

P19-001 New Plymouth District Council Procurement Policy

Approved by the Council on 21 May 2019.

Purpose & Scope

The purpose of this procurement policy is to provide guidance to suppliers and staff of New Plymouth District Council to achieve the outcomes of New Plymouth's long term plan and vision for the future. This policy provides clear intentions to suppliers, contractors and the community on the key areas the Council will consider throughout the procurement process.

This policy and the New Plymouth District Council procurement manual outline the strategic approach that the council will take to planning, sourcing and managing its procurement activities. The Council is committed to negotiating with suppliers in a fair, open and transparent manner, while ensuring maximum value for the procurement of goods, works and services.

Our Procurement

Procurement covers all the business processes associated with purchasing the goods/services/works the Council use to run the business and deliver public service objectives.

Procurement starts with identifying the needs, then planning the effective and efficient way to meet them; continuing through to sourcing the goods/services/works then managing the contract; and ends with the expiry of either the contract or the assets useful life. This also includes the relationship management and review of suppliers involved.

The Council's approach to procurement will be dependent on the value, complexity and the risks involved. Each individual act of procurement will be in alignment with the council's objective.

Putting People first

The Council recognises that procurement has a profound effect on the people of New Plymouth District. Procurement has an important commitment to effectively engage our community and achieve the best results for social, economic, cultural and environmental outcomes when procuring goods, works and services. In order to achieve these outcomes a reliable, efficient and community focused process will optimise our procurement operations.

Through increased planning, reporting and analysing the Council will be in a desirable position to make well informed procurement decisions. Providing an opportunity to eliminate waste and achieve value for money which will contribute to the reduction of project, contract and whole-of-life costs. In turn, the council, suppliers and the community can invest in their people's wellbeing and development.

Caring for our Place

New Plymouth District Council has a responsibility to understand the impacts of their procurement decisions and how they affect the environment and local infrastructure. The Council identifies that procurement has a key role in getting the right supplier, the right level of service and to provide the right community support.

The Council's frontline procurement will provide focus on building local economies to create long lasting value and a community that stands the test of time.

Supporting a Prosperous community

The development of New Plymouth as a sustainable thriving city lies at the heart of what we are trying to achieve. This requires a sustainable and vigorous local economy with a range that can deliver local services, innovate and provide local prosperity. The more money that is spent locally, the greater the positive impact this will have on the local economy and particularly the sustainability of community organisations, small and medium sized businesses.

The procurement section actively seeks a more reliable and efficient customer focused service delivery. The strategic approach to procurement in the early stages of planning and using accurate data allows the optimisation of local suppliers for goods, works and services.

Through procurement the council aspires to keep their people active, inclusive and safe.



Our Objectives

New Plymouth District Council procures significant goods and services that impact on the local community. The Council's commitment to delivering a consistent procurement service will facilitate the overall benefits of the Council's long term plan and the wellbeing of its community.

The procurement policy objectives of the council are –

- **Elevate reputation for ethical and fair dealing** – The Council are committed to applying impeccable ethical considerations and provide standards based on honesty, integrity and transparency.
- **Achieve the Council's strategic vision** – Ensure procurement activities, principles and processes are in alignment with the Council's vision, community outcomes and strategic priorities.

- **Environmental procurement** – Long term environmental costs and benefits will be considered a part of any procurement decision-making process. Environmental sustainability is recognised by the Council to benefit the business, customers and society.
- **Social engagement** - Social costs and benefits will be outlined and considered in the Council’s procurement activity. Social equity contributes to building stronger communities and the Council will promote fairness and inclusiveness in its procurement operations.
- **Local recognition** – The Council recognises the innovation and resourcefulness of local companies. The procurement operations identifies that procurement planning should be fair and transparent to local suppliers to provide them with an opportunity to become a more efficient and cost-effective provider.
- **Opportunity and innovation** – Council procurement will identify opportunities in the planning stage to be flexible and allow innovative ideas. This will maximise the chance to review the current market for alternative solutions and prototypes to achieve value for money.
- **Sustainability** – Procurement sustainability is about meeting the needs of today without compromising the ability of the future generations to meet their requirements. Social environmental and economic context all impact on sustainability. When procuring goods, works and services the Council considers –
 - a) Strategies to avoid unnecessary consumption and manage demand.
 - b) Minimise environmental impacts of the goods, works and services whole-of-life.
 - c) Supplier’s socially responsible practices.
 - d) Value for money over the procurement life cycle, rather than just the initial cost.

Iwi Māori Participation

Underpinned by a shift from minimising costs to minimising costs and maximising value, a more strategic approach to procurement and commissioning better recognises the unique local iwi Māori contribution/value-add towards:

- a. Achieving the Council’s strategic vision through the key focus areas of Place/Tiakina, People/He Tangata and Prosperity/Āwhina;
- b. Other outcomes identified and valued by Council and iwi Māori;
- c. Social and environmental outcomes valued by Māori and other communities;
- d. Increased business growth and development through public/private investment and partnerships and activities; and/or
- e. Provision of niche social and environmental services through Māori and other “not-for-profit”, social enterprise, or other purpose-specific organisations.

Fully realising this potential iwi Māori contribution will involve the use of a number of mechanisms and processes, including contract agreements, policy development tools, identifying opportunities to work with purpose-specific organisations, and collaborating with external groups to solve local social and environmental challenges.

Procurement Principles

New Plymouth District Council will apply the principles of government procurement and government rules of sourcing when planning, sourcing and managing procurement, as these set the standard for good practice (including financial thresholds and procedures for advertising procurement opportunities).

The Council will apply the approach best-suited to the individual purchase, within the framework of the principles and the rules – encouraging competitive tendering whenever possible.

Principles of Government Procurement

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

1. Plan and Manage for great results

New Plymouth District Council will use resources effectively by planning and managing procurement actions. The skills and experience that are available will be used to understand the business and community's needs when planning and approaching the market.

Planning and managing procurement will allow the Council to engage with suppliers in a timely manner, while forming the best possible supplier outcomes. The approach to market will be dependent on the size, complexity and any risks that are involved. Particularly, a focus area will be on minimising environmental impact by encouraging e-procurement.

2. Be fair to all suppliers

Open and effective supplier competition maximises the prospect of the New Plymouth District Council obtaining the most effective procurement outcome. The Council will ensure that suppliers wishing to do business are given reasonable opportunity to do so. The procurement and relationship management processes used will aim to ensure that suppliers look to continue to do business with the Council.

Evaluation of proposals will be determined by the criteria set in the Council's procurement plan. The criteria will regulate which proposal satisfies the requirements and provides value for money over the procurement lifecycle.

The Council's commitment to openness and fairness to suppliers will continue through to the feedback and proposed learnings for the successful and unsuccessful suppliers. Consistent evaluation methods and feedback will be submitted for an opportunity for the supplier to improve their business and increase competition.

3. Get the right supplier

New Plymouth District Council plan to provide a framework for procurement that promotes consistent, transparent and efficient procurement practices to a high professional standard. The procurement process will apply sound ethical considerations, provide equitable and fair opportunity for procurement.

The Council will actively seek innovation and sustainable delivery approaches from the market.

4. Best deal for everyone

New Plymouth District Councils procurement actively promotes best value for money and benefits over the course of the procurement lifecycle. The principle of best deal for everyone does not necessarily mean the lowest price response, but rather the best outcome for the total lifecycle. This includes but does not exhaust social, environmental and economic effects, with strategic focus on risk, innovation and sustainability.

Where appropriate group sourced procurement ensures the Council is utilising its size and buying power to make certain the best outcome is realised. The Council will continue to monitor supplier performance by tracking and reporting to deliver value for the ratepayers.

5. Play by the rules

The local Government act 2002 (section 14) details the principles relating to local authorities. The principles most relevant to the Council's procurement activities are:

- 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 undertake any commercial transactions in accordance with sound business practices; and
 - c) 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
 - d) In taking a sustainable development approach a local authority should take into account –
 - i. The social, economic, and cultural interests of people and communities; and
 - ii. The need to maintain and enhance the quality of the environment; and
 - iii. The reasonably foreseeable needs of the future generations.

In particular, commercially sensitive information and conflict of interest will be identified and managed, to ensure the procurement process acts responsibly, lawfully and with integrity.

Government Rules of Sourcing

The Council's procurement of goods, works and services are governed by the government rules of sourcing 3rd edition. Representatives of the Council involved in procurement must be mindful of the fact the council is subject to and should comply with, all applicable legislation -

www.procurement.govt.nz/procurement/principles-and-rules/government-rules-of-sourcing/

Emergency Procurement

In the event of a genuine emergency the council will need to be flexible in how they procure goods and services that are required for their response. In these situations rapid procurement may mean it is not possible or prudent to satisfy all requirements of this policy.

When making emergency procurement decisions the Council will act lawfully and with integrity. Once the situation is stabilised and there is no risk to human life, the environment or critical infrastructure, a recovery plan will be established to authorise necessary procurement activity.

The Council will endeavour to document and account for all emergency procurement activity to safeguard against the high risk of corruption. Emergency situation can include but are not limited to-

- Natural or manmade disasters; such as earthquakes, cyclones, tsunamis, volcanic eruptions, flooding, fires or contamination.
- Failures of critical infrastructures or equipment; such as failure to prison security service or critical hospital infrastructure.
- Critical health or environment emergencies; such as pandemic or food safety incident.
- Political emergencies; such as war, coup, or civil insurrection in New Zealand or countries where the New Zealand Government offers support.
- Critical security emergencies; such as terrorist attacks, serious crime or major cyber security emergency.
- Unanticipated events that make it impossible for an agency to perform a statutory or critical function in the necessary timeframe; such as the destruction of critical election supplies immediately prior to an election would be an emergency for the electoral commission.

Compliance

Procurement activity must be conducted in a manner which ensures the Council maintains a reputation of being fair, transparent and equitable towards suppliers and evidenced through sound and robust record keeping. Representatives of the Council undertaking procurement activities must declare any perceived or actual conflicts of interest to the procurement group as soon as practicable.

Prior to any procurement activity being undertaken internal processes must be followed and should be completed. The budget must be identified and approved, procurement plans must be prepared for purchases over \$25,000.00 (including two levels of sign off, procurement lead and either Group manager or Executive leadership team).

Compliance with this policy and the procurement manual is required for all procurement activity undertaken by the council's temporary and permanent employees, consultants and contractors. Any departure from this approach must be approved by the Chief Finance Officer.

This policy is to be read in conjunction with the council's procurement strategy, procurement manual and relevant council policies and procedures.

Relative Legislation, policies and other documents

- Commerce Act 1986
- Contract and Commercial Law Act 2017
- Fair Trading Act 1986
- Health and Safety at Work Act 2015
- Local Authorities (Membership Interests) Act 1968
- Local Government Official Information and Meetings Act 1987
- Local Government Act 2002
- Official Information Act 1982
- Public Records Act 2005
- Civil Defence Emergency Management Act 2002
- Goods and Services Tax Act 1985
- Land Transport Management Act 2003
- Resource Management Act 1991
- Construction Contracts Act 2002
- Public Works Act 1981
- New Plymouth District Council Delegation Register
- New Plymouth District Council Probity of Expenditure Policy
- New Plymouth District Council Procurement Manual
- New Plymouth District Council Procurement Strategy
- Principles of Government Procurement
- Government Rules of Sourcing
- Purchasing Card Policy