

31 March 2026

New Zealand Transport Agency,
Waka Kotahi,
Private Bag 6995
Marion Square
Wellington 6141
New Zealand

Submitted via: procurement@nzta.govt.nz

Tēnā koutou,

Submission of Manawātū District Council on the Amendment to the New Zealand Transport Agency (NZTA) Waka Kotahi Procurement Manual

Manawātū District Council (MDC) thanks the NZTA Waka Kotahi for the opportunity to provide feedback on developing an updated, simplified Procurement Manual for Approved Organisations.

MDC manages a significant local roading network which constitutes core Council asset. Roading represents approximately 18% of Council's overall annual operating expenditure. The network includes over 85,500 individual asset components recorded in the RAMM (Road Assessment and Maintenance Management) database. A high proportion (over 91%) of the network's pavements and surfaces are considered to be in acceptable condition under the One Network Roading Classification (ONRC) framework.

Council's Approach to Procurement

MDC operates as an approved organisation under the Land Transport Management Act 2003 (LTMA), receiving National Land Transport Fund (NLTF) assistance through the National Land Transport Programme (NLTP). Council has maintained an NZTA Waka Kotahi-endorsed roading procurement strategy covering the 2024–2027 period, which has provided clear guidance on procurement approaches aligned with local market conditions and supplier capability.

Council's existing procurement approach has centred on a consolidated road maintenance contract that bundles a range of maintenance and operational activities into a single contract. This model has served the district well in terms of administrative efficiency and market engagement. However, as outlined in this submission, Council is actively reviewing its strategy to align with emerging directions around multiple smaller contracts and enhanced in-house professional services delivery, consistent with the signals from Amendment 6 and Council's own Long-term Plan directions from 1 July 2027.

General Feedback

MDC notes that the amendments in the current manual are relatively incremental in nature and do not represent a wholesale departure from existing frameworks. We consider the most significant changes to be:

1. Clarified and strengthened language around ‘best value for money’, introducing a definition that explicitly references cost, quality, benefit and risk — an approach that better reflects whole-of-life procurement thinking;
2. Signalling of earlier and more structured engagement with the supplier market during procurement phasing; and
3. A substantial body of amendments relating to public transport services procurement, including partnering delivery models, contract terms, and key performance indicators.

Council supports the simplified value for money approach and considers it a positive development. Our submission elaborates on specific areas of both support and concern and raises a number of matters that Council considers warrant further attention in the finalisation of Amendment 6.

Areas of Support

Simplified and Clarified ‘Best Value for Money’ Definition

MDC supports the amended definition of ‘best value for money’ in Chapter 3, which now reads as ‘the most effective combination of cost, quality, benefit and risk to meet a requirement.’ This is a clearer and more practically useful definition than previous formulations, and it appropriately acknowledges that lowest price is not synonymous with best outcome.

This framing aligns well with MDC’s own procurement experience. Our NZTA Waka Kotahi-endorsed procurement strategy is explicitly built around value for money principles that prioritise local market sustainability, whole-of-life asset cost, and supplier performance rather than simply price competition. The amended definition strengthens the policy basis for this approach and should provide approved organisations with greater confidence in pursuing quality-oriented procurement decisions.

Council would encourage NZTA Waka Kotahi to ensure that the guidance accompanying this definition makes clear that the four components — cost, quality, benefit and risk — should be assessed holistically and not in isolation. In particular, there is a risk that in practice, cost considerations dominate at the expense of quality and risk management, particularly in constrained funding environments.

Early Market Engagement

Council supports the proposed emphasis on earlier engagement with the supplier market during procurement phasing. For a district of MDC’s size and geography, the local

contractor and professional services market is relatively limited. Engaging early with local suppliers allows Council to better understand capacity and capability constraints, plan procurement timing to smooth workload across the market, and signal forward pipeline to allow suppliers to resource appropriately. Council considers that early engagement guidance should be embedded as a standard expectation within the procurement strategy requirements, not treated as an optional best practice.

Alignment with Existing MDC Strategy

The proposed amendments are broadly consistent with MDC's existing endorsed procurement strategy, which supports local market development, long-term supplier relationships, and a value-for-money orientation. Council has been implementing procurement procedures aligned with the manual for a number of years and has developed institutional knowledge and capability that supports ongoing compliance.

The signal from Amendment 6 toward multiple smaller contracts as opposed to a single large-bundled maintenance contract, is one that Council is independently considering as part of its forthcoming procurement strategy review. Council welcomes this directional alignment and considers that the amended manual provides a stronger policy foundation for that shift.

Areas of Concern

Transition Support for Smaller Approved Organisations

While Council is broadly supportive of the amended manual's directions, we wish to highlight the practical challenges for smaller approved organisations in transitioning to new procurement approaches, particularly the move toward multiple smaller contracts and enhanced in-house professional services delivery.

MDC's current road maintenance contract combines a wide range of activities into a single agreement. Moving to multiple smaller contracts would increase procurement complexity, require greater internal project management and contract oversight capability, and impose higher transaction costs on both Council and the supplier market. For a council with limited professional services staffing, this is not a trivial transition.

Council requests that NZTA Waka Kotahi:

1. Provide clear guidance on the circumstances under which a bundled single contract remains appropriate versus multiple smaller contracts, with explicit acknowledgement that the right approach will vary by district size, market conditions and organisational capability;
2. Develop transition support resources, including template documentation, capability-building guidance and examples of how peer councils have managed similar transitions; and
3. Consider a phased implementation expectation that provides smaller councils sufficient time to revise their procurement strategies and build internal capability before full alignment with any new directional signals is expected.

In-House Professional Services – Practical Barriers

Chapter 1.9 and Chapter 4.4 of the manual address in-house professional services (IHPS), noting that approved organisations must seek NZTA Waka Kotahi approval under section 26 of the LTMA to use IHPS, and that this should be reflected in their procurement strategy.

Council notes that for smaller councils, the practical barriers to expanded IHPS are significant. The cost of recruiting and retaining qualified transport engineers and planners in a competitive labour market is substantial, and the risk of under-utilisation during periods of lower activity makes permanent staffing difficult to justify on a value-for-money basis. Council is actively considering how to expand IHPS capability as part of its strategy review, but this will require investment and time.

Council requests that the amended manual and associated guidance provide more specific recognition of the challenges facing smaller councils in this area, and that the approval process for IHPS be as streamlined as possible to avoid creating an additional procedural barrier to councils seeking to make the transition.

Contract Bundling Signals and Local Market Sustainability

Amendment 6 signals a direction toward unbundling and multiple smaller contracts. While Council can see the rationale for this approach in terms of opening the market to a broader range of suppliers and encouraging competition, there are risks for local market sustainability in smaller districts that warrant careful consideration.

In rural districts like the Manawatū, the local contractor market is already limited. Unbundling contracts into smaller parcels may not increase competition if the result is that national contractors, who can compete on multiple small contracts simultaneously, displace local firms who lack the capacity to tender for many individual contracts. Conversely, for some categories of work, smaller contracts may suit local operators who cannot resource large-bundled contracts.

Council recommends that NZTA Waka Kotahi provide explicit guidance in the manual (or accompanying guidance notes) on how approved organisations should undertake market analysis to determine the appropriate level of bundling or disaggregation for their specific district context. The current manual discusses this in general terms but does not provide sufficient practical direction for smaller organisations.

Broader Outcomes and Sustainability

Council notes that the manual references Broader Outcomes (Government Procurement Rule 16) and the requirement for approved organisations to consider how procurement activities can contribute to the Government's priority outcomes. MDC is committed to sustainable procurement and to contributing to the district's economic, environmental and social outcomes through its procurement decisions.

However, Council notes that the manual's treatment of Broader Outcomes remains relatively high-level and does not provide detailed guidance on how approved organisations should operationalise these requirements in practice particularly in relation

to balancing Broader Outcomes considerations against cost and value-for-money obligations. For a small council with limited procurement resources, more practical guidance in this area would be welcomed.

Council would specifically welcome guidance on how to give weight to support for local and regional suppliers, a matter of importance to the Manawatū economy, within the constraints of the manual's non-discrimination requirements and the requirement to enable fair competition

Conclusion

MDC is supportive of the general direction of Amendment 6 to the NZTA Waka Kotahi Procurement Manual. The strengthened value for money framework, the signal toward earlier market engagement, and the continued emphasis on strategic procurement planning are all consistent with MDC's own approach and priorities. Our submission has highlighted a number of areas where additional guidance, transition support or clarification would assist smaller approved organisations to implement the amended manual effectively.

MDC thanks NZTA Waka Kotahi for the opportunity to submit on Amendment 6 and looks forward to ongoing engagement on the finalisation of the amended manual.

MDC does not wish to speak to this submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Shayne Harris', with a stylized flourish at the end.

Shayne Harris

Chief Executive