Group Procurement Policy

To be used by all employees, contractors and consultants when procuring works, goods and services

Business unit & Division	Finance, Office of the Chief Executive
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Owner	Group Chief Financial Officer
Approved by	Council
Implementation	All business units
Monitoring/Evaluation	Finance and All business units
Author (V 4.0)	Fortune Tlapi -Procurement Manager

Archived Version (of adopted policy)	**Author**	**Date**	**Description**
V 1.0	Bradley Cato	01/10/2016	Approved by SLT
V2.0	Paula Alkema	19/03/2020	Reviewed
V 2.3	Allen Yip	May 2020	Approved by CLT
V 3.0	Jenny Livschitz	February 2022	Reviewed

Purpose

1. Procurement plays an important role in how the **Council Group** (Hutt City Council and its wholly owned Council Controlled Organisations) delivers its priorities and works to build a resilient and connected city where all our people thrive. The Council Group is a major buyer of goods, works and services. The way we plan, source and manage our expenditure and spend public money has an impact in the local economy and can affect the Council Group's performance and reputation.

2. The purpose of this policy is to ensure that all Council Group procurement occurs within the parameters of public sector policy, rules and guidelines. It outlines Council's approach to planning, sourcing and managing our procurement.

3. This policy sets out Council's expectation for how all Council Group procurement activities will be planned and managed. All Council Group employees, contractors and consultants must comply with this policy whenever a procurement exercise is undertaken unless there is a compelling justification to depart from the procurement process and the reasons are recorded and approved by a person with the appropriate financial delegation to grant an exemption.

4. This policy aligns with and reflects NZ Government rules and expectations and international best practice.

Scope

5. This procurement policy covers all procurement processes entered into by employees, including permanent staff members (full-time and part-time), temporary staff, seconded staff, consultants, contractors, Council Controlled Organisations and any entity acting as a procurement agent for the Council Group.

   This policy does not apply to:

   - sub-contracting or sourcing activities undertaken by Council suppliers, unless specifically required under contract
   - entering into employment contracts
   - property transactions, including the lease, sale or purchase of land or buildings. Services, goods or works required to complete property transactions remain subject to the provisions of the Group Procurement Policy

All procurement processes relating to transport infrastructure works which claim financial assistance from NZ Transport Agency Waka Kotahi (NZTA) must comply with the NZTA Procurement Manual for activities funded through the National Land Transport Programme.

Procurement Objectives

6. This procurement policy informs Council employees and contractors of the appropriate requirement when undertaking procurement for the Council Group, with particular consideration to:
   - Contributing to the achievement of Council's strategic priorities as expressed in the Group Procurement Strategy
   - Demonstrate best value for money spent
   - Demonstrate transparency and accountability in our decision making
   - Promote consistency of approach to deliver efficient and continuous improvement
   - Deliver sustainable economic benefits locally, regionally and nationally.
   - Develop and maintain strategic partnerships within our supply markets.

This policy is not a "how-to" procurement guide. Council maintains a comprehensive set of resources (guides, templates, systems, tools and exemplars) to allow for compliance with this policy and achievement of business outcomes.

Policy Principles

7. The following specific principles apply to all Council Group procurement activities. Each principle is supported by one or more statements that reflect the requirements and expectations of Council and of Council's Leadership Team.

BEST VALUE FOR MONEY

All our procurement decisions must be justifiable on the basis of best value.

- Before initiating any sourcing process, the criteria by which best value will be determined must be documented, endorsed by the Procurement Team and approved by appropriate financial delegated authority holder.
- Procurement decision making should be objective and evidence-based wherever possible. Any subjective decisions of best value must apply professional and

informed judgement, with a recorded rationale and approved by appropriate delegated financial holder.

- Procurement planning and decision making must consider potential social, environmental, sustainability, cultural and economic benefits and impacts
- Procurement planning should consider the management of risk associated with any new or modified buildings or structures, equipment, material, services or work processes introduced into the workplace and provide evidence that health and safety issues have been incorporated into purchasing decisions where applicable.
- As part of tender evaluation and supplier selection, a full due diligence exercise that includes financial, legal, past performance, capability and capacity aspects must be undertaken.

TRANSPARENCY AND ACCOUNTABILITY

Our procurement practices must be able to always withstand public scrutiny.

- All procurement decisions and resulting contracts are the responsibility of the individual named positions in the delegations' matrix.
- Procurement processes and decisions must be clearly recorded so they can be reviewed and audited. This includes procurement plans, category plans, procurement strategies, tender documents, evaluation recommendation reports and contract documents.
- All procurement activities and supplier relationships must be managed with the highest levels of integrity, in accordance with Council's Code of Conduct
- The Conflict of Interest policy applies to all procurement activities and decisions. Formal conflict of interest declaration must be completed by all employees, contractors and consultants directly involved in a procurement activity.
- All tender participants will be offered a full debrief highlighting strengths and areas for improvement. This is done to assist suppliers to be more competitive in future tender opportunities.

CONSISTENCY OF APPROACH

All procurement activities and decisions must comply with Council's policies, procurement procedures and delegation schedules.

- Compliance with procurement procedures and the financial delegation matrix is mandatory.
- All procurement processes should use Council's endorsed templates and

processes.

SUPPLY MARKET

Develop strategic partnerships with our supply chain

- Create opportunities for early and proactive engagement with our supply markets to help inform procurement planning
- Develop a pipeline of procurement opportunities to encourage confidence from the supply market that translates into multiple viable responses to tenders
- All open tenders will be publicly advertised using the New Zealand Government Electronic Tendering Service (GETS)

PRINCIPLES OF GOVERNMENT PROCUREMENT

Council will apply the *Principles of Government Procurement* when procuring goods, works and services, when planning, sourcing and managing our procurement.

- Plan and manage for great results
- Be proportionate and right size the procurement
- Be fair to all suppliers
- Get the right supplier
- Get the best deal for everyone
- Play by the rules

ALL OF GOVERNMENT/SYNDICATED/PANEL CONTRACTS

The Council will use the All-of- Government Panels, Syndicated Contracts and Council's own panel contracts if there are contracts in place that can meet their needs unless there is a good reason not to.

Policy Application

ECONOMIC BENEFITS

Council will look to create opportunities and economic benefits for **Hutt City and Wellington Region (Local) and New Zealand (National)**

- This approach should be considered for all procurement activities and is **mandatory** for total spend above $100,000 (open competitive tender threshold for goods and services).

- **A minimum weighting of 10% on the evaluation criteria must be applied**. This will be for the economic benefits outlined below.
    - Using local and national businesses, including SME's, in delivering goods and services, either directly or as a sub-contractor or in the supply chain
    - Making better use of local and national resources, such as increasing workforce participation, providing training or apprenticeships or using spare industrial capacity
    - Contribution to positive social and cultural outcomes in local and national communities
    - Consideration of sustainability and environmental benefits of proposed solutions
    - Development and adoption of innovative products or practices that benefit local and national communities
    - Development of local and national industry capabilities or capacity
- The minimum 10% weighting may be for a single or combination of economic benefits outlined above.
- All aspects of the procurement process including planning, sourcing, tender evaluation and contracts management must ensure the selected economic benefits are considered and delivered upon.

LIVING WAGE REQUIREMENTS

Council is an accredited Living Wage Employer. All third-party staff, contractors and subcontractors working on council contracts must be paid a minimum of the living wage for the term of the contract. This is a pre-condition for suppliers to bid for council business. The Living Wage Is set by Living Wage Aotearoa and updated annually on their website (www.livingwage.org.nz).

EMERGENCY PROCUREMENT

Council recognises that in an emergency, we may need to depart from usual procurement processes in order to respond effectively. This will be in line with and in fulfilment of 'Section 6, Exemptions' in the HCC Financial Delegation Policy.

We will still follow best practices for emergency situations including:
• acting within existing delegated authority
• documenting our emergency procurements during the event, or as soon as possible afterwards.
• formalizing all emergency procurements by completing the standard process documents, which include appropriate endorsements and approvals.

Financial Thresholds

8. The Council Group is required to conduct an open tender for contracts for goods and services with a value in excess of $100,000 NZD or $500,000 NZD for construction related contracts. These thresholds relate to the total anticipated value of the contract for the full term of the contract (i.e. the aggregated total cost of the contract) e.g. a two-year requirement/relationship with an annual value of $300,000 would equal a total contract value of $600,000. Contract values must not be structured or divided at any stage to fall under the thresholds to avoid tendering.

COUNCIL GROUP (EXCL URBAN PLUS LIMITED)

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Direct purchase	$0 - $25,000	$0 - $50,000
Closed competitive tender[1]	$25,001 - $99,999	$50,001 - $499,000
Open and competitive tender	>$100,000	>$500,000

URBAN PLUS LIMITED

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Selective purchase	$0 - $50,000	$0 - $50,000
Competitive quotation[1]	$50,001 - $200,000	$0 - $200,000
Closed tender[1]	$200,001 - $499,999	$200,001 - $499,999
Open tender	>$500,000	>$500,000

Before goods are purchased or services are engaged, a purchase order (for direct purchase only) or a written contract must exist. HCC Procurement Team maintains and publicises all templates and documents that ae applicable for each type of procurement activity.

The financial delegations outlined in the Financial Delegations Policy must be adhered to when conducting any procurement process. All requests to procure goods and services must be authorised by a person holding the appropriate financial delegation for the total life of the contract.

[1] Quotes to be sought from at least three different vendors / suppliers

Related Documents

The following documents should be read in conjunction with this Policy:

- Group Procurement Strategy
- Financial Delegations Policy
- Code of Conduct
- Conflicts Of Interest
- Receiving of Gifts Policy
- NZTA's Procurement Manual
- NZ Government Procurement Rules 5th Ed (2025)
- Health and Safety Manual
- Solid Waste Management and Minimisation By Law 2021

Additional reference material can be found through the following websites:

- Office of the Auditor General's *Procurement Guide for public entities [2008]*
- State Services Commission's *Conflicts of Interest Model Standards*
- State Services Commission's *Code of Conduct for the State Services*