

Record of Amendments

Version	Date	Summary
1	5 December 2019	First reviewed version following triennial election 2019.
2	30 September 2021	Amendments to include climate change considerations

Procurement Policy



POLICY REFERENCES

Sponsor:	Director of Community Lifelines
Effective:	19 December 2019
Internal review due:	30 April 2020
Legal compliance:	[None – Management Policy]
Associated Documents/References:	Procurement Guidelines (A1658895) Procurement Rules (A1658853)
Policy Number	[None]

Part A: Purpose

This document sets out the policy principles, objectives and procedures for procurement of all works, goods or services by Gisborne District Council having regard to budget provisions in the Long Term Plan or by specific resolution of Council.

This policy also applies to all funding arrangements with other parties such as grants and donations.

The term 'procurement' covers all aspects of acquiring and delivering goods, services and works (both refurbishment and new construction). It starts with identifying the need and finishes with either the conclusion of a service contract or the end of the useful life and disposal of the asset. Procurement also includes the contract and relationship management with chosen suppliers. Collectively, this is what is referred to as the procurement lifecycle.

Part B: Procurement framework

Council's current approach to procurement was adopted on 19 December 2019 and consists of three main documents (together, the **Procurement Framework**):

- **The Procurement Policy.** This document sets out the core principles and objectives governing Council procurement spending, and sets out the applicable financial thresholds.
- **The Procurement Guidelines.** This document sets out and provides guidance on the matters to be considered in the procurement process and the factors to be taken into account in selecting the procurement method.
- **The Procurement Rules.** This document sets out the procurement methods and processes to be used and complied with. This is a "how-to" document.

The Procurement Framework is to be considered and applied whenever Council is procuring works, goods or services.

The Procurement Framework has been prepared with reference to:

- the Ministry of Business, Innovation and Employment's Government Procurement Rules (4th Edition)
- the Office of the Auditor-General "Procurement guidance for public entities", both of which are updated from time to time.

Part C: The legislative context

The main legislative guidance for procurement by local authorities is the Local Government Act 2002 (LGA) amended in 2012. The principles outlined in the LGA which are most relevant to Council's procurement activities are as provided in section 14.

Section 14 of the LGA states that:

- 1) In performing its role, a local authority must act in accordance with the following principles:
 - a) a local authority should —
 - i. conduct its business in an open, transparent, and democratically accountable manner; and
 - ii. give effect to its identified priorities and desired outcomes in an efficient and effective manner:
 - b) a local authority should make itself aware of, and should have regard to, the views of all of its communities; and
 - c) when making a decision, a local authority should take account of—
 - i. the diversity of the community, and the community's interests, within its district or region; and
 - ii. the interests of future as well as current communities; and
 - iii. the likely impact of any decision on each aspect of well-being referred to in section 10:
 - d) a local authority should provide opportunities for Māori to contribute to its decision-making processes:
 - e) a local authority should actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes; and
 - f) a local authority should undertake any commercial transactions in accordance with sound business practices; and
 - (fa) a local authority should periodically—
 - i. assess the expected returns to the authority from investing in, or undertaking, a commercial activity; and
 - ii. satisfy itself that the expected returns are likely to outweigh the risks inherent in the investment or activity; and
 - g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and
 - h) in taking a sustainable development approach, a local authority should take into account—
 - i. the social, economic, and cultural well-being of people and communities; and

- ii. the need to maintain and enhance the quality of the environment; and
- iii. the reasonably foreseeable needs of future generations.

This policy reflects these principles as they relate to Council's procurement activity. In particular, the above principles reflect Council's focus on achieving regional value through its procurement.

Part D: Core principles

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

- **Accountability:** Council will be accountable for its performance and be able to give complete and accurate accounts of the use it has put public funds to, including funds passed on to others for particular purposes. Council will also have suitable governance and management arrangements in place to oversee funding arrangements.
- **Openness:** Council will be transparent in its administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations between Council and any external parties entering into funding arrangements.
- **Lawfulness:** Council must act within the law and meet its legal obligations.
- **Fairness:** Council has a general public law obligation to act fairly and reasonably. It must be, and must be seen to be, impartial in its decision-making. Council may also at times need to consider the imbalance of power in some funding arrangements, and whether it is significant enough to require a different approach to the way it conducts the relationship.
- **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. In doing so, Council will carry out the funding and procurement of works, goods and services in a manner that will support Council's community outcomes, agreed levels of service, organisational goals, strategic challenges and its values.
- **Sustainability:** Being sustainable involves taking into account the social, economic, environmental and cultural wellbeing of people and communities, the need to maintain and enhance the quality of the environment and the needs of future generations. Throughout the procurement process, Council staff will consider matters such as economic sustainability, social sustainability, environmental sustainability and cultural sustainability to inform sustainable procurement decision making.

Part E: Procurement objectives

In addition to the core principles outlined above, Council has identified its own procurement objectives which align with Council's vision, values, strategy and community outcomes. These objectives are part of Council's decision-making framework and are intended to promote regional value for the Tairāwhiti region and inform sustainable procurement decision making. This means Council seeks to partner with contractors and suppliers who can show that they will be and are proactively contributing to the Tairāwhiti region in line with the objectives outlined below.

The objectives of Council's procurement are for Council's procurement activity to facilitate achievement of:

- **Economic development:** Council will use resources effectively, 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 to facilitate economic development.

Achieving economic development through Council's procurement activity includes:

- increasing direct employment opportunities in the Tairāwhiti region and improving employment opportunities for disadvantaged populations
- improving viability of existing businesses and/or creating new businesses.
- **Social responsibility:** Council will consider the social costs and benefits to the Tairāwhiti region as part of its procurement decision-making process, to facilitate socially responsible procurement.

Achieving social responsibility through Council's procurement activity includes:

- enabling and building capability in the local workforce, including:
 - providing opportunities for youth and under-represented people groups to transition positively into the work force
 - providing training and apprenticeship opportunities to foster career development
 - providing opportunities for lower socio-economic communities in the Tairāwhiti region to empower their people with greater skills and capabilities to facilitate economic and social development.
- increasing regional as well as national resilience to effectively navigate changes outside of Council's control.
- **Environmental sustainability:** Council is committed to taking responsibility for leading the community now and into the future. Council is also committed to considering the climate change implications of all decision making. This means Council will consider the environmental costs and benefits to the Tairāwhiti region as part of its procurement decision-making process, to facilitate environmentally sustainable procurement.

Achieving environmental sustainability through Council's procurement activity includes:

- requiring use of sustainably produced goods/materials where appropriate and available
- looking for greenhouse gas emissions reduction opportunities
- looking for opportunities to minimise waste, conserve resources and save energy throughout the procurement project lifecycle
- encouraging suppliers to meet appropriate sustainability certification requirements (providers include the Infrastructure Sustainability Council of Australia and the New Zealand Green Building Council)
- encouraging suppliers to improve the environmental performance of their goods and services.
- Where applicable, requiring reporting on:
 - volume of petrol and diesel consumed to deliver contractual obligations
 - materials used during construction by volume (i.e. concrete, timber, diesel).
- **Cultural sustainability:** Council is committed to fostering the Tairāwhiti region's cultural heritage, assets and diversity.

Achieving cultural sustainability through Council's procurement activity includes:

- better use of iwi assets and assisting Māori development
- promoting cultural diversity
- fostering use of te reo Māori
- acknowledging and applying tikanga Māori in decision making, where appropriate.

Council will ensure transparency and integrity is maintained regarding any requirements and considerations associated with any regional value component of Council's procurement processes.

Part F: Financial thresholds

The policy and procedures in this document are intended to provide guidance for all staff (and others) who have delegated authority for procurement. It also applies to the considerations by Council – in its governance role – for funding, procurement and purchasing decisions.

Council requires that all procurement of works, goods or services valued over \$100,000 (GST exclusive) will be subject to a competitive procurement process and the type of process (for example, seeking quotations or using a tender or proposal process), will take into account the specific type, size, complexity and level of risk of the procurement. This value threshold is still subject to an individual's delegated authority, meaning procurement decisions may need to be escalated to an individual with higher delegated authority even if the contract value is less than \$100,000 (GST exclusive).

It is noted that in the area of roading and transport procurement where there is New Zealand Transport Agency (NZTA) assisted funding, then Council will be guided by the NZTA Procurement Manual, both for physical works and professional services. Council staff should also be aware of any other funding arrangements which may affect the particular procurement in question.

Part G: Emergency procurement

In an emergency, Council will need to react quickly and effectively, meaning it may not be possible to satisfy all the requirements of this policy when carrying out emergency procurement. Emergencies are genuinely unforeseen events and include situations where:

- life, property or equipment is immediately at risk
- standards of public health, welfare, or safety – such as disaster relief – need to be re-established without delay.

Council will ensure it acts lawfully and within delegated authority when making procurement decisions in emergency situations, acknowledging that in emergency situations there can be a greater risk of fraud, bribery and corruption which should be safeguarded against.

Authorised by:



Date of approval:

19 December 2019
