



Mā tātau ā raurangi  
**For our future**

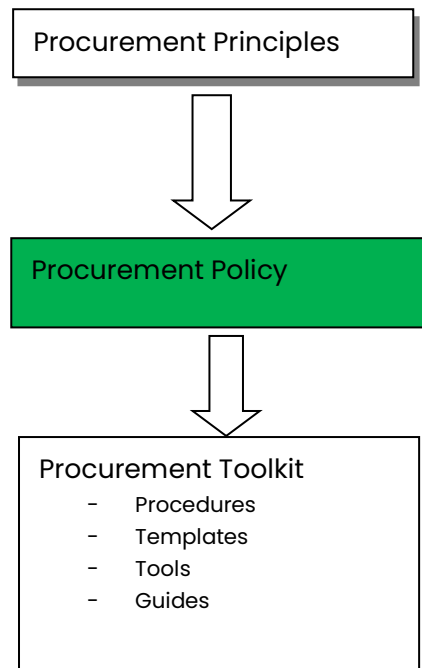
**Procurement Policy**

October 2024



**Western  
Bay of Plenty**  
District Council

# Procurement Framework



The Procurement Framework includes all stages across procurement.

This document is the **Procurement Policy**.

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## Document Control

Version	Author	Effective Date	Approved by	Change Description
1.0	Laraine Jackett	20 Sep 2024	John Holyoake	Original Document for approval
2.0	Laraine Jackett	16 Oct 2024	Jonathan Fearn	Updated link for Code of Conduct (section: Supplier Agreements/Contracts)

# Purpose

This policy sets out the requirements when conducting procurement activity on behalf of Western Bay of Plenty District Council (the Council). It forms part of the Procurement Framework and should be read in conjunction with other documents within the Framework and other relevant Council policies.

# Overview

The Council procures goods, services, and works therefore this provides an opportunity to influence and impact supplier markets.

We are committed to fair and ethical procurement and want suppliers onboard who understand that our procurement has positive social, cultural, economic, and environmental impacts for our community and the wider supplier market, now and in the future.

When we procure in this way, we are building trust and a license to operate with our communities to meet the Council mission to provide people with the best value by implementing plans that deliver social, cultural, environmental, and economic progress across the District.

Adopting Procurement Principles across Council enables positive change to the way we achieve our community outcomes and focus on our Strategic Priorities to provide better outcomes for all.

# Procurement Principles

1. Plan and manage for great results
2. Fair to all suppliers
3. Get the right supplier
4. Get the best deal for everyone
5. Play by the rules

# Applicability/Scope

This policy applies to procurement of any goods or services obtained through any contractual means (including purchases, rental, or lease contracts) with external suppliers, no matter the methodology of purchasing or the value of the purchases.

It applies to the Council, Community Boards, and all Council Officers – permanent, temporary, or contracted. Anyone participating in any procurement activity is responsible for reading and meeting the policy requirements.

If there is any doubt as to applicability, the Council Contracts and Procurement Manager must be consulted prior to the commencement of activity.

The procurement policy does not apply to:

- The management of direct labour such as salary, wages and performance rewards, fulfilling a designated role at Council (e.g. fixed term/temporary labour). However, this policy does apply when procuring contractors (including any sub-contractors), consulting, and professional services (including recruiters).
- Acquisition of art and similar unique items of interest
- Grants and sponsorship
- Land acquisition
- Leasing of Council-owned property and the leasing of property to the Council
- Payments to government and regulatory bodies including tax
- Treasury and financial instruments.

## Exemption

An exemption to the policy may be provided only in emergency situations where, due to unforeseen events or to preserve the security of supply, goods and services cannot be obtained through the usual procurement process. For example:

- a natural disaster where contracted suppliers are unable to perform their duties and an alternative is urgently required.
- An emergency where standards of public health, welfare or safety need to be established without delay.
- a situation where life, property or equipment are immediately at risk.
- meeting the requirement needed to manage an emergency such as in the case of disaster relief.

Delegations are outlined in the Bay of Plenty Civil Defence Delegation Manual 2023–2028. Controller delegations have been set at \$100,00 per transaction. Approval above this value can be given by the Chief Financial Officer, Chief Executive, or other staff member as appropriate.

## Policy statements

- Public value underpins Council procurement. Public value is more than good price and good quality, it is getting the best possible result over the whole-of-life of goods, services or works being procured. Value is the legacy and lasting benefits created through how Council delivers its work.
- All procurement activity will focus on buying local wherever possible to build local economies and create lasting value for its communities.
- All procurement activity must provide public value and consider the total cost of goods and services over its lifecycle. Threshold values are for the whole-of-life of the contract (not per financial year).
- For every procurement activity undertaken within Council, considerations of quality, price and outcomes (including economic and social outcomes) must be incorporated where appropriate.
- All procurement activity must meet a justifiable and approved business purpose.
- All processes must be prepared, designed, or otherwise structured to support the application of this policy.

The method of procurement activity and the payment method for securing supply will be based on several factors including the expected spend and risk to the Council.

- Where a supplier arrangement, collective contract or panel arrangement is in place that meets the defined needs, this must be utilised.

- When a third party is involved in a project, Council must meet agreed third party procurement processes associated with the funding requirements.
- All activity must be approved within Council delegations.

## Procurement Requirements

Procurement Value (excluding GST)	Procurement Approach	Conditions
<b>0-\$250k</b>	Council can use direct procurement, panels* (e.g. AOG), or closed or open competitive quotes (minimum 2)	<ul style="list-style-type: none"> <li>• Simple/low risk purchases to have a simple procurement approach.</li> <li>• Where there is more risk, complexity and public interest then consider using open competition.</li> </ul>
<b>\$250k-\$1m</b>	Council can use direct procurement, panels*, or closed or open competitive quotes (minimum 3)	<ul style="list-style-type: none"> <li>• Expectation is for open competition unless direct procurement is approved under a valid exemption.</li> </ul>
<b>\$1m+</b>	Council can use panels*, closed competitive quotes (minimum 3) or open competitive quotes	<ul style="list-style-type: none"> <li>• Approved procurement plans are expected for these procurements to incorporate broader outcomes identify and manage risks, and to ensure adherence to Council procurement principles/policy and delegations.</li> </ul>

\*Panel of suppliers satisfies open competition where it was established via an open competitive process.

## Purchasing

Purchasing relates to the transactional activity related to securing supply. For example, raising a purchase order, acquiring the goods and enabling payment of supplier invoices.

- All purchasing commitments must be approved within delegated authority limits.
- Purchasing of goods and services must follow the guidance in the Council Procurement Framework.

## Sourcing and Supplier Selection

- The sourcing, identification and appointment of new suppliers will follow the Procurement Framework.
- New Suppliers will be selected through fair process and be evaluated before being engaged to ensure they meet Council standards.
- All Suppliers must complete due diligence and onboarding requirements before delivering any product or service. This includes health and safety, insurance certification and other key requirements.
- Due diligence must be completed prior to execution of recommended use of a Supplier.
- Modern Slavery and Worker Exploitation are serious forms of exploitation seen internationally and within New Zealand. Council will not participate in any procurement with a supplier that is found to be engaged in modern slavery or worker exploitation.

## Supplier Agreements/Contracts

The Council aims to work with third parties and suppliers that support Council's Procurement Principles. Suppliers must be reputable, competent and qualified for the purpose for which they are engaged.

- All supplier engagements must have the appropriate contract in place before products and services are supplied.
- Contract will be appropriate to the supplier relationship and agreed risk.
- All supply contracts must be documented and executed on behalf of the Council using the appropriate Delegated Authority for the total commitment.
- New Suppliers must acknowledge their acceptance of the [NZGP Code of Conduct](#) in writing and act in accordance with the Procurement Principles and New Zealand legislation.

## Compliance

Procurement activity must be conducted in a manner which ensures the Council maintains a reputation of being fair, transparent and equitable towards suppliers and evidenced through sound and robust record keeping.

Anyone involved with procurement on behalf of Council must observe the highest ethical standards and must be beyond reproach. This includes ensuring:

- compliance to all legislative and policy requirements;
- adhering to the Procurement Principles at all times;
- maintaining the integrity of the process as robust, relevant, impartial and fair;
- respecting confidentiality of information and not disclosing it to third parties or using for personal gain;
- declaring any actual or potential conflict of interest as appropriate and when asked to do so; and
- maintain accurate and timely records.

## Review and changes to this policy

Any amendments to this policy will be approved by the Chief Executive and the revised policy will be posted on Council's website. This policy will be reviewed every two years unless specific changes are required at an earlier time.

# Relevant legislation, policies and other documents

This policy is to align with current New Zealand legislation when procuring.

- Carbon Reduction Programme (Toitu) Net-Zero-Carbon Emissions Policy
- Civil Defence Emergency Management Act 2002
- Commerce Act 1986
- Construction Contracts Act 2002
- Construction Sector Accord
- Contract and Commercial Law Act 2017
- Fair Trading Act 1986
- Goods and Services Tax Act 1985
- Health and Safety at Work Act 2015
- Land Transport Management Act 2003
- Local Authorities (Membership Interests) Act 1968
- Local Government Act 2002
- Modern slavery legislation: Final report
- New Zealand Government Procurement – Procurement for the Future
- New Zealand Government Procurement Rules
- Office of the Auditor General – Procurement guidance for public entities
- Local Government Official Information and Meetings Act 1987
- Public Records Act 2005
- Public Works Act 1981
- Resource Management Act 1991
- The NZTA Procurement Manual for activities funded through the National Land Transport Programme



# Attachment 1 – Definitions

Term	Definition
<b>Category</b>	The grouping of goods or services based on similar characteristics such as supply market or the solution they are providing.
<b>Broader outcomes</b>	Generation of positive , cultural, social, economic and environmental benefits due to the way goods, services or works are produced or delivered.  Also known as Progressive Procurement, Social Procurement, Sustainable Procurement and Wellbeings.
<b>Contract Management</b>	Consists of ongoing monitoring and evaluation of both parties' performance or obligation under the contract. It goes beyond compliance to stated expectations in that it includes managing the supplier relationship, innovation, providing feedback and dispute resolution where necessary.
<b>Delegated Authority</b>	An authority, granted by Council to officers (or by sub-delegation from one officer with delegated authority to another) to do, approve or otherwise commit Council as prescribed by the specific wording of such delegations.
<b>Market</b>	Sellers of a good or service who are potentially available as a supplier to Council.
<b>Modern slavery</b>	Severe exploitation that a person cannot leave due to threats, violence or deception. It includes forced labour, debt bondage, forced marriage, slavery, and human trafficking.
<b>Officer</b>	Employee of Western Bay of Plenty District Council.
<b>Preferred Suppliers</b>	Those suppliers that have been awarded a contract to supply goods and/or services.
<b>Procurement</b>	All aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset. (Ref: NZ Govt Procurement)  Procurement covers the broader, more strategic aspects of acquiring goods/services, including establishing category goals, sourcing, and supplier relationship management. It aims to leverage economies of scale to lower costs and create greater value for the business as whole. It does not include stores management, distribution, and logistics.
<b>Public value</b>	Public value means the best available result for New Zealand for the money spent. It includes using resources effectively, economically and responsibly, and taking into account: <ul style="list-style-type: none"> <li>• the procurement's contribution to the results you are trying to achieve, including any Broader Outcomes you are trying to achieve and</li> <li>• the total costs and benefits of a procurement (total cost of ownership).</li> </ul> The principle of public value when procuring goods, services or works does not mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (over the whole-of-life of the goods, services or works). Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve public value. (Ref: NZ Govt Procurement)
<b>Purchasing</b>	The transactional processes concerned with acquiring goods and services. It covers but is not limited to raising a Purchase Request/Purchase Order (PR/PO), receiving and receipting the goods/services, receiving, and matching the invoice, managing exceptions, and paying the supplier.

<b>RFX</b>	Catchall term to denote Expression/Registration of Interest (EOI/ROI), Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ) and Request for Bid (RFB).
<b>Risk</b>	An uncertain event or condition that, if it occurs, has a positive or negative effect on the objective.
<b>Sourcing</b>	The process of selecting suppliers to provide discrete goods or services, based on evaluation against a pre-defined set of criteria established following consultation with business stakeholders.
<b>Supply Chain</b>	A network of individuals, organisations, technology, activities, and resources working together to make sure goods or services reach the end user.
<b>Supply Chain Management</b>	Any combination of processes, functions, activities, relationships, and pathways along which goods, services, information, and financial transactions move in and between enterprises.
<b>Supplier Performance Evaluation</b>	The evaluation of the supplier's fulfilment of the contracted requirements regarding quality, delivery, timeliness, as well as all other performance indicators regarding the promised goods, services or works.
<b>Progressive Procurement</b>	see Broader Outcomes
<b>Social Procurement</b>	see Broader Outcomes
<b>Sustainable Procurement</b>	see Broader Outcomes
<b>Sustainability</b>	Meeting the needs to today without compromising the ability of future generations to meet their needs.
<b>Wellbeings</b>	See Broader Outcomes.
<b>Whole-of-life</b>	All costs associated with the life of a service or goods from conception, its usage and disposal/termination.
<b>Worker exploitation</b>	Non-minor breaches of employment standards in New Zealand.