Overview

This Procurement Policy (the Policy) contains the framework and principles to guide Queenstown Lakes District Council (QLDC) officers (and any procurement agents and/or consultants) in the procurement of goods and services on QLDC’s behalf. Procurement covers all the business processes associated with purchasing the goods, services and works used to run the QLDC business and deliver public service objectives to the community.

Procurement plays an important role in the delivery of QLDC outcomes with a wide variety of goods, services and works being purchased from external parties.

QLDC officers will strive to conduct procurement in a collaborative, considerate and courteous manner. All procurement will be undertaken in an ethical and appropriate manner.

Scope

The Policy applies to all procurement entered into by or on behalf of QLDC.

Purpose

The purpose of the Policy is to provide guidance and clarity to suppliers, contractors, QLDC officers, consultants and the community on what QLDC considers during its procurement process in order to achieve the outcomes of the Long Term Plan (LTP) and Annual Plan in a transparent and fair way.

The Policy outlines the approach that QLDC will take to planning, sourcing and managing its procurement.

Objective

QLDC has access to significant public funding and its procurement decisions have an impact on the local and domestic economy, as well as the overall performance of QLDC as both a business and a territorial authority.

QLDC has a mandate to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.¹

The objective of the Policy is QLDC will adopt the principles of procurement listed below. Each principle should be considered at an early stage, however every principle may not always be applicable in every instance. Preparation of a procurement plan at the outset should ensure that each principle is considered and assessed. This will influence subsequent stages of the procurement process, including desired specifications and relative weightings of any factors to be included in a tender or evaluation process where relevant.

The procurement process will be transparent regarding how tensions between principles are managed. The procurement plan will provide clear information on options and their impacts to assist the decision making process.

Principles of Procurement

QLDC has identified four key principles of procurement:

1. Quality and Value for Money
2. Transparency and Fairness
3. Accountability and Integrity
4. Sustainability

¹ Section 10(1)(b) of the Local Government Act 2002
**Procurement Policy**

**Principles of Procurement continued**
Refer to the QLDC Procurement Guidelines document for additional information regarding the procurement principles.

**Procurement Approach**

**Overall Context**
Phases of the procurement process are as follows:

<table>
<thead>
<tr>
<th>Why?</th>
<th>1. Outcomes, strategies &amp; policies</th>
<th>Ensure procurement is achieving outcomes stated in relevant strategies, plans and policies</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2. Activities, functions &amp; projects</td>
<td></td>
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<tr>
<td>What?</td>
<td>3. Specifications</td>
<td>Define what is being procured by way of goods/services/works</td>
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<tr>
<td>How?</td>
<td>4. In-sourcing versus outsourcing</td>
<td>Consider advantages/disadvantages of various procurement methods</td>
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<td>5. Procurement methodology</td>
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<td></td>
<td>6. Procurement plan</td>
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<tr>
<td>Who?</td>
<td>7. Evaluation of suppliers</td>
<td>Decide on the appropriate supplier once “What” and “How” have been established</td>
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<td>8. Negotiation with suppliers</td>
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<td>9. Supplier selection</td>
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<td>10. Contract &amp; delivery management</td>
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**Strategic and Collaborative**
Strategic procurement involves using procurement processes and purchasing power to generate positive community outcomes alongside the delivery of efficient goods, services and works. It enables procurement to effectively contribute to building stronger communities and meeting the social, economic and environmental objectives of the Council. Where possible, QLDC will strive to adopt a strategic and collaborative approach to procurement. This means that when planning procurement, QLDC will consider its changing needs over the long term and how it can potentially work with other organisations who share the same needs. QLDC departments should act collaboratively to leverage supply requirements and achieve best value where possible.

QLDC will strive to understand how to most effectively engage with supply markets and will avoid taking any actions that are detrimental to maintaining healthy, competitive markets. QLDC’s procurement strategies will be tailored to the individual characteristics of each main category of expenditure, taking into account the relative cost of the supply arrangement and the risks and complexities associated with the category.

QLDC will lead, participate in, or utilise collaborative procurement approaches and agreements, such as “All of Government” contracts and arrangements with other councils, provided that any such arrangements align with QLDC’s procurement principles and outcomes.

**Comprehensive Planning**
QLDC will ensure that procurement processes are well conceived and implemented, the right people have been involved at the right time, and risks have been identified and managed.

The extent and nature of procurement planning will be proportionate to the total value, complexity and risks associated with the procurement.

**Community Outcomes**
Procurement decisions will be aligned with QLDC’s broader aims, such as Council strategies, plans, goals and objectives documented in the LTP and/or Annual Plan, in order to achieve community outcomes.
Procurement Policy

Procurement Approach continued

The diagram below illustrates the role represented by procurement in a local government context:

Preferred Suppliers

Where relevant and appropriate for the nature of the work, preferred supplier arrangements will be established to enable QLDC to leverage best pricing and to promote efficiencies in procurement processes in accordance with the Policy.

Two categories of preferred suppliers will be maintained as follows (where applicable):

- **Standing arrangements** for supply of recurring purchases of a relatively low value; and
- **Panel arrangements** where a contractual arrangement is made with a group of suppliers to provide services as and when required based on a fixed rate.

For each category, the process to establish preferred suppliers will depend on the potential value of the supply over the expected life of the arrangement, e.g., an open tender process will be required where the potential value of the supply is deemed to be significant.

Supplier Relationships

QLDC will be consistent, transparent, fair and accountable in the way the organisation works in order to build effective, ethical and appropriate relationships with suppliers.

Emergency Procurement

In a genuine emergency, QLDC may depart from the Policy to source products, services or works that are urgently required to provide emergency assistance and relief. Any departure from the Policy due to an emergency must be fully justified and documented during or after the event.

For emergency procurement, QLDC must consider what is reasonable and justifiable under the circumstances and should weigh-up the need to act quickly along with its overarching obligations under the Local Government Act 2002.