



Transport Procurement Strategy
Part A - Infrastructure
2025 - 2028



Strategy Expert	Asset Manager Transport
Strategy Owner	Manager Transport
Strategy Approver	Deputy Chief Executive / Group Manager Infrastructure
Version	0.8 Final
Effective Date	12 April 2025
Review Date	12 April 2028



Executive Summary

Consistent with our Long Term Plan 2024-2034, entitled 'Beyond the Storm', this Procurement Strategy reflects the cautious approach taken to new capital expenditure for any large civic projects over the next few years, while continuing preparatory work so those projects are ready to go once the economic situation improves.

We will spend approximately \$29M to \$33M per year on transport activities (capital, renewals and maintenance, excluding public transport services) for the next three years (2025/26 - 2027/28), with 51% (being the current New Zealand Transport Agency Waka Kotahi (NZTA) Financial Assistance Rate) of this expenditure, funded through the National Land Transport Fund (NLTF).

This Procurement Strategy has been developed to ensure that the Council delivers the desired outcomes with the funding provided; it is a requirement of the NZTA; and represents good procurement practice. The transport programme is forecast to grow over the next 10 years and this Procurement Strategy is an important part of the framework to secure more transport investment in the future.

Procurement Strategy Audience

The audience for this Procurement Strategy is primarily the supplier market, and staff, at Nelson City Council who are responsible for delivering transport procurement activities.

Council's Procurement Policy and NZTA Procurement Manual

This Procurement Strategy is influenced by the Council's Procurement Policy, but strictly follows the NZTA Procurement Manual.

Feedback on the Transport Procurement Strategy

All relevant Council staff and stakeholder representatives were consulted prior to the approval of this Procurement Strategy by the Group Manager Infrastructure.

Key Issues:

Key issues identified by this Procurement Strategy include:

- Amendments to the Government Policy Statement on Land Transport.
- Increasing commitments at a national and local level to climate change adaptation and mitigation targets.
- Implementation of the Nelson Future Access Strategy to address capacity constraints on Nelson's transport network that impact on the city's ability to accommodate growth and intensification.

Key opportunities:

Key opportunities identified by this Procurement Strategy that are captured in our improvement plan include:

- Continue to establish and manage the data collection database (Appendix E of the NZTA Procurement Manual)
- Continue to build good routines for in-house data management, analysis and forward works planning.
- Embed the 10-year forward works programme, informed by condition assessments, analysis and reviews, and coordination between utilities and transport renewals and the capital works programmes.

- Continue to strive towards integration of Council wide procurement documentation and include unsubsidised transport activities in the next procurement strategy to provide a complete picture of the procurement environment.
- Continue to improve our understanding of contractor's market share, allocation of works and contracts awarded.
- Establish processes to capture, document and disseminate supply market feedback.



Recommendations

It is recommended that the NZ Transport Agency Waka Kotahi:

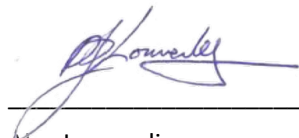
1. Endorse the Nelson City Council Transport Procurement Strategy Part A – Infrastructure 2025-2028 effective 12 April 2025.
 - Approve the continued use of in-house professional services by Nelson City Council in accordance with s.26 of the Land Transport Management Act 2003.
2. Approve the continued use of a variation to the Rules in the NZTA Procurement manual, section 10.21 *Maximum term of a term service contract for infrastructure or planning and advice* allowing Nelson City Council to use a maximum term of ten years (5+5 years) for the community facilities maintenance and cleaning contract.

It is recommended that Nelson City Council's Group Manager Infrastructure:

1. Adopts the Nelson City Council Transport Procurement Strategy Part A – Infrastructure 2025-2028 effective 12 April 2025.

Responsibility for the implementation and future review of this Procurement Strategy resides with the Manager Transport.

This Procurement Strategy is approved by the Group Manager Infrastructure.



Alec Louverdis

Deputy Chief Executive / Group Manager Infrastructure

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1.0 Introduction

Nelson City Council's Transport Procurement Strategy (Procurement Strategy) is in two parts: Part A - Infrastructure and Part B - Public Transport Services. This reflects the very different streams and supplier markets. Public transport has a combined procurement process with Tasman District Council (TDC) and therefore a combined Public Transport Procurement Strategy reflecting that approach.

This Procurement Strategy (Part A) outlines how the Council will make efficient and effective use of funding through the National Land Transport Fund for infrastructure related works. It indicates the scope and scale of upcoming projects and programmes. It promotes open competitive and effective markets and contributes to obtaining best value for money.

Annual expenditure on transport infrastructure activities is expected to be between approximately \$29M to \$33M¹ per year (capital, renewals and maintenance, excluding public transport services) for the next three years (2025/26 - 2027/28). Expenditure includes physical works, external consultants, staff time, contractors and service providers to deliver the programme and maintain levels of services for customers.

This Procurement Strategy has been developed in line with guidance from:

- the NZTA Procurement Manual for activities funded through the NLTF (Amendment 6, April 2022)
- the Nelson City Council Procurement Policy (2021)
- the Ministry of Business, Innovation and Employment (MBIE) Government Procurement Rules (4th Edition, 2019)

It also reflects:

- good procurement practice
- the Government Policy Statement on land transport 2024 (GPS 2024)
- the capacity and capability of the private sector to supply services
- changes in legislation
- procurement advice from the Road Efficiency Group (REG).

¹ Nelson City Council (2024). *Nelson Tasman Regional Land Transport Plan – Mid Term Review 2024-3034*. Downloaded on 24 December 2024 from <https://www.nelson.govt.nz/assets/Our-council/Downloads/Plans-strategies-policies/2024/Nelson-Tasman-Regional-Land-Transport-Plan-24-34-final-adopted-by-Council.pdf>



2.0 Policy Context

2.1 Transport activities

As a unitary authority, Nelson City Council is responsible for the delivery of a range of co-funded activities to achieve a safe, cost-effective, and efficient transport network, including:

- data collection, performance management and assessment
- sealed and unsealed roads
- footpaths, walkways, cycleways, and shared paths
- kerb & channel, and culvert, pavement, and stormwater drainage
- bridges and culverts
- retaining walls, including coastal and river rock protection
- road markings and signage
- traffic signals
- handrails, guardrails, sight rails and miscellaneous street furniture
- street lighting
- street and sump cleaning
- litter collection, including removal of abandoned vehicles and graffiti
- roadside vegetation management
- bus shelters, including maintenance and cleaning
- bus interchange, including maintenance, cleaning and security
- road safety programmes
- traffic, walking, and cycle counting programmes
- temporary, trial and operational traffic management solutions
- emergency management and response.

Other activities include:

- network user (travel demand management) information programmes
- traffic modelling
- strategic planning, and bylaw and policy management
- coordinating other activities within the road corridor
- drainage, walking and cycle facility maintenance, renewal and vegetation control on state highways, as required by the Council/NZTA Boundary Agreement
- road safety promotion in conjunction with Tasman District Council (TDC), Marlborough District Council (MDC) and NZTA
- implementation of Road Controlling Authority responsibilities under the Land Transport Management Act 2003 (including preparation of a regional land transport plan every six years and adoption of a regional public transport plan).

Public Transport and Total Mobility procurement is covered separately in the Transport Procurement Strategy Part B - Public Transport.

In addition to the activities listed above (which are subsidised by NZTA), we are responsible for delivering currently unsubsidised activities that include the city's road corridor, City Centre redevelopment, street trees, street gardens, carparks, some stormwater drainage, retaining walls and some streetlights.

2.2 Long Term Plan 2024-2034 - 'Beyond the storm'

Our Long Term Plan 2024-2034 entitled '*Beyond the storm*' takes a cautious approach to new capital spending for any large civic projects over the next few years, while continuing preparatory work so those projects are ready to go once the economic situation improves.

We have established new taskforces and earmarked funding to keep up the momentum on a shared Council-Community aim to revitalise our central city. The \$78.7 million Bridge to Better upgrade project, funded jointly by the Council and the Government, will help breathe new life into Bridge Street and its surrounds.

We believe there will be a need for investment in larger projects during the later years of this plan, such as Civic House. Big projects have long lead times and need broad community support and there will be further community consultation as this work progresses.

This plan includes the acceptance of an offer by the Government of a \$12.3 million support package to assist with the Council's recovery work from the August 2022 storm. This support package will enable us to implement a pragmatic buyout plan for those homeowners who are trapped with properties that are uneconomic to repair, and unsafe to live in.

The bulk of the estimated \$87.2 million cost to the Council of storm recovery work is for infrastructure repairs and we are deliberately building back better to improve our resilience to future events.

2.3 Our Vision, Priorities and Outcomes

We have developed a vision and three overarching priorities to guide our work programmes for the next ten years. These are described fully in the Council's Long Term Plan 2024-2034 and are summarised below:

Our vision

Our vision for Whakatū Nelson is a creative, prosperous, and innovative city. Our community is inclusive, resilient, and connected – we care for each other and our environment.

Our priorities

Our priorities are to:

- Support our communities to be prosperous, connected, and inclusive.
- Transform our city and commercial centres to be thriving, accessible and people focused.
- Foster a healthy environment and a climate resilient, low-emissions community.

Community outcomes

Our eight community outcomes are broad, long-term goals that guide our overall direction and are aligned with those of Tasman District Council to ensure a consistent regional approach.

- Our unique national environment is healthy and protected.
- Our infrastructure is efficient, resilient, cost effective and meets the current and future needs.
- Our urban and rural environments are people-friendly, well planned, accessible and sustainably managed.
- Our communities are healthy, safe, inclusive and resilient.
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity
- Our communities have access to a range of social, cultural, educational and recreational facilities and activities.
- Our Council provides leadership and fosters partnerships, including with iwi, fosters a regional perspective, and encourages community engagement.
- Our regional is supported by an innovative and sustainable economy.

2.4 NZTA procurement requirements

NZTA's procurement requirements include the following series of principles. We have described below what they mean to us at a local level and how we intend to deliver upon them:

- **Best value for money** – means providing a well maintained, safe and efficient transport network at the lowest whole of life cost. Our intervention hierarchy is a key tool in the achievement of best value for money. (Refer Section 2.11, below)
- **Enabling competition that is fair** – means conducting procurement activities consistent with the NZTA Procurement Manual and accepted good procurement practices. We have a Procurement Steering Committee providing governance over procurement activities to ensure fair and consistent processes are being followed including the use of standardised documentation, the use of the Government Electronic Tender Services (GETS) for open tenders and compliance to the Council's Procurement Policy. It also means packaging and bundling procurement opportunities to make them more attractive to suppliers and to give local and small to medium sized businesses an opportunity to compete.
- **Encouraging competitive and efficient markets for supply** – means that we will provide the supply market with forward visibility of upcoming procurement opportunities and ensure that we have developed clear specifications. It also means that we will ensure that tender periods are appropriate to allow for comprehensive responses and that there is sufficient time between contract award and commencement to allow contractors to mobilise.

2.5 Procurement Strategy outcomes

Our priority outcomes for this Procurement Strategy include:

- Fostering good asset management and planning practices for efficient delivery of transport outcomes and levels of services.

- Enabling in-house professional services to deliver programmes through effective asset, project, contract and financial management.
- Providing staff with direction on making good procurement decisions.
- Supporting effective and efficient procedures for the procurement and management of physical works, professional services, planning and advice.
- Providing a well maintained and efficient transport network at lowest whole of life cost.
- Demonstrating that our procurement approaches meet the requirements of the Land Transport Management Act 2003 (LTMA).
- Ensuring our procurement processes foster and maintain a competitive supply market.
- Ensuring that our procurement processes are aligned with the requirements as a Person Conducting a Business or Undertaking (PCBU) under the Health and Safety at Work Act 2015 (HSWA).

2.6 Procurement Policy

Our Procurement Policy states the minimum mandatory requirements for purchasing and contracting for goods and services and supports the reduction in greenhouse gas emissions.

The policy seeks to strengthen our role as a change leader, to work with the challenges of market constraints, and to achieve great procurement outcomes.

Key aspects of our Procurement Policy that are relevant to the procurement of land transport activities include:

- Ensure we get the best public value and benefit over the lifetime of the goods and services.
- Make sure everyone involved in purchasing and contracting acts responsibly, lawfully, and with integrity.
- Ensure procurement decisions seek broader outcomes aligned with our responsibility to promote the broader social, economic, environmental, and cultural wellbeing of our communities, in the present and for the future, as specified in the Local Government Act 2002 (LGA).
- Ensure purchasing decisions are guided by the underlying principle of minimising greenhouse gas emissions, to comply with emission reduction targets prescribed by the Council, or in the absence of a Council target, as prescribed by the Climate Change Response Act 2002.
- Get the right suppliers who can deliver what we need, at a fair price and on time.
- Create competition and encourage capable suppliers to work with us.
- Make it easy for all suppliers to do business with us.
- Ensure relevant stakeholders are appropriately involved in procurement and contract management outcomes.
- Make sure the procurement effort is in proportion to the size, complexity, and risks associated with the goods and services.

The Procurement Policy may be downloaded from our website at:

<http://www.nelson.govt.nz/assets/Our-council/Downloads/Plans-strategies-policies/strategies-plans-policies/Nelson-City-Council-Procurement-Policy-21-August-2023.pdf>

2.7 Delegation Policy

This policy defines the framework under which Council staff must operate to ensure that appropriate approvals are obtained before proceeding with any procurement or contract.

2.8 Health and safety

We consider health and safety at every stage of the procurement process. This includes:

- The contractor selection process includes rigorous scrutiny on their capability, capacity, processes, systems and practices to manage the safety and health of everyone on our/their worksites.
- Living wages, for contractors and suppliers, including subcontractors and temporary personnel. This is included in tender evaluation processes.
- Suitable lead-in and construction periods to minimise time pressures.
- Early contractor engagement to ensure buildable solutions, and less stress.
- Appropriate risk apportionment, communication, and management of risks.
- Right sized teams.
- Good communication throughout the supply chain. This ranges from correct materials selection, delivery and storage, traffic control, public interfaces and learning and improvement opportunities.
- Safety audits throughout the procurement process, ranging from Road Safety Audits to ensure safe design outcomes, Safety in Design audits where ongoing maintenance factors influence decision making, compliance with Code of Practice for Temporary Traffic Management (CoPTTM) and safe worksite observations.
- Working with suppliers move to New Zealand Guidelines for Temporary Traffic Management (NZGTTM).
- Skills training and supervision.
- Ensuring health and safety is an agenda item at regular meetings with contractors.
- Contract exit evaluations to consider performance and learning opportunities for us and our suppliers.

2.9 Broader Outcomes

Broader outcomes are the secondary benefits that are generated by the way a product, service or works is produced or delivered. These outcomes can be social, environmental, cultural or economic, and will deliver long term public value to New Zealand and our community. Broader outcomes require consideration not only of the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

The key components of public value are depicted in the diagram below:

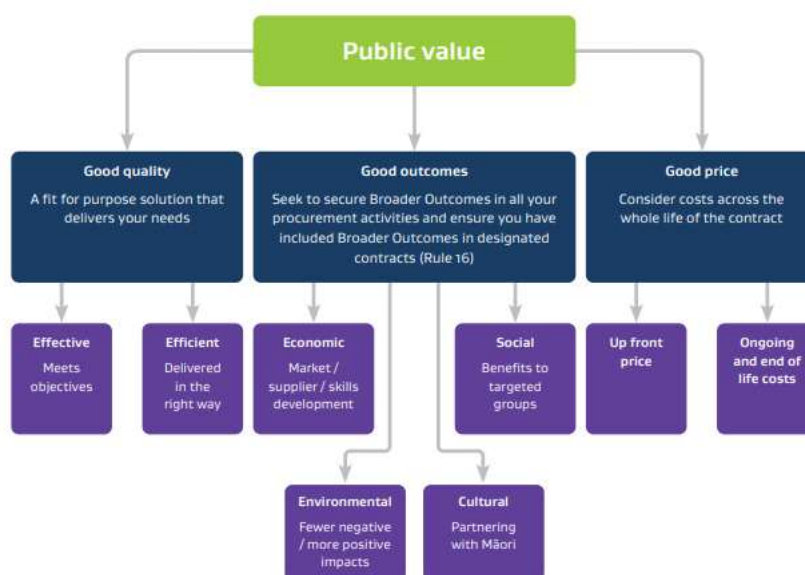


Figure 1 – Public value, extracted from the Government Procurement Rules, 4th Edition.

NZTA released a Framework for Delivering Broader Outcomes in September 2020² and a Broader Outcomes Procurement Strategy³ in March 2021. The Broader Outcomes Procurement Strategy describes the broader outcomes for NZTA, including the Government’s four identified priority outcomes outlined below:

- **Increase New Zealand businesses access to government procurement:** increasing the number of New Zealand businesses contracting directly to government, and within the supply chain. This includes Māori and Pasifika businesses.
- **Increase the size and skill level of domestic construction sector workforce:** the government is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces.
- **Improve conditions for workers and future-proof the ability of New Zealand businesses to trade:** this priority protects workers from unfair and unsafe behaviour and incentivises well-performing firms while ensuring they are not undercut by firms who have reduced costs through poor labour practices.
- **Support the transition to a net zero emission economy:** and assist the Government to meet its goal of significant reduction in waste by 2020 and beyond.

Consideration of broader outcomes spans three phases of procurement (plan, source and manage) however greater value can often be achieved early in the process, particularly during the planning phase. Similarly, by actively managing contracts and supplier performance we will be able to monitor the impact that broader outcomes generate.

² NZ Transport Agency. (2020) *Framework for Delivering Broader Outcomes*. September 2020.

³ Waka Kotahi NZ Transport Agency. (2021) *Broader outcomes procurement strategy*. March 2021.

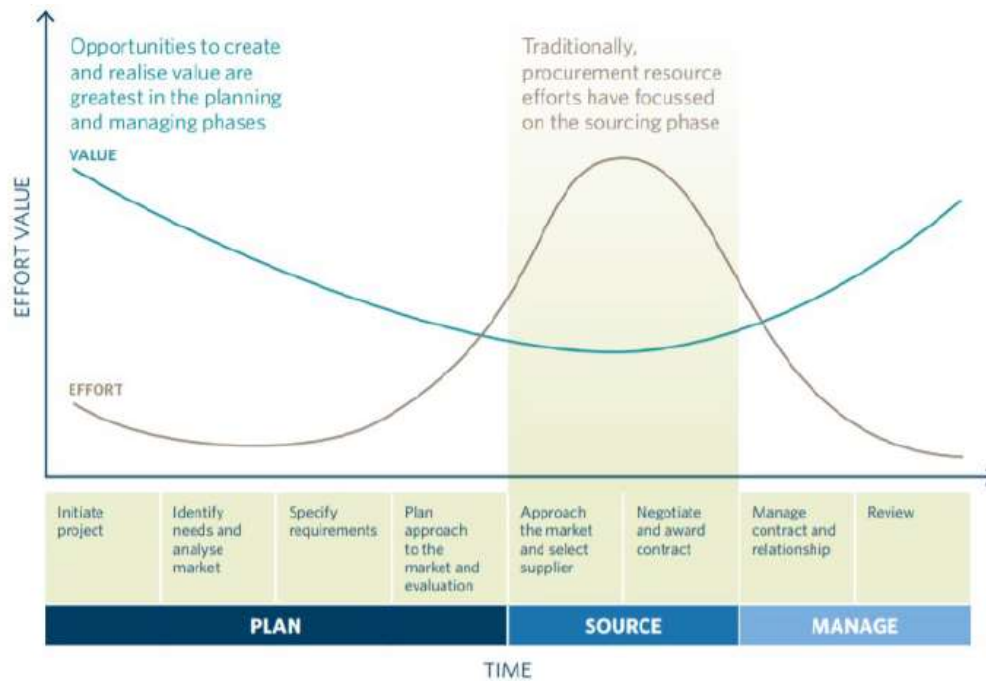


Figure 2 – Procurement Lifecycle, extracted from the NZTA Broader Outcomes Procurement Strategy.

Broader outcomes can also be referred to as social procurement, or sustainable procurement. Our sustainable procurement priority areas align with our community outcomes and include:

- Paying a living wage.
- Increasing supplier diversity in our region.
- Supporting the transition to a net zero emission economy through our environment sustainability initiatives.
- Supporting diversity in the workplace.
- Increasing skills and training in our region.

We include attributes in our procurement activities that focus on these priority areas and support the achievement of our sustainable procurement objectives.

2.10 Environmental Sustainability

Environmental sustainability is a key community outcome. Environmental sustainability practices are assessed through tender evaluations and exit evaluations. Evaluations are used to inform future procurement activities. Questions include:

- Organisational commitment towards greenhouse gas reduction
- Plans and processes towards reduction in environmental pollution
- Plans and processes towards reduction in waste, and developing reuse opportunities

2.11 Intervention hierarchy



Figure 3 – Intervention Hierarchy for National Land Transport Fund (NLTF) Investments

We use the intervention hierarchy to guide our physical works improvement programme. This enables us to integrate environmental outcomes, climate change, the changing transport scene and value for money into our procurement planning.

This hierarchy also guides the strategic direction of the Transport Activity Management Plan 2021 (AMP). The first three years of the AMP focuses on a planning framework and forward works plan so that procurement in future years can be efficient and successful for all stakeholders.

The benefit of prioritising strategic planning supports the Government Procurement Rules by using the planning and management, not just the tendering process, to deliver good procurement outcomes.

2.12 Forward works programme

We continue to focus on development of a robust forward works programme. We have subscribed to the National Forward Works Viewer to facilitate better coordination between utility operators including transport. This is in its infancy and hoped to deliver future stability to the supply market while minimising public disruption from infrastructure works on the transport network.

Further information on the National Forward Works Viewer can be found at:
<https://www.forwardworks.org.nz>

3.0 The Procurement Environment

3.1 Demand

Nelson and Richmond are a single urban growth area, and this combined growth (particularly in Richmond) continues to affect Nelson's transport network by generating increasingly demand for transport activities. NZTA in conjunction with Nelson City Council has developed the Nelson Future Access Strategy (NFAS) in response to traffic growth. The overall Nelson Future Access Strategy detailed business case was approved by the NZTA Board in December 2021. Specific projects still require approval by the Board and are then added to the local procurement programme.

Other significant issues that affect the transport activity identified in the Infrastructure Strategy 2024-2054 include:

- Amendments to the Government Policy Statement on land transport.
- Increasing commitments at a national and local level to climate change adaptation and mitigation targets.
- Implementation of the Nelson Future Access Strategy to address capacity constraints on Nelson's transport network that impact on the city's ability to accommodate growth and intensification.

Our future infrastructure programme

Our expenditure profile for maintenance and operations, and capital expenditure is depicted below from the National Land Transport Programme (NLTP) 2024-2027 and our Long Term Plan 2024-2034.

Activity Class	Description	NLTP 2024-27 funding allocation
Local Road Operations	Operation, maintenance and renewal of structures, traffic services, electrical traffic services, environmental, and asset management functions	\$19,813,000
Local Roads Pothole Prevention	Maintenance and renewal of road pavements and drainage	\$13,725,000
Walking and Cycling	Maintenance and renewal of the active travel path network	\$2,043,000
Public Transport Infrastructure	Operation and maintenance of facilities that support bus services	\$377,000
Regional Functions	Regional Council functions	\$55,215
Safety	Road safety promotion activities and school cycle education programme	\$225,000

Figure 4 – Nelson City Council – Committed or Approved Activities NLTP 2024-27

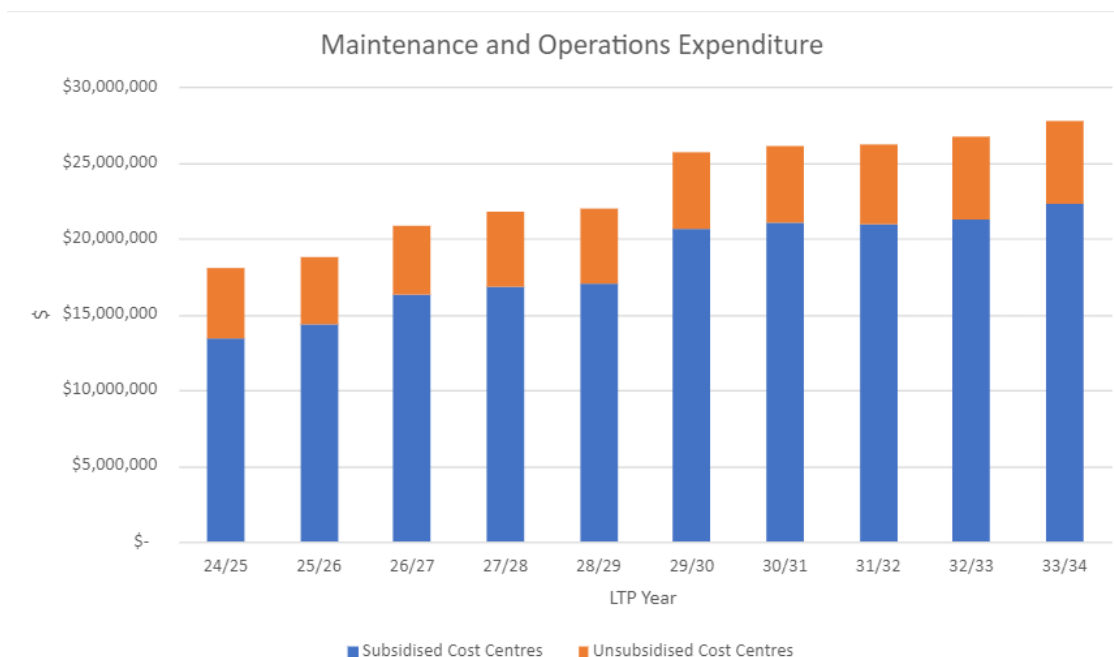


Figure 5 – Nelson City Council – Annual Maintenance and Operations Expenditure for Transportation 2024–2034

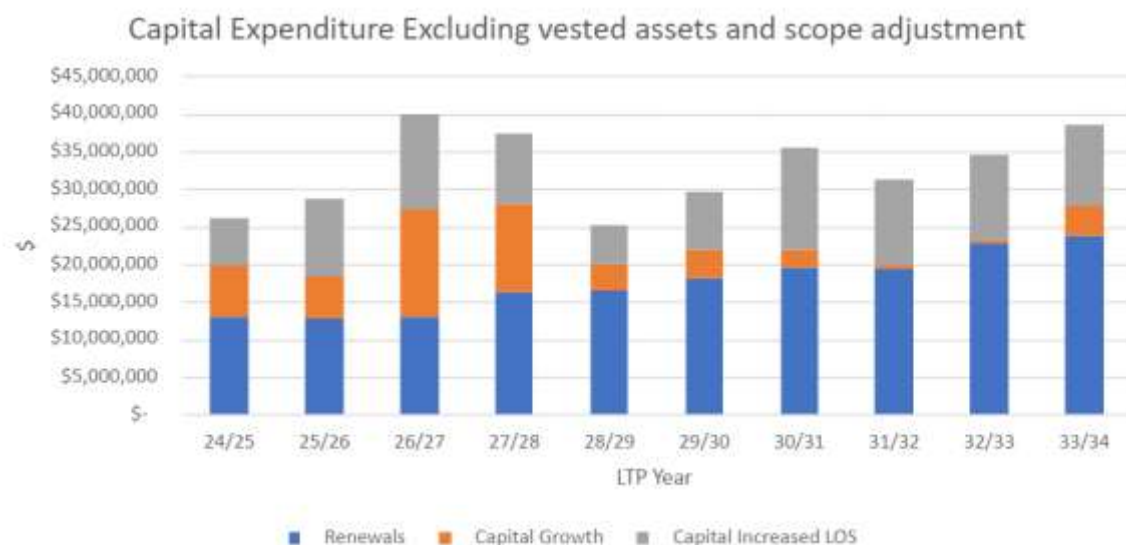


Figure 6 – Nelson City Council – Capital Expenditure for Transportation 2024–2034

Tasman District Council's programme

We continue to coordinate delivery of our transport programme with Tasman District Council (TDC) to ensure best value for money from an informed and even delivery of procurement opportunities. TDC's transport (opex and capex) and overall infrastructure expenditure (opex and capex) is shown in Figures 7 to 10, below.

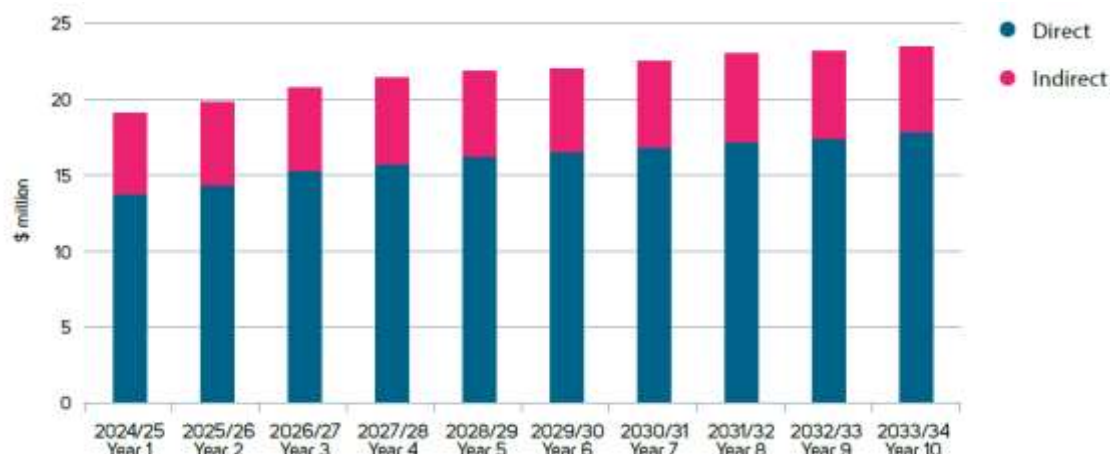


Figure 7 – Tasman District Council – Annual Operational Expenditure - Transportation 2024–2034

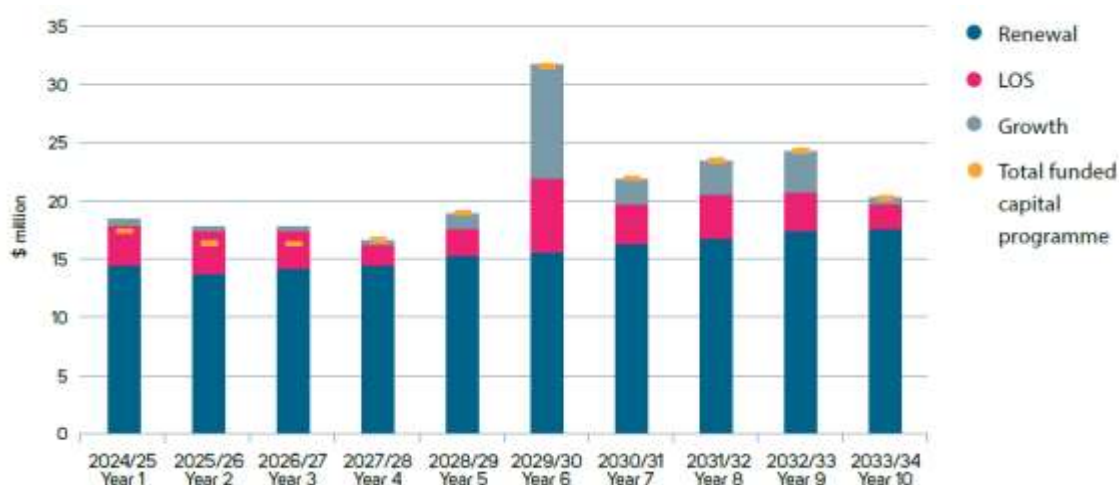


Figure 8 – Tasman District Council – Annual Capital Expenditure - Transportation 2024–2034

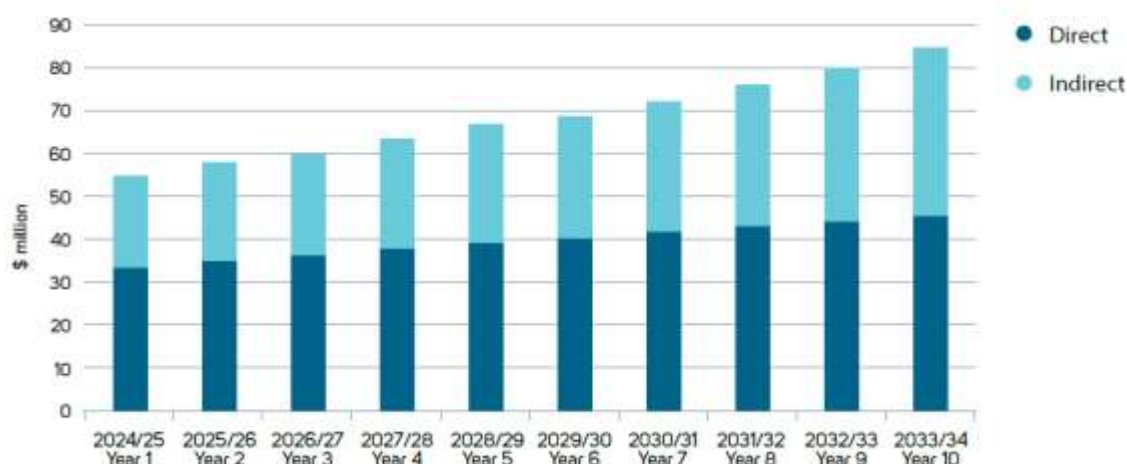


Figure 9 – Tasman District Council – Annual Operational Expenditure - Infrastructure 2024–2034

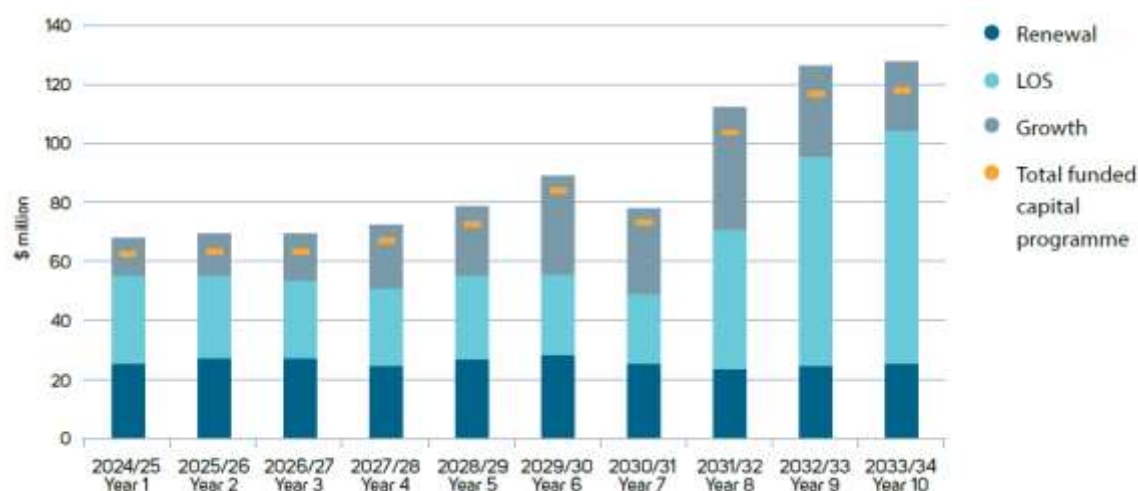


Figure 10 – Tasman District Council – Annual Capital Expenditure - Infrastructure 2024–2034

New Zealand Transport Agency programme⁴

Severe weather in the Top of the South in recent years has resulted in long-lasting infrastructure damage, placing the roading network under considerable strain. This has resulted in continued challenges as the region’s economy needs a resilient roading network to support the productivity of its primary industries. Work is ongoing to future-proof the state highway network, helping to provide a more resilient and reliable network to keep communities connected.

The Hope Bypass – a new route for traffic travelling on SH6 in Richmond – is proposed in the Government Policy Statement as a strategic corridor to support economic growth and productivity. In this National Land Transport Plan, NZTA advise that they will start planning the new bypass, with construction starting in 2029. This will help reduce congestion in the lower Queen Street/Gladstone Road (Richmond) area, improve safety, support housing development, boost economic growth, and provide a more resilient roading network.

Improving the resilience across the state highway network is a prime focus for this NLTP period. This includes SH60 Tākaka Hill, SH6 Dellow Bluff and Marlborough Sounds Future Access Road resilience improvements. Safety improvements are planned on SH6 Blenheim to Woodbourne.

The current NZTA Network Outcomes Contract is coming to a conclusion. NZTA has indicated that tenders are expected to be released in February 2025 for the replacement contract with contracts awarded in September 2025. This envisages a possible transition period so the new contractor may be either on the ground in September or March 2026 depending on the final contractor selected.

We are not expecting any impacts but are mindful that our road maintenance contractor also delivers the current NZTA Network Outcomes Contract in this area. We have assumed that the contractor has enough workload from the Council’s road maintenance contract and private/commercial works to retain their current operations in the Nelson market and are watching with interest.

⁴ NZ Transport Agency. (2024) *Regional summary – Top of the South: Nelson, Tasman and Marlborough*. Downloaded on 11 December 2024 from <https://www.nzta.govt.nz/assets/planning-and-investment/nltp/2024/docs/regional-summaries/top-of-the-south-regional-summary-nltp-2024-27.pdf>

Airport, Hospital and Port programmes

Other significant infrastructure owners in Nelson City include Nelson Airport, Nelson Hospital and Port Nelson.

Project Whakatupuranga – Nelson Hospital Redevelopment⁵ provides the community with upgraded facilities and better access to contemporary models of healthcare for the changing population. Cabinet approved the Programme Business Case at an estimated cost of \$1.098 billion. The design and enabling works are underway and earthquake strengthening works have also commenced as the first stage in a multi-phase programme to be carried out over 10 years. The programme will require significant resource to deliver. It is however over a reasonable time period with most of the physical work outside the term of this Procurement Strategy. The programme comprises ‘vertical’ construction that typically draws upon different capabilities to our transport programme.

Nelson Airport has indicated that they intend to construct new carparks and also a replacement access bridge. We understand that both projects are ready to commence.

In addition, Nelson Airport’s Project 2-Zero⁶ aims to alter the Airport’s existing designations and zoning to support future operations, including the efficient operation of airlines and to accommodate future sustainably powered aircraft. A key aspect of the Airport’s future plans is the extension of the existing runway. While this project would likely utilise similar capabilities that are relied upon to deliver our transport programme, the timing is outside of the term of this Procurement Strategy.

Port Nelson has recently announced their 2050 Infrastructure Master Plan. We don’t believe that there are any substantial projects contained in the masterplan that will impact supply markets during the tenure of this procurement strategy.

Private Development

Nelson continues to have a strong subdivision development programme. Marsden Valley, Ngawhatu Valley, Toi Toi Grove and infill developments are ongoing. The Council is forecasting a net growth of 1,108 new households in the 2023-2028 period⁷.

Mahitahi development in the Maitai Valley and connecting to the Bay View subdivision has achieved Resource Consent approval and is expected to start a 287ha subdivision in the 2024-2027 period. This development has extensive utility and cycleway upgrades required outside the development area that will affect Council budgets and resourcing but have been planned for in the LTP budgets.

The Junction at Cadillac Way in Tāhunanui has been granted consent to build a supermarket alongside the new shopping complex that opened in 2024. While this construction will not affect the procurement market it will affect the transport network and review of the future works required to keep the city moving. This is being considered in the Council’s work programme so that planning is completed well in advance of construction needing to commence.

Bridge Street

Council achieved \$36M Infrastructure Acceleration Funding for Bridge Street upgrade in the city centre taking the total funding to \$68M including Council’s share. This project was planned for 2025-2027 but

⁵ Health New Zealand | Te Whata Ora. (2024) *Project Whakatupuranga – Nelson Hospital Redevelopment*. Downloaded on 11 December 2024 from <https://www.tewhatuora.govt.nz/health-services-and-programmes/infrastructure-and-investment/project-whakatupuranga-nelson-hospital-redevelopment>

⁶ Nelson Airport. (2024) *Project 2-Zero*. Downloaded on 11 December 2024 from <https://www.nelsonairport.co.nz/project-2-zero>

⁷ Nelson City Council (2024). *Joint Committee of Tasman District and Nelson City Councils Agenda dated 19 November 2024*. Downloaded on 8 January 2025 from http://meetings.nelson.govt.nz/Open/2024/11/JC_20241119_AGN_6043_AT.PDF

has been accelerated with early works starting in 2024/2025 due to the slowing economy⁸. Kāinga Ora housing development that was planned for Bridge Street is no longer progressing.

⁸ Shape Nelson (2025). *Infrastructure Acceleration Fund*. Downloaded on 8 January 2025 from <https://shape.nelson.govt.nz/annual-plan-2023-2024/infrastructure-acceleration-fund>



3.2 Supply

The regional supply market comprises a diverse range of large, and small to medium sized and specialist contractors. There are two national contractors present in the region (Fulton Hogan and Downer) delivering road maintenance and capital works activities to the Council, Tasman District Council and NZTA. A third national contractor (HEB Contracting) has operations in the neighbouring Marlborough District. In addition, there are a range of small to medium sized regional and local contractors, including:

- Asphalt & Construction
- Asphalt and General
- Ching Contracting
- Delta Utility Services
- Donaldson Civil
- CJ Industries
- Downer NZ
- Edridge Contracting
- Egypt Civil Construction
- Fulton Hogan
- Isaac Construction
- Nelmac
- Tasman Civil
- Taylors Contracting Company
- Schick Construction

The above list is intended to demonstrate market diversity and is not an exhaustive list of all contractors in the supplier market. We welcome new contractors that have the necessary capabilities and capacity to meet our requirements.

3.3 Supplier relationships

The Nelson/Tasman region has a relatively small civil construction resource pool. We have a good understanding of the track records and competencies of the local contractors and consultants. We regularly engage with contractors on our work programme and ahead of significant procurement activities to ensure effective delivery and best value for money for both the community and contracting parties.

Council has an excellent relationship with the Nelson-Marlborough branch of Civil Contractors NZ. Council has developed strong relationships through early engagement with contractors related to physical works designs by holding pre-tendering meetings and will continue with this approach. Council is also making a step change in data improvement and forward works programming in the next three years, with the aim of a more informed programme. This is expected to enhance the relationship between supplier contractors and our road maintenance contractor.

Council's Procurement Policy includes a preferences for use of local suppliers where Council's need for skills, experience, and availability can be met. This is aligned to our sustainable procurement priority area of increasing supplier diversity in our region. However, we often need to secure external expertise from outside the region for:

- planning and advice services in order to access specialist input. That's because transport is a nationally consistent asset/activity where the local demand is too small to support such specialists.
- major contractors bring in resources as required for large pavement and surfacing works.
- the supply of materials, especially electrical.
- tendered construction works, especially large scale and/or specialised methodologies; either as the main contractor or subcontracting to local suppliers

We benefit, along with the local community, from the skills and experience these specialists have gained from working for other regions.

We use our Council Controlled Trading Organisation, Nelmac, for utility and green space infrastructure works. Nelmac has substantial contracts for the delivery of utilities activities, which are linked to the subsidised transport activity stock effluent facility operation, and occasionally elsewhere (typically drainage and structure maintenance, gravel clearing, operation and renewal). Our use of Nelmac for activities that are funded through the NLTF is consistent with the NZTA Procurement Manual.



4.0 Procurement Programme

4.1 The procurement programme

	Procurement Procedure	Type	Existing Contract start date	Existing Contract Duration	Planned Tender Release Date	New Contract Start Date	Duration	Supplier Selection Method	Likely Contract Format Anticipated Value	Details
Electrical Maintenance	Infrastructure	Staged/ Design and Build	1-Nov-22	5 years	Aug-26	Jul-27	5 years	Request for Proposal via GETS Price Quality Attributes	NZS3917:2013 \$980,000/year	Contract includes streetlights, electronic signs and traffic signals maintenance and renewals, and minor improvement works. Work includes maintenance of the traffic signals through Nelson region including TDC and NZTA installations. There is increasing potential for innovation through smart technology, LED and solar. Section 17a review will be required before retendering.
Road Maintenance and Surfacing	Infrastructure	Staged / Design and Build	5-Sep-22	5 + 2 + 1 years	Nov-28	Jul-30	5 + 5 years	ROI then Tender via GETS Price Quality Attributes	NZS3917:2013 \$5,000,000/year	Includes resurfacing renewals and pre-seal repairs, maintenance of pavement, drainage, footpath, cycleway bus shelters, emergency works, carparks. May include improvement works when these specifically fit the scope of the maintenance or resurfacing programme. May include pavement rehabilitation works when these fit within the scope and scale of the maintenance contract or the risk management strategy requires the buy in of the maintenance contractor. Section 17a review is required before this contract is retendered. NZTA approval is required before extending this contract beyond Year-5. Refer NZTA Procurement Manual, Rule 10.21.
Line Marking	Infrastructure	Staged	1-Jun-23	2 + 2 years	Nov-26	Jul-27	5 + 5 years	Request for Tender via GETS Price Quality Attributes	NZS3917:2013 \$300,000/year	Maintenance and renewal of road and carpark line marking. Includes new markings as required. Specialised and qualified operators are required. NZTA approval is required before extending this contract beyond Year-5. Refer NZTA Procurement Manual, Rule 10.21.
Street Sweeping	Infrastructure	Staged	19-Jun-24	3 + 2 years	Sep-28	Jul-29	3 + 2 years	Request for Tender via GETS Price Quality Attributes	NZS3917:2013 \$540,000/year	Street sweeping, and sump cleaning of local roads and the state highway in the urban area. Includes footpath and seat cleaning in the city centre.

Footpath, Drainage and Minor Works	Infrastructure	Staged	N/A	N/A	May-25	Oct-25	2 years	Request for Tender via GETS Price Quality Attributes	NZS3910 Est \$1,500,000	Footpath and drainage renewals and similar minor works projects.
Speed management physical works	Infrastructure	Staged	N/A	N/A	Feb 2025	May 2025	2 months	Request for Tender via GETS Price Quality Attributes	NZS3910 Est \$800,000	Speed signs including electronic variable signs and traffic islands. Would include a second separable portion for additional sites in 25/26 pending NZTA funding
Structure Maintenance	Infrastructure	Staged	N/A	Direct Appoint	N/A	N/A	N/A	Direct Appointment	NZS3917:2013 <\$100,000 year	Direct appointment of structure maintenance and renewal sites up to \$100,000/year. Work includes minor structure specific repairs. Tendering of further contracts is being reviewed.
Drainage maintenance, minor drainage renewals and improvements	Infrastructure	Staged	ongoing	TBC	N/A	N/A	N/A	Direct Appointment	<\$100,000 per site	Council's utility maintenance contractor undertakes works on the transport network where these are aligned with stormwater and flood protection outcomes because this contractor is responsible for the drainage network and work in rivers and streams which affect the road function
Aniseed Valley Road Maintenance	Infrastructure	Staged	1-Jul-22	Annually	N/A	N/A	N/A	Direct Appointment	NZS3917:2013 <\$100,000/year	Direct appointment to the Tasman District Council Road Maintenance contractor is proposed because this 4.5km section of unsealed rural road is separated from the Nelson network by 17km of TDC roads
Road Condition Assessments	Planning and Advice	Staged	N/A	N/A	N/A	N/A	N/A	N/A	NZTA supplier	High Speed data is collected through the NZTA Consistent Data Collection Project from 1 July 2024
Road Condition Assessments	Planning and Advice	Staged	N/A	N/A	N/A	N/A	2022-23	Direct Appointment	Services Contracts <\$100,000/year	Direct appointment of supplier/s to collect road condition information including test pits, deflection testing, pavement modelling
Travel Demand Management and Road Safety Promotion	Planning and Advice	Staged	All contracts have expired	Expired	N/A	Varies	Up to 3 years	Direct Appointment	Multiple Services Contracts. Specialist suppliers <\$100,000 for total programme	Road safety promotion campaigns, older drivers, motorcycle skills training, older driver programmes, bike hub, e-bike rider skills training,
Cycle Skills Training	Planning and Advice	Staged	All contracts have expired	Expired	Oct-24	Dec-24	30 months	Request for Proposal via GETS Price Quality Attributes	Services Contract Est \$210,000	Delivery of Ride On Programme cycle skills training in schools. This programme is delivered jointly with TDC. NCC is the lead agency. Suppliers will be asked to offer resources and programme a programme to match the budget available.
Stock Effluent Facility and Occasional Other Work	Infrastructure	Staged/ Design and Build	All contracts have expired	Expired	N/A	N/A	Annual	N/A	NZS3917:2013 Est \$37,000/year	Undertaken as a variation through the Council's utilities maintenance contract due to the specialised and aligned skills required to manage the SCADA alarms system.



Roadside Vegetation Maintenance	Infrastructure	Staged/ Design and Build	Jun-24	1 year	Jan-25	Jul-25	5 + 3 + 2 years	Request for Proposal via GETS Price Quality Attributes	NZS3917:2013 \$280,000/year	Mechanical mowing, vegetation clearance and weed control across the road and path network including carparks. NZTA approval is required before extending this contract beyond Year-5. Refer NZTA Procurement Manual, Rule 10.21.
Roadside Vegetation Maintenance	Infrastructure	Staged/ Design and Build	Jun-24	1 year	TBC	TBC	TBC	TBC	TBC <\$100,000/year	Vegetation control across around footpaths is currently managed through the expiring vegetation control contract. This work will be managed by direct appoint until a new scope of work has been quantified
Traffic Counting	Planning and Advice	Staged	Jul-24	5 years	Nov-28	Jul-29	5 years	Request for Proposal via GETS Price Quality Attributes	Services Contract Est \$150,000/year	Routine traffic counts, pedestrian and cycle counts and intersection turning movement counts, vehicle occupancy, parking and bespoke counts for site specific situations.
Electronic Signs Data Collection	Infrastructure	Staged/ Design and Build	2012	Annual	N/A	N/A	N/A	N/A	Services Contract Est \$10,000/year	Web service for data collection from school speed signs for Police to access, if required.
Traffic Signals Communications	Infrastructure	Staged/ Design and Build	N/A	N/A	Ongoing	N/A	N/A	NZTA supplier \$15,000/year	N/A	NZTA traffic signals communications supplier (WTOC).
Power Supply	Infrastructure	Staged	Aug-21	Feb-22	TBC	TBC	TBC	TBC	Included in the Council's bulk supply contract.	TBC
Automatic Cycle Counters	Infrastructure	Staged	Oct-20	Annual	N/A	N/A	Services Contract	Direct Appointment	Annual Est \$5,000/year plus consumables	Direct appointment for web services associated with existing automatic cycle count stations. Annual renewal of contract based on satisfactory equipment and services performance
Various Asset Management Support	Planning and Advice	Staged	N/A	N/A	N/A	Direct Appointment	Services Contract	Direct Appointment	Services Contract <\$100,000	RAMM, data quality, traffic planning, procurement and asset management advise are directly appointed on a project-by-project basis. No contracts over \$100,000 are anticipated during the term of this Procurement Strategy.
Structure Inspections Bridges and Retaining Walls	Planning and Advice	Staged	N/A	N/A	N/A	Direct Appointment	Services Contract	Direct Appointment	Annual Est \$380,000/year in total.	Geotech advice and structural inspections, maintenance advice, renewals advice, detailed design and project management of retaining walls, handrails, miscellaneous structures and bridges are directly appointed on a project-by-project basis. No contracts over \$100,000 are anticipated during the term of this Procurement Strategy.
Public transport Facilities Operations	Public Transport Infrastructure	Staged	N/A	Jul-20	5 + 5 Years	N/A	Services Contract	Est \$150,000/year		Cleaning of the Bus Depot and Bus Shelters is included in the Council's main commercial cleaning contract. The contract was tendered and awarded in 2020. NZTA has approved a variation to NZTA Procurement Manual, Rule 10.21



										allowing the Council to use a term of ten years.
Real Time Bus Location Information	Public Transport Services	Staged	Aug-23	Annual	N/A	Direct Appointment	TBC	\$60,000/year	Services Contract	Location information to support bus and timetable operations
Poleford Bridge Maintenance	Infrastructure	Staged	N/A	N/A	May 2025	Nov 2025	2 months	Request for Proposal via GETS Price Quality Attributes	NZS 3910:2013 \$400,000	Bridge maintenance project may require specialised suppliers which is yet to be considered in this procurement approach and may require either nominating a supplier or changing procurement approach to direct appointment.
Harley Street Footpath	Infrastructure	Staged	N/A	N/A	TBC	TBC	TBC	Closed Contest Request for Proposal via GETS Price Quality Attributes	NZS 3910:2013 \$200,000	Invited tenders are proposed for Harley Street footpath which is a challenging site to integrate historic kerbs into a footpath renewal while retaining operational access to Nelson Police Station.
Resilience Projects	Infrastructure	Staged	N/A	N/A	Est Feb 2026	Est July2026	8months	Request for Proposal via GETS Price Quality Attributes	NZS 3910:2013 Est \$600,000	Resilience projects pending NZTA funding. May be delivered as one package with Flood Protection upgrade works, or broken into packages by site and solution similarities
Stoke School Pedestrian Crossing upgrade	Infrastructure	Staged/ Design and Build	N/A	NA	NA	TBC	TBC	Request for Proposal via GETS Price Quality Attributes	\$400,000	Upgrade of existing pedestrian crossing pending NZTA road safety improvement funding allocation.

4.2 Identification of high-risk or unusual procurement activities

No high-risk or unusual procurement activities have been identified for procurement during the term of this Procurement Strategy. Should any such procurement activities be identified that are outside our capability and capacity to deliver using in-house resource, appropriate specialist advice will be sought.

4.3 Other transport procurement activities

- The Council approved a city centre spatial plan Te Ara ō Whakatū in December 2021 for major upgrades to the City Centre. The outcomes of this review will affect future programmes, procurement, and budgets for works on City Centre streets. Infrastructure Acceleration Funding is being used to progress Bridge Street Upgrade (2026 start on site) as the first redevelopment project.
- Public transport will be addressed in Part B of the Procurement Strategy, which will be endorsed and circulated separately to interested parties.

4.4 Procurement of specialist skills

The Council uses the following suppliers that have specialist skills.

Supplier	Tasks
Argonaught Roadrunner	Council is considering licencing to this system to store and access network video
Cawthron Institute	Specialist supplier of freshwater sampling and testing services.
Civil Laboratories Limited	Pavement condition testing, beam testing and laboratory services.
Fusion	Traffic signals communications
Geosolve	Pavement strength testing and Pavestate pavement deterioration model
Junoviewer	As Council's data collection and quality improves, the intention is to move to a pavement modelling provider to assist with development of the forward works programme for pavements.
NZTA Consistent Data Collection Programme	High Speed data for road condition assessment and network video
RAMM and Submittica	Asset and corridor access request (CAR) data management.
Wellington Traffic Operations Centre (WTOC)	Traffic signals monitoring and advice.
Writing for Councils	Professional assistance with report editing and formatting.

WSP	OBIS bridge inventory system. Intended to continue in the short term
Contech	Monitoring and advise on bridge cathodic protection installations.



5.0 Approach to Programme Delivery

5.1 Delivery model options

The delivery model options available include:

Staged – Project staging may include separate investigation, design and construction, and maintenance works, and the stages may overlap in an agile approach for accelerated delivery. A high level of Council involvement is maintained throughout the stages. A staged delivery model should be considered when:

- Scale is small to medium.
- Complexity, uncertainty and risk are low.
- There is benefit in maintaining a high level of involvement and control over the deliverables.
- Scope is well defined and the opportunity for innovation is low.

Design & Build – a design and build delivery model uses a single supplier to complete all detailed design and construction. This usually involves a lump sum price arrangement, and more risk being accepted by the supplier (but not necessarily). A design and build delivery model should be considered when:

- Scale is medium to large.
- Complexity, uncertainty and risk are correspondingly higher as well.
- There is more opportunity for the supplier to innovate during delivery.
- We wish to transfer some risk to the supplier, where appropriate.

Supplier Panel – a supplier panel uses a two-stage process of appointing suppliers to the panel, and then allocating work to panel members. Tasks may be allocated to a preferred panel member by direct appointment or through a competitive process involving two or more panel members. The specific allocation method is outlined in the relevant panel agreement. This model enables the Council to appoint a range of suppliers who, as a panel, offer the best combination of skills and experience required to deliver the outputs. This does not imply an exclusive arrangement between the Council and the panel. In some cases, the Council may engage suppliers who are not panel members to deliver similar outputs although care should be taken not to undermine the value of the panel. Establishing a supplier panel requires approval from NZTA as a procurement procedure advanced component (Refer NZTA Procurement Manual, Rule 10.5). A supplier panel may be considered when:

- A succession of similar or related activities is included in the programme and consistency in delivery is of value.
- There is an advantage in having a choice of suppliers to select from a reasonably short notice.
- There is value in establishing longer term relationships with suppliers.
- There are several suppliers who can provide the outputs.

5.2 Our Delivery Models

We have traditionally used staged and the design and build delivery models. Tasman District Council also uses pre-qualification for physical works, so this model is familiar to the contracting sector. We intend to investigate this model further and understand whether there is potential to take a joined-up approach with Tasman District Council in future.

We have established a Professional Services Panel that is widely used for activities, such as utilities, that are not co-funded through the NLTF. It has not been approved by NZTA as a procurement procedure advanced component and may therefore only be used for co-funded activities in accordance with NZTA Procurement Manual, Rule 10.9. This limits the use of the Professional Services Panel to direct appointment up to \$100,000 and closed contest up to \$200,000. Above those thresholds an open market procurement process is required.

The Professional Services Panel currently expires in August 2025. The Council may seek to include co-funded transport activities in a future iteration of the Professional Services Panel and will engage with NZTA to ensure that any future supplier panel is approved for use in accordance with NZTA Procurement Manual, Rule 10.5.

Design and build models are included in maintenance contracts for discipline-specific maintenance, renewal, and improvement solutions, and occasionally for specific minor project works. The success of recent footbridge projects using the design and build model means this approach will continue to be considered for suitable projects. This offers an opportunity for smaller, local consulting engineers and surveyors to gain work.

Figure 11, below, which shows where supplier's services intersect with our procurement activities. The gaps (shown in red) indicate where there may be opportunities for smaller contractors, consultants and surveyors to participate in our procurement programme and suggests making sound and justified decisions when an open market procurement process will not obtain best value for money, to:

- Use direct appointment up to the \$100,000, threshold
- Use closed contest up to the \$200,000, threshold.

In accordance with NZTA Procurement Manual, Rule 10.9.

High degree of change in the community									
High risk									
Specialisation									
Multiple asset types and/or services affected									Staged
Low degree of change in the community									
Low risk									
Low complexity									Design and Build/Staged
Few asset types and/or services involved									
Renewal like for like									
Routine operations									Design and Build
Routine Maintenance									
	Maintenance Contractors	In House Design	Physical Works Contractors	Suppliers	Specialist Advise	Minor Professional Services	Professional Services		

Typical involvement
 Possible opportunity

Figure 11 – Procurement Stakeholders

5.3 Review of procurement processes

We undertook Local Government Act s17a review of the electrical and road maintenance contracts in 2021 prior to retendering those contracts. The s17a review resulted in the breaking up of a boundary-to-boundary road maintenance contract to smaller contracts which are all listed in this Procurement Strategy. The next s17a review is due in 2025 prior to retendering the electrical contract or extending or retendering the new road maintenance contract.

We participated in the NZTA Road Efficiency Group (REG) Excellence in asset management assessments in 2024. This will help inform internal process improvements across multiple asset management functions including procurement and will help inform the direction of future procurement strategies.

Contract specific procurements plans are prepared for all tendered contracts. Some contracts have provision to extend beyond 5 years. NZTA approval will be required in 2026 prior to extending the road maintenance contract. NZTA approval will consider contract performance, value for money, competitive and effective markets, and fair competition amongst suppliers.

5.4 Changes to contract provisions

Pavement Rehabilitation

A programme of pavement rehabilitations is being prepared. This will include consideration of the most efficient and cost-effective procurement process. Some may be bundled with utility upgrades, and a pavement rehabilitation contract may be required. Pavement rehabilitation will generally be delivered through the road maintenance contract, unless there are constraints in delivering the programme. In that case, the Council may competitively tender aspects of the programme using a design and build delivery model and a price-quality supplier selection method.

Footpath Renewals, Drainage Renewals, and Minor Works

Footpath and drainage renewals were separated from the road maintenance contract in 2021 and a successful supply contract as delivered for footpath and drainage renewals. This was well received by the supply market and a new contract will be released in 2025.

Minor Works

A 2-year minor works contract was let in 2022. This was well received by the supply market. A new contract will be designed around the minor works programme for the 24-27 period. This will be initially focused on the delivery of speed management infrastructure.

Council Controlled Trading Organisation

A 2019 Council resolution supports ongoing use of Council's Local Authority Trading Organisation (Nelmac) to carry out utilities work. Small road works (<\$100,000, e.g. gravel clearance, drainage, pavement test pits) are also occasionally completed by Nelmac under the utilities maintenance and renewal contract, as this is a complementary work programme.

Stock Effluent Facility

Nelmac operates the stock effluent facility at Three Brothers Corner as a variation to the utilities maintenance and renewal contract, as this has complementary telemetry and disposal operations.

Roadside Vegetation Maintenance

The roadside vegetation contract is being divided into two new contracts for delivery. A mechanical control contract for mowing, weed spraying and vertical envelope clearance will be tendered in January 2025.

A second contract will assist with vegetation clearance for footpath along property frontages.

Street Trees and Gardens

The Council is tendering a new contract for management of reserves and parks. The new contract will commence 1 July 2025. This will include street gardens and street tree work.

Professional services providers

Professional Services engagements are generally less than \$100,000 per project and are appointed through direct appointment approach and closed contest up to \$200,000. The Council will also continue to use the Professional Services Panel for direct appointment up to \$100,000 and closed contest up to \$200,000. Above those thresholds, an open market procurement process will be conducted. The Council will seek NZTA approval in accordance with NZTA Procurement Manual, Rule 10.5 if a future iteration of the Professional Services Panel is to include co-funded transport activities.

In-house professional services

The Council has in-house asset/activity management and operational teams, and access to NZTA specialists (through the local offices and nationally) to lead the transport planning, maintenance, and renewal programmes. These in-house services ensure the Council maintains local knowledge and ownership of its assets and activities, while retaining the flexibility to request specialist input, as required. The Council has a strong Project Management team and minor capacity for in house design of improvement and renewal solutions.

Unsubsidised

The Council also delivers works that are not subsidised by NZTA. These works typically follow the same processes and decision frameworks as subsidised works.

5.5 Unexpected works

Unexpected works may sometimes need to be delivered that were not previously funded through the NLTP and were not identified when the procurement strategy was drafted. Wherever contract rates and the scope of works permit, these works are included within the existing road maintenance contract, electrical the minor works contract, and/or the professional services panel. The thresholds and procurement controls tabled below are implemented. These limits apply the professional services, advice, physical works and supply only contracts. These limits are the project (e.g. investigation, design

and MSQA for a site) or term/stage, and works should not be broken up, then given to one supplier to avoid these rules.

Total Estimated Value – all years excluding GST	Minimum purchasing method
Up to \$5,000	Direct purchase through purchase order
\$5,000 to \$100,000	Direct purchase permitted under the Council's Procurement Policy clause 6.4 (NZTA direct appointment limit is \$100,000). Refer NZTA Procurement Manual, Rule 10.9
\$100,000 to \$200,000	Closed competitive (NZTA closed contest limit is \$200,000. Refer NZTA Procurement Manual, Rule 10.9
More than \$200,000	Open competitive

Contracts for activities co-funded through the NTLF may exceed a maximum term of 5 years with prior written approval from NZTA but are limited to a total of 10 years for any contract. Refer to the Council's Procurement Policy and NZTA Procurement Manual, Rule 10.21 for further information.

Senior Leadership Team and NZTA Procurement written approval is required for any exceptions to this approach to procurement.

5.6 Contract management

Contract management is undertaken as shown in the following table.

Contract type	Management	Engineer to Contract
Road maintenance Electrical maintenance	In-house: Operations	In-house: Group Manager Infrastructure
Services contracts	In-house: Asset Management or Operations	N/A
Physical works	Capital Projects	In-house: Group Manager Infrastructure with a contract to use an Engineer to Contract from a local consultant if required.
Professional Services contracts	In-house: Asset Management, Operations or Capital Projects	N/A

The Council has robust contract management processes and experienced staff. Good communication and fostering positive relationships with contractors are a priority. The Council has an increasing focus on collaboration, continuous improvement, and early contractor involvement, especially for physical works.



6.0 Implementation

6.1 Desired future state

We have an ambitious future state for procurement that is set-out in our Procurement Policy sees us focusing on our desire to:

- strengthen our role as a change leader.
- work with the challenges of market constraints.
- achieve great procurement outcomes.

6.2 Capability and capacity

We have had good success with external qualified procurement advisors, and this is leading improvement in our procurement practices. We are training more internal staff to resource this capacity to continue to grow this capacity.

6.3 Internal procurement processes

Our procedure library (in ProMapp) outlines the contract documentation required for various contracts, to ensure standardised tender and contract documentation. The tender evaluation process makes use of a robust evaluation system with summary reporting that ensures fairness and transparency in the decision-making process. Contractor performance is considered in future tender evaluations.

The Procurement Steering Committee oversees procurement processes, contract establishment and tendering. This ensures a consistent approach across all departments, with approvals for procurement and awarding of contracts taking place in accordance with the Procurement Policy.

The effectiveness of our Procurement Policy is reviewed by an internal procurement steering committee, and minor amendments to the Policy may be made with the approval of the Chief Executive.

Procurement Policy amendments will be reported to the Audit, Risk and Finance Subcommittee, and awards of contracts of \$3m or more need to be approved by a Council Committee.

6.4 Procurement risk identification and management

Procurement risks are identified and managed at an organisational level, by our Procurement Steering Committee. Specific projects have bespoke risk registers for the duration of the works, and residual risks are transferred to the transport register when appropriate. Our risk management legend and key procurement risks are outlined in Appendix 1.

6.5 Performance measurement and monitoring

Monitoring is key to implementation, to ensure the Procurement Strategy outcomes are achieved, as well as guaranteeing all improvement initiatives are developed in the right areas and align with the overall outcomes of this Procurement Strategy (listed in section 2.5). The purpose of all monitoring is to assess whether best value for money is being achieved, and to continually look for further efficiency gains.

As part of our ongoing monitoring, we will continually review and make changes to our strategy where appropriate. We see this as a natural process as our business continues to evolve to meet the demands of our customers and stakeholders.

We are investigating the use of PACE scoring with view to moving to these for supplier performance monitoring and reporting.

The Council's data

We have recently invested in a database system for contract management, overseen by the Business Improvement team. This will help with collection of the data required by NZTA.

Key performance indicators are integral to the monitoring of the current road maintenance contract. Similar indicators will be included in future long-term contracts.

Contractor evaluations are carried out on completion of all physical works contracts, and these inform the scoring of attributes proposals for future contracts. Similar scoring is not currently used across planning and advice contracts due to the bespoke nature of these procurement activities.

New Zealand Transport Agency Data

We collect the mandatory performance measure data required by the Department of Internal Affairs (DIA) and NZTA (as listed in Appendix E of the NZTA Procurement Manual). The new contracts database will improve access to data recorded.

We have processes in place to ensure that we meet the requirements of existing audits in addition to the Annual Achievement Report (AAR) on network condition.

Auditing

Transparency and accountability checks occur through our normal business practices, which includes audits by Audit New Zealand and NZTA.

These audits review:

- financial performance
- performance in terms of the asset management plans
- compliance with the Long-Term Plan
- the technical quality of the work carried out.

6.6 Improvement Plan

We are committed to developing and operating in an environment where improvement planning and implementation is core business. Specific opportunities identified for improvement are listed below:

- Continue to establish and manage the data collection database (Appendix E of the NZ Transport Agency Procurement Manual)
- Continue to build good routines for in-house data management, analysis and forward works planning.
- Embed the 10-year forward works programme, informed by condition assessments, analysis and reviews, and coordination between utilities and transport renewals and the capital works programmes.
- Continue to strive towards integration of Council wide procurement documentation and include unsubsidised transport activities in the next procurement strategy to provide a complete picture of the procurement environment.
- Continue to improve our understanding of contractor's market share, allocation of works and contracts awarded. procurement strategy
- Establish processes to capture, document and disseminate supply market feedback.

6.7 Communications

New Zealand Transport Agency

We have discussed the procurement scene for Nelson with the NZTA Investment Advisor and with the specialist NZTA procurement team. The draft Procurement Strategy has also been circulated for feedback.

Internal stakeholders

While the ultimate ownership of the Procurement Strategy resides with the Manager Transport, there are several other teams that are responsible for ensuring that the specific methods and improvement initiatives included within the Procurement Strategy are implemented and monitored. These teams include our transport planning, asset management, operations, and capital projects teams as well as the city development and urban intensification planning team.

This Procurement Strategy has been approved by the Group Manager Infrastructure, and all relevant departments were consulted prior to its approval.

6.8 Next steps

Stage	Approx Date	Action
Step 1 – Assessment	January 2025	The draft Procurement Strategy is assessed by NZTA, and amendments are made.
Step 2 – Finalisation	January 2025	The draft Procurement Strategy is finalised and submitted to NZTA for endorsement.
Step 3 – Endorsement	February 2025	The final Procurement Strategy will be adopted for implementation.
Step 4 – Circulation	March 2025	Circulation to users for implementation. A copy will also be supplied to engineering consultants carrying out procurement on the Council's behalf.
Step 5 – Industry Engagement	May 2025	The Procurement Strategy is presented to the supplier market at an upcoming forum. A copy is uploaded to the Council's website.
Step 6 – Improvement plan	May 2025	The Improvement Plan is distilled into a series of initiatives, responsibilities and timeframes are assigned. Implementation is monitored.
Step 7 – Procurement Strategy Review	March 2027	A review of this Procurement Strategy commences so that a revised procurement strategy can be submitted for endorsement before expiry.

6.9 Corporate ownership and internal endorsement

This Procurement Strategy is owned by the Manager Transport. It has been reviewed internally and with NZTA. (Endorsements and approvals are included in the Recommendations section.)

6.10 Future revision and endorsement

Endorsement of the Procurement Strategy is required at least every three years, in accordance with NZTA Procurement Manual, Rule 10.4. A review shall commence in March 2027 prior to seeking endorsement in early 2028.

Appendix 1 - Risk management

Procurement risk register

Risks - Procurement							
Refer Asset Management Plan for Other Risks and Risk Matrix							
Event Description	Consequence	Analysis: Residual Risk				Response e.g. Accept, Reduce, Share	Future Controls
		Existing Controls	Consequence	Likelihood	Current Risk Level		
Inadequate in-house management of condition assessment and analysis to ensure ownership of the data outcomes and programme.	Poor analysis, missing analysis, or action	Use consultants for specialised advice.	3	3	Medium (9)	Reduce	training and resourcing of in house staff to manage, receive and analyse data and advise
In-house management of condition assessment and analysis for structures to ensure ownership of the data outcomes and programme.	Poor analysis, missing analysis, or action	Use consultants for specialised advice.	3	3	Med (9)	Reduce	Ensure all data is collected and stored in OBIS to be accessible. Training and resourcing. Monitor developments in AMDS and RAMM data platforms to transfer to RAMM in the future
Early exit of road maintenance contract	Reduced Levels of Service while replacement arrangements are arranged	Contract management	3	3	Medium (9)	Accept	ongoing contract management and improved FWP
Early exit of electrical maintenance contract	Reduced Levels of Service while replacement arrangements are arranged	Contract management	3	2	Medium (6)	Accept	ongoing contract management and relationship building
Poor forward works programme	Short term planning, reactive maintenance, and renewal programme, poor value for money	Development of FWP in RamM and data improvement programme	3	3	Medium (9)	Reduce	increased focus on data analysis, network planning and forward planning
Evaluators that meet NZTA requirements. Refer NZTA Procurement Manual, Rule 10.19.	Poor compliance controls	External Accredited Procurement Assessors	3	3	Medium (9)	Reduce	Training more In House staff
Project poorly specified because specification information incomplete	Poor value for money, timing, and quality outcomes	Business cases for projects over \$50,000 estimated value	3	3	Med (9)	Reduce	Increased focus on data analysis, network planning and forward planning
Contractors with required expertise/ equipment/capacity not available when needed	Poor value for money, timing, and quality outcomes	Early contractor engagement	3	2	Med (6)	Reduce	Increased focus on data analysis, network planning and forward planning to give adequate lead times
Improper selection or unjustified favoritism of certain supplier	Disputable processes, poor audit outcomes	Conflict of interest processes	4	3	Med (4)	Reduce	Increased awareness of Procurement Strategy, internal auditing and use of processes and GETS
Procurement is not undertaken equitably and in line with best practice	Disputable processes, poor audit outcomes	Fromapp Procurement Processes	3	3	Medium (9)	Reduce	Train more internal staff to be familiar with the Procurement Guidelines
Under resourcing of emergency events	Poor response times Unnecessary damage to assets and property and public safety	Use maintenance contract resources and processes	4	2	Med (8)	Reduce	Including provisions for emergency works in future minor works and/or structure maintenance as well as the maintenance contracts.
Poor asset management capacity to analyse electrical conditions, risks and forward works planning	Equipment failure or safety concerns	Use Electrical maintenance Contractor	3	3	Med (9)	Reduce	Review in-house and external resourcing of electrical skills capability and capacity
Public consultation delays project works	Poor value for money, timing, and quality outcomes	Use business cases for projects over \$50,000	3	3	Medium (9)	Reduce	Increased focus on data analysis, network planning, forward planning, and consultation before committing construction budgets
Tendered works do not receive tenders, or very high tender prices	Poor value for money, timing, and quality outcomes	Early contractor engagement	3	3	Medium (9)	Reduce	Increased focus on data analysis, network planning, forward planning, and consultation with suppliers
Changing environment for TTM	Uncertainty of rules and application and costs for contractors pricing tenders	Communication and early engagement with Comms and TMC in tender prep stages	3	3	Med (9)	Reduce	Monitoring industry feedback and use of TTM guidance and effect on pricing and tendering works

Legend

Rating	Safety	Health	Asset Performance/ Service Delivery	Environmental/ Historical/ cultural	Financial	Political / Community/ Reputational	Relationship with Iwi	Legal compliance	Information/ decision support
Externe (5)	Multiple fatalities of workers or public (MF)	Significant loss of life expectancy for multiple persons or incapacity for more than 1000 person days	Service not provided for more than 5000 person days	Permanent environmental damage on a nationally significant scale and/or permanent loss of nationally significant building, artwork, or other valued entity	Overspend, loss (i.e. spend without result) or income loss of > \$5m OR >100% of business unit budget	Major loss of public confidence in Council (>2000 opponents via social media or other mediums) Negative international mainstream media coverage; shareholder or key stakeholder outage; or loss of a key customer	Major breakdown of relationship affecting multiple areas. Refusal to resolve without one or more major concessions from council	Litigation/ prosecution or civil action successful resulting in major (>50% of maximum available) fine/costs awarded and/or imprisonment of council officer.	Multiple errors in information and analysis and presentation misleading (intentionally or not) or not understandable by non- specialists
Major (4)	Single fatality of workers or public (SF)	Single loss of life expectancy or incapacity for between 100 and 1000 person days	Service not provided for less than 5000 person days but more than 500 person days	Major environmental damage with long-term recovery requiring significant investment and/or loss or permanent damage to a registered historical, cultural or archaeological site or object	Overspend, loss (i.e. spend without result) or income loss of > \$1m and <\$5m OR between 70% and 100% of business unit budget	Significant negative public reaction likely (200-2000 opponents via social media or other mediums) Negative national mainstream media coverage; significant negative perception by shareholder or key stakeholder; or a customer disruption	Significant breakdown of relationship largely in in one area. Some concessions from council sought before substantive issue considered by iwi grouping affected	Litigation/ prosecution or civil action successful resulting in minor fine(<50% of max available)/ costs awarded.	One major error in information, analysis incomplete and presentation ambiguous
Moderate (3)	Notifiable injury of workers or public.	Incapacity for between 20 and 100 person days	Service not provided for less than 500 person days but more than 50 person days	Measurable environmental harm on a nationally significant scale. Some costs in terms of money and/or loss of public access or conservation value of the site and/or restorable damage to historical, cultural or archaeological site or object	Overspend, loss (i.e. spend without result) or income loss of > \$0.5m and <\$1m OR between 30% and 70% of business unit budget	Some negative public reaction likely (30-200 opponents via social media or other mediums) Repeated complaints; Regulatory notification; or negative stakeholder, local media attention	Major relationship damaged in a single area but amenable to negotiation	Documented Breach of legislation, no legal action or prosecution or civil action not successful.	Information correct but presentation/ analysis insufficient to support decision on the day
Minor (2)	Serious injury on one person requiring medical treatment (MA)	Incapacity for between 1 and 20 person days	Service not provided for less than 50 person days but more than 5 person days	Medium term environmental impact at a local level and/or development compromising the integrity of a registered historical, cultural or archaeological site	Overspend, loss (i.e. spend without result) or income loss of > \$100k and <\$500k OR between 10% and 30% of business unit budget	Minor public reaction likely (<30 active opponents via social media or other mediums) Workforce attention; limited external attention;	Relationship damage resolvable through normal communication/ consultation mechanisms	Formal warning of breach from legislative authority.	Information correct, analysis complete but presented in a way which could be misinterpreted
Insignificant (1)	Minor injury requiring only first aid or less (FA)	Incapacity for less than 1 person day	Service not provided for between 1 & 5 person days	Short term and temporary impact requiring no remedial action and/or restorable loss damage to historical/ cultural record	Overspend, loss (i.e. spend without result) or income loss of > \$10k and <\$100k OR between 5% and 10% of business unit budget	Very limited negative reaction (1 or 2 active opponents via social media or other mediums) Internal attention only from staff directly working on the matter.	Iwi/ tribe/ hapu public dissatisfaction resolvable through routine communication	Breach of minor legislation/ no legal action	Small errors in information or presentation - no effect on decision

CONSEQUENCES					LIKELIHOOD of the given consequence occurring			
Insignificant(1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)	Descriptor	Qualitative guidance statement	Indicative Probability range %	Indicative frequency range (years)
Medium (5)	Medium (10)	High (15)	Very High (20)	Very High (25)	Almost certain (5)	The consequence can be expected in most circumstances OR A very low level of confidence/information	>90%	>1 occurrence per year
Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)	Likely (4)	The consequence will quite commonly occur OR A low level of confidence/information	20% - 90%	Once per 1-5 years
Low (3)	Medium (6)	Medium (9)	High (12)	High (15)	Possible (3)	The consequence may occur occasionally A moderate level of confidence/information	10% - 20%	Once per 5-10 years
Very Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)	Unlikely (2)	The consequence may occur only infrequently A high level of confidence/information	2% - 10%	Once per 10 - 50 years
Very Low (1)	Very Low (2)	Low (3)	Medium (4)	Medium (5)	Rare (1)	The consequence may occur only in exceptional circumstances A very high level of confidence/information	<2%	Less than once per 50 years



