in transition as early as 2028, which is within the life of this strategy. While there are still uncertainties as to how this will unfold, the procurement needs of the transport network in the District until then remain unchanged. The procurement activities in this strategy aim to position the Timaru District to engage collaboratively in reforms under the presumption that roading contracts will be realigned based on a new regional structure.

For context, the table adjacent provides the current status of neighbouring road maintenance contracts.

Table 3: Neighbouring road maintenance contracts

Council	Contract length	Base end date	Extension end date	Contractor	Status notes
Ashburton	5+2	Nov 2030	Nov 2032	Fulton Hogan	Recently awarded
Mackenzie	5+2+2+1	Oct 2026	Oct 2031	Fulton Hogan	Likely to extend
Waimate	5+2	Jun 2026	June 2028	Rooney Earthmoving Ltd	Awarded extension to 2028.
Waitaki	5+1+1	Sept 2027	Sept 2029	Whitestone Contracting Ltd	

Procurement Programme

Current supplier arrangements

Land Transport activities are currently delivered through a mixture of in-house delivery, long term contracts with physical works suppliers and professional services suppliers, and some project by project contracts for capital works. Figure 2 below outlines the current state of term contracts in place for physical works delivery.

Figure 2: Current state of land transport procurement

Contract 2494 - Road Maintenance & Renewals Term: 5+2 Start date: 1 July 2021 End date: 30 June 2028 (optional renewal has been exercised) Annual spend: \$16,646,881 Supplier: Fulton Hogan <u>Included activities:</u> Sealed road maintenance Unsealed road maintenance Unsealed road rebuilding Drainage maintenance Swale construction Culvert renewal Signs and markings Street sweeping and sump cleaning Rural vegetation control Emergency response Bridge maintenance Bridge component replacement Sealed road rehabilitation Footpath maintenance Footpath replacement (partial) Cycleway maintenance* Cycleway replacement Asset condition inspections (partial) CBD cleaning** Urban vegetation control** Rural rest area type mowing** General litter bin empty** *Limited external funding available for this activity **No external funding available for this activity	Contract 2663 - Road Resurfacing Term: 2+2 Start date: 1 July 2024 End date: 30 June 2026 (option to extend for 2 years) Supplier: Fulton Hogan <u>Included activities:</u> Sealed road resurfacing Contract 2577 – Street tree maintenance Term: 5 years Start date: 1 July 2022 End date: 30 June 2027 Supplier: CORDE <u>Included activities:</u> Street tree maintenance* Contract 2504 – Traffic signal maintenance Term: 5+1 Start date: 1 July 2021 End date: 31 May 2026 (potential for optional renewal for 1 year) Supplier: Hardie Electrical <u>Included activities:</u> Traffic signal maintenance Contract 2694 – Traffic counting Term: 2 years Start date: 1 July 2024 End date: 30 June 2026 Supplier: Road Traffic Management Ltd	Contract 2454 – Streetlight maintenance Works procured as temporary dayworks as required on measure & value basis <u>Included activities:</u> Street lights Street light renewal Tendered individually Footpath replacement Traffic signal renewal Active transport implementation* Large capital works Tendered individually or packaged with others Small network improvements* Bridge replacement Kerb and channel renewal Specialist services Christmas decorations (Electrical)** Christmas decorations (Hanging)** Delivered in house (LTU) Asset condition inspections (partial)
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Contract 2494 – Road Maintenance and Renewals

Annual contract spend	Selection Method	Contract Duration	Start Date	End Date	Incumbent
\$16.6m	Price Quality 60% Non-Price 40% Price	5+2	1 July 2021	30 June 2028	Fulton Hogan
Planned procurement activity during life of this strategy					
The optional renewal clause for Contract 2494 was recently exercised, extending the contract through to 30 June 2028. As part of the approval process, Council has requested exploration of a further 2 year optional renewal, which would extend the total contract term through to 30 June 2030 (5+2+2). The rationale for further renewal is to strategically position Council to align with the outcomes of pending Local Government reform/amalgamation of regional/local Councils. This would include collaboration with neighbouring Councils to align contract end dates, and integrate procurement planning to serve the future amalgamated network structure. Officers should have early indications of reform direction in September 2026 and will work collaboratively with NZTA/regional partners in response. Should uncertainties around reform persist, an alternate plan would be to commence planning for re-procurement during 2027 (open, price-quality method).					

Contract 2663 – Road Resurfacing Contract

Annual contract spend	Selection Method	Contract Duration	Start Date	End Date	Incumbent
\$4.2 million	Price Quality 30% Non-Price 70% Price	2 years (+ 2 years subject to performance)	1 July 2024	30 June 2026	Fulton Hogan
Planned procurement activity during life of this strategy					
We plan to exercise the optional renewal clause and extend this contract to 30 June 2028. Ongoing procurement needs will be determined following the outcome of local reform.					

Contract 2504 – Maintenance of Traffic Signals

Annual contract spend	Selection Method	Contract Duration	Start Date	End Date	Incumbent
\$402K (Cost shared with NZTA)	Negotiated	3 years (+ 2 + 1 years)	1 August 2021	31 May 2026 (+1 if performance is satisfactory)	Hardie Electrical
Planned procurement activity during life of this strategy					

Council approval will be sought in July 2026 to extend this contract for a further 2 years to 30 June 2028. This is to align the contract end date with Contract 2494 and strategically position Council to align a new contract with pending reform outcomes. By agreement this contract covers both TDC and NZTA assets (providing State Highways signals maintenance in the District) and NZTA have confirmed this extension is acceptable, noting that a specialist supplier is required for these works. There are two intersections in the District that require upgrade within the life of this Strategy and these works will be tendered separately as budgets allow.

Contract 2454 – Streetlight Maintenance

Annual contract spend	Selection Method	Contract Duration	Start Date	End Date	Incumbent
\$140K	Negotiated	No current contract	nil	nil	Alpine Energy

Planned procurement activity during life of this strategy

Following previous contract expiry, Council attempted to negotiate a replacement contract; however, these negotiations were unsuccessful. A Collaboration Agreement (covering 2025-2027) was subsequently entered into, documenting an interim way forward for both parties, with works procured as temporary dayworks on measure and value basis.

A significant proportion of Council's streetlighting assets are currently embedded within the electricity network operator's assets and separation of assets is dependent upon undergrounding of power cables which is not being programmed proactively by the operator currently. Until separation occurs, TDC streetlight assets are effectively 'parasitic' to

electricity assets, limiting available procurement options for work on these assets.

As part of the proposed short-term negotiated arrangement, Council is engaging with Alpine Energy (AE) to approve (accredit) Hardie Electrical Limited (HEL) as a contractor authorised to work on AE's network. Subject to accreditation being achieved, Fulton Hogan would engage HEL as a subcontractor to undertake streetlight first-response works.

This short-term arrangement will provide continuity of service while Council further assesses the most appropriate long-term delivery model for streetlighting maintenance. This includes consideration of integrating streetlighting maintenance into the wider Road Maintenance (RM) contract, where this can deliver improved value for money, clearer accountability and more efficient network response.

Prior to the expiry of the current streetlighting maintenance arrangements in late 2027, Council will determine the preferred long-term procurement approach. This may include:

- incorporating streetlighting maintenance within the Road Maintenance contract, or
- tendering streetlighting maintenance as a separate contract on an invited basis, limited to suitably approved contractors accredited to work on AL's network, or
- amalgamating the contract with neighbouring Councils' contracts, providing a greater value procurement opportunity to attract competitive tenders.

Ongoing procurement needs will be determined following the outcome of local reform, including considering opportunities to bundle streetlighting maintenance with neighbouring councils and potentially NZTA state highway assets, to improve market interest and encourage broader competition where this delivers value.

Contract 2577 – Street Tree Maintenance

Annual contract spend	Selection Method	Contract Duration	Start Date	End Date	Incumbent
\$500K	Price Quality 60% Non-Price 40% Price	5 Years	1 July 2022	30 June 2027	CORDE
Planned procurement activity during life of this strategy					
This contract is due to expire on 30 June 2027, however we are likely to consider extending the contract to 30 June 2028, to align with local reform outcomes/other contracts. It is noted that this activity is not currently subsidised by NZTA and Council could also look to embed activity within a wider vegetation control/other maintenance activities contract in the future.					

NZTA Subsidised Capital Works

Some renewal activities are most effectively tendered as part of other contracts due to their size or nature, rather than as standalone contracts. Capital works not covered by term maintenance contracts are procured using methods appropriate to the scale, risk, and complexity of the work, including:

- Bundled procurement: Grouping multiple similar projects (e.g., footpath or drainage renewals) into a single tender to achieve efficiency and cost savings.
- Project-based procurement: Used for larger or more complex works (e.g., bridge renewals, major pavement rehabilitation).
- Targeted procurement: Applied when specialist expertise is required (e.g., structures or traffic services).

Within individual work areas, projects are prioritised and packaged based on:

- Asset condition and risk
- Efficiency of delivery
- Logical sequencing across the programme

For example, footpath renewals are typically grouped geographically and delivered as a programme, rather than as individual sites, reducing mobilisation costs and improving productivity.

Where feasible, Council coordinates projects across work areas to avoid rework, reduce disruption, and achieve better whole-of-life outcomes. Early engagement with utilities ensures underground and above-ground services are addressed before surface renewals. Coordination includes:

- Integrated renewal planning: Aligning footpath renewals with kerb and channel, pavement, and drainage works to ensure assets are renewed in the correct order and avoid repeated excavation.
- Cross-team coordination: Collaboration between roading, drainage, and other infrastructure teams, including external utilities providers, to align scope, timing, and budgets.
- Sequencing of works: For example:
 - Drainage and kerb/channel works completed before pavement rehabilitation
 - Footpath renewals aligned with adjacent road renewals or safety improvements, where appropriate

This approach allows Council to package works either as a single integrated project or as closely sequenced contracts, depending on risk, funding source, and market capability.

This coordinated approach improves value for money by reducing duplication and mobilisation costs, minimises disruption for residents and road users, ensures assets are renewed in the correct order, and supports NZTA funding assurance by clearly linking scope, timing, and outcomes.

Table 4: NZTA subsidised capital works requiring procurement

Work area	26/27 spend (approved Council budgets)	27/28 spend (approved Council budgets)	28/29 spend (approved Council budgets)	Planned procurement activity
Local road operations				
215 – Structures component replacements	\$664,300	\$690,872	\$718,506	Closed contest Some works delivered via maintenance Contract 2494
221 – Environmental renewals	\$255,500	\$265,720	\$276,348	Open contest price quality/LPC
222 – Traffic services renewals	\$511,000	\$531,440	\$552,697	Contract 2504
Local road pothole prevention				
211 – Unsealed road metalling	\$1,004,300	\$1,044,472	\$1,086,250	Contract 2494 Road Maintenance
212 – Sealed road resurfacing	\$4,938,000	\$5,135,520	\$5,340,940	Contract 2663 – Road resurfacing
213 – Drainage renewals	\$1,469,800	\$1,528,592	\$1,589,735	Culvert renewals – Contract 2494, kerb and channel renewals - Open contest - project

				size dependant on PLC and NonPriced
214 – Sealed road pavement rehabilitation	\$4,899,000	\$5,094,960	\$5,298,758	Contract 2494 Road Maintenance
Walking and cycling maintenance				
224 – Cycle path renewal	\$51,100	\$53,144	\$55,269	Contract 2494 Road Maintenance
225 – Footpath renewal	\$2,044,000	\$2,125,760	\$2,210,790	75% delivered via Contract 2494, 25% closed contest, LPC over different sites
Local road improvements				
Work area	26/27 spend (approved NZTA budgets)	27/28 spend (approved NZTA budgets)	28/29 spend (approved NZTA budgets)	Planned procurement activity
341 – Cartwrights/Kellands Hill/Rosewill Valley Roads Upgrades	\$2,400,000			Open contest Price Quality 30% Non-Price 70% Price
341 – Levels Plain Intersection Improvements	\$550,000			Open contest Price Quality 30% Non-Price 70% Price
341 – Domain Ave Kerb and Channel Upgrade	\$540,000			Open contest Price Quality 30% Non-Price 70% Price
341 – Connoor Road Intersection	\$500,000			Open contest Price Quality

Improvement (associated with bridge renewal)				30% Non-Price 70% Price
341 – Pleasant Valley/Craig Road/Kennedy Street Safety Improvements	\$650,000			Open contest Price Quality 30% Non-Price 70% Price
341 – Minor network improvements	\$100,000			Works may be bundled – procurement will be a mixture of direct appointment/closed contest, lowest price confirming
341 – Elm Street Construction	\$600,000			Open contest Price Quality 30% Non-Price 70% Price
341 - Washdyke and Meadows Road Upgrade		\$2.5m		Open contest Price Quality 30% Non-Price 70% Price
341 - CBD Upgrades Phase 1 (Bay Hill)		\$3m		Open contest Price Quality 40% Non-Price 60% Price
341 – Aorangi Road Upgrades		\$2.5m		Open contest Price Quality 30% Non-Price 70% Price
341 – CBD Upgrades Phase 2			\$4.8m	Open contest Price Quality

				40% Non-Price 60% Price
216 – Landsborough Road Bridge Renewal	\$ 3,382,690			Open contest Price Quality 40% Non-Price 60% Price
216 - Bridge Renewal		\$2m	\$2m	Open contest Price Quality 40% Non-Price 60% Price
TOTAL	\$24,559,690	\$26,470,480	\$23,929,293	

Improvements to Local Roads

Changes to the Government Policy Statement on land transport (GPS) mean that much of this work is no longer eligible for funding through NZTA. Where funding is available, Council applies NZTA requirements to ensure consistency and alignment.

The existing road maintenance contract provides for the delivery of low-cost, low-risk works as variations to the original contract, using established contract rates. This approach reduces procurement and supervision costs and is utilised where the contractor can demonstrate a clear value-for-money outcome.

Where value for money cannot be assured, works are tendered to the open market. To ensure ongoing market access and competition, including opportunities for other contractors to tender for bridge renewals and low-cost, low-risk work.

Professional Services

TDC delivers most of its Land Transport professional services through its in-house Land Transport team (with the approval of NZTA in

accordance with Section 26 of the Land Transport Management Act 2003). The team comprises 20 positions and is led by the General Manager Land Transport.

Since 2016, TDC has prioritised developing its in-house professional capability, reducing reliance on external consultants except for specialist, externally funded projects (e.g., NZTA Transport Choices). Ongoing staff training and capability-building initiatives will continue to reduce external dependency and strengthen institutional knowledge.

Land Transport

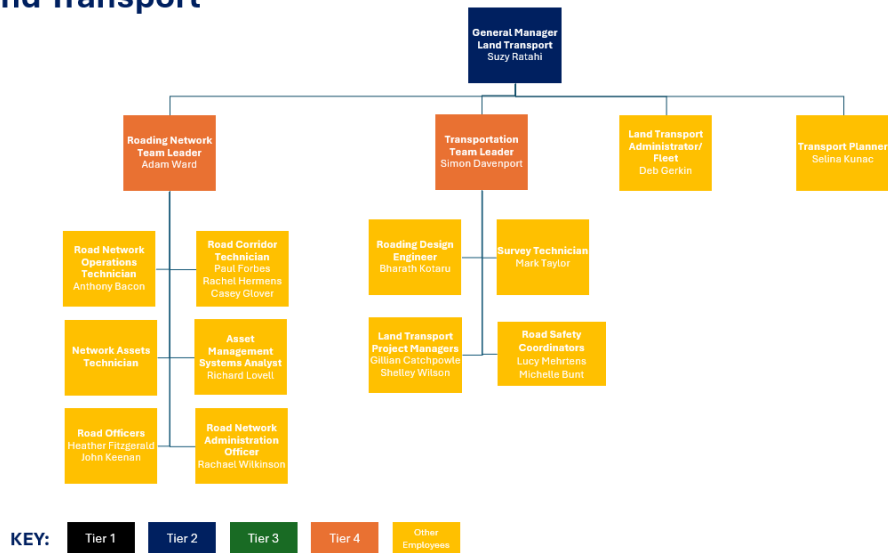


Figure 3: Land Transport Group Structure – August 2025

Professional services delivered by this team include:

- Strategy
- Asset management
- Procurement
- Contract management (most, some external)
- Network management

- Traffic management
- Road safety (planning and promotions)
- Design (some, most external)

In addition to in-house services, several contracts are delivered by external consultants, most of which are project-based or specialist in nature. **There is no change proposed to arrangements for professional services within the life of this strategy.**

Table 5: Professional services requiring procurement

Supplier	Activity	Current Term	Annual Spend (avg.)	Selection method
WSP	Bridge inspections	Annual	\$17,000	Direct appointment (specialist supplier)
Key Research Ltd.	Road User Survey	Triennially	\$38,000	Direct appointment
Various	Asset management (the majority of costs are associated with audit and revaluation)	Various (depending on the type of audit required)	<\$30,000	Direct appointment
Various (project-based)	Transport planning	Various (project-based)	<\$50,000	Direct appointment
Various (project-based)	Design - Roading	Various (project-based)	Various (project-based)	Direct appointment

Various (project-based)	Design - Bridges	Various (project-based)	Various (project-based)	Direct appointment
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Collaboration and Shared Services

TDC maintains a strong collaborative approach with neighbouring councils and key transport partners. Through the Aoraki Rooding Collaboration (ARC), the Council works closely with Ashburton, Mackenzie, Waitaki, and Waimate District Councils. Members meet regularly to address technical roading issues and promote regional consistency. TDC also engages with NZTA at multiple levels to ensure alignment on operational and strategic transport matters. This collaborative approach is reflected in formal agreements and arrangements, including term maintenance contracts, multi-party initiatives, and memoranda of understanding:

- Regional safety and infrastructure programs – the South Canterbury Road Safety Coordination programme operates with Mackenzie and Waimate District Councils and is renewed periodically to maintain funding and collaboration.
- Shared infrastructure management – boundary bridges and roads linking local government areas are managed through memoranda of understanding with neighbouring councils.

Collectively, these arrangements enable TDC to manage its transport network efficiently, foster strong regional relationships, and promote shared responsibility. **They also position our District well to respond to pending local government amalgamations.**

Identification of any high-risk or unusual procurement activities

No new procurement activities are currently planned that would require NZTA approval for a special procurement process before the next scheduled review of this strategy in three years.

As aforementioned, there is some risk associated with Council considering a further two-year optional renewal of Contract 2494 – Road Maintenance and Operations. If approved, this would see establishment of a total contract term of up to nine years (5+2+2), extending through to 30 June 2030. There is a risk that prolonged reliance on a single supplier may limit opportunities to test value for money, innovation, and service delivery improvements that could be achieved through open market processes. Additionally, longer-term contracts can create exposure to changing market conditions, pricing structures, and evolving regulatory or operational requirements.

However, the rationale for the proposed extension is strategically driven and linked to anticipated Local Government reform, including potential amalgamation of regional and local councils. Aligning contract end dates across neighbouring councils is intended to support a coordinated, regionally integrated procurement approach in the future. This may enable economies of scale, improved network-level outcomes, and stronger collaboration with NZTA and other regional partners. This approach introduces a level of uncertainty, as the direction and timing of reform are not yet confirmed. Officers expect to have early indications of reform outcomes by September 2026 and will continue to work collaboratively with NZTA and regional stakeholders to assess implications and plan accordingly.

To mitigate the risks associated with this uncertainty, an alternative pathway has been identified. Should reform timelines or outcomes remain unclear, Council will initiate planning for re-procurement during 2027, using an open price-quality methodology. This ensures that the option to re-engage the market remains viable and that procurement practices continue to align with principles of transparency, competition, and value for money.



Procurement Environment

Maintaining an effective and competitive supplier base is essential to achieving this strategy's objective of delivering sustainable public value from TDC's land transport expenditure. Most core programme work is delivered by local suppliers, including national professional services consultants with a Timaru presence and regionally based small- to medium-sized contractors.

Timaru's distance from major centres such as Christchurch and Dunedin does limit the supplier pool, which has remained relatively stable in recent years. However, there is potential for small- and medium-sized suppliers to expand their capabilities, typically requiring stronger local management, enhanced project management skills, and capital investment to take on larger projects.

TDC works with a diverse range of national and regional contractors and consultants, ensuring sufficient market capacity for both large and small projects. The supplier market is generally competitive, with recent tenders attracting multiple high-quality submissions across maintenance, renewals, and professional services. This healthy supplier environment supports TDC's ability to achieve value for money and maintain resilience in service delivery.

TDC continues to monitor the market for potential risks, such as consolidation or limited local capacity for specialist services, and adapts its procurement approach as needed to sustain competition and capability. A detailed list of current and recent suppliers for professional services and physical works is provided in Appendix 2.

Impact on Other Entities

TDC actively collaborates with other local authorities throughout the Canterbury region, NZTA, and Environment Canterbury via the Canterbury Regional Land Transport Programme and the Roothing Regional Efficiency Group (REG). This coordination ensures that procurement decisions consider related programmes and their potential impacts on shared consultants, contractors, and subcontractors.

Over the next three years, the work programmes of NZTA and the South Canterbury councils are expected to remain fairly stable, though it is noted that land use changes have potential to rapidly drive asset demand in localised areas, causing fluctuations in procurement needs. It is anticipated that procurement for bridge works will increase heavily as many assets reach end of life within the next 15 years, though not within the life of this Strategy. Across the region funding is a risk to consistent delivery, with local share and subsidies already struggling to keep up with the pace of cost escalation across the sector. There is real potential for the volume of works to decrease if funding cannot increase proportionately.

The same pool of contractors also undertakes private sector work in the Timaru District, such as subdivisions and commercial developments. Rather than exacerbating competition for contractors, these additional workstreams provide local suppliers with further opportunities to invest in capacity and capability.

Procurement Delivery

The NZTA Procurement Manual identifies four permitted delivery models that AO(s) may use. The most appropriate model depends on the scale and complexity of the project or activity. These models are:

- Staged
- Design and build
- Shared risk
- Supplier panel

Typically, term maintenance contracts are single contracts, while most capital projects follow a staged model, with a design contract followed by one or more construction contracts. The selection of any delivery model will comply with the TDC Procurement Policy, the NZTA Procurement Manual, and this strategy. Note that shared risk and supplier panels require NZTA approval (see Section 5.7: Advanced Components). TDC is keen to collaborate with NZTA on supplier panels for new State Highway contracts to optimise procurement and promote ongoing market competition.

Land Transport uses the design and build model for pavement rehabilitations and we are interested in trialling it for high-value bridge replacements. Bridge projects have been selected because they offer:

- Functionality prioritised overachieving the highest possible design quality.
- An opportunity to assess market capability for design and build projects of this type.
- Potential for greater cost certainty and earlier completion, as construction can commence shortly after contract award, even before all detailed design packages are finalised.
- More effective management of design-related issues, with a single point of responsibility, reducing design/construction interface risks.
- Potential cost savings.

The procurement process will allow additional time for contractors to prepare design proposals, and the evaluation process will also require extra time. An external design consultant will support the evaluation team. Given higher tendering costs for suppliers, a two-stage process will be used, beginning with a Registration of Interest to shortlist suitable suppliers.

Supplier Selection Methods

To comply with NZTA Procurement Policy Rule 10.8, every supply selection process must begin as an open competitive process, inviting all potential suppliers to participate. Open competition is preferred by TDC because it:

- Is transparent and fair to all suppliers
- Provides opportunities for healthy market competition
- Encourages innovation

An open competitive process can be conducted as either a single-stage or multi-stage process.

TDC has a range of supplier selection methods available. The method chosen will be documented in the Procurement Plan and will consider the requirements of the Procurement Policy, the NZTA Procurement Manual, and this strategy. The following methods will be used:

- **Lowest price conforming** – suitable for simple procurements where price is the primary factor.
- **Price quality** – suitable when multiple criteria have differing levels of importance (the most commonly used method).
- **Quality based** – suitable when quality is the primary factor and price is less relevant. *Note: if used for physical works, NZTA approval is required.*

	Contract value (\$)			
	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$300,000	Over \$300,000
Evaluation Method				
Lowest price conforming tender	✓	✓	✓	✓
Price quality (e.g. weighted attributes)	x	✓	✓	✓
Purchaser nominated price (professional services only)	✓	✓	✓	✓

Key
✓ Most appropriate
✓ Appropriate
✓ Less appropriate, or ✓* Only appropriate with NZTA prior approval
x Not appropriate, or ✓* Only appropriate with NZTA prior approval

Table 6: Evaluation methods

For detailed guidance, refer to the decision tree in Appendix 3. This flow chart helps determine whether an officer should seek offers from the supplier market. Options to consider include:

- Preferred or existing suppliers
- In-house resources
- Specialist suppliers
- Variations and extensions
- All-of-Government contracts

- Bundling with other activities

Emergency Procurement

Emergencies, typically caused by weather events or natural disasters such as flooding, high winds, snow, or earthquakes, may require rapid procurement where full open competition is not feasible. TDC manages these risks through established Land Transport Unit processes:

Immediate response

- Under the Road Maintenance Contract, the contractor ensures public safety and restores access, subcontracting to pre-qualified suppliers if required. All work is supervised, and suppliers are pre-qualified for health, safety, and quality assurance.
- Work rates are defined in the contract, and all tasks require a valid dispatch instruction from the Council engineer in the RAMM system, ensuring payment is only made for authorised work.

Permanent reinstatement works

- Scheduled items are completed at contract rates.
- Unscheduled items follow standard TDC procurement processes. In urgent situations, direct engagement or quotes from a limited supplier pool may be used, with approval per the TDC Delegations Manual.

National Land Transport Fund (NLTF) requirements

When seeking NLTF funding for emergency works, the following must be met:

- Notify the regional NZTA representative in advance of the potential application.

- Confirm eligibility against NZTA's 'Qualifying activities,' 'Qualifying events,' and 'Exclusions' criteria.
- Ineligible activities must be funded through alternative sources.

Note: Emergency contracts established without using an approved procurement procedure under s26 of the Land Transport Management Act are limited to a maximum term of six months.

Contract Management

Contract management is carried out by Council staff through close collaboration with the Contractor. Each term contract operates within a governance framework that has proven effective, supported by a dedicated management team and a general liaison to oversee day-to-day operations. This team monitors performance, ensures tasks are completed on time and to the required standard, and maintains open communication. The Contractor is available at all times for emergencies, and regular reviews and joint planning ensure the contract continues to meet TDC objectives and community needs.

Effective contract management includes planning for both anticipated and unforeseen changes, clear escalation processes, and mechanisms to address performance or compliance issues. Pricing structures are designed to manage cost escalation and ensure value-for-money outcomes throughout the contract lifecycle. By combining these practices with strong contractor relationships, TDC delivers services efficiently, manages risks, and meets contractual and regulatory obligations. This approach supports accountability, market confidence, and the achievement of expected value-for-money outcomes.

TDC is also working to standardise and strengthen organisation-wide contract management systems. The Land Transport Group will contribute to these improvements and will be directly affected by the resulting changes.



Implementation

Internal Procurement Capability and Processes

Land Transport procurement is largely self-delivered in-house, with outsourcing of design, preparation of technical specifications and some contract supervision to consultants. TDC also employs a Procurement Lead who is focused on wider organisational procurement but available for support and lending expertise. Benefits of this approach include:

- More consistent procurement practices across Land Transport activities
- Better alignment with NZTA and MBIE procurement processes
- Greater flexibility and responsiveness
- Ability to manage risk more closely
- Strong relationships with suppliers
- Ability to tap into consultants for specialist technical or contract supervision expertise

The key staff responsible for implementation of the procurement framework and associated processes are the:

- General Manager Land Transport
- Road Network Team Leader
- Transportation Team Leader
- Transport Strategy Advisor
- Road Network Administration Officer

Procurement processes are subject to this endorsed strategy, with guidance on implementation provided in the Council Contract Administration Manual (recently updated). Land Transport procurement templates are stored in the Council document management system and are regularly updated.

Organisation Risk and Issues

TDC applies a risk management framework based on ISO 31000:2018. The Land Transport Unit operates under the wider Council risk framework while managing its own risk activities and reporting regularly to the Audit and Risk Committee.

The risk of procurement failure is mitigated through the Council Procurement Policy and the Land Transport Procurement Strategy. Specific audits include:

- Audit New Zealand audits of the Annual Plan and LTP process (Council-wide)
- Internal Contract Management Audits (Council-wide)
- NZTA Investment and Procedural Audits (Land Transport-specific)

The 2021 Internal Contract Management Audit confirmed that the Land Transport Unit has mature contract management processes supported by formal systems. At the contract level, construction and maintenance risks are managed via the Council Contract Administration Manual, which has been recently reviewed. Council is currently implementing a standardised contract management system (due to be operational in August 2026) that integrates with financial systems and this will include Land Transport activities.

Key strategy sections supporting procurement risk management include:

- Governance
- Conflicts of interest
- Evaluation processes
- Emergency management
- Procurement capability and capacity
- Contract management

Council Delegations

Procurement governance is based on the TDC Delegations Manual, which establishes responsibility for different levels of expenditure. The delegated levels of authority are used as the basis for awarding contracts, with recommendations from Tender Evaluation Teams forming the basis of a Tender Report, which is then either accepted or rejected.

At the highest level, the Council Procurement and Procurement Committee approves the award of all contracts above the delegated level of spending for the Chief Executive. The Committee also approves award of higher-risk tenders or contracts outside the Council's usual range of activities. Land Transport involves the committee in briefings prior to key tenders going to market and in approval of procurement plans for high value or high risk projects. This provides elected members with the opportunity to have appropriate input into the procurement process and build depth of understanding of a project prior to being asked to make an award decision.

Depending on the size of the contract, award may be approved by the Chief Executive (up to \$750,00) or the General Manager Land Transport (up to \$100,000). Smaller purchasing decisions may also be made at the Team Leader or office level, subject to the Councils Delegations Manual.

Performance Measures

TDC has several performance monitoring systems for internal performance and external reporting.

Land Transport collects data to meet NZTA requirements (NZTA Procurement Manual, Section 11.0) and uses audits to:

- Demonstrate best value for money in procurement
- Apply measures beyond price to support procurement decisions

- Monitor supplier market competitiveness

Audits provide a regular “health check” and benchmarking across the Council sector. A NZTA Procedural Audit was undertaken in September 2025. The audit was welcomed and identified a few areas for improvement. As a result, the Land Transport Group received an overall rating of “some improvement needed.” Improvements to processes and procedures have already been implemented, with further enhancements in other areas currently in development.

In addition, the LTP includes a range of key performance indicators (KPIs) that the district is required to meet annually, including those related to Land Transport, which are reported in the Council’s annual report. Separate audits have also been carried out as part of the activity management plan.

Strategy Review

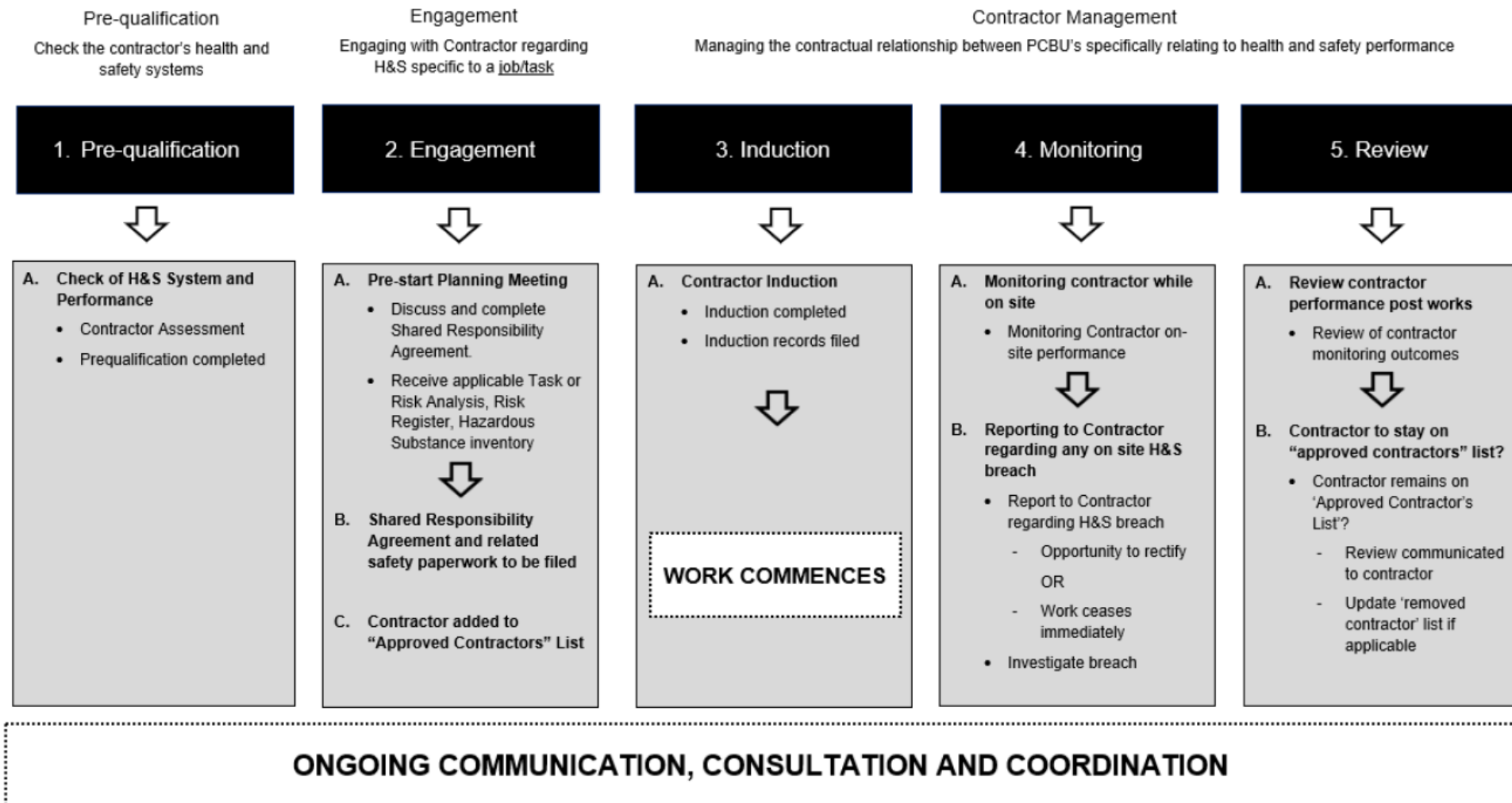
This strategy will be reviewed every three years and updated as necessary to reflect any changes in the Long-Term Plan (LTP) over that period. In addition, formal Service Delivery Reviews of significant Council activities are undertaken in accordance with section 17A of the Local Government Act 2002. A section 17A review of land transport activities was completed in early 2026, with outcomes to be assessed in late 2026 alongside broader local government reform outcomes.

Communications

Once the endorsement by TDC and NZTA is completed, this strategy will be communicated to internal stakeholders and members of the Aoraki Roding Collaboration (neighbouring Councils). It will also be uploaded on the Timaru District Council website, with suppliers being advised at the next TDC suppliers’ meeting and quarterly newsletters.

Appendix 1 – Health and Safety management across TDC contracts

Overarching Contractor Engagement and Management Process



Appendix 2 – Current and recent suppliers

Professional Services

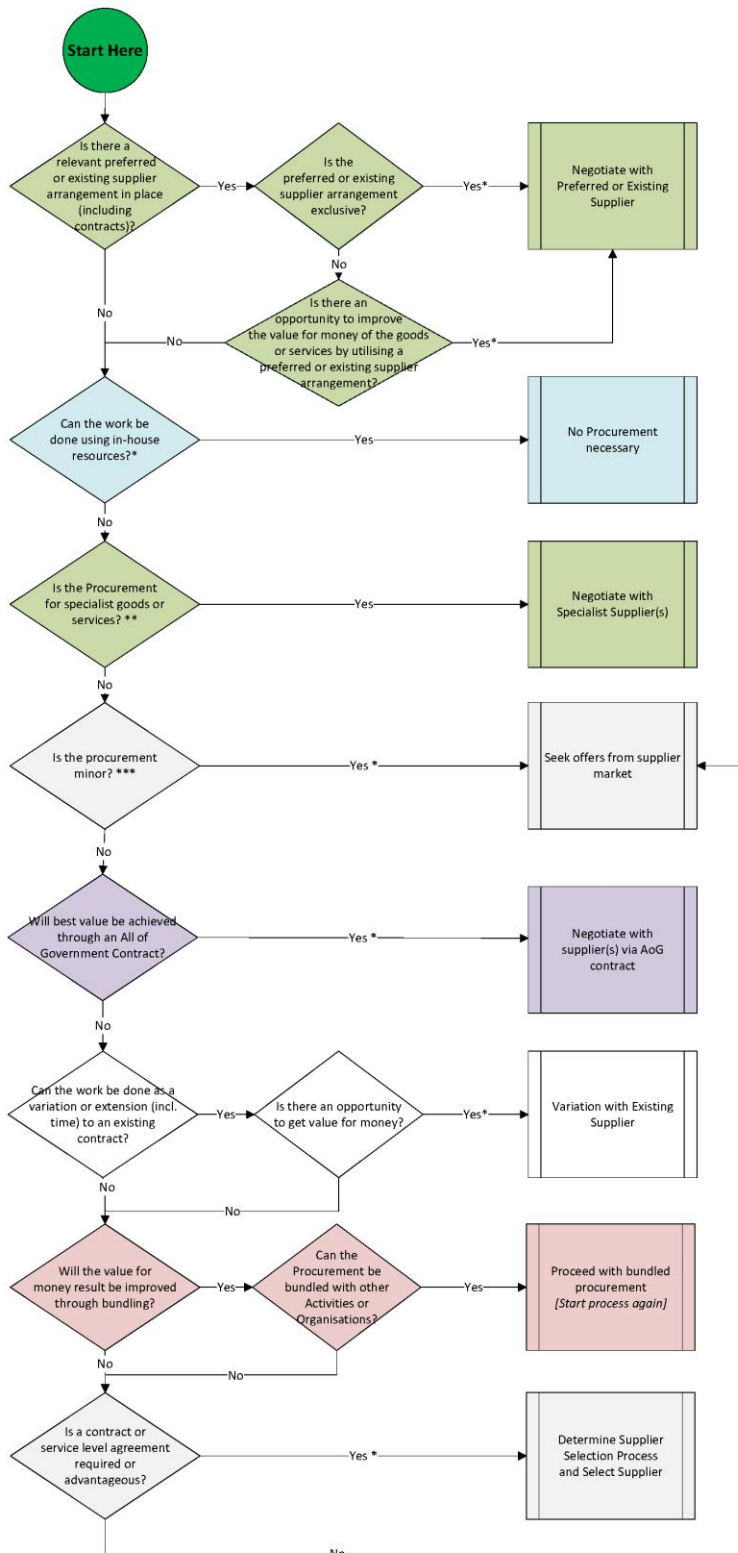
Consultant	Services	Project Size
GHD	Transport professional and engineering services	Large, medium, small
WSP	Transport professional and engineering services	Large, medium, small
Abley	Transport professional services	Medium, small
Stantec	Transport professional and engineering services	Large, medium, small
Davis Ogilvie	Transport engineering services	Medium, small
Milward Lobb	Transport engineering services	Medium, small
Morrison Low	Transport engineering services	Medium, small
Wagh Infrastructure	Transport professional and engineering services	Medium, small
Key Research	Market research	Medium, small
Flow Transportation Specialists	Transport engineering services	Medium, small

Physical Works

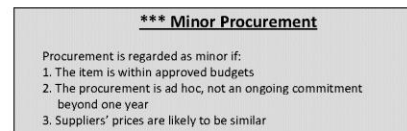
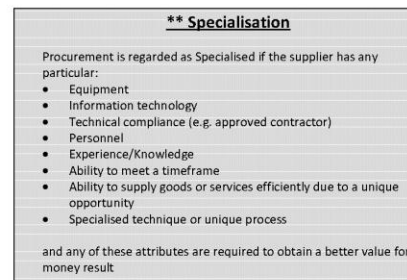
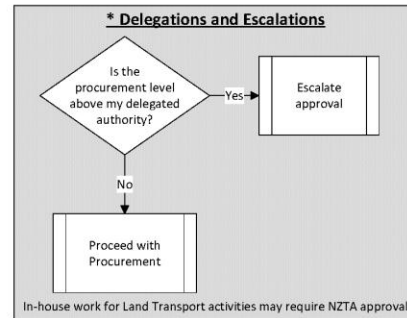
Supplier	Services	Project Size
Fulton Hogan	Road maintenance, capital works	Large, medium, small
Downer	Road maintenance, capital works	Large, medium, small

HEB Construction	Road maintenance, capital works	Large, medium, small
Rooney Earthmoving	Road maintenance, capital works	Large, medium, small
Paul Smith Earthmoving	Capital works	Medium, small
ACL	Capital works	Medium, small
Whitestone Contracting	Capital works	Medium, small
Isaac Construction	Capital works	Large, medium, small
Beeby Contracting	Capital works	Small
Hardie Electrical	Traffic lights, electrical services	Small
Ranger Specialist Coatings	Non-slip tile treatment	Small
Midland	Vegetation maintenance	Medium, small
Corde	Vegetation maintenance	Medium, small
Coombridge Industries Engineering Services	Street furniture maintenance	Small
Alpine Energy	Street connections, Street light maintenance and renewal	Large, medium, small

Appendix 3 – Procurement process decision tree



Version 2 updated Sept 2022



Appendix 4 – NZTA Endorsement



www.nzta.govt.nz

44 Bowen Street
Pipitea
Wellington 6011

17 July 2026

Suzy Ratahi
Timaru District Council

Dear Suzy

Endorsement of the Timaru District Council Transport Procurement Strategy 2026 – 2029

This letter confirms NZTA endorsement of the Timaru District Council Transport Procurement Strategy 2026 – 2029. This endorsement will expire on 17 July 2029.

Note that as per NZTA procurement manual section 10.6, Approved Organisations are required to make their current endorsed transport procurement strategy publicly available and accessible through their web site.

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

Regards

Dean Hollis
Strategic Procurement Lead – Approved Organisations
Email: dean.hollis@nzta.govt.nz
Telephone: +64 04 831 9746 Mobile: +64 21 077 3333