

Procurement Policy



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Pūtake me te Mana Whakaae | Purpose and Authority

This Policy adopts the New Zealand Government's Procurement Framework, supplemented by a focus on Wairarapa and Masterton priorities.

The Policy is underpinned by section 14 of the Local Government Act 2002 (LGA) which requires local authorities to conduct their business in an open, transparent, and democratically accountable manner; to undertake commercial transactions in accordance with sound business practices; and to ensure prudent stewardship of resources.

Section 17A of the LGA applies in relation to the delivery of services by third parties.

Prior to any procurement, the Council will establish its obligations under The Treaty of Waitangi/Te Tiriti o Waitangi and how this relates to its procurement activities. This includes any procurement obligations that are specifically named in Treaty settlements and Treaty settlement legislation, as well as any agency specific agreements with Iwi/Hapū.

If any part of this Policy includes a reference to a repealed enactment or a definition in law that has been amended, it must be read as a reference to its replacement.

Te Anga Whai Whiwhinga a te Kāwanatanga o Aotearoa | The New Zealand Government Procurement Framework

All government procurement in New Zealand must comply with the six mandatory Procurement Principles and the six mandatory Procurement Charter expectations.

Local authorities can choose whether to adopt the government's Procurement Rules. Masterton District Council has not adopted the Rules as part of its Policy but makes use of many of the Rules in its operating procedures.

Ngā Putanga Takune | Outcomes

Masterton District Council's application of the Procurement Principles and Charter expectations aim to achieve these outcomes:

- 1. The best value for our ratepayers** – good quality, good price, and good outcomes.
 - This outcome aligns with the Procurement Principles.
- 2. Supporting regional and local economies, businesses, jobs and other outcomes** – all couched in the context of risk management.
 - This outcome aligns with the Procurement Charter expectations.

In 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, services, IT software and hardware, refurbishment works, and new constructions, whether supplied by commercial or non-commercial entities (such as iwi, volunteer and other community organisations).

Out of Scope

- The employment of staff (staff are not defined as contractors or consultants who supply goods, services or works).
- The acquisition or renting land or existing buildings or other immovable property.
- Disposal or sale of Council property or other assets.
- Investments, loans, guarantees, or other financial instruments.
- Koha, gifts, donations, and grants including time/labour or services in kind.
- Statutory, governance or ministerial appointments.
- Activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.

Ngā Mātāpono Whai Whiwhinga | Procurement Principles

This Policy adopts the six Procurement Principles, which provide the foundations of good procurement practice and are mandatory for all government agencies, including local authorities.

The Principles can be found here: [Government procurement principles | New Zealand Government Procurement](#) and are replicated below, supplemented by a regional and local focus in Principles #3 and #5:

1. Plan and manage for great results:

- Identify what you need and plan how to get it.
- Set up a team with the right mix of skills and experience.
- Involve suppliers early – let them know what we want and keep talking.
- Take the time to understand the market and our effect on it. Be open to new ideas and solutions.
- Encourage e-business.

2. Be proportionate and right-size the procurement:

- Make it easy to do business with government.
- Design and run an efficient end-to-end process that is proportional to the value, complexity and risk.
- Reduce the time, cost and complexity for suppliers participating in procurement processes.

- Make documentation and communication clear and concise to minimise impacts on resources and only ask for information from suppliers that is essential and relevant.

3. Be fair to all suppliers:

- Create competition and encourage capable suppliers to respond.
- Treat all suppliers equally – don't discriminate.
- Seek opportunities to involve New Zealand, Wairarapa and Masterton-based businesses.
- Be open to subcontracting opportunities in big projects.
- Clearly explain how we will assess proposals – so suppliers know what to focus on.
- Talk to unsuccessful suppliers so they can learn and know how to improve next time.

4. Get the right supplier:

- Be clear about what we need, and fair in how we assess suppliers – don't string suppliers along.
- Choose the right supplier who can deliver what we need, at a fair price and on time.
- Choose suppliers that comply with the Government's Code of Conduct.
- Build demanding, but fair and productive relationships with suppliers.
- Make it worthwhile for suppliers – encourage and reward them to deliver great results.
- Identify risks and get the right person to manage them.

5. Get the best deal for everyone:

- Get the best public value – account for all the costs and benefits over the lifetime of the goods or services.
- Make balanced decisions – consider the potential economic benefits to New Zealand, Wairarapa, and Masterton.
- Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive.
- Take calculated risks and reward new ideas.
- Have clear performance measures – monitor and manage to make sure we get great results.
- Work together with suppliers to make ongoing savings and improvements.
- It's more than just agreeing the deal – be accountable for the results.

6. Play by the rules:

- Be accountable, transparent, and reasonable.
- Make sure everyone involved in the process acts responsibly, lawfully and with integrity.

- Stay impartial – identify and manage conflicts of interest.
- Protect suppliers' commercially sensitive information and intellectual property.

Te Kawatau Tūtohunga Whiwhinga | **Procurement Charter Expectations**

This Policy adopts the six Procurement Charter expectations, which are mandatory for all government agencies, including local authorities.

The Charter expectations can be found here: [Government Procurement Charter | New Zealand Government Procurement](#) and are replicated below, supplemented by a regional and local focus in Charter expectations #1 and #4:

- 1. Deliver economic benefits to New Zealand, Wairarapa, and Masterton.** Work to create opportunities for regional and local businesses and small-to-medium enterprises to participate in our procurement processes. Consider if our procurement offers opportunities for delivering regional and local economic, social, environmental and cultural outcomes.
- 2. Look for new and innovative solutions.** Make sure we don't overprescribe the technical requirements of a procurement, give businesses the opportunity to demonstrate their expertise.
- 3. Engage with businesses with responsible business practices.** Ensure that the businesses we contract with can operate with integrity, transparency and accountability, and respect international standards relating to human and labour rights. For businesses operating within New Zealand, ensure that they comply with all New Zealand employment standards and health and safety requirements.
- 4. Promote inclusive economic development within New Zealand, Wairarapa and Masterton.**
 - A. Engage with Māori as tangata whenua, other ethnic communities, and regional businesses and social enterprises in order to actively contribute to our local economy. Openly working to include and support these businesses and enterprises through procurement will promote both skills development and a diverse and inclusive workforce.
 - B. Value Wairarapatanga. Explicitly include a Wairarapa Māori lens in procurement planning and supplier diversity. Ensure local Māori businesses have opportunities to tender for works and services, with 'reach' enabled through multiple channels and approaches.
 - C. Apply a minimum 10% weighting to any evaluation criteria relating to economic benefits for the region/locality. Operating procedures will provide suppliers with examples of ways in which evidence of regional/local benefits could be provided.
- 5. Manage risk appropriately.** Responsibility for managing risks should be with the party – either the agency or the supplier – that is best placed to manage the risk. Agencies and suppliers should work together on risk mitigation strategies.
- 6. Encourage collaboration for collective impact.** Look to support greater collaboration, both across-agency and across-businesses to give likeminded groups the opportunity to find common solutions within our procurement opportunities.

State positions that have specific responsibilities under this policy and explain what those responsibilities are – mostly relevant for internal policies.

Ngā Tautapanga | Delegations

- Masterton District Council's Delegations Register contains financial thresholds for when the Chief Executive may make decisions about procurement (section 6.2 refers), including:
- Going to market, awarding and signing contracts up to \$1 million that have been budgeted for in the Annual Plan or will commence in the relevant year of the Long-Term Plan, plus or minus up to 5% more than the existing budget at the activity level.
- Varying contracts up to a maximum of 15% of the amount awarded or budgeted in the Plan.
- Unplanned expenditure within the overall existing budget, or expenditure budgeted outside of the current financial year, up to \$250,000 (excluding emergency events). Any one-off expenditure of \$50,000 or more is reported to the Audit and Risk Committee.
- Unplanned expenditure in response to emergency events, up to \$200,000 per event, excluding any items covered by the Roding Flood Damage Fund.

Ngā Taumata me ngā Tautapanga Whai Whiwhinga i te Māketē | Thresholds and Delegations for Going out to Market

Thresholds	Procurement method	Authorising Delegation
\$250,000 or greater for goods, services or refurbishment work.	Open competition/ advertising.	The Chief Executive can authorise 'open competition' for procurement up to \$1 million in value.
\$9 million or greater for new construction works.	Exceptions: The <i>Procurement Policy</i> does not apply to property acquisition or disposal.	Any procurement valued at over \$1 million must be authorised by the Council.
Procurement between \$50,000 and \$250,000.	May use closed or open competition/ advertising.	Chief Executive. When considering use of open competitive processes for lower value procurements, staff will consider the efficiency of, and impact on the supplier market.
Up to \$50,000.	Direct purchase from preferred supplier(s).	Chief Executive
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.	

Te putanga atu i te tukanga whai whiwhinga i te māketē | **Opting out of open competition**

This open competition requirements in this Policy do not apply in these circumstances:

- In emergencies.
- When there is no real competition.
- If an open process does not yield any suitable candidates.
- If changing a supplier would be problematic (e.g. with respect to IT software).

Tūranga me ngā Haepapa | **Roles and Responsibilities**

The role and responsibilities of Mayors and councillors

- The elected members are responsible for setting the Council's strategic direction (the 'what').
- The elected members should assure themselves that the Chief Executive has complied with the Procurement Policy.

Procurement role and responsibilities of the Chief Executive

- Providing advice to and implementing the strategic decisions of the Council (the 'how').
- Ensuring that all responsibilities, duties, and powers delegated to them - or imposed or conferred by an Act, regulation, or bylaw - are properly performed or exercised. For example, section 42(3)(a) and section 32(4) of Schedule 7 in the LGA, apply.
- Ensuring effective and efficient management of the procurement activities and processes of the Council including:
 - a) Implementing the Procurement Policy.
 - b) Evaluating and awarding contracts up to delegated thresholds.

Kuputaka | **Definitions**

Closed competition: A tender process where an agency asks a limited number of known suppliers to tender for a contract opportunity. The contract opportunity is not openly advertised.

Delegations: Schedule 7, clause 32 of the Local Government Act 2002 (LGA) sets out Council's authority to delegate its responsibilities, duties or powers to subordinate decision-making bodies or officers.

Masterton District Council's Delegations Register (including its Delegations Policy) details what matters are delegated and to which level.

Unless specifically time-limited, a delegation will continue in force until specifically revoked or varied by the delegator or the Council.

Due Diligence¹: Due diligence must include verifying that a supplier:

- Is who they claim to be by looking at their legal set-up, including beneficial ownership.
- Is financially sound, by checking their financial history.
- Can be trusted, including that they do not have a history of bribery and corruption (including foreign bribery).
- Has good past performance for delivery, compliance with appropriate health and safety and employment practices and has sound ethics and management practices.
- Has the capacity, capability and expertise to deliver, based on past performance.
- Has the right systems and processes to be able to deliver.
- Can deliver what the Council needs for the price quoted – test the assumptions in the proposal.

Understands the contract deliverables and requirements and their obligations.

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

Integrity²: The Council must act with integrity including by:

- Safeguarding the integrity of its procurement activities and processes.
- Ensuring the whole procurement process is fair, transparent and reasonable.
- Acting lawfully and responsibly.
- Undertaking a thorough and appropriate level of due diligence that has been planned for and applied to all procurements.
- Staying impartial when making procurement decisions.
- To the extent possible, avoiding purchasing procurement advice from a supplier that has a commercial interest in the contract opportunity.
- Being able to justify procurement decisions supported by documented rationale.
- Applying appropriate protections to personal and confidential information.
- Identifying, notifying, managing and recording conflicts of interest.
- Understanding how to prevent, detect, and respond to corruption threats.
- Having protections in place for whistle-blowers

¹ Mentioned in Charter expectation #3.

² Mentioned in Principle #6 and Charter expectation #3.

Open competition: An open competitive process means procurement opportunities are openly advertised on GETS and any supplier or provider can submit a response. This could involve traditional tenders, or alternatively an outcome-based contract, or an invitation to participate in a lean agile procurement or competitive dialogue event.

Procurement: The entire business process of identifying, sourcing, acquiring, and managing goods, services, or works from external suppliers. It spans from initial planning and needs identification through to contract completion.

Arotake Kaupapa Here | **Review of Policy**

This policy will be reviewed every three years.

Tuhinga Hāngai | **Related Documents**

- Masterton District Council's Delegations Register

Ngā Tohutoro | **References**

- Local Government Act 2002
- Government Procurement Charter (New Zealand Government Procurement)
www.procurement.govt.nz/government-procurement-framework/government-procurement-principles/

Whakahaere Kōnae | **Version Control**

Version	Date	Summary of Amendments	Approved By
1	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
2	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
3	February 2026	Updated to comply with the central Government Procurement Framework and to incorporate local and regional priorities.	Masterton District Council