ATTACHMENTS

Council Meeting Under Separate Cover
Minutes Attachment
Wednesday, 2 April 2025

Procurement Policy

Applicable to:	All employees
Issued by:	Executive Leadership Team Endorsed by Audit and Risk Committee
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MASTERTON
WHAKAORIORI
DISTRICT COUNCIL

Contents

Contents 2

Purpose 3

Context 3

Scope 3

The New Zealand Government Procurement Framework 4

Principles of Procurement 4

Objectives of this Policy 8

Exemptions from Open Competition 10

How Council will operate a Panel of Suppliers 10

Responsibilities 11

Monitoring and Evaluation 11

Review of Policy 11

Definitions 12

Related Documents 13

Council Strategies 14

References 14

Purpose

The purpose of this Policy is to provide a framework to ensure that a consistent procurement practice is applied across all Council procurement activities in alignment with the Council's vision, strategic priorities, and community outcomes. This Policy does not supersede the New Zealand Government procurement policies and guidelines.

The Procurement Policy articulates how Masterton District Council (Council) seeks to maximise the overall benefits that can be delivered through its procurement activity, enabling the Council to deliver value for money as well as advancing the social, cultural, environmental, and economic wellbeing of the Masterton district and its community.

Context

Procurement covers all aspects of purchasing and delivering goods, services and works. It starts with identifying the needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life.

Activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.

This document should be read in conjunction with Council's Procurement Procedure (MDC011A).

Scope

This Policy applies to all contracting and procurement activities at Council and is binding upon councillors, council staff and suppliers engaged by Council.

This Policy applies to the procurement of:

- goods and services of any kind (e.g., refurbishment, new construction works); and
- goods or services supplied by non-commercial entities such as iwi, volunteer and other community organisations.

This Policy does not apply to:

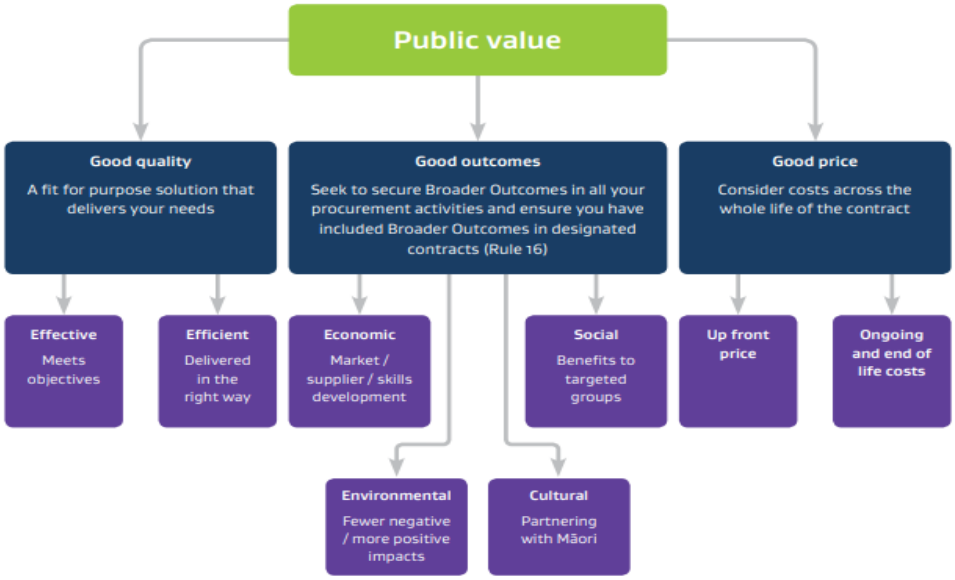
- the employment of staff (staff are not defined as contractors and consultants to supply services);
- the acquisition or lease of land or buildings (excluding the design, construction, or refurbishment of Council-owned buildings);
- disposals and sales of Council assets;
- investments, loans, guarantees, or other financial instruments;

- koha, gifts, donations, and grants including time/labour or services in kind;
- non-contractual agreements between public sector agencies, such as memorandums of understanding and shared services agreements; or
- statutory, governance or ministerial appointments.

The New Zealand Government Procurement Framework

The New Zealand Government Procurement Framework has been used to guide this Policy as it provides a paradigm for sustainable and inclusive procurement. This framework is designed to be used for a range of procurement activity from simple and low-risk to complex and high-risk activity. It aims to drive consistent and balanced procurement decisions that create public value (Figure 1).

Figure 1: Adopted from the Government Procurement Rules



Principles of Procurement

This Policy adopts the five principles of Government Procurement with the addition of a Wairarapatanga principle. These principles provide the foundations of good procurement practice. The six principles are:

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

1. Plan and manage for great results

The Council will plan and manage procurement effectively by identifying the need, including what broader outcomes should be achieved. It should be clear what is being procured and why, before approaching the market.

The Council will include suppliers early and in a timely manner, and work with them to get the best possible outcomes.

The Council will choose the right approach to procurement that will depend on the value, complexity and any risks involved.

The Council will focus on minimising any environmental impacts by encouraging and promoting e-procurement (for example, tenders sent by email).

2. Be fair to all suppliers

The Council will create transparent and effective competition and encourage capable suppliers to respond to achieve the most effective procurement outcome.

The Council will seek opportunities to involve Wairarapa businesses, with a particular focus on Māori[1], Pasifika, and social enterprises.

Clear criteria will be set ahead of commencing procurement. The criteria will be used to evaluate proposals and determine which proposal satisfies the specific procurement requirements and provides value for money over the procurement life cycle.

The Council will provide a clear explanation on how proposals will be assessed so that the suppliers know what to focus on.

The Council will provide feedback to the successful and unsuccessful suppliers on their proposals.

3. Value Wairarapatanga

There are two key aspects of this principle:

a) Including a Wairarapa Māori lens in procurement planning

Procurement planning requires advice and input with a Wairarapa Māori lens that first and foremost utilises our internal expertise, and when appropriate, external expertise on advice of the Pou Ahurea Māori. A Wairarapa Māori lens will consider things such as Māori cultural knowledge, te reo Māori (Māori language), mātauranga Māori (Māori understanding, knowledge and skill), tikanga Māori (procedures, customs, and practices) and kawa (protocols).

[1] Māori businesses are defined by Te Puni Kōkiri as a Māori authority (as classified by the Inland Revenue Department) or a minimum 50% Māori ownership.

b) Supplier diversity

- Ensuring local Māori businesses have opportunities to tender for works and services, in line with the Government's work to increase the diversity of suppliers and improve Māori participation in the economy[2];
- Support business and employment prosperity of local Māori businesses; and
- Enable and support all of our suppliers to be more informed of appropriate Māori cultural practices as part of their work/services (e.g. if works/services involves disruption of land and accidental discovery of taonga Māori – that appropriate people are contacted to conduct the necessary tikanga and kawa).

4. Get the right supplier

Our procurement process will apply sound ethical considerations to provide an equitable and fair opportunity for procurement.

The Council will seek innovative and sustainable approaches from the market as part of our procurement processes.

The Council will identify relevant risks and manage them effectively.

5. Get the best deal for everyone

Our procurement process will actively promote best public value. This means getting the best possible result from procurement, using resources effectively, economically and without waste, and taking into account: the total costs and benefits of a procurement (total cost of ownership), and its contribution to the results being sought.

The Council will make balanced decisions considering broader outcomes: social, environmental, economic effects and cultural outcomes and how those could be achieved throughout our procurement process.

This means we will focus on:

- value over the whole of life, rather than just the initial cost;
- avoiding unnecessary consumption, manage demand and minimise waste;
- minimising environmental impacts over the whole of life of the goods/services/works;
- increase opportunities to support transition to low carbon economy; and
- using procurement to encourage and support continuous improvement, skills development, adherence to health and safety rules by our suppliers, and support job creation in the Masterton District.

[2] www.tpk.govt.nz/en/a-matou-whakaarotau/maori-economic-resilience/progressive-procurement

The Council will have clear performance measures to monitor and manage supplier performance.

6. Play by the rules

Section 14 of the Local Government Act 2002 (LGA)[3] details the principles relating to local authorities. These principles apply to all work within local government including this Policy.

All individuals and groups that the Policy applies to are expected to conduct themselves to the highest standards of fairness, honesty, and with integrity throughout the procurement process. Employees and suppliers will adhere to these standards, all applicable laws, and avoid all perceptions of conflict of interest and impropriety.

The Council will ensure procurement processes are transparent and reasonable through procurement procedures and plans, ensuring accountability for any decisions that are made.

Commercially sensitive information, intellectual property, and conflicts of interest will be identified and managed. Any breaches will be reported immediately to the responsible Executive Leadership Team member or Project Sponsor, with the appropriate management steps put in place.

Ensuring probity of action is everyone's responsibility when conducting procurement activities. This means:

- undertaking due process;
- obtaining appropriate approvals;
- documenting decisions, and reasons for decisions as appropriate.

The Council will openly advertise on the Government Electronic Tenders Service (GETS):

- if the maximum total estimated value of the procurement meets or exceeds the relevant value threshold;
- when there is no exemption from open advertising.

If the procurement is exempt from open advertising, the Council will use either a closed competitive process (with a limited number of known suppliers) or a direct source process (with a known supplier).

[3] www.legislation.govt.nz/act/public/2002/0084/latest/DLM171810.html

Objectives of this Policy

The objectives of this Policy are for Council's procurement activity to promote achievement of:

1. ***Value for money*** – provide the best value for money, considering whole of life costs and benefits, and sustainable outcomes.
2. ***Transparency*** - follow procurement procedures and guidelines and have open, easily accessible, and transparent procurement processes.
3. ***Accountability*** – Council takes an active role in monitoring and manging supplier performance.
4. ***Council's strategic vision*** – ensure procurement principles and process are aligned to the Council's vision and strategic priorities and promote efficient and effective delivery of Long-Term Plan and Annual Plan work programmes and levels of service.
5. ***Social responsibility*** - Council is committed to promoting improved outcomes across the community. A focus is placed on those who are underrepresented and people with less opportunity, to help build more resilient communities. Where possible, Council will explore opportunities to engage social enterprises to provide works, goods, and services, while ensuring that the principles of this Policy are met.
6. ***Environmental sustainability*** - Council's procurement activity will recognise proactive strategies that deliver better outcomes for the environment. The Council is committed to exploring opportunities through procurement that conserve resources, save energy, minimise waste, protect human health and enhance environmental safety, while ensuring the principles of this Policy are met. Focus will be given to improving energy and water efficiency, reducing and recycling, and minimising greenhouse gas emissions.

Financial Thresholds

Procurement Value (excluding GST)	Procurement Method	Conditions and exemptions
Up to $20,000	Direct Procurement	Purchase directly from preferred suppliers.
$20,000 to $250,000	Staff may use Closed Competition or Open Competition.	For the avoidance of doubt Open Competition is still possible at these amounts, and the higher the value, the more consideration should be given to Open Competition (in accordance with the principles of this Policy). Staff should also consider workload and impact on the supplier market when considering use of Open Competitive processes for lower value procurements.
$250,000 to $1,000,000	Open Competition is required unless approved by the Chief Executive.	The use of Direct or Closed procurement must meet one or more of the valid exceptions to open competition listed in this Policy.
Total value greater than $1,000,000	Open Competition is required unless approved by Council.	Council (or a subordinate Council decision-making body delegated authority for approving financial expenditure) may determine the use of Direct Procurement or Closed Competition. The use of Direct or Closed procurement must meet one or more of the valid exceptions to open competition listed in this Policy.
N/A	Waka Kotahi NZ Transport Agency Subsidies	For contracts where the cost will be part-funded by a Waka Kotahi NZ Transport Agency subsidy, the procurement decision must follow NZTA guidelines.

Exemptions from Open Competition

1. Emergency procurement

The Council will from time to time need to react efficiently and effectively to genuinely unforeseen urgent circumstances which may result in injury, loss of life or critical damage to property or infrastructure. These situations may require the need for rapid procurement and may mean it is not possible or prudent to satisfy all requirements of this Policy.

The Council will take all practical efforts to document and account for all emergency procurement activity and to uphold transparency. These will be recorded in an emergency procurement register.

Appropriate authorisation should be gained from the relevant delegated authority before any emergency procurement is made.

2. Other exemptions

A closed competitive process or direct source process to procure goods, services and works may be used if:

a) Following an open competitive process:

- the contract opportunity was openly advertised in the last 12 months;
- the core procurement requirements have not substantially changed;
- the first time the opportunity was advertised it did not receive any responses.

b) Secondary procurement:

- when using a pre-approved panel of suppliers or purchasing under an All-of-Government contract.

c) Only one supplier:

- if the goods, services, or works can be supplied by only one supplier and for technical reasons there is no reasonable alternative or substitute.

How Council will operate a Panel of Suppliers

For regular purchases of specific type of good, service or works, the Council will set up a panel of suppliers. The panel of suppliers will be reviewed two-yearly.

A panel of suppliers is a list of suppliers who have been pre-approved by Council and who have agreed to the terms and conditions for supply. Before engaging a preferred supplier, it must be confirmed that the supplier has been tested against the market within the last two years.

Establishing a panel of suppliers will follow the procedures set out in the Council procurement panel.

Responsibilities

The Executive Leadership Team is responsible for developing and implementing this Policy and ensuring minimum standards are met in managing procurement activities.

All staff are responsible for complying with this Policy and other related guidance and procedural documentation.

Monitoring and Evaluation

The Council will measure success of this Policy by evaluating the following:

- Consistent and transparent procurement practice across the organisation;
- How a Wairarapa Māori lens is applied in procurement planning;
- Increasing our procurement with Māori-owned businesses, Pasifika-owned businesses and social enterprises;
- Reduced environmental impacts over the whole of life of the goods/services/works including GHG emissions impact.

Staff will report to Council (or its relevant committee if governance oversight of this Policy has been delegated) on any breaches or exemptions provided under this Policy on a six-monthly basis.

Review of Policy

This Policy will be reviewed every three years. The Policy review shall also consider timing and outcomes of any Section17A reviews.

Section 17A Requirements

Service delivery reviews are a legislative requirement under Section 17A of the Local Government Act 2002 (LGA). Section 17A of the LGA requires Council to regularly review the cost effectiveness of current arrangements for providing local infrastructure, services and regulatory functions at regular intervals, which informs decisions to insource or outsource services or deliver as a shared service.

Any contracts for services will be reviewed in accordance with section 17A of the LGA. The triggers for these reviews are:

- when considering significant changes to service levels;

- within two years of expiration of a contract or other binding agreement to deliver a service;
- the passing of six years since the last review under section 17A.

There are two statutory circumstances where a review is not necessary (even when triggers have been activated):

- there is a contract or other agreement in place that cannot reasonably be changed within two years;
- it can be justified that the costs of doing the review outweigh the benefits.

The Executive Leadership Team will approve when service delivery reviews are required.

Definitions

Broader Outcomes: The secondary benefits which are generated due to the way goods, services or works are produced or delivered. They include economic, environmental, social, and cultural outcomes.

Competition: Rivalry between suppliers for sales, profits and market share. Competitive tension in the market and can produce innovation, better-quality goods or services, better value and better pricing.

Commercially Sensitive Information: Information that, if disclosed, could prejudice a supplier's commercial interests (e.g. trade secret, profit margin or new ideas).

Conflict of Interest: A conflict of interest is where someone's personal interests or obligations conflict, or have the potential to conflict, with the responsibilities of their job or position or with their commercial interests. It means that their independence, objectivity, or impartiality can be called into question. For more information see www.procurement.govt.nz.

Evaluation Criteria: The criteria that are used to evaluate responses. These include measures to assess the extent to which competing responses meet requirements and expectations (e.g. criteria to shortlist suppliers following a Registration of Interest or criteria to rank responses in awarding the contract).

New Zealand Government Procurement Framework: Government framework to drive a consistent and flexible procurement process. It includes the five Principles of Government Procurement, Government Procurement Charter, Government Procurement Rules (the Rules) and other good practice guidance.

Goods: Items which are capable of being owned. This includes physical goods and personal property as well as intangible property such as Intellectual Property (e.g., a software product).

Panel of Suppliers: A list of suppliers Council has pre-approved to supply goods or services and who have agreed to Council's terms and conditions for supply.

Probity: Means that the procurement will be carried out in a transparent, accountable, impartial, and equitable way. Its principles are fundamental to how the public sector is expected to carry out procurement. Officers need to be able to demonstrate the integrity of the process in the event of challenge. These principles include accountability, openness, value for money, lawfulness, fairness, and integrity.

Procurement: Procurement covers all aspects of purchasing and delivering goods, services and works (including refurbishment and new construction). It starts with identifying the needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the asset's useful life. This is called the procurement lifecycle.

Procurement Plan: A plan to analyse the need for specific goods, services or works and the outcome the agency wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summaries the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, evaluation criteria and weightings and an explanation of the broader outcomes an agency will seek to achieve through the procurement.

Public Value: Public value means getting the best possible result from your procurement, using resources effectively, economically and without waste, and considering: the total costs and benefits of a procurement (total cost of ownership), and its contribution to the results you are trying to achieve.

Purchasing: Transactional processes concerned with acquiring goods and services, including payment of invoices. It is a narrower term than procurement, describing reactive, tactical processes. Typically purchasing processes are triggered by the development of a request to purchase by a user.

Services: Acts or work performed for another party, e.g., accounting, legal services, cleaning, consultancy, training, medical treatment, or transportation.

Supplier: A person, business, company, or organisation that supplies or can supply goods or services or works to an agency.

Te Ao Māori lens: The Māori world view (te ao Māori) acknowledges the interconnectedness and interrelationship of all living and non-living things.

Wairarapatanga: A Wairarapa Māori lens. Wairarapatanga is about the whenua, te reo Māori, tikanga, kawa, wai, natural resources, sites of significance, mana whenua (Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa), marae, and hapū.

Related Documents

Legislation and Central Government Guidance

- Office of the Auditor-General: Procurement guidance for public entities, June 2008

- Construction Contracts Act 2002
- Contract and Commercia Law Act 2017
- Commerce Act 1986
- Health and Safety at Work Act 2015
- Privacy Act 2020
- Applicable legislation, including the Local Government Act 2002, Fair Trading Act 1986, Official Information Act 1982, and Local Government Official Information and Meetings Act 1987
- Any other such government policies on procurement which are applicable to local authorities.

Council Policies

- Acceptable Use and Information Security Standard
- Conflict of Interest Policy
- Delegations Register
- Fraud, Dishonesty and Corruption Control Policy
- Our Tikanga
- Risk Management Policy
- Sensitive Expenditure Policy Manual
- Workplace Health and Safety and Staff Wellbeing Policy

Council Strategies

- Roading Procurement Strategy
- He Hiringa Tangata, He Hiringa Whenua - Wellbeing Strategy
- Financial Strategy
- Infrastructure Strategy

References

- New Zealand Government Procurement Charter
- New Zealand Government Procurement Principles
- Government Procurement Rules: Rules for sustainable and inclusive procurement
- Guide to Procurement

- Guide 1 to Sustainable Procurement

Version Control

Version	Date	Summary of Amendments	Approved By
	February 2022	- Commitment to seek opportunities to involve Wairarapa businesses, with a focus on Māori, Pasifika and social enterprises. - New objectives and principles including 'Value Wairarapatanga', 'Get the best deal for everyone' and 'Play by the rules.' - New monitoring and evaluation section.	Strategic Leadership Team Endorsed by Audit and Risk Committee
	13 February 2025 26 February 2025	- 'Policy Owner' and 'Compliance' sections combined into new Responsibilities Section - Minor required updates made (e.g. SLT updated to ELT)	Executive Leadership Team Endorsed by Audit and Risk Committee