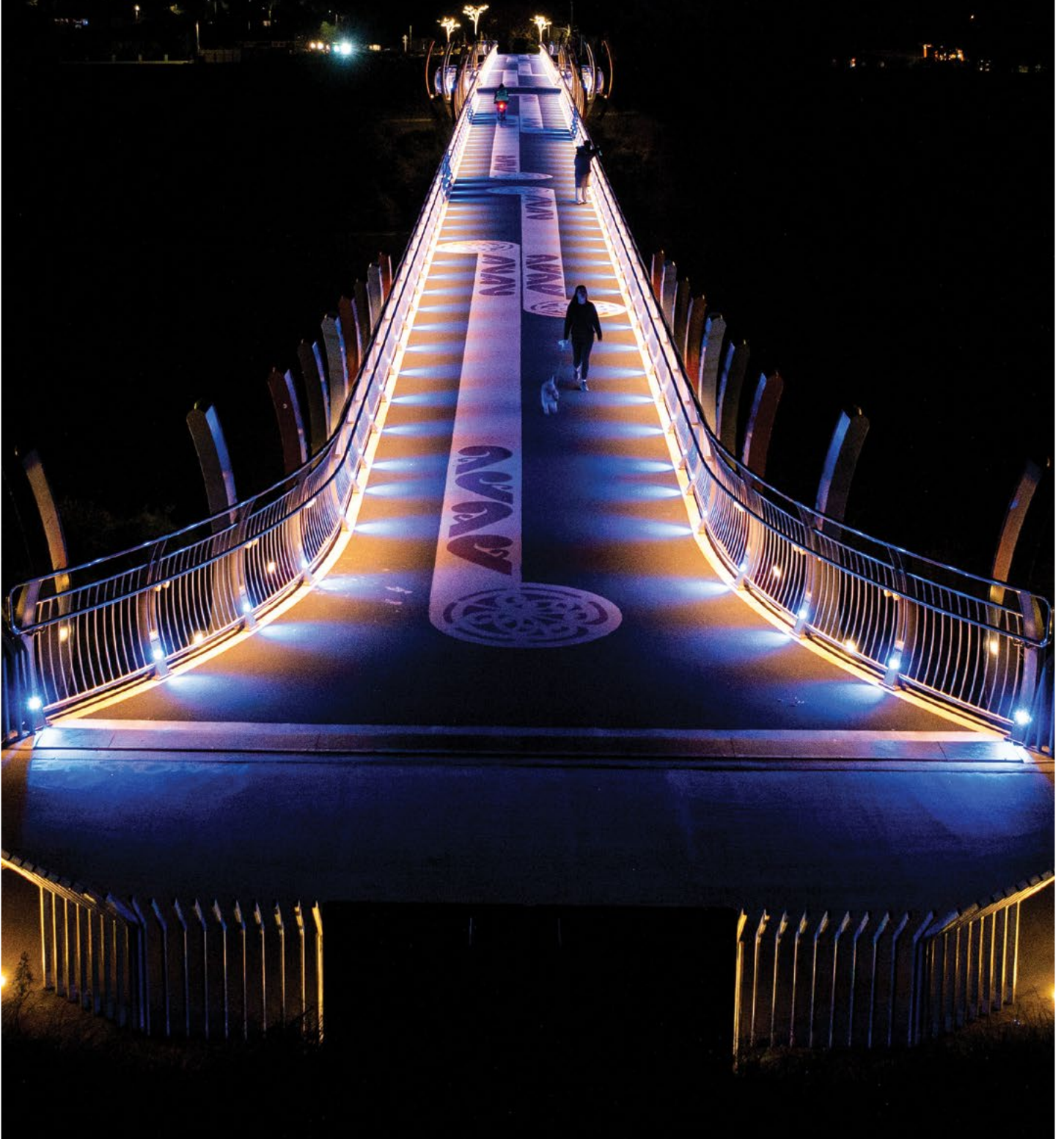


# PROCUREMENT POLICY

PALMYA  
PALMYA  
NORTH  
CITY







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# 1. Introduction

This policy sets out the core and strategic principles that Palmerston North City Council will apply to its procurement.

Procurement is the process that we use to acquire and manage the goods and services we require to run the organisations and deliver outcomes and services to our community. The process:

- Starts with identifying needs, and then planning the best way to meet them.
- Continues through sourcing the goods/services/ works and managing the contract.
- Ends with the end of either the contract or the asset's useful life.



## 2. Strategic Context

The Local Government Act 2002 requires Councils to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future

In progressing these wellbeings, the Council recognises our obligations to work alongside our Te Tiriti partner Rangitāne o Manawatū in achieving common aspirations.

Procurement should enable our strategic Council goals for Palmerston North, as set by the Elected Members. It is carried out to deliver our Long-Term Plan and Annual Budget.

Our Procurement Framework consists of our strategic principles, the management policy and procurement guidance (found in our procurement portal) and is to be applied to the planning, sourcing and managing of our procurement.

## 3. Palmerston North City Council Scope

This policy applies to all procurement activity undertaken by Palmerston North City Council, except for:

- Acquisition of art and similar unique items of interest.
- Employment.
- Grants and sponsorship.
- Land acquisition.
- Leasing of Council-owned property and the leasing of property to Council.
- Payments to government and regulatory bodies.
- Procurement by Council-controlled organisations that is not on behalf of Council.
- Tax.
- Treasury and financial instruments.

All staff, consultants or contractors performing procurement activities on behalf of Council are required to comply with this policy.

Procurements involving Waka Kotahi (NZ Transport Agency) funding are exempt from this policy as the agency sets out specific procurement guidelines for land transport works that it funds.

## 4. Our Core Procurement Values

In making procurement decisions, Palmerston North City Council will follow the values detailed by the Controller and Auditor-General's Procurement Guidance. This guidance covers:



More information about this is available through the Office of the Auditor-General.

## 5. Our Strategic Procurement Principles

In addition to the procurement values mentioned above, Palmerston North City Council has its own strategic procurement principles that align with our goals, strategies and plans. Our strategic procurement principles are described here. More information about what each principle looks like in action, how we can achieve this, and how we can measure achievement, is included in **Appendix 1 - Our Strategic Procurement Principles**.

### Open and effective competition

Open and effective competition maximises the prospect of Palmerston North City Council getting the best procurement outcome. We will ensure that suppliers who want to do business with us are given a reasonable opportunity to do so and that the procurement and relationship management processes used ensure that suppliers look to continue to do business with us.

### Enhanced environmental outcomes

Palmerston North City Council's procurement will be proactive in the ways that it produces better outcomes for the environment. We are committed to long-term sustainability through procurement that conserves resources, minimises waste, protects human health and enhances environmental quality and safety. In a procurement sense, this includes a focus on improving material and water efficiency, reducing, re-purposing and recycling waste wherever we can; minimising greenhouse gas emissions and enhancing the quality of the natural environment.

### Fostering local business

Palmerston North City Council's procurement activity should contribute to having an efficient and cost-effective local supply base that supports a dynamic and innovative city economy. We will ensure that the advantages of local procurement are recognised and considered in procurement decisions. We'll also ensure that local businesses are encouraged to explore unique and innovative initiatives, that social procurement initiatives are progressed to provide economic and employment opportunities, and that tenders are free from requirements that could limit opportunities for local suppliers (where practicable).

### Upholding Te Tiriti o Waitangi

We recognise Te Tiriti o Waitangi and its principles of partnership, protection, participation and potential, acknowledging the importance of partnering with the tangata whenua Rangitāne o Manawatū. We are also committed to engaging in appropriate procurement opportunities with the Te Ao Māori including other iwi interests in the wider region and with Māori businesses in our district.

Through partnerships, we aim to work together with Rangitāne o Manawatū, other iwi near our boundaries and Māori businesses for agreed outcomes that benefit the entire region. We will ensure protection is a priority focus by incorporating matauranga Māori, te reo and tikanga across our projects and programmes, and through continued development of our cultural awareness of Te Ao Māori, as well as knowledge and understanding of the Principles of Te Tiriti.

### Value for money

Effective procurement helps to deliver better public services and realise value for money. The Council is using ratepayers' money (and sometimes funding from other agencies or central government) to provide appropriate services to the community. Therefore, there is an obligation to spend that money wisely and get the best value for money.

Best value is about getting the best possible outcome over the whole of life of the asset, services or works, by striking the right balance of good outcome, good quality, good price and good management.

### Advancing social equity

Palmerston North City Council is committed to promoting diversity, acceptance, fairness, compassion, inclusiveness and access for people of all abilities. A focus is placed on citizens who are under-represented and people with less opportunity. Social equity contributes to building stronger and more resilient communities. Depending on the nature of the procurement, we will explore opportunities to engage social enterprises to provide works, goods and services.

## 6. Emergency Procurement

In an emergency, Palmerston North City Council will need to react quickly and effectively, meaning it might not be possible to satisfy all the requirements of this policy when carrying out emergency procurement. Emergencies means an event:

- a. that is unforeseen and causes major damage to Council or other property; and
- b. for which there is a need for remedial action to be taken without delay; and
- c. it is impracticable to convene a meeting of Council or Strategy & Finance Committee to approve the proposed expenditure but which is not a declared state of local or national emergency under the Civil Defence Emergency Management Act 2002.

Poor planning does not constitute an emergency. We will ensure we act lawfully and within delegated authority when making procurement decisions in emergencies, acknowledging that in emergency situations there can be a greater risk of fraud, bribery and corruption that should be safeguarded against.

## 7. Definitions

Unless otherwise stated, the following definitions shall apply to this policy.

TERM	DEFINITION
<b>Local supplier or local business</b>	A supplier of goods, works or services operating or based in Palmerston North, and employing and developing local people.
<b>Māori business</b>	A Māori business is owned by a person or people who have Māori whakapapa, and a representative of that business self-identifies the business as Māori.
<b>Iwi Māori Entities (IME)</b>	Iwi Māori Entities (IME) are characterised by ownership or leadership that reflects collective and holistic aspirations from a Te Ao Māori perspective, including commercial ambitions.





## 8. Monitoring and Reporting

Procurement activity will be monitored to ensure we achieve the objectives of the procurement principles across the various stages of the procurement lifecycle (planning, sourcing, and managing).

The procurement principles will be reviewed every three years to ensure they continue to align with Council's goals, strategies and plans, as they evolve and are updated. The Council will monitor the ongoing operation of this policy to ensure the principles are being followed. To facilitate this, the Procurement team will provide 6 monthly reporting based on the agreed metrics.

## 9. Applicable Council Resolutions

The following resolutions of Council relate directly to the Procurement Policy and should be applied when undertaking relevant procurement processes:

- **Authority to enter into contractual arrangements** - If any officer of the Council, with authority to enter into contractual or similar arrangements (except employment contracts) which are binding on the Council, intends to enter into such arrangements which: a. has or could (including any rights of renewal) have a term in excess of three (3) years; or b. would have a term exceeding three (3) years pursuant to a proposed variation, the officer must, before authorising and entering into the proposed arrangement or variation, obtain the written approval of the Chief Executive in the case of a Unit Manager, and the Unit Manager to whom the officer reports in the case of all other staff (and in the case of the Chief Executive, the Strategy & Finance Committee).
- **Living Wage** - That Council commits to the principle of the Living Wage for staff and contractors and that this is phased in over 3 years, starting by paying a Living Wage to staff from 1 Jan 2022.

## 10. Applicable Legislation

- Local Government Act (2002)



# Appendix 1 - Our Strategic Procurement Principles

## Value for money

### What does it look like

- We will select the most appropriate procurement process that is proportionate to the value, risk and complexity of the procurement to help achieve value for money over the whole of life of the asset, services or works, with a focus on striking the right balance of good outcome, good quality, good price and good management.

How can we achieve this	Metrics to measure it
<p>We will develop and apply business acumen and commercial awareness in what we do.</p> <p>Business acumen will be delivered by:</p> <ul style="list-style-type: none"> <li>➤ ensuring procurement strategies and desired outcomes are clearly aligned with Council’s goals and objectives, and based on tangible benefits</li> <li>➤ ensuring decisions are positioned to achieve desired outcomes</li> <li>➤ growing understanding of and leveraging the different parts of the organisation and how they work together</li> <li>➤ enabling results that bring commercial benefits on a whole of life or total cost of ownership approach where the Council optimises the use of goods and assets.</li> </ul> <p>Commercial awareness will focus on:</p> <ul style="list-style-type: none"> <li>• using sound financial logic to influence business direction</li> <li>• optimising commercial outcomes through sourcing and strategic negotiation skills</li> <li>• keeping up to date with commercial developments within the industry.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reporting on metrics associated to all Principles</li> </ul>

## Open and effective competition

### What does it look like

- We need to engage our suppliers through robust, easy-to-understand processes.
- We want to be consistent in the way we procure our goods, services and works. We also want to help our suppliers to understand what we need and what our expectations are in all our procurement.
- We need to plan ahead in our procurements.
- We need to allow enough time to engage stakeholders to determine their needs and, where appropriate, allow the market to give their views and offer alternatives.
- We want to be known in the market as an organisation that treats everybody fairly and selects suppliers based on the information we provide to everyone.
- We want to develop our supplier market and let them know why they have been successful and why they have been unsuccessful.

How can we achieve this	Metrics to measure it
<ul style="list-style-type: none"> <li>➤ Communicate the same message to all suppliers.</li> <li>➤ Be clear in our requirements, scopes and specifications.</li> <li>➤ Ensure the outputs we want from procurement activity are clearly stated.</li> <li>➤ Set out performance measurements and expectations.</li> <li>➤ Use standard documentation when approaching the market (RFx and Contract).</li> <li>➤ Be accountable for results by documenting our decisions. Create open-market opportunities whenever possible and document them where we don't.</li> <li>➤ Debrief both unsuccessful and successful suppliers to promote continuous improvement.</li> <li>➤ Planning for the best procurement outcomes.</li> <li>➤ Consult the market and current suppliers to learn the art of the possible.</li> <li>➤ Ensure our market documents contain information to allow suppliers to make best-value offerings.</li> <li>➤ Include criteria to evaluate both price and non-price factors, including quality, fit for purpose for the proposal, and relevant experience.</li> <li>➤ Include sustainable outcomes as outputs of the procurement activity.</li> <li>➤ Consider whole-of-life costs of the goods/service.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Spend on contract vs off contract.</li> <li>➤ Number of tenders via open competitive process vs closed process (include price).</li> <li>➤ Number of new vendors.</li> </ul>

## Fostering local business

### What does it look like

- We want our procurements to make a positive economic contribution to our city. But given the size and needs of Palmerston North City Council, all of our suppliers can't be locally based. For this reason, we are also encouraging suppliers who create local job opportunities or use local businesses or social enterprises in their supply chain.

How can we achieve this	Metrics to measure it
<p>Include the following supplier-focussed questions with every procurement:</p> <ul style="list-style-type: none"> <li>➤ How do you consciously seek to engage subcontractors from Palmerston North as part of your proposals? Can you provide the estimated subcontractor workforce (excluding apprentices and trainees) employed in delivering this contract?</li> <li>➤ How do you provide employment opportunities, apprenticeships or skills development in Palmerston North? Can you provide the estimated number of apprentices or trainees directly employed in delivering this contract?</li> <li>➤ Will you engage suppliers based in Palmerston North to supply goods or services in relation to this contract? If yes, please list these suppliers.</li> <li>➤ Do you have details about the number of proposed personnel living within Palmerston North directly linked to delivering this contract?</li> </ul>	<ul style="list-style-type: none"> <li>➤ Number of personnel living within Palmerston North directly linked to delivering contracts.</li> <li>➤ Number of apprentices or trainees living within Palmerston North directly linked to delivering contracts.</li> <li>➤ % of spend with businesses within Palmerston North.</li> </ul>

## Enhanced environmental outcomes

### What does it look like

- To seek suppliers who value and demonstrate Kaitiakitanga (guardianship) of New Zealand's natural environment and resources. Commitment will be demonstrated through the measurement and reporting of environmental outcomes, efficiency measures and supporting innovations that aim to enhance and protect the environment.



How can we achieve this	Metrics to measure it
<p>Consider including the following supplier-focussed questions with every procurement:</p> <ul style="list-style-type: none"> <li>➤ In the context of this project provide details of how you intend to ...           <ul style="list-style-type: none"> <li>• take account of, and reduce where possible, whole-of-life impacts (separated into before, during and after project delivery).</li> <li>• minimise material use during project delivery.</li> <li>• minimise the use of potable water during project delivery.</li> <li>• manage waste; including in material choice, handling and disposal during project delivery.</li> <li>• design out adverse effects on the local environment (e.g. land, water and air pollution) and minimise any residual risks during project delivery.</li> <li>• measure and publicly report your greenhouse gas emissions during project delivery.</li> <li>• minimise and compensate for greenhouse gas emissions during project delivery.</li> <li>• support wildlife, fauna and flora during project delivery.</li> </ul> </li> </ul>	<p>We may require the supplier to provide evidence of the following during the project/contract, as part of an annual report or upon completion:</p> <ul style="list-style-type: none"> <li>➤ Provide a update on decisions affecting whole-of-life cost and risk profile for the project (including before, during and after project delivery).</li> <li>➤ Materials and supplier choices and their impact on the environment, including greenhouse gas emissions (i.e. location of supplier, volume of material used to complete a project stage, innovations and techniques to used reduce material use).</li> <li>➤ Volume of water used to complete a project stage, innovations and techniques used to reduce water use, water sources used.</li> <li>➤ Volume and type of waste generated at each project stage.</li> <li>➤ Innovations and techniques used to reduce waste.</li> <li>➤ Destination of generated waste (e.g. re-used on site, transferred to reclamation facility for repurposing, transferred to recycling facility, landfilled)</li> <li>➤ Measures put in place to design out or minimise the risk of local pollution events</li> </ul>

How can we achieve this	Metrics to measure it
<p><b>Or for professional services</b></p> <ul style="list-style-type: none"> <li>➤ In the context of this project provide details of how you intend to ...           <ul style="list-style-type: none"> <li>• Include consideration through the process of project delivery of the effect of the project process on waste generation and local environmental impacts.</li> <li>• Measures included in design and delivery of services through the process of project delivery to exclude or minimise the risk of environmental impacts, either directly or through project delivery.</li> <li>• Include consideration through the process of project delivery of the effect of the project process on climate change.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Methods used to ensure the overall state of the local environment meets or exceeds best practice (as identified at the project design stage)</li> <li>➤ Methods used to enhance the local environment and examples of nature-based solutions implemented (where appropriate)</li> <li>➤ Volume of greenhouse gas emissions directly resulting from the project to date (Schedule 1 &amp; 2 emissions)</li> <li>➤ Volume of greenhouse gas emissions resulting from materials used in the project to date (Schedule 3 &amp; 4 emissions)</li> <li>➤ Methods used / decision made to minimise greenhouse gas emissions since last reporting period</li> <li>➤ Methods used / decision made to compensate for greenhouse gas emissions since last reporting period</li> <li>➤ Methods used / decision made to minimise impact on local wildlife, flora and fauna since last reporting period</li> </ul>



## Advancing social equity

### What does it look like

- We want to engage with like-minded suppliers that build resilience in their workforce. Where we can, we want our procurement to play a part in contributing to our local communities and social wellbeing in Palmerston North.
- We want every supplier that provides regular and ongoing service to Council to pay at least the living wage to its staff.
- We support a diverse workforce and want to see that there are opportunities through apprenticeships and training in the delivery of our contracted goods, services and works.

How can we achieve this	Metrics to measure it
<p>Consider including the following supplier-focussed questions with every procurement:</p> <ul style="list-style-type: none"> <li>➤ How does your organisation support and deliver diversity or equal employment opportunities?</li> <li>➤ How does your organisation consciously seek to support or provide meaningful benefit (for example, to socially disadvantaged groups) within Palmerston North and/or its communities as a normal part of its day-to-day business?</li> <li>➤ Will your organisation pay the “living wage” as defined and set out by the New Zealand Family Centre social policy unit, to all employees that are working on contracts awarded by PNCC?</li> </ul>	<ul style="list-style-type: none"> <li>➤ Number of suppliers paying the living wage / versus approved target.</li> </ul>

## Upholding Te Tiriti o Waitangi

### What does it look like

- We want to support a resilient and regenerative tangata whenua and Māori economy by supporting economic opportunities for tangata whenua namely Rangitāne o Manawatū and Māori businesses and iwi organisations in the region.
- We want to work with suppliers to create quality employment opportunities through our contracts for tangata whenua and the wider Māori community.
- We want to engage with likeminded suppliers who consciously seek to support partnership opportunities with tangata whenua and Māori-owned businesses.

How can we achieve this	Metrics to measure it
<p>Include the following supplier-focussed questions with every procurement:</p> <ul style="list-style-type: none"> <li>➤ Is your organisation connected with tangata whenua?</li> <li>➤ Is your organisation considered a Iwi Māori Entities (IME) and/or Māori business?</li> <li>➤ How do you consciously seek to support or provide meaningful benefits to tangata whenua and Māori within Palmerston North as a normal part of your day-to-day business?</li> <li>➤ How does your organisation consciously seek to partner with tangata whenua and Iwi Māori Entities (IME) and/or Māori business?</li> <li>➤ How do you consciously seek to create quality employment, apprenticeships or skills development opportunities for tangata whenua and Māori? Can you provide the estimated number of Māori directly employed in delivering this contract?</li> </ul>	<ul style="list-style-type: none"> <li>➤ Number of Iwi Māori Entities (IME) and Māori businesses</li> <li>➤ Spend with Iwi Māori Entities (IME) and Māori business (\$ and %).</li> <li>➤ Number of tangata whenua or Māori directly employed in delivering contracts.</li> </ul>

