



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Procurement Policy

Adopted: 18 September 2020

Together we Thrive! E ora ngātahi ana!

PROCUREMENT POLICY

PURPOSE OF THIS POLICY

The purpose of this procurement policy is to provide guidance to suppliers and staff of Central Hawkes Bay District Council to achieve the outcomes of Central Hawkes Bay 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 Central Hawkes Bay 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 public value for the procurement of goods, works and services.

SCOPE OF THIS POLICY

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 procurement will be in alignment with the council's objective.

PRINCIPAL OF PUBLIC VALUE

The principle of public value is not solely focused on price but is about getting the best possible result over the whole-of-life of the goods, services or works. This includes using resources effectively, economically, and without waste, and taking into account the total costs and benefits (total cost of ownership), and its contribution to the results Council is trying to achieve (such as social or environmental outcomes).

The value factors not directly linked to price include environmental, social, economic and cultural outcomes (Local Government's four well beings). These are considered 'broader outcomes' and can have a profound effect on the local economy and the wellbeing of the community. Council does not place an obligation on employees to use a process that only accepts the lowest quote or tender from a supplier; however, reasons for not doing so should be transparent and justified on a 'whole of life' public value basis.

As part of the economic outcomes of public value, Council should consider promoting economic growth and wellbeing of the Hawke's Bay and the Central Hawke's Bay District. This broader outcome can be achieved through sourcing goods and services through local suppliers where practicable (after considering cost, market capacity, local skill availability, community outcomes).

A 'local supplier' is defined as a supplier of goods or services operating or based in the Hawke's Bay, and employing and developing local people.

OUR GREATEST ASSET - PEOPLE

The Council recognises that procurement has a profound effect on the people of Central Hawkes Bay 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.

OUR PURPOSE – THRIVING DISTRICT

It's our goal to create an environment that supports a thriving Central Hawkes Bay District, by providing efficient and appropriate infrastructure, services and regulatory functions.

Central Hawkes Bay 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.

OUR OBJECTIVES – PROUD, PROSPEROUS DISTRICT

The development of Central Hawkes Bay as a sustainable thriving district 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 policy 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.



PRINCIPALS

Council applies the 'The Five Principles of Government Procurement' and takes into consideration the Government procurement charter and rules, as set out in the Government Procurement Rules (4th Edition) 2019, published by the Ministry of Business, Innovation and Employment (MBIE). Council recognises this publication as providing a best practice framework to guide Council in the delivery of the best 'public value' through its procurement, and to drive innovation and performance. Council is also guided by the Government Procurement Rules for sustainable and inclusive procurement.



1. Plan and Manage for great results

Central Hawkes Bay 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.

2. Be fair to all suppliers

Open and effective supplier competition maximises the prospect of the Central Hawkes Bay 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 life cycle.

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

Central Hawkes Bay 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

Central Hawkes Bay District Councils procurement actively promotes best public value for money and benefits over the course of the procurement life cycle. The principle of best deal for everyone does not necessarily mean the lowest price response, but rather the best outcome for the total life cycle. 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:

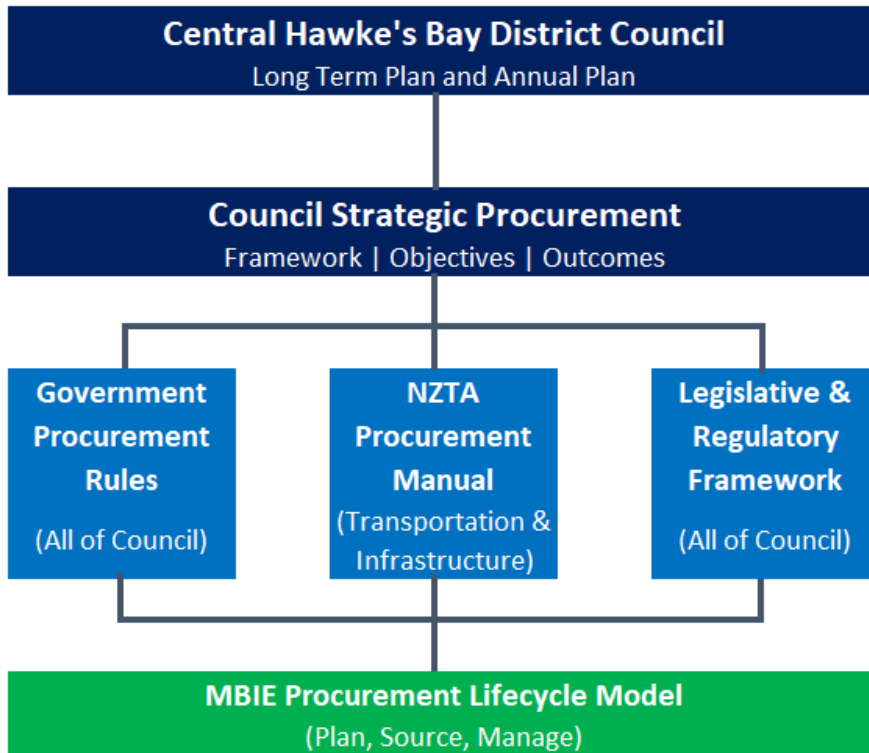
- 1) In performing its role, a local authority must act in accordance with the following principles:
 - a) A local authority should –
 - I. Conduct its business in an open, transparent and democratically accountable manner; and
 - II. Give effect to its Identified priorities and desired outcomes in an 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.

As part of Councils obligation to act fairly and openly, employees must take care that decision-making cannot be challenged on the basis of actual or potential bias and/or conflicts of interests. Conflicts of Interest may relate to Council Officers who make decisions relating to procurement, including governance, management, operational employees and the person approving the procurement.

Any conflicts of interest identified through the risk management process shall be handled in accordance with the Council's [Conflict of Interest Policy](#).

STRATEGIC ALIGNMENT

In undertaking procurement, Council must operate within a policy framework which includes wider Council strategic objectives and outcomes, Government and (for transport) the New Zealand Transport Agency (NZTA) procurement rules and a legislative and regulatory framework as outlined in the framework below.



GOVERNMENT RULES OF SOURCING

The Council's procurement of goods, works and services are governed by the government rules of sourcing. 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

<https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/>

EMERGENCY PROCUREMENT

In the event of a genuine emergency the council will need to be flexible in how it procures 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 of key transport routes or the ability to deliver safe drinking or waste water services.
- 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.

Any procurement activity must also be in alignment with Council's [Financial Delegation Register](#).

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 manual and relevant council policies and procedures (see Relative Legislation, Policies and Other Documents section below).

RISK MANAGEMENT

Risk is inherent in all procurement activities. Effective risk management is required to ensure that Council and its ratepayers are not exposed to significant unmitigated risk and future liability.

Employees shall proactively identify, evaluate and manage any risks, opportunities and issues at all stages of the procurement process in accordance with Councils' [Risk Management Framework](#). The [Risk Management Framework](#) provides practical guidance to employees on risk management, including a Risk Matrix for determining the level of risk, and a risk evaluation template to ensure all areas of risk are considered.

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

Principles of Government Procurement

Government Rules of Sourcing

[Central Hawkes Bay District Council's Delegation Register](#)

[Central Hawkes Bay District Council's Procurement Manual](#)

[Central Hawkes Bay District Council's Company Credit Card Policy](#)

[Central Hawkes Bay District Council's Risk Management Framework](#)

[Central Hawkes Bay District Council's Conflict of Interest Policy](#)