



Queenstown Lakes District Council

Procurement Plan

Roding Network Maintenance Contract 2027

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Acronyms

The following acronyms are used in this document.

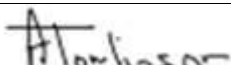
Acronym	Term
LTP	Long Term Plan
NZTA	New Zealand Transport Agency
QLDC	Queenstown Lakes District Council
RFT	Request For Tender
TET	Tender Evaluation Team


Approvals


Reviewed


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1. Background

1.1 WHAT WE ARE BUYING AND WHY

Queenstown Lakes District Council (QLDC) owns and maintains a land transport network of approximately 905 km of local roads within the Queenstown Lakes District. The length of sealed road is approximately 580 km, unsealed 325km and number of bridges maintained is 100. The total number of roading assets in our asset database is approximately 73,000

Maintenance of the roading network is one of QLDC's largest annual operational expenditures. It is therefore critical that the district obtains value for money in the procurement of these maintenance services.

QLDC envisages awarding a contract for an initial 5-year term, and two further potential extensions of 3 years each thereafter. The current contract expires on 31 March 2027. The new contract must commence on 1 April 2027.

It is the Council's intent to procure the services of a maintenance contractor who can deliver the following core activities:

- Inspect the network and identify faults across a range of asset types
- Select appropriate maintenance repairs
- Programme maintenance repairs in a way that reflects available budget and desirable level of service
- Safely undertake physical maintenance works to the required timeframes and standards safely.

As a guide, roading maintenance budgets* over the past three years have been as follows:

Financial year	Operational budget	Renewals
2022/23	\$6.9m	\$2.9m
2023/24	\$7.3m	\$2.5m
2024/25	\$7.8m	\$2.5m

* The figures in this table represent budgets for the current road maintenance contract only. They exclude emergency works (which historically have not had a set budget), as well as potential additional scope such as reseals, rehabilitations, and some renewal activities outlined later in this plan.

QLDC is seeking a contractor who will:

- Promote the Council's statutory objectives under the Land Transport Management Act 2003 and subsequent amendments.
- Promote its goals of providing a safe, efficient and sustainable network, minimising costs and maintaining user satisfaction with the network.

- Carry out all work to the specifications contained within the Contract.
- Promote a proactive and cooperative work environment between the Council and Contractor's staff.
- Be the public face of the Council in dealing with the ratepayers and general public.
- Provide effective input to ensure the Forward Works Programme and Maintenance Intervention Strategies on-going development so the work completed under the Contract addresses the network's needs in a way that achieves value for money.
- Implement strategies pro-actively to enable management of risks and the timely completion of the Contract Works.
- Demonstrate an innovative culture which results in enhanced performance and achieves cost savings across the life of the contract whilst appropriately managing risk.

2. Requirements and costs

2.1 OUR REQUIREMENTS

General Requirements

The current Road Network Maintenance Contract comprises the following maintenance requirements:

- Traffic Counting
- New Asset Data Capture
- Sealed Pavement Repairs (potholes / edge breaks / unsealed shoulders / surface deformation)
- Unsealed Pavement Repair of Potholes / surface & shape maintenance / reshaping & periodic metaling / dust mitigation
- Street Cleaning & Litter Collection
- Drainage - Stormwater Structures
- Drainage - Kerb & Channel, lined and unlined channels
- Structures maintenance
- Winter maintenance
- Traffic services – maintenance of signs, sight rails, guardrails and handrails
- Pavement marking
- Emergency works and minor events
- Footpaths, off-road cycleways, parking areas roadways within parks
- Vegetation management
- Temporary Traffic Management

It is anticipated all of these existing services will be required in the new contract.

New services may comprise:

- Additional asset management services (scope of contractor compared to QLDC Strategic Asset Management team still to be defined)
- Maintenance of Street lighting assets (assessment to date indicates unlikely and best procured as a separate specialist contract)
- Maintenance of traffic signals (likely, but needs aggregation with NZTA)
- Area wide road resealing (likely, but tender as a provisional item pending value assessment)
- Minor pavement rehabilitations (likely, but tender as a provisional item pending value assessment)
- Minor improvements (likely, but tender as a provisional item pending value assessment)

Incorporation of any of these new services into the scope will require further consideration as the tender documents are developed, and some are likely to be Provisional Items pending an assessment of actual tender rates to confirm value for money.

2.2 KEY DATES

The existing contract expires 31 March 2027, as such we require the contract to commence by 1 April 2027.

We estimate that the sourcing of the supplier and contract negotiations will take 4 months and require a minimum lead time of 6 months prior to commencement.

This means that the RFT must be initiated by April 2026.

That requires that we have all tender documentation ready by April 2026.

2.3 ESTIMATED COSTS

The table below provides the estimated budget to deliver the Roothing Maintenance Services and is aligned to the adopted 2024-34 LTP. As the contract spans LTP periods with plans not yet adopted, it is anticipated that the value will be amended over time to account for cost fluctuations and district growth. Both of these are managed under established mechanisms aligned to industry within the existing contract and will feature in the proposed contract. For example cost fluctuations are managed in accordance with NZTA's Maintenance Index, and network growth is accounted for through annual updates to the schedule of quantities accounting for adjustments to cyclic maintenance such as street sweeping, road marking or unsealed road grading. The funding profile in the table below is uninflated, in today's dollars and does not account for these factors beyond an estimate to 2027 as they are unknown at this point in time. As a result future budget costs may be higher than shown below.

Financial year:	Financial year	Amount	Funding type
	2026/27 (3 mo)	\$3.5m	Capex \$1m Opex \$2.5m
	2027/28	\$17.5m	Capex \$8.5m Opex \$9m
	2028/29	\$17.5m	Capex \$8.5m Opex \$9m
	2029/30	\$17.5m	Capex \$8.5m Opex \$9m
	2030/31	\$17.5m	Capex \$8.5m Opex \$9m
	2031/32	\$17.5m	Capex \$8.5m

			Opex \$9m
	2032/33	\$17.5m	Capex \$8.5m Opex \$9m
	2033/34	\$17.5m	Capex \$8.5m Opex \$9m
	2034/35	\$17.5m	Capex \$8.5m Opex \$9m
	2035/36	\$17.5m	Capex \$8.5m Opex \$9m
	2036/37 (9 mo)	\$15.5m	Capex \$8.5m Opex \$7m

Further detail of the \$17.5m recommended budget making up the amount for one financial year is:

Description	Amount
Road maintenance opex The \$9m amount allows for an uplift of 15% to the 2024/25 operational budget. This is anticipating minor scope increases such as traffic signals, growth in vested asset quantities due to development or QLDC capex, cost fluctuation per NZTA Maintenance index over two years to 31 Mar 2027, and a risk of escalation in tender prices since the existing contract was awarded in 2016.	\$9m
Emergency works (currently unbudgeted because costs can greatly vary making it difficult to allocate funding in advance which impacts rates)	\$0
Road maintenance renewals (provisional)	\$3m
Area wide road resealing (provisional – new scope for this contract)	\$4.5m
Minor pavement rehabilitations (provisional – new)	\$0.5m
Minor improvements (provisional – new)	\$0.5m

The total budget for the full potential 11-years (5 + 3 + 3) term is:

Opex	\$90.5m
Capex	\$86m
Total	\$176.5m

3. Market analysis

The national supply market for Roothing Maintenance Services is strong, but locally two Tier 1 suppliers (Downer and Fulton Hogan) have held a duopoly on the major road maintenance contracts in the Otago region for many years. As such, a key opportunity for this procurement is to encourage more competition in the local market should other suppliers wish to tender and establish a base off the back of a term maintenance contract. The current incumbent supplier is Downer who has supplied these services as far back as electronic records exist (early 2000's).

The market can be described as:

- A mature established local supplier market
- A market with high entry costs for new suppliers
- A market with some tier 1 and several tier 2 suppliers competing for infrastructure projects and maintenance works for a variety of Principals including NZTA, Central Otago District Council, Southland District Council, Utility firms and Private developers
- There are external factors for tendering including a flat economy nationally but reasonably strong locally. NZTA is currently tendering its new Integrated Delivery Model (IDM) maintenance contracts nationwide, which will replace the existing Network Outcomes Contract (NOC) framework.
- There are several tier 1 and 2 suppliers in the South Island market who may consider this opportunity either as a main contractor or in partnership with others. The table below provides an overview of potential suppliers:-

Known contractor	Capability
Downer Limited	<ul style="list-style-type: none"> • Current QLDC roading maintenance contractor. • Maintains 25,000 kms of roads, throughout New Zealand via the 30 road corridor maintenance contracts they manage. • Locally supplies roading maintenance to the Milford Road Alliance, Coastal Otago State Highway network, and the North & South Canterbury NZTA Roothing Contracts.
Fulton Hogan Limited	<ul style="list-style-type: none"> • Holds the Central Otago District Council Roothing Physical Works Contract (1,376km of unsealed roads, 509km of sealed roads, 176 bridges and 151km of footpaths) and the West Coast highway network. • Part of the Aspiring Highways Network Outcomes Contract (NOC) with NZTA across Central Otago. • Holds long term Roothing Contracts with Christchurch City Council.
HEB Construction Limited	<ul style="list-style-type: none"> • Holds long term Roothing Contracts with Christchurch City Council. • Holds long term Roothing Contracts with Ashburton District Council and Marlborough Roads.
Higgins Contractors Limited	<ul style="list-style-type: none"> • Holds long term Roothing Contracts with Christchurch City Council. • Holds several long term Roothing Contracts in the North Island, including Manawatu and Hawkes Bay.
The Isaac Construction Company Limited	<ul style="list-style-type: none"> • Holds long term Roothing Contracts with Christchurch City Council and Grey District Council.

CORDE Limited	<ul style="list-style-type: none"> Have held long term road maintenance contracts for the Tasman District Council, Nelson City Council, Timaru District Council, Selwyn District Council. Currently hold Network Maintenance Contracts for the Waimakariri District Council and NZTA.
Whitestone Contracting Limited	<ul style="list-style-type: none"> Holds long term Rooding Contracts with the Central Otago Network and the delivery of physical works for the Dunedin City Council Network Maintenance Contracts (Sealed and Unsealed Networks). Waitaki District Council CCO.
SouthRoads Limited	<ul style="list-style-type: none"> Highways South is an alliance of civil roading businesses led by SouthRoads, currently delivering maintenance of the Southland State Highway network.

4. Key stakeholders

The key internal and external stakeholders are set out below.

Role	Role Description	Name and Position
Responsible	The person or people responsible for undertaking the procurement.	Ben Greenwood
Accountable	The person or people who have authority to make decisions and are accountable for the outcomes.	Simon Mason Tony Avery
Supportive	The person or people who do the real work.	Paul Rogers Haylee Carr Sonia Day
Consulted	The person or people who need to be consulted to review documentation, provide feedback, add value or get “buy-in”	Strategic Asset management (SAM) Team Wider Operations Team Adrian Hoddinott (QLDC Parks) NZTA
Informed	The person, people or group, groups that need to be kept informed of key actions and results but are not involved in decision-making or delivery.	QLDC Council

4.1 COMMUNICATIONS

The QLDC will communicate with internal stakeholders through team briefings on procurement progress, final outcomes and project support needs.

5. Tendering process

5.1 TYPE OF TENDER

The recommended approach to the market is a one-step process to open market. An advance notice would also be issued on GETS to build supplier interest and encourage readiness to bid.

This approach to market fits with the Council's procurement policies, the Government Procurement Rules, NZTA Procurement Rules and the New Zealand Government's procurement principles.

5.2 EVALUATION TEAM

A cross-functional team will be involved in the evaluation of proposals and recommending the preferred supplier.

TET members

Role	Name	Organisation
Chair / Facilitator of the Evaluation Panel	Paul Rogers	Spire Consulting
Probity Advisor	External Probity Advisor	TBC
Voting Member	Ben Greenwood	QLDC
Voting Member	Simon Mason	QLDC
Voting Member	Alison Tomlinson	QLDC
Voting Member	Mark Cruden	Meyer Engineering (External advisor) Cruden (External advisor)

5.3 PROPOSED TIMELINE

The proposed timeline for the procurement is as follows. Please note that this example is based on a one-step open tender.

Action	Indicative date
Pre-procurement	
Procurement plan approved	26 June 2025 Full Council Meeting
Advance notice published on GETS (NOI)	January 2026
RFT documents approved	March 2026
Action	Indicative date
RFT	
Panel confidentiality & conflict of interest declarations signed	April 2026
RFT advertised on GETS	April 2026
Q&A individual interactive sessions	May 2026
Last date for respondent questions	June 2026
RFT closing date	June 2026
RFT Administrative Compliance review	June 2026
Evaluation Panel Briefing	July 2026
Evaluation	
Evaluation panel – individual evaluations	July 2026
Evaluation panel meets	July 2026
Supplier presentations	July 2026
Post evaluation clarifications and negotiations	July 2026
Final panel meeting	August 2026
Procurement recommendation to CEO	August 2026
Contract award	September 2026
Post-Evaluation	
Contract signing	By 1 October 2026
Contract start date	1 April 2027
Unsuccessful Respondents notified	Post contract execution
Respondent debriefs	Within 30 days of contract execution

6. Evaluation methodology

6.1 EVALUATION METHOD

- The evaluation model to be used is the Price Quality Method (PQM), as defined and described in the New Zealand Transport Agency's Procurement Manual.
- PQM considers both price and non price attributes to determine a preferred supplier. It distinguishes the difference in quality between Respondent's submissions by translating

the non-price attribute grades to a dollar value Supplier Quality Premium (SQP). The SQP is defined as ‘the amount that the tendering authority is prepared to pay to secure a higher-quality tender relative to the lowest quality tender.’ These amounts are applied to the prices submitted to confirm the preferred supplier.

- PQM allows the buyer to test the SQP relative to what they consider an acceptable premium to pay for higher quality whilst providing an open and transparent methodology for Respondents to use.
- Price will be a weighted criterion.
- A two-envelope process will be used, and respondents pricing will only be opened once the non-price criterion scoring is completed.
- TET members will be provided with an opportunity to adjust their non price scores once the interactives have been completed.

6.2 EVALUATION CRITERIA AND WEIGHTINGS

This plan outlines procurement risks that can be generally mitigated by incorporating a set of fact-based eliminator or pre-condition questions, alongside scored non-priced attributes. Key requirements relating to insurance, safety, quality, and environmental performance are outlined below, and will be supplemented by any project-specific pre-conditions identified during the development of the Tender Documentation.

Preconditions

1.	Must hold public liability insurance of at least \$10,000,000. Must hold professional indemnity insurance of at least \$2,000,000.	All
2.	Must accept all Council’s RFT and Agreement Terms and Conditions.	All
3.	The respondent has SiteWise Green accreditation or a health and safety pre-qualification of equal or higher standard, approved by QLDC.	All
4.	ISO 14001 environmental management system and / or Toitu accreditation	All
5.	ISO 9001 quality management system	All

Having met all the preconditions qualifying bids will be evaluated on their merits using the following evaluation criteria and weightings.

A summary of the draft criterion weightings is provided below. The detailed evaluation criteria will be finalised during the development of the Tender Documentation.

Evaluation criteria	Weighting	Rationale
Relevant Experience and Track Record	20%	This attribute requires the Respondents to comprehensively demonstrate their relevant experience and track record in order to reduce the risk of inexperienced contractors being appointed to the contract without unduly precluding new players.

Evaluation criteria	Weighting	Rationale
Relevant Skills and resources	20%	This attribute requires the Respondents to comprehensively demonstrate the key personnel the Respondent proposes to use to deliver the Contract in terms of each individual's technical skills, management skills, experience and track record, and the company's available construction plant and equipment, relevant to the Contract Works, in order to reduce the risk of inexperienced contractors being appointed to the contract without unduly precluding new players.
Methodology	20%	There are some key elements of how the Contract Works that will be determined by the Contractor. In order to help ensure successful delivery of the Contract Works, this attribute allows evaluation of the Respondents' proposals for how they will deliver these aspects of the Contract Works.
Broader outcomes	10%	Assesses suppliers' practices around factors such as employment and training opportunities for all New Zealanders, payment of living wage, reducing emissions and waste.
Price	30%	In order to encourage sustainable tendered Contract Prices whilst still encouraging value-for-money via competitive tension, the weighting takes a 30% of the total weighting.

The evaluation panel will apply the following rating scale to assess suppliers' bids against the criteria. An anchored scale will also be developed to further define the specific characteristics of Non-price attribute responses that correspond to each scoring range.

- Rating scale in accordance with NZTA's Procurement Manual.
- Scoring in increments of 5 applies.
- A score of less than 40 for one attribute may exclude the respondent (at the discretion of the TET) from appointment.

90, 95 or 100	Demonstrates exceptional compliance or ability to convey exceptional provision of the requirement
75, 80 or 85	Requirements are fully covered in all material aspects
60, 65 or 70	Requirements are adequately covered
50 or 55	Adequate, with some deficiencies that are not likely to have any adverse effect
40 or 45	Barely adequate and would need considerable improvement in this attribute, if selected
35 or less	Total non-compliance or inability to convey provision of the requirement

Tender evaluation

- The first evaluation team meeting will be scheduled for two weeks following the RFT close date.
- The TET chair or their nominee, along with a subject matter expert, will contact and undertake checks with the relevant referees.
- All reference checks shall be recorded in writing, and information provided to the TET. If, despite negative information the decision is to proceed with the Respondent then the negative information will be noted, and discussion included in the proposal recommendation report to the Council for award of contract.
- All TET members will attend the meeting. Notes from discussions will be taken by the Administrator for feedback following the proposal process.
- The meeting will be held in person, if possible, but may be via videoconference.
- At the Evaluation Team Meeting any tags and assumptions will be reviewed by the TET. The team will also discuss if they have any queries regarding the content of proposals submitted. The Proposal Administrator shall, if requested by the TET, then seek clarification or removal of any tags and assumptions and confirmation of this in writing from the respective respondent.
- The evaluation shall consist of scoring each of the non-price attributes against criteria outlined in the Evaluation Table. Each attribute shall be scored on a scale of 0 to 100.
- A summary of the TET's collective views on the key reasons for the Respondents' score for each of the attributes will be recorded.

- The mark for the evaluation of each proposal attribute will be reached by an agreed average or moderation of individual scores.

Respondent Presentations

- The TET is permitted to seek clarifications from participants as part of the evaluation process, if necessary, to obtain clarification of the proposal and confirm attribute scores.
- One set of clarification questions, covering all services to which their proposal relates, will be sent per participant.
- To assist the TET in their marking and to seek clarifications on the proposals, Respondents will be required to give a presentation of their submission. The Respondent shall also introduce key contract personnel. One presentation will be made per Respondent covering all relevant services.
- The maximum presentation time is 1.5 hours per Respondent including questions asked by the TET.
- It is proposed that presentations will take place in person where possible but may be held via video conference.
- Respondents will be given 5 days' notice of their allocated time.
- The non-price scores are to be finalised by the TET following the presentations, a review of the clarification responses, and any due diligence undertaken on suppliers; including additional checks for financial stability or health and safety management.

6.3 CONFLICTS OF INTEREST

Respondents will be required to declare any actual or perceived conflicts of interest and their proposed management of the conflict. The probity officer for the procurement (to be advised in the RFT) will be responsible for reviewing the conflicts in the first instance. If a conflict is deemed to be unacceptable this will constitute a 'fail', however the ability to discuss the conflict with the respondent will be retained.

6.4 DUE DILIGENCE

The following verification matrix will be used as part of the evaluation and due diligence process. The table shows how elements of the criteria will be verified by the panel.

Verification table

Evaluation and due diligence options	Criteria		
	Fit for purpose	Ability to deliver	Value for money
Written offer/Proposal documents	✓	✓	✓

Buyer clarifications of offer	✓	✓	✓
Reference checks	✓	✓	✓
Financial checks		✓	
Presentations	✓	✓	✓
Accepts proposed contract conditions	✓		

7. Contract type

QLDC is actively reviewing lessons learned and future opportunities arising from the current road maintenance contract, including engagement with the incumbent contractor and other stakeholders.

As part of this process, a Section 17A review under the Local Government Act has been completed. This review confirmed that QLDC will require its own dedicated road maintenance contract. NZTA is currently tendering its new Infrastructure Delivery Model (IDM) maintenance contracts on a national basis, with award of the local Central Otago contract expected by September 2025. Central Otago District Council (CODC) has recently renewed its road maintenance contract in 2023 under a collaborative open-book model, and Southland District Council (SDC) contracts, split into three geographic areas, are scheduled for renewal by July 2026.

Boundary road responsibilities with SDC (e.g. Von Road) and the Department of Conservation (for roads continuing beyond QLDC's network) are being reviewed to identify efficiencies. Opportunities to aggregate services, such as traffic signals and street lighting, are also being explored in collaboration with NZTA.

It is anticipated that QLDC will continue to procure street lighting maintenance under a separate contract. This approach, potentially in partnership with NZTA under a Memorandum of Understanding (MOU), would allow both authorities' street lighting assets to be managed within a single contract for efficiency. The recommendation to keep this as a separate contract is supported by its sufficient annual value (approx. \$0.5m) as a standalone contract, its specialist nature, and the benefits of QLDC maintaining direct access to the supplier without additional lead contractor mark-ups.

Traffic signals are a relatively new asset for QLDC. Previously, the few signals in the district were managed under an MOU with NZTA, with maintenance delivered by Aspiring Highways. Now that QLDC owns the majority of traffic signals in the district, options for transitioning responsibility for administering these assets to QLDC are being considered. This may involve incorporating traffic signals into the new maintenance contract. Discussions with NZTA are ongoing regarding future delivery and governance arrangements for both lighting and signals, with a new MOU to be agreed and developed.

QLDC's renewal budgets are approximately \$3m annually for drainage, signage, bridge components, footpaths, and unsealed road metalling. These works are currently delivered under the existing maintenance contract and are recommended to remain in scope as provisional items, subject to contractor performance, as the maintenance contractor is well-placed to deliver these efficiently.

QLDC's current budgets for resealing are \$4.5m annually. There are potential benefits in including resealing in the maintenance contract, such as better integration of programming, improved accountability, and reduced contract management overhead. However, programming of reseal work would remain the responsibility of an independent consultant to ensure transparent treatment selection and best whole-of-life outcomes. A key risk associated with bundling reseals is the potential loss of competition. However, reseals in the district have historically been delivered by only two suppliers, Downer and Fulton Hogan, so competition is already limited, and Downer have also held the reseal contract for the majority of their road maintenance contract tenure since 2016. Expanding the scope and value of the maintenance contract may also lead to enhanced value for money. It is therefore recommended that reseals be included as provisional scope in the tender and further evaluated based on market response and pricing.

Minor pavement rehabilitations, essentially larger maintenance patches, could also be delivered through the maintenance contract, up to a cap of \$0.5m total per annum. Projects would be assessed on a case by case basis, with low-risk, low-complexity works awarded, subject to contractor performance and value for money assessment. The majority of the pavement rehabilitation works (total budget \$2m per annum) would continue to be tendered on the open market as standalone projects.

QLDC's minor improvements budgets have varied, with approximately \$20m allocated over the 2021/24 LTP and \$10m over the 2024/27 LTP. A limited portion of this work, such as signage, line marking, and minor construction, can be efficiently delivered through the maintenance contract. It is recommended that up to \$0.5m per annum of minor improvements be contemplated for award through the maintenance contract each year subject to contractor performance and value for money assessment.

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

The findings concluded that a model similar to the existing contract is preferred. A brief explanation of the recommended contract model is that it's a Traditional contract, which allocates risk and responsibilities and has price certainty for Council via a schedule of prices. Additionally, the operational expenditure is managed and capped via a Target Cost, while the Capex is provisional and will be awarded based on tender submissions and Council budgets set through the LTP.

The recommended contract term is 5 years, with two potential 3-year extensions. This initial term allows for a return on the investment period required for the contract establishment leading to greater market interest and competitive pricing, while the 3-year potential extensions provide efficiencies from long term relationships and network knowledge. From some early market sounding we know that a longer term will lead to greater market interest with stronger competitive pricing. A longer term provides greater surety to contractors in regard to making commitments (such as hiring permanent staff, investing in depots, investing in medium to large scale plant and equipment and solid commitment to sub-contractors, and a longer term over which to depreciate required plant and equipment). Adaptive mechanisms within the contract will be developed to deal with innovation, evolving technology/practices, updated regulations/legislation and cost escalations over the contract term.

The 3-year extension model has seen success by encouraging delivery of a facilitated opportunities plan throughout the extension period. It ensures sufficient time for Council to update and refresh their procurement approach for the next term through in-depth market research, analysis into contract models trends, extensive supplier feedback, asset data updates, internal approvals and procurement document sets. It also enables the incumbent to remain fully engaged with purpose and impact for a strong final 36 months period.

Given the scale and inertia of the Road Maintenance Contract, a lessor term of 2 years for the renewal tenure risks less engagement or disconnect through less co-dependency and earlier KPI drop off risk.

This approach has been included in Council's Strategy for Procurement of Transport Infrastructure, which NZTA must also approve as a funding requirement for the 51% Funding Assistance Rate that Council receives. The strategy is awaiting NZTA's approval and would be published on Council's website once approved.

The short-listed respondents will be offered the Council's NZS 3917 contract which will be developed in conjunction with the QLDC legal department.

8. Risk management

Key procurement risks and their mitigation actions are noted in the following table. Overall, this procurement is deemed to be high value with medium risk. Key risks have been assessed against the risk framework detailed at *Appendix 2*. They have been assessed on the basis of likelihood (L) and consequence (C).

Risk to procurement process	Likelihood	Impact	Rating
Understatement / Overstatement of need	Possible	Moderate	High
Misinterpretation of need	Possible	Moderate	High
Accuracy of Spend Data	Likely	Moderate	High
Accuracy of Asset Data	Likely	Moderate	High
Timeframe is not sufficient	Likely	Major	Very High
Likelihood of Probity Issues	Very Unlikely	Moderate	Medium
Specification Undefined	Possible	Major	High
Specification Bias	Very Unlikely	Minor	Low
Limited Capable Suppliers in Market	Very Unlikely	Minor	Low
Potential for Challenge	Unlikely	Moderate	Medium

How will the Procurement Process Risk be mitigated?

Risk to procurement process	Mitigation	Residual rating
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Understatement / Overstatement of need	Review Specifications to ensure that they are conducive to achieving the LTP requirements	Medium
Misinterpretation of need	Review Specifications to ensure that they accurately represent the LTP requirements	Medium
Accuracy of Spend Data	Use multiple sources of information and cross references.	Medium
Accuracy of Asset Data	Recommend to the BU that they ensure business processes are in place to optimise asset data to facilitate the maintenance.	Medium
Timeframe is not sufficient	<p>The critical path of the sourcing timeline is the sign off of the Procurement Plan, to allow for sufficient time to develop the tender documentation, and to allow sufficient time to source a supplier and for them to mobilise and integrate.</p> <p>Officers will need to prepare the Procurement Plan and signal its inclusion on the corporate map so that it may be presented to a Full Council meeting within the required timelines.</p>	Medium
Likelihood of Probity Issues	Use an independent external Probity Auditor.	Low
Specification Undefined	Review Specifications to ensure that they are conducive to achieving the requirements	Medium
Specification Bias	Review Specifications to ensure that they don't unduly preclude capable contractors.	Low
Limited Capable Suppliers in Market	Market analysis indicates a healthy supplier market. Engage with suppliers through the process to maximise market interest.	Low
Potential for Challenge	Follow QLDC Procurement Policy and NZTA Procurement Manual.	Low

9. Probity management

It is essential that the agency demonstrates ethics and integrity in its procurements. This means:

- Acting fairly, impartially, and with integrity
- Being accountable and transparent
- Being trustworthy and acting lawfully
- Managing conflicts of interest
- Protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- Ensuring compliance with the Councils code of conduct
- Ensuring that financial authority for the procurement is approved before proceeding to tender

- Engaging an external probity auditor to oversee the procurement
- Ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- Identifying and effectively managing all conflicts of interest
- Ensuring that all bids are opened at the same time and witnessed
- Treating all suppliers equally and fairly
- Providing each supplier with a comprehensive debrief at the end of the tender process

10. Contract delivery

The responsibility for managing delivery under the contract and supplier relationship management will pass to the Roadway Operations and Contracts Manager on the signing of the contract(s). This person will develop a contract and relationship management plan in consultation with the successful supplier.

Appendix 1: Proposed contract terms and conditions

The proposed form of Contract is Council's NZS 3917 Term Services Maintenance Contract

Appendix 2: Risk register

Diagram: Risk analysis framework

	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain	Medium	High	High	Very High	Very High
Likely	Medium	Medium	High	Very High	Very High
Possible	Low	Medium	High	High	Very High
Unlikely	Low	Low	Medium	High	High
Very Unlikely	Low	Low	Medium	Medium	High