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## 1 PURPOSE

Queenstown Lakes District Council (QLDC) spends in excess of \$100 million annually on a wide range of works, goods and services that enable the delivery of community infrastructure, facilities and services for our communities.

The purpose of this Procurement Policy (“Policy”) is to describe QLDC’s Procurement Principles and to define a framework of essential considerations when planning, sourcing and managing procurement.

This Policy will enable consistency in approach, compliance with QLDC’s values and objectives<sup>1</sup>, and the promotion and achievement of the expected outcomes from its procurement activity.

The Policy applies to all QLDC staff, and any consultants or contractors performing procurement activities on behalf of QLDC.

The application of the Policy and operation of specific procurement activity is considered in the Procurement Guidelines<sup>2</sup> (“Guidelines”).

## 2 POLICY CONTEXT

QLDC has a purpose to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This includes meeting local public services needs and the provision of good quality local infrastructure for current and future communities. Much of this need is met in whole or part by supplier organisations who have the capability and capacity that QLDC does not. This means that suppliers are essential to how we operate and how we deliver our services.

## 3 DEFINITION OF PROCUREMENT

Procurement covers all aspects of the business processes associated with purchasing the works, goods and services QLDC uses to run its operations and deliver on its objectives. It starts with identifying needs; then planning the best way to meet them; continues through sourcing the works, goods and services; then managing the contract; and ends with expiry of the contract or the disposal / repurposing of an asset at the end of its useful life.

## 4 THE GOAL OF PROCUREMENT AT QLDC

This goal of procurement at QLDC is to:

### 4.1 OPTIMISE PUBLIC VALUE

Get the best possible result over the whole-of-life of the goods, services or works by maximizing the benefits and outcomes generated by QLDC’s procurement activities.

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<sup>1</sup> For the purpose of the Policy, “objectives” are those provided for in the various documents listed in section 13.1 – Internal Alignment.

<sup>2</sup> The purpose of the Procurement Guidelines is summarised in section 12.

## 4.2 SUPPORTING THE DELIVERY OF QLDC OBJECTIVES THROUGH EFFICIENT AND EFFECTIVE PROCUREMENT

Make conscious decisions to use procurement to assist the delivery of QLDC objectives.

Ensure procurement activity has consideration for QLDC's Procurement Principles and Procurement Charter.

## 4.3 BUILD PROCUREMENT CAPABILITY AND CAPACITY

Develop QLDC's procurement knowledge, systems, processes, and resources to support efficient and effective procurement that aligns with industry best practice.

# 5 PROCUREMENT PRINCIPLES AND CHARTER

QLDC has adapted the following Procurement Principles and Procurement Charter from the New Zealand Government Procurement's *Government Procurement Rules, Edition 4, 2019*.

## 5.1 PROCUREMENT PRINCIPLES

These Principles apply to all procurement, including procurement under approved departures from the standard.

<b>1</b>	<b>PLAN AND MANAGE FOR GREAT RESULTS</b>
	<ul style="list-style-type: none"> <li>&gt; Identify what you need, including what broader outcomes should be achieved, and then plan how to get it.</li> <li>&gt; Set up a team with the right mix of skills and experience.</li> <li>&gt; Involve suppliers early – let them know what you want and keep talking.</li> <li>&gt; Take the time to understand the market and your effect on it. Be open to new ideas and solutions.</li> <li>&gt; Choose the right process – proportional to the size, complexity and any risks involved.</li> <li>&gt; Encourage e-business (for example, tenders sent by email).</li> </ul>
<b>2</b>	<b>BE FAIR TO ALL SUPPLIERS</b>
	<ul style="list-style-type: none"> <li>&gt; Create competition and encourage capable suppliers to respond.</li> <li>&gt; Treat all suppliers equally – we don't discriminate.</li> <li>&gt; Make it easy for all suppliers (small and large) to do business with QLDC.</li> <li>&gt; Be open to subcontracting opportunities in big projects.</li> <li>&gt; Clearly explain how you will assess proposals – so suppliers know what to focus on.</li> <li>&gt; Talk to unsuccessful suppliers so they can learn and know how to improve next time.</li> </ul>
<b>3</b>	<b>GET THE RIGHT SUPPLIER</b>
	<ul style="list-style-type: none"> <li>&gt; Be clear about what you need, and fair in how you assess suppliers – don't string suppliers along.</li> <li>&gt; Choose the right supplier who can deliver what you need, at a fair price and on time.</li> <li>&gt; Choose suppliers that comply with QLDC's <i>Supplier Code of Conduct</i>.</li> <li>&gt; Build demanding, but fair and productive, relationships with suppliers.</li> <li>&gt; Make it worthwhile for suppliers – encourage and reward them to deliver great results.</li> <li>&gt; Identify relevant risks and get the right person to manage them.</li> </ul>

<b>4</b>	<b>GET THE BEST DEAL FOR EVERYONE</b>
	<ul style="list-style-type: none"> <li>&gt; Get best <i>public value</i> – consider costs and benefits over the lifetime of the goods or services.</li> <li>&gt; Make balanced decisions – consider the possible social, environmental, economic and cultural outcomes that should be achieved.</li> <li>&gt; Encourage and be receptive to new ideas and ways of doing things – don't be too prescriptive.</li> <li>&gt; Take calculated risks and reward new ideas.</li> <li>&gt; Have clear performance measures – monitor and manage to make sure you get great results.</li> <li>&gt; Work together with suppliers to make ongoing savings and improvements.</li> <li>&gt; It's more than just agreeing the deal – be accountable for the results.</li> </ul>
<b>5</b>	<b>PLAY BY THE RULES</b>
	<ul style="list-style-type: none"> <li>&gt; Be accountable, transparent and reasonable.</li> <li>&gt; Make sure everyone involved in the process acts responsibly, lawfully and with integrity.</li> <li>&gt; Stay impartial – identify and manage conflicts of interest.</li> <li>&gt; Protect suppliers' commercially sensitive information and intellectual property.</li> </ul>

## 5.2 PROCUREMENT CHARTER

This Charter sets out QLDC's expectations when considering and planning procurement.

<b>1</b>	<b>SEEK OPPORTUNITIES TO INCLUDE NEW ZEALAND BUSINESSES</b>
	<ul style="list-style-type: none"> <li>&gt; Openly work to create opportunities for local businesses and small-to-medium sized enterprises to participate in procurement processes.</li> </ul>
<b>2</b>	<b>UNDERTAKE INITIATIVES TO CONTRIBUTE TO A LOW EMISSIONS ECONOMY AND PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b>
	<ul style="list-style-type: none"> <li>&gt; Ensure that economic and social development can be implemented on a sustainable basis with respect for the protection and preservation of the environment, reducing waste, carbon emissions and pollution.</li> </ul>
<b>3</b>	<b>LOOK FOR NEW AND INNOVATIVE SOLUTIONS</b>
	<ul style="list-style-type: none"> <li>&gt; Avoid overprescribing the technical requirements of a procurement and give businesses the opportunity to demonstrate their expertise.</li> </ul>
<b>4</b>	<b>ENGAGE WITH BUSINESSES WITH GOOD EMPLOYMENT PRACTICES</b>
	<ul style="list-style-type: none"> <li>&gt; Ensure that the businesses we contract with operate with integrity, transparency and accountability, and respect international standards relating to human and labour rights. For businesses operating within Aotearoa New Zealand, ensure that they comply with all Aotearoa New Zealand employment standards and health and safety requirements.</li> </ul>

<b>5</b>	<b>PROMOTE INCLUSIVE ECONOMIC DEVELOPMENT WITHIN NEW ZEALAND</b>
	> Engage with Māori, Pasifika, 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>6</b>	<b>MANAGE RISK APPROPRIATELY</b>
	> 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.
<b>7</b>	<b>ENCOURAGE COLLABORATION FOR COLLECTIVE IMPACT</b>
	> Look to support greater collaboration, both across-agency and across-businesses to give like-minded groups the opportunity to find common solutions within our procurement opportunities.

## 6 PROCUREMENT POLICY SCOPE

The Policy is binding on all QLDC officers and employees, contractors, consultants, seconded staff and volunteers while engaged by QLDC as purchasing agents.

It applies to the procurement of all goods, services or works undertaken by QLDC, except as identified in section 14, below.

## 7 OUTCOMES SOUGHT

### 7.1 PUBLIC VALUE

Public value means getting the best possible result from procurement, using resources effectively, economically, and without waste, and taking into account:

- > the total costs and benefits of a procurement (total lifetime cost of ownership), and
- > its contribution to the results you are trying to achieve.

The principle of public value is about getting the best possible result over the whole-of-life of the goods, services or works.

Public value includes considerations that are not solely focused on price, for instance what benefit the procurement could bring to the local community or environment.

Selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement will help achieve public value. Good procurement is about being risk aware, not risk averse.

### 7.2 BROADER OUTCOMES

Broader outcomes are the secondary benefits that are generated by the way goods, services or works are produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will assist QLDC in delivering long term public value.

QLDC will consider, and incorporate where appropriate, broader outcomes when procuring goods, services or works.

Broader outcomes require that we consider not only the whole-of-life cost of the procurement, but also the costs and benefits to society, the environment and the economy.

### 7.3 LOCAL

Having efficient and cost-effective local suppliers will support a dynamic and innovative economy for the Queenstown Lakes and surrounding districts. QLDC will foster and encourage a viable, capable and competitive local supply market that is able to provide works, goods and services now and into the future.

QLDC will consider, and ensure where appropriate, that its procurement processes are free from requirements that could limit opportunities for local suppliers.

QLDC will be transparent regarding the requirements and considerations associated with any local value in its procurement processes.

### 7.4 HEALTH & SAFETY

To ensure responsible business practice and meet legislative requirements under the Health and Safety at Work Act 2015 the health and safety implications of any proposed procurement will be assessed before, during, and after the procurement, with particular emphasis on the following:

- > Ensuring that the importance of workplace safety is considered in procurement and, where appropriate contemplated in selection criteria and/or decisions;
- > During procurement, identifying hazards and risks associated with any new or modified equipment, plant, material, substances, services or work processes being introduced into the workplace; and
- > Collaborating across the supply chain to ensure health and safety risks are eliminated so far as is reasonably practicable. Where the risk cannot be eliminated, then these are minimised so far as is reasonably practicable.

### 7.5 SUPPLIER CODE OF CONDUCT

QLDC will adopt the Government's Supplier Code of Conduct (Appendix 1). The Supplier Code of Conduct sets out the expectations that the Government / QLDC has of its suppliers.

Having ethical suppliers will support a dynamic and innovative economy for the Queenstown Lakes and surrounding districts and assist the delivery of community outcomes.

### 7.6 QLDC AS A "CLIENT OF CHOICE"

Recognising that QLDC is reliant on suppliers to assist us in the delivery of community outcomes, we often compete for suppliers who can offer the greatest Public Value. This means that we need to make working with QLDC as simple as possible for suppliers across all their interactions with us, and throughout the Procurement Lifecycle.

## 8 THE PROCUREMENT LIFECYCLE

To achieve the procurement outcomes sought, QLDC has adopted the NZ Government Procurement Lifecycle model.

The Lifecycle is considered best practice and has three key phases with eight distinct but interrelated stages.

The key phases are 'Plan', 'Source', and 'Manage':

- > Understanding what is needed and the supply options (Plan)
- > Balancing Price and Non-price attributes to find the supplier best equipped to provide that need (Source), and
- > Receive the service or product and manage any related supply agreement (Manage)

For each individual procurement the process followed will be proportionate to the value, risk and complexity of that procurement.

QLDC will manage the ‘Plan’, ‘Source’, and ‘Manage’ phases of procurement in accordance with the Guidelines.

## 9 FINANCIAL THRESHOLDS FOR PROCUREMENT PLANNING & PROCUREMENT METHODS

QLDC procurement starts with the consideration of financial thresholds. To determine the financial threshold, the whole of life cost must first be considered.

Contracts may not be split into component parts and procured using a lesser Financial Threshold.

Once the whole of life cost has been determined the type of procurement planning is considered. The sourcing method is an output of procurement planning.

The following table summarises this process:

Estimated Whole of Life Spend	Procurement Planning Required *	Sourcing Methods Available
Up to \$100,000	Lite	All
Greater than \$100,001	Full	1. Open market 2. Procurement Departure Request *
* Procurement Plans and Procurement Departure Requests are approved under Delegated Authority.		

QLDC will manage the Financial Thresholds in accordance with the Guidelines.

## 10 PROCUREMENT APPROVALS UNDER DELEGATED AUTHORITY

Approvals for procurement activity is governed by the limits provided in the following sections of the Delegations Register:

- > Delegations from Council to the Chief Executive; and
- > Sub-Delegations Financial.

This means that the maximum value of any “approval” for procurement activity, such as Procurement Plans, Procurement Departure Requests and Procurement Recommendation Reports is limited to the level of a staff members delegated authority.

## 11 EMERGENCY PROCUREMENT

QLDC will sometimes need to procure goods, services or works quickly to respond to an emergency. An emergency is when there are genuine unforeseen circumstances, examples include earthquakes, flooding, pandemic, terrorist or cyber attack.

In an emergency, QLDC may depart from the Policy and Guidelines to provide emergency assistance or relief, including to alleviate any immediate threats to health, safety, security, the environment, or the maintenance of essential services.

When making procurement decisions in emergency QLDC will act lawfully and with integrity, and within delegated authority. The decisions made in any departure from the Policy or Guidelines must be documented during, or soon after, the event. QLDC will weigh-up the need to act quickly along with its overarching obligations.

Urgent situations that are created through a lack of planning or risk mitigation do not constitute an emergency.

Emergency Procurement is further considered in the Guidelines.

## 12 UNSOLICITED UNIQUE PROPOSALS

Should QLDC receive an unsolicited unique proposal, the process will be managed with reference to MBIE's *Guide to Unsolicited Unique Proposals*.

## 13 PROCUREMENT GUIDELINES

QLDC's Procurement Guidelines will set out:

- > the direction for the operation of procurement within QLDC
- > how the Procurement Lifecycle will be managed, including the requirements of each type of Procurement Planning, and the available Procurement Methods.
- > to assist staff to balance the various aims of the Policy, including how they consider procurement specific prioritisation of the Policy and QLDC objectives; and
- > procurement reporting and compliance requirements.

## 14 OUT OF SCOPE

The following are considered to be out of the scope of the Policy:

- > Acquisition of unique items of interest, such as art
- > Employment (excluding the engagement of contractors and consultants)
- > Grants and sponsorship
- > Koha, gifts and donations
- > Land sale and acquisition
- > Leasing of QLDC owned property and the leasing of property to QLDC
- > Procurement undertaken by Council Controlled Organisations that is not on behalf of QLDC
- > Payments to government departments and regulatory bodies, including IRD and ACC
- > Statutory payments and/or appointments
- > Treasury and financial instruments, investments, loans and guarantees.

## 15 ALIGNMENT

### 15.1 INTERNAL ALIGNMENT

- > Procurement Guidelines
- > Ten Year Plan
- > Register of Delegations
- > Vision Beyond 2050
- > Climate Action Plan
- > Waste Minimisation and Management Plan
- > Conflicts of Interest Policy
- > Gifts and Hospitality Policy
- > Fraud and Corruption Policy
- > Risk Management Policy
- > Health, Safety, and Wellbeing Policy
- > Sensitive Expenditure Policy / Purchasing Card Policy
- > Information and Records Management Policy
- > Protected Disclosures Policy
- > NZTA Procurement Strategy.

### 15.2 EXTERNAL ALIGNMENT

#### 15.2.1 PROCUREMENT GUIDANCE

- > Procurement Guidance for Public Entities, Office of the Auditor General
- > Government Procurement Rules
- > New Zealand Transport Agency Procurement Manual.

#### 15.2.2 LEGISLATION

- > Local Government 2002
- > Local Government Official Information and Meetings Act 1987
- > Contract and Commercial Law Act 2017
- > Health and Safety at Work Act 2015
- > Public Records Act 2005
- > Construction Contracts Act 2013
- > Commerce Act 1986
- > Fair Trading Act 1986.

## APPENDIX 1 – SUPPLIER CODE OF CONDUCT

[Supplier Code of Conduct \(procurement.govt.nz\)](https://procurement.govt.nz)



# Supplier Code of Conduct

## Statement of Government Expectations

The Government is committed to sustainable and inclusive government procurement that delivers for New Zealand and New Zealanders. This Supplier Code of Conduct outlines the expectations we have of our suppliers. Suppliers must make their subcontractors aware of this code.

### Ethical behaviour

The Government expects its suppliers to:

- › manage their activities and affairs, and conduct themselves, with integrity in accordance with applicable laws, regulations and ethical standards
- › not engage in any form of corruption
- › be transparent about their ethical policies and practices.

### Labour and human rights

The Government expects its suppliers to:

- › adhere to international human rights standards in their workplace and monitor and address these standards within their supply chain
- › comply with New Zealand employment standards and maintain a workplace that is free from unlawful discrimination.

### Health, safety and security

The Government expects its suppliers to:

- › comply with workplace health and safety laws and regulations and maintain healthy and safe work environments
- › comply with any security requirements notified to them by the Government
- › adequately protect any information, assets, tools and materials provided by the Government and return these promptly when requested.

### Environmental sustainability

The Government encourages suppliers to establish environmentally responsible business practices and proactively improve their environmental performance. The Government expects its suppliers to:

- › conduct their business in accordance with applicable laws, regulations and standards regarding the mitigation of impacts on, and protection of, the environment
- › work to improve their environmental sustainability and reduce their environmental impacts.

### Corporate social responsibility

The Government encourages its suppliers to be good corporate citizens and contribute positively to their communities. Some positive things suppliers could do are:

- › pay their subcontractors promptly
- › consider including local, Māori, and Pasifika businesses to deliver the contract.

