

1. Purpose

This policy outlines the approach that Council will take for planning, sourcing and managing its procurement activities.

1.1 Scope

This procurement policy applies to all supply arrangements of any value for products, services or works, procured by or on behalf of Council.

This policy excludes:

- Employment agreements;
- Variations to existing contracts;
- Purchases and procurement of services required for Civil Defence Emergencies; and
- Purchases of land, buildings and investments which follow a different approval process.

1.2 Commencement

This policy comes into force on 27th September 2024.

1.3 Definitions

“Closed Competitive” means inviting a minimum of three suppliers to submit a quote or proposal for goods and/or services.

“Open Competitive” means publicly advertising an opportunity to submit a quote, proposal, or tender for goods and/or services.

“Direct Purchase” means purchasing from a single supplier, without seeking quotes or proposal for goods and/or services.

“Local” means suppliers located, or established, in the West Coast region.

“Officers/Staff” means Council employees.

“Suppliers” means sole traders, commercial companies, and not for profit organisations, providing goods and/or services.

“Emergency Procurement” means procurement required as part of the response to a sudden unforeseen event, where life, health, property, or equipment is at immediate risk, or to maintain Council’s service delivery to the community.

“Procurement” All of the business processes associated with purchasing, from the identification of needs to the end of a contract of the end of the useful life and subsequent disposal of an asset. It includes the specification of sourcing of products or services, negotiation and contracting, the management of supply arrangements, and it finishes with the disposal of products or when the service contracts or agreements come to an end.

“Business Case” Provides the reasoning for undertaking a new project or service. A business case will include the background information, the expected benefits of the project, options considered, expected costs, resources required and an analysis of potential risk. The requirement for submitting a business case is usually met by:

- Long Term Plan or Annual Plan budget processes; or
- Council or Committee reporting.

2. Policy

2.1 Policy Statement

Council will carry out the procurement of works, goods and services in a manner that will support Council community outcomes, agreed levels of service, organisational goals, strategic challenges, and its values.

Council will develop templates and processes to ensure that purchasing activities are documented and recorded appropriately.

2.2 Policy Principles

In making procurement decisions, Council will have regard to the below key principles governing public spending:

- **Accountability:** Council will be accountable for its performance and be able to provide complete and accurate accounts of the use of public funds. Council will have suitable governance and management arrangements in place to oversee funding arrangements.
- **Openness:** Council will be transparent in its administration of funds, to support accountability, promote clarity and develop a shared understanding of respective roles and obligations between Council and any external parties entering into funding arrangements.
- **Value for Money:** Council will use resources effectively, efficiently, economically and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes Council is trying to achieve. The principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).
- **Lawfulness:** Council must act within the law and meet its legal obligations.
- **Fairness:** Council has a general public law obligation to act fairly and responsibly. It must be, and must be seen to be, impartial in its decision-making.
- **Integrity:** Anyone who is managing public resources must do so with the utmost integrity. The standards applying to public servants and other public employees are clear and Council needs to ensure, when funding other organisations, that it expects similar standards from them.

2.3 Policy Objectives

1. To ensure purchasing decisions are consistent, transparent, fair and lawful.
2. To achieve best value for money over the whole life of the goods, services, or asset.
3. To ensure products, services and works are fit for purpose and are bought using commercially astute and appropriate processes.
4. To facilitate efficient purchasing practices and minimise procurement costs for both suppliers and Council.
5. To appropriately manage and fairly allocate risks associated with procurement processes and contract management.
6. To support sound environmental procurement and sustainability where feasible to do so.
7. To ensure Councils purchasing activities are managed in accordance with its statutory and legal responsibilities.
8. To ensure a healthy balanced supplier market, including providing local suppliers with opportunities to compete for Council business.

2.4 Procurement Considerations

The following considerations must be taken into account as part of a procurement activity:

Procurement Planning

Purchases may only be made when there is an approved, allocated budget, and if the purchase is within delegated financial authority. Where a purchase exceeds an officer’s delegated financial authority, the approval of the relevant delegated financial authority must be obtained.

Procurement Plans must always be developed for procurements over \$20,000; or where complexity or risks to successful contract outcomes are identified. Procurement Plans must take into account risks and opportunities to add value, that are potentially under suppliers’ control. Where applicable, they must be approved prior to sign-off of procurement documentation prior to launch to the market.

Situations where this may not apply are covered in Procurement Methods - Non Standard.

Purchase Orders

A purchase order must be raised for all goods and services prior to purchase. When the total value of a contract is known, a purchase order shall be raised for the full contract amount. Suppliers shall include the purchase order number on all invoices relating to that contract.

Contract Requirements

All contractual relationships entered into by Council must meet industry guidelines, performance standards, and best practice, to form a contract with all appropriate documentation.

Procurement Probity Assurance

Procurements that are large, complex, of significant public interest, or involve involvement of parties that may have potential or perceived conflicts of interest, should be supported with external Procurement Probity Advice and/ or assurance audits.

2.5 Procurement Methods

Purchase methods are either direct purchase, closed competitive, or open competitive, and must meet the minimum thresholds set out in the table below:

Total Estimated Value	“Minimum” purchase method
Minor Expenditure (Up to \$20,000)	Direct purchase through purchase order.
Moderate Expenditure (\$20,000 and \$50,000)	Closed competitive. Direct purchase permitted following approval from the relevant delegated financial authority as defined in the WDC Delegations Manual.
Significant Expenditure (\$50,000 - \$100,000)	Open competitive. Direct purchase permitted following approval from the relevant delegated financial authority as defined in the WDC Delegations Manual.
Major Expenditure (\$100,000 +)	Open competitive. Direct purchase permitted following approval from the relevant delegated financial authority as defined in the WDC Delegations Manual.

Minor Expenditure: (up to \$20,000)

- Verbal quotes can be used for purchasing goods and services when the transaction value is less than \$20,000. This is an efficient way to explore the market and determine availability and price. Verbal quotes

need to be followed up with a written quote or an invoice as records must be kept of the evaluation and decision, proportionate to the value and risk of the individual procurement.

- Council may purchase directly from a supplier for purchases less than \$20,000 as the cost of seeking quotes or tenders would be impractical, or disproportionate to the benefits obtained.

Moderate Expenditure: (\$20,000 - \$50,000)

- Written quotes must be used for expenditure above \$20,000 but below \$50,000. Three quotes should be sourced as per the closed competitive method. All quotes must be sought with identical specifications and work scope and have a set closing date and time. Records must be kept of evaluation and decision, proportionate to the value and risk of the individual procurement.
- A Procurement Plan must be prepared. It must include a detailed description of the goods and services being procured, undertakes a supplier market analysis, and identified risks and opportunities under suppliers' control that will differentiate suppliers. Key timeframes, required service levels, the procurement method and evaluation process must be included.
- Council may purchase directly from a supplier for purchase above \$20,000 and below \$50,000 when:
 - The required goods and services are available from only one supplier or provider.
 - The services required are specialist technical or professional services.
 - Standardisation or compatibility with existing equipment or services is necessary or desirable.
 - Council is part of a joint procurement process.
 - Unacceptable responses were received through open competition for the same core requirements, carried out within the last 3 months; or
 - The products, services or works are an addition to, and necessary for the complete delivery of an existing supply arrangement, provided that the original supply arrangement was openly advertised, and a change of supplier cannot be made for economic, technical, or practical reasons.

Approval to procure without three written quotes must be recorded in writing by the appropriate delegated authority.

Significant Expenditure: (\$50,000 - \$100,000)

- Where the value of goods or services proposed to be purchased is between \$50,000 - \$100,000, an open competitive process should be used. Note that a closed competitive tender may be used if a Pre-Approved Contractor list has been established; or under exemptions listed under Rule 14 of the Government Procurement Rules. Situations where this may not apply are covered in Procurement Methods - Non Standard, which contains all of the information that suppliers need to prepare and submit a tender.
- A Procurement Plan must be prepared. It must include a detailed description of the goods and services being procured, undertakes a supplier market analysis, and identified risks and opportunities under suppliers' control that will differentiate suppliers. Key timeframes, required service levels, the procurement method and evaluation process must be included.
- In the RFX documentation, where applicable, relevant pre-conditions should be used to exclude unsuitable suppliers. If evaluation criteria are being used, an indication of the relative importance of each criterion must also be provided.

Major Expenditure (\$100,000 +)

- Where the value of goods or services proposed to be purchased is more than \$100,000, an open tender must be used.
- A Procurement Plan must be prepared. It must include a detailed description of the goods and services being procured, undertakes a supplier market analysis, and identified risks and opportunities under

suppliers' control that will differentiate suppliers. Key timeframes, required service levels, the procurement method and evaluation process must be included.

In the RFx documentation, where applicable, relevant pre-conditions should be used to exclude unsuitable suppliers. If non-price evaluation criteria are being used, an indication of the relative importance of each criterion must also be provided.

As per the delegations manual, procurement which is valued above the Chief Executives delegated authority (major expenditure) must be approved by Council.

Procurement Documentation and Methods

An Expression of Interest (EOI) can be used to shortlist potential suppliers before seeking detailed bids from the shortlisted tenderers, however this should only be used if there is little available information about potential suppliers or it is expected that a large number of suppliers may respond.

An Advance Notice may be issued to gauge market interest in a Council procurement opportunity; however this should not be used as a shortlisting tool.

A Request for Quotation (RFQ) is used when pricing is the primary consideration for supplier selection; and conformance above a defined standard is not relevant (i.e. Lowest Price Conforming evaluation)

A Request for Tenders is normally includes both price and non-price responses, which must be collected and evaluated separately (or in sequence, with Non-Price evaluation finalised before pricing is known. This is used for Weighted Attributes or Price-Quality Method Evaluation.

A Request for Proposal (RFP) can be single or a multi-staged process and is used when the project or requirement has been defined, but where an innovative or flexible solution is sought. This normally does not include Price considerations, as price is an unsuitable differentiator or cannot feasibly be determined at that stage (e.g. solution has not yet been designed).

2.6 Procurement Methods - Non-Standard

The following are instances where the Standard Procurement Procedures may not apply. All other provisions of this policy remain applicable.

Emergency Procurement

Where unforeseen events/incidents occur without warning, it may be necessary to bypass some aspects of the normal procurement process. Circumstances that mandate Emergency procurement will normally only be when there is a natural disaster (e.g. major storm event, flood, volcano, earthquake, sudden pandemic, tsunami) or a civil unrest situation (war, terrorist attack, etc), or a major failure in infrastructure assets that results in:

- Life, property, or equipment being immediately at risk;
- Infrastructure assets are at risk or damaged and access needs to be re-established without delay; or,
- Standards of public health, welfare or safety need to be re-established without delay (such as disaster recovery).

Emergency procurement procedures should never be used to short-cut proper procurement planning processes, development of effective procurement (RFx) documentation, or impartial, robust evaluation processes. When initiating emergency procurement procedures, applicable legislative processes should also be considered, and appropriate measures taken to ensure compliance.

Joint Procurement

Council may participate in collective buying schemes that offer value for money, such as All of Government supply contracts. In these circumstances, competitive procurement is undertaken by the group as a collective.

Standing Arrangements

Standing arrangements are procurement agreements where Council purchase goods or services directly from a provider for a fixed period. These can be either direct (although the thresholds in Procurement Methods above apply) or established through open tendering. Council can set up standing arrangements after a competitive or negotiated process.

However, standing arrangements can be suitable procurement approach for goods or services that are high value but low risk. Examples include fuel, motor vehicles, air travel and stationery.

Short-form Agreements

Standard Procurement Procedures will be used before entering these agreements, based on a reasonable estimate of cost of the work/service required. It is recognised that the final cost of the work/service will not always adhere to the Standard Procurement Procedure requirements, given the nature of these agreements (based on hourly rates) and, in some circumstances, ambiguity regarding the extent of work necessary.

Policy Variation

Council Executive Leadership Team may, in exceptional circumstances, approve a temporary variation to the Policy for some or all of Council's procurement, for a defined time period. Such temporary variations will be reported to the Risk and Assurance Committee.

2.7 Value for Money and Whole of Life Costs

Council shall take into account the ever-present need to ensure it is getting the very best value for money in order to deliver the most cost-effective outcomes for households and businesses, not only in the short term, but over the life of the asset. This means using resources effectively and economically, weighing up the total costs and benefits of a supply arrangement, and the outcome achieved. It is important to note that the best possible value for money is not always the cheapest price.

Council shall take into account the Whole of Life Costs including health, safety, cultural, environmental and sustainability considerations rather than merely the initial "upfront" cost. Typically, this involves consideration of the cost of the initial purchase, plus implementation/transition, support and maintenance, operations, and end-of-life/disposal.

Healthy, Balanced Market including Local Suppliers

Council officers will provide right-sized opportunities for a range of contracting businesses, including SME businesses as well as larger companies. Council will ensure that local suppliers are given fair opportunities to compete for all Council business.

Supplier Privacy

Council may retain the details of any supplier for internal use only. These details will not be made public without the authorisation of the supplier, unless required by law.

3. Staff Roles and Responsibilities

The roles and responsibilities for Council staff are:

Role	Responsibility
Chief Executive and the Executive Leadership Team	<ul style="list-style-type: none"> • Modelling the highest standards of compliance with the Policy. • Ensure that they and their staff are appropriately trained in the Councils procurement processes and procedures. • Monitor that staff comply with the Policy.
All Staff	<ul style="list-style-type: none"> • Conduct procurement in the best interests of the council and the community. • Comply with the requirements of the procurement framework and associated processes and procedures.

Delegations

All procurement activity must be carried out in accordance with the annual budget or specifically approved budgets, and within delegated authority as defined in the Delegations Manual.

Council contractors cannot make purchases or commit to spend on Councils behalf without prior authorisation.

Staff Purchasing

The use of Council funds for the purchase of items for personal use is prohibited.

If staff purchase personal goods and services using discounts obtained through Council buying privileges schemes, the transaction must be paid for by the staff member personally.

Endorsement

Generally, employees must not endorse any products or services. If an employee receives a request to endorse any product or service, they must refer the request to the appropriate Group Manager.

Staff may, with the approval of their manager, act as referees for contractors or consultants who are bidding for external contracts.

Conflicts of Interests

Conflicts of Interest may arise at any time during the procurement process. All employees must act in accordance with the Staff Conflicts of Interest Policy and declare any real or potential conflicts of interest in writing to their manager at the start of their involvement in a procurement process; and if any issues that could be raised as potential or perceived conflicts of interest emerge during a procurement process.

Gifts and Hospitality

Any offers of gifts or hospitality from suppliers must be managed in accordance with the Staff Gifts and Hospitality Policy.

Confidentiality

All Council staff must always maintain the confidentiality of a procurement process.

4. Records Management

Appropriate records of dealings with all suppliers should be kept. This should include details of:

- A procurement plan is to be prepared detailing the rationale behind the selection of the procurement method.
- Tender or other comparisons processes and selection procedures.

- Copies of all agreements entered into, including purchase orders should be saved electronically.
- Performance records, including any items under dispute; and, correspondence, including but not limited to, notices, contract variations, contract extensions, and price change documentation.

5. Related Documents and Acts

Council policies and strategies:

- WDC Delegations Manual, WDC Procurement Strategy, Staff Conflict of Interest Policy, Staff Gifts and Hospitality Policy

Relevant legislation includes but it not limited to:

- Commerce Act 1986, Sales of Goods Act 1908, Fair Trading Act 1986, Consumer Guarantees Act 1993, Health and Safety in Employment Act 1992, Public Finance Act 1989, Financial Reporting Act 1993, Privacy Act 1993, Official Information Act 1982, Local Government Official Information and Meetings Act 1987, Local Government Act 2002, Building Act 2004, Resource Management Act 1991, Land Transport Management Act 2005, Electronic Transactions Act 2002, Records Act 2005, Public Audi Act 2001; Construction Contracts Amendment Act 2015.

Central Government Guidelines, include but are not limited to:

- Ministry of Business, Innovation and Employment, Government Procurement Rules, Rules of planning your procurement, Approaching the Market and Contracting, www.procurement.govt.nz;
- Office of the Auditor General, June 2008, Procurement Guidance for Public Entities www.oag.govt.nz;
- NZTA Procurement Manual: [Procurement manual | NZ Transport Agency Waka Kotahi \(nzta.govt.nz\)](http://Procurement manual | NZ Transport Agency Waka Kotahi (nzta.govt.nz))

Industry Standards and Guidelines include but are not limited to:

- NZS 3910: Conditions of contract for building and engineering construction.
- NZS 3915: 2005 Conditions of contract for building and civil engineering construction (where not person is appointed to act as engineer to the contract).
- IPENZ standard contract conditions.
- NZ Institute of Architects Standard Conditions of Contract.
- NZ 3916-2013 Conditions of contract for building and civil engineering – design.
- 3917-2013 Conditions of contract for building and civil engineering – fixed term.

6. Implementation of the Policy

This policy will be implemented across Council staff and will be actively communicated during planning and operational delivery.

The implementation of this policy is delegated to the Group Manager – District Assets.

7. Policy Review

A review of this policy will take place in September 2027.

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