

Waitomo District Council

Procurement Policy

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INTRODUCTION | KUPU ARATAKI

Procurement is all of the activities involved in purchasing goods, service and works. Every day, Waitomo District Council (WDC) spends money to deliver services, infrastructure, and facilities for the benefit of the community.

Procurement should not only deliver value for money for our resident's and ratepayers but can also deliver public value through adhering to our procurement objectives and supporting the local economy.

Procurement covers the whole process, from identifying needs and how best to meet them, to sourcing goods, services, or works, and managing any resulting contracts.

The Procurement Policy (the Policy) provides a structure for how WDC procures goods and services and manages ongoing contracts. It reflects government guidance and the standards required by law, and follows the procurement life cycle.

PURPOSE AND SCOPE | TE ARONGA ME TE KORAHĪ

1. This Policy and WDC's procurement guidelines outline the approach that WDC will take to planning, sourcing and managing procurement.
2. This Policy applies to all WDC employees and authorised third parties committing expenditure on behalf of WDC. Any departure from this approach must be approved by the Chief Executive.
3. It covers all WDC expenditure with the exception of property-related spending, costs related to the Emissions Trading Scheme, statutory appointments, and the procurement of employees.

DEFINITIONS | NGĀ WHAKAMĀRAMATANGA

All-of-Government Contract (AOG)	a type of collaborative contract that has been approved by the Ministry of Business, Innovation and Employment for all government agencies. AOGs are usually panel contracts for common goods or services (e.g. vehicles, laptops).
Contract	shall mean any contracts, agreements, memoranda of understanding (or agreement), letters of agreement, or any other document which purports to be binding upon WDC as generally defined in the Property Law Act 2007. Including any subsequent extensions, renewals, or modifications to a Contract.
Council	shall mean the elected members that form the governing body of the District Council.
Delegated Authority	the person with the authority to approve the total Contract commitment over its entire term. The entire term includes the initial term plus any renewal periods contemplated at the commencement of the contract. Delegated Authority is completed by signature or electronic signoff within WDC's finance systems. All non-electronic signatures must be accompanied by the printed name, position of the Delegated Authority as well as the date of signatory.
Economic Benefits	As defined in Rule 8 of the Government Procurement Rules 5 th Edition
Emergency	in the context of this Policy an emergency is defined as an event which results in:

- a) Employees, public, supplier, property or equipment being placed in immediate risk.
- b) Standards of health, welfare or safety having to be re-established without delay.
- c) The significant impairment of WDC's delivery if WDC failed to respond promptly.
- d) Critical health or environmental emergencies, such as a pandemic.

An unanticipated event that makes it impossible for an agency to perform a statutory or critical function.

Emergency CDEMA

As defined by the Civil Defence and Emergency Management Act 2002

Future Procurement Opportunities

an agency's list of planned contract opportunities that meet or exceed the value threshold. It is a rolling list covering at least the next 12 months.

LGOIMA

The Local Government Official Information and Meetings Act 1987

Local Business

a local business is any business that is based in the WDC ratable area, this can be a branch or compound of a business whose headquarters are elsewhere in New Zealand, as long as there is a branch within the Waitomo District ratable area and they are also a New Zealand Business as defined below.

New Zealand Business

a business that originated in New Zealand (not being a New Zealand subsidiary of an offshore business), is majority owned or controlled by New Zealanders, and has its principal place of business in New Zealand. New Zealand business includes Australian business.

NZTA

New Zealand Transport Agency (previously Waka Kotahi)

P-Card / Procurement Card

a type of purchasing card used by employees to make small, approved purchases directly from vendors without going through the traditional purchase order and invoice system. A Purchasing Card is used in accordance with the appropriate financial delegation (see the Delegations Register) and in accordance with the Sensitive Expenditure Policy (credit cards) and the Fuel Card Policy.

Procurement Exemption

is the approval of any procurement activity outside of this Policy and must be approved by the Chief Executive.

Procurement Supply Panel (PSP)

a list of suppliers an agency has pre-approved to supply particular goods or services and who have agreed to the agency's terms and conditions for supply.

Procurement Plan

a plan to analyse the need for specific goods, services or works and the outcome WDC wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summarises the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, evaluation criteria and weightings.

Project

A project is a unique set of processes consisting of coordinated and controlled activities with start and finish dates, undertaking to achieve an objective. This contrasts with Business as Usual (BAU) functions which are execution of normal, standard operations within Council.

Property-related spending

expenditure associated with the acquisition, disposal, leasing or letting of land and buildings, and the strategic or portfolio management of Council-owned property, including valuation, property agency, leasing and legal services directly related to those transactions.

Purchase Order

is a legal document for the purchase of goods, services or works issued from WDC following approval by the relevant Delegated Financial Authority. Terms and conditions are governed by WDC's Purchase Order Terms and Conditions of Supply.

Regional Contracts	a collaborative contract where a group of councils aggregate their needs and go to market collectively (e.g. through Colab).
RFX	this covers all 'request for' processes including: request for quotation, request for expressions of interest, request for proposal and request for tender. The RFX specifies what WDC wants to purchase, the terms and conditions, and instructions on how to bid and respond.
Supplier	is the person or organisation responsible for providing the supply of goods, services or works as required by WDC. Also known as vendor, contractor, consultant or service provider.
Syndicated Contracts	a collaborative contract where a group of agencies aggregate their needs and go to market collectively (e.g. through Colab).
Variation	are written changes to the scope, price or term of a Contract.
Waitomo District Council (WDC)	shall mean the organisation established to administer Council affairs, conduct operations, and bring effect to Council policy and strategies.

POLICY | KAUPAPA HERE

1. Procurement Objectives

1.1. Procurement objectives

1.2. WDC is committed to responsible financial management to ensure procurement decisions are made in the best interest of ratepayers and residents. All procurement will align with the following objectives:

- a) **Openness** and transparency;
- b) **Fairness** for all suppliers and decisions are made with impartiality and without bias;
- c) **Integrity** for the process so that is ethically, equitably to the highest standard;
- d) **Public Value** by selecting the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement. Aiming for the best possible result from your procurement, using resources effectively, economically and without waste, and taking into account:
 - the total costs and benefits of a procurement (total cost of ownership), and
 - its contribution to the results you are trying to achieve.
- e) **Risks** are considered and managed appropriately;
- f) **Lawfulness** - all procurement is within the law and meets Council's legal and organisational obligations;
- g) **Accountability** - employees and/or third parties and Suppliers are accountable for their performance with appropriate governance and management; and
- h) **Sustainability** - environmental and social have been considered.

1.3. NZTA and roading procurement

1.4. For all procurement which also receives funding assistance from the New Zealand Transport Agency Waka Kotahi (NZTA), the NZTA Procurement Manual must be followed. Where there are inconsistencies between this Policy and the NZTA Manual, the NZTA rules will take precedence.

1.5. For NZTA-funded procurement, value for money is the primary consideration. Economic and local benefits may only be considered where they demonstrably contribute to value for money and are consistent with the NZTA Procurement Manual. The approved NZTA Procurement Strategy with WDC does require the consideration of wider benefits. These will be taken into account during procurement decisions.

1.6. Economic benefits

1.7. New Zealand Government Procurement Rules require WDC to consider economic benefits to New Zealand within its procurement activity. See [Rule 8: Economic benefit to New Zealand](#).

1.8. **Local Benefits**

- 1.9. WDC also seeks to consider the *local* economic benefits to our District from our procurement activity, so will use Local Businesses where this adds public value.

2. How to do Procurement

- 2.1. The Principles of Government Procurement and Government Procurement Rules must be applied when planning, sourcing and managing procurement, as these set the standard for good practice (including financial thresholds and procedures for advertising procurement opportunities).

- 2.2. The way goods, services, or works are purchased will vary depending on the value, complexity and risk involved. The approach best suited to the individual purchase, within the framework of the Principles and Rules (below), should be applied – encouraging competitive procurement whenever possible.

2.3. **Principles of Government Procurement and Government Procurement Rules**

- 2.4. The six principles for procurement are:

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

2.5. **Before we start**

- 2.6. Prior to procurement, employees should plan their work proportional to the scope of work being undertaken. More significant projects will be planned in the Project Management Framework (PMF) with smaller activities scoped as necessary for proper procurement approval.

2.7. **Planning**

- 2.8. When planning procurement projects, employees should:

- a) use processes proportionate to the value, risk and complexity involved in the contract
- b) make sure they have up-to-date knowledge about the market and the effect WDC's procurement has on it
- c) publish future procurement tenders and/or advance notices, to help increase access for New Zealand Businesses and Local Businesses.
- d) involve suppliers early in the process, fairly and transparently, to explain WDC's needs, learn about them and explore opportunities for new solutions before going to market. This helps WDC to save costs to suppliers, if it turns out they are not well placed to bid, and can reduce risk of later complaints
- e) consider subcontracting opportunities in big projects, so small and medium enterprises can grow their business capability
- f) include requirements for how WDC's procurement will integrate economic benefits to New Zealand
- g) write procurement documents clearly, without unnecessary questions or jargon, to make it easier for New Zealand and Local Businesses to bid for opportunities
- h) ensure plans are in place to appropriately manage the resulting contract given value, risk and complexity
- i) before going to market ensure financial approval has been received in line with WDC's financial delegations (at least in principle).

2.9. **Sourcing**

- 2.10. Once a spend has been approved, the first consideration should be to comply with NZTA Rules where required, and then whether or not there are All Of Government (AOG) contracts, Regional, Panel or Syndicated contracts available that would suit for your procurement
- 2.11. If there are AOG, Regional, Panel or Syndicated contracts available, it's likely that the benefits from these will outweigh the potential local benefits from a market approach, due to the economies of scale (buying power) available.
- 2.12. A review of these options should be the first step and if one of these contracts meets the requirements it is advisable for the Council to sign up to this rather than go through a new market approach.
- 2.13. When buying goods, services, or works, employees will:
- a) give all suppliers a full and fair opportunity to compete
 - b) be open to involving New Zealand or Local Businesses as sub-contractors
 - c) choose suppliers that have demonstrated their ability to meet WDC's requirements and offer the best value-for-money over the lifetime of the goods, services, or works, taking into account:
 - o all the costs of ownership over that lifetime
 - o suppliers' ability to deliver what is needed at a fair price and on time
 - o the economic benefits to New Zealand
 - d) use approved government model templates or Terrance Publications templates as our default tender and contract documents.
 - e) have an approved purchase order/agreement in place before the supplier starts delivering goods, services or works – except when using a purchasing card.
- 2.14. For details on WDC's existing supplier arrangements contact the Asset and Business Support Team.
- 2.15. The disclosure of contract award details will be in line with New Zealand Government Procurement Rules and the NZTA Procurement Manual.
- 2.16. **Managing the contract**
- 2.17. To get the best from our suppliers, we will:
- a) have a systematic approach for identifying and managing the contracts that we have
 - b) set clear performance measures, including for the delivery of any economic benefits, then monitor and manage the contract against them
 - c) encourage and recognise suppliers for delivering great results
 - d) actively work with suppliers to make ongoing savings and improvements for both entities. This will help to avoid 'value erosion' and encourage suppliers to maintain innovation at the same pace over the life of the contract.
- 2.18. **Meeting expectations**
- 2.19. To build effective relationships with suppliers, we will:
- a) treat them all fairly and with respect
 - b) be consistent, transparent, fair and accountable in the way we work
 - c) be clear about what is required and how suppliers will be assessed before going to market
 - d) give sufficient response time for our requests
 - e) protect suppliers commercially sensitive information and intellectual property

- f) offer a debrief to unsuccessful bidders
- g) when receiving invoices give regard to the timeframes set out in the Government Procurement Rules (see [Rule 36: Prompt payment times](#)).

2.20. **Playing by the rules**

2.21. WDC's decisions and practices must be able to withstand public scrutiny at all times. Throughout our procurement activities, we will:

- a) clearly record all planning, processes and decisions so they can easily be audited and retrieved for LGOIMA requests where required.
- b) document and manage conflicts of interest, including perceived conflicts of interest (in line with WDC's Conflict of Interest and Declarations Policy).
- c) identify risks and get the right person to manage them.
- d) act lawfully, ethically and responsibly.

3. **Thresholds**

3.1. Any employee purchasing on behalf of WDC must follow the correct procurement process based on the spend value as detailed in Schedule 1. In all cases, when deciding on the relevant procurement process, the spend value to be considered is the aggregated spend over the life of the contract and relates to the total spend on a project.

3.2. **NZTA funded procurement**

3.3. Where a procurement receives funding assistance from NZTA, the procurement must be undertaken in accordance with the NZTA Procurement Manual and any NZTA-endorsed Land Transport Procurement Strategy.

3.4. For NZTA-funded procurement:

- a) the financial limits, supplier selection methods and procedures prescribed by NZTA apply, and
- b) where there is any inconsistency between this Policy and NZTA requirements, NZTA requirements take precedence.

3.5. **Buy Local**

3.6. For all other procurements and those below the open tender threshold of \$200,000, WDC will, after the hierarchy established in section 2.11, seek to award contracts to capable Local Businesses that have capacity to deliver the contract, unless there is good reason not to. If no suitable local supplier is available, WDC will award procurements to capable New Zealand Businesses, unless there is a good reason not to. Public value should always be considered.

3.7. **Economic Benefits (non-NZTA)**

3.8. For evaluation purposes when following a tender process or evaluating quotes (for procurement not funded by NZTA), a 10% weighting will apply for economic benefits.

3.9. **Third Party Funding Arrangements**

3.10. Where Council agrees to participate in third party funding arrangements, the financial limits, rules, requirements and procedures in this Policy will apply, unless amended in accordance with a Council resolution.

3.11. Further details on procurement thresholds are outlined in Schedule 1 and in the Delegations Register.

4. Procurement Exemption

- 4.1. In some cases it may not be possible to meet the procurement requirements as detailed in section 3 above and in Schedule 1 due to limited suppliers or where the goods, services, or works are in addition to an existing contract. In any situation where a Procurement Exemption is required, this must be signed off by the Chief Executive.
- 4.2. Poor planning is not a justification for deviation from the Policy.

5. Emergencies

- 5.1. WDC recognises that in an emergency, we may need to depart from usual procurement processes in order to respond effectively. We will still follow best practices for emergency situations including:
 - a) documenting emergency procurements during the event, or as soon as possible afterwards
 - b) acting within existing delegated authority, where possible
 - c) if there is no existing delegated authority, and no time to obtain an approval, exercising good judgement and being prepared to provide a rationale for procurements
 - d) if a procurement involves a major expense, obtaining verbal approval, at the very least, from an officer with sufficient delegated financial authority – followed up in writing – before making a commitment.

For an emergency that meets the definition as defined by the Civil Defence and Emergency Management Act 2002 (CDEMA) any procurement should be made in accordance with the CDEMA.

- 5.2. Emergency procurement should be limited to what is required to cope with the emergency. Once the emergency event is stabilised a recovery plan may be established and approved by Council to authorise necessary procurement activity.

6. Roles and responsibilities

- 6.1. General Managers are responsible for:
 - a) managing their business unit's purchasing requirements
 - b) ensuring their team apply WDC's Procurement Policy and procedures.
- 6.2. The Legal Officer is responsible for reviewing contracts over [\$250,000] as required.
- 6.3. All employees and authorised third parties are responsible for:
 - a) applying WDC's Procurement Policy and procedures.
 - b) Ensuring all procurement and contract information (including quotes and RFx information) is uploaded and saved in WDC's document management system.
- 6.4. Procurement activities must only be carried out by those who have the authority to make procurement decisions and approved by those who have the delegated authority to approve them.
- 6.5. All contracts and purchase orders are to be authorised by the appropriate delegated financial authority prior to placing an order with a supplier and committing funds.

7. Related Documents

- 7.1. **Procedures, Policies and Guidelines**
 - Procurement Thresholds Guide
 - Supplier Selection Method Flow Chart

- WDC Project Management Framework Manual
- Waitomo PMF – Classification Lifecycle
- Waitomo PMF – Project Control Framework
- Waitomo PMF – Project Lifecycle Overview
- Sensitive Expenditure Policy
- Fuel Card Policy
- Conflicts of Interest and Declarations Policy
- Purchase Order Terms and Conditions of Supply
- Delegations Register (705189)
- Protected Disclosures (Whistleblowing) Policy

7.2. **Legislation**

- Public Finance Act 1989
- Commerce Act 1986
- Public Records Act 2005
- The Local Government Act 2002
- Local Authorities (Members Interest) Act 1968
- Civil Defence and Emergency Management Act 2002
- Crimes Act 1961

7.3. **Additional Resources**

- Online anti-corruption training module developed by SFO & TINZ
- Serious Fraud Office: information for complainants
- NZTA Procurement Manual
- Government Procurement Rules 5th Edition

SCHEDULE 1 | Procurement Threshold

THRESHOLD	PROCESS	PAPERWORK	GUIDANCE NOTES
\$1 - \$4,999	Purchase	Purchase is likely to be either via a P-Card, direct purchase and receipt or PO (mainly at supplier's request)	Minimal paperwork, may be a direct purchase or utilise a purchase order. -
\$5,000 - \$49,999	1 Quote or more; or Catalogue purchase (where price is documented and confirmed).	Written quote, Purchase Order or Contract	<ul style="list-style-type: none"> 1 quote is the minimum, if more can be obtained and add value these should be sought. 1 quote must be from a Local Business where available and appropriate Make sure quotes are in writing or you confirm in writing to the supplier to avoid future disputes. Catalogue spend include retail establishments (e.g. store purchases which already have a Recommended Retail Price RRP).
\$50,000 - \$199,999	2 quotes or more	Written quotes; Purchase Order or Contract	<ul style="list-style-type: none"> 2 quotes are the minimum if more can be obtained and add value these should be sought. 1 quote must be from a Local Business where available and appropriate Make sure quotes are in writing or you confirm in writing to the supplier to avoid future disputes. Follow quote management process
\$200,000 - \$499,999	Open Tender Process; or 3 Quotes	<p>An approved Lite Procurement Plan</p> <p>If open tender:</p> <ul style="list-style-type: none"> RFx documents Tender responses Evaluation report(s) Contract <p>Notes requested:</p> <ul style="list-style-type: none"> Written quotes; <p>Purchase Order or Contract</p>	<p>It is the responsibility of the procurer and the GM to determine the most appropriate process to be followed, it is expected that as the cost and complexity grows that a tender process will be more appropriate. This must be documented and approved within the Lite Procurement Plan.</p> <p>If an RFx process is to be used, ensure that the information provided is full and fair to all potential suppliers and that timelines are realistic and will provide the best response from the suppliers.</p> <p>If Quotes sought</p> <ul style="list-style-type: none"> 3 quotes are the minimum, if more can be obtained and add value these should be sought. Make sure quotes are in writing or you confirm in writing to the supplier to avoid future disputes. Follow quote management process

THRESHOLD	PROCESS	PAPERWORK	GUIDANCE NOTES
\$500,000 + Or <u>high risk*</u> any value	Open Tender Process	An approved Full Procurement Plan If open tender: <ul style="list-style-type: none"> • RFX documents • Tender responses • Evaluation report(s) • Contract 	An approved Full Procurement Plan is required, this will provide significantly more information and detail in line with the complexity and spend of the procurement activity. An RFX process is to be used ensure that the information provided is full and fair to all potential suppliers and that timelines are realistic and will provide the best response from the suppliers.
NZTA all expenditure	Where any NZTA funding is to be used in the procurement activity.	NZTA Approved Documents to be used and follow the NZTA process.	Procurement must follow: <ul style="list-style-type: none"> ○ the NZTA Procurement Manual, and ○ the NZTA-endorsed Land Transport Procurement Strategy NZTA requirements override WDC thresholds, quote rules, local supplier considerations and evaluation weightings.
Emergencies all expenditure	Immediate response required, preferable to use a preferred supplier where possible. Likely to be verbal offer and acceptance and the costs may not be confirmed until after the event is dealt with.	Retrospective PO/Variation	Where a genuine emergency – this likely to have a potentially catastrophic impact financially, or on public, premises or reputation immediate action should be sought, it is likely that this will be a verbal acceptance in these situations. Where possible a preferred supplier should be utilised. A retrospective PO/Variation should be placed with the supplier to formalise the emergency activities undertaken.