



Auckland Council Group Procurement Policy

Policy Summary

The Group Procurement Policy is to formalise the expectation that the Council Group (Auckland Council and its Council Controlled Organisations, with the exception of Ports of Auckland Limited) will procure goods and services together where there are benefits to be realised for the Council Group's ratepayers, taxpayers and customers.

Review of this policy will occur every three years or otherwise as required.

Purpose of the Policy

To ensure that the Council Group minimises duplication, maximises value and reduces costs by procuring together in accordance with this policy, unless doing so would impede any outcomes outlined in the Auckland Plan or CCO Statements of Intent.

Non-compliance

The Chief Financial Officers across the Council Group are ultimately accountable for ensuring that their individual organisation procurement policies and practices give effect to this group policy.

Procurement Leads across the group are ultimately responsible for ensuring that all procurement activity is carried out in accordance with this policy. Any exceptions should be recorded and discussed at the Group Procurement Governance forum with any non-compliance documented and reported to the appropriate committee of council.

Who the Policy covers

Procurement covers all the business processes associated with purchasing the goods/ services/works we use to run our business and deliver our public service objectives. It starts with identifying needs, then planning the best way to meet them; continues through sourcing the goods/services/works then managing the contract; and ends with expiry of either the contract or the assets' useful life.

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

Policy Principles

This policy will be achieved under the direction of the following principles:

Principle 1: Working together

Principle 2: Value te ao Māori

Principle 3: Be sustainable

Principle 4: Act fairly

Principle 5: Deliver the best value for every dollar

Principle 6: Safe with us

Principle 1: Working together

All procurement activity must be conducted in accordance with this policy. The Council Group is to collaboratively work together to achieve great results at all stages of the procurement lifecycle (Plan, Source and Manage) to ensure that value for ratepayers, taxpayers and customers is maximised, sustainably over the long term.

Principle 2: Value te ao Māori

Auckland Council's Kia Ora Tāmaki Makaurau - Māori Outcomes Performance Measurement Framework recognises that Auckland's aspirations and Māori aspirations are mutually enhancing. Under the Kia Ora Te Umanga priority, within Kia Ora Tāmaki Makaurau Framework, the council group will support a resilient and regenerative Māori economy by supporting economic opportunities for Māori businesses and iwi organisations. It is important that we deliver agreed priorities from the Auckland Plan, Long-term Plan and Kia Ora Tāmaki Makaurau, for Māori.

To enable this, all procurement will consider:

- our legislative obligations derived from the Treaty of Waitangi and our relationships with mana whenua
- alignment to Kia Ora Tāmaki Makaurau outcomes
- working with suppliers to create quality employment opportunities through our contracts for Māori
- partnership opportunities with Māori-owned businesses
- making our size and scale work for and with Māori.

Principle 3: Be sustainable

The Local Government Act 2002 requires local authorities to take a sustainable approach when procuring goods, services and works. Sustainable Procurement has the most positive economic, environmental, social and cultural impacts on a whole of life basis and creates value and legacy.

We will assess sustainable procurement outcomes related to all procurement activity and consider:

- value-for-money over the whole of life, rather than just the initial cost
- minimising environmental impacts over the whole of life of the goods/services/works
- strategies to avoid unnecessary consumption and that manage demand and minimise waste
- our supplier's social responsibility practices, including compliance with legislative obligations to its employees
- our obligations under the Treaty of Waitangi and our relationships with local Iwi
- where appropriate we will work with local and community organisations including The Southern Initiative and Amotai to facilitate these outcomes.

Auckland Council has specific sustainable outcomes identified in the Auckland Plan, Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, Auckland Waste Management and Minimisation Plan, Long Term Plan, Low Carbon Strategic Action Plan, Regional Land Transport Plan and other initiatives adopted from time to time.

Principle 4: Act fairly

The Council Group will conduct business with the utmost integrity in the procurement of goods, works and services. All employees and suppliers are expected to conduct themselves with the highest standards of honesty, fairness, and personal integrity. It is critical that both employees and suppliers adhere to these standards, all applicable laws, and avoid all perceptions of conflict of interest and impropriety.

Fundamental aspects of this principle are:

- **Transparency** – follow procurement guidelines and be open in administration, ensure spend and contract award information is available to the public, promote a shared understanding of respective roles and obligations between council and any external parties participating in procurement activities.
- **Accountability** – be accountable for performance and be able to give complete and accurate accounts of public funds, including funds passed on to others for particular purposes. It will also have suitable governance in place to oversee procurement arrangements.
- **Ethical consideration** – behave ethically, adhering to the standards set in the procurement guidelines, declaring any perceived conflicts of interest, comply with international standards of human rights and relevant labour laws in supply chains, and any other relevant internal policies, i.e. Code of Conduct, Gifts and Hospitality Policy etc.

All open contestable procurement activity will be publicly notified so all potential suppliers have equal access. The procurement documentation that is provided to the market will contain information which makes it clear what we are looking for by way of response, and evaluations will be undertaken in a manner that avoids bias. Ensuring probity of action is everyone's responsibility when conducting procurement activities.

Principle 5: Deliver the best value for every dollar

The Council Group will use resources effectively, economically, and without waste, with due regard for the total costs and benefits of a procurement arrangement. The principle of best value for every dollar does not necessarily mean selecting the lowest price response, but rather the best possible outcome for the total cost of ownership (or whole-of-life cost). Group sourced procurement ensures the Council Group is utilising its size and buying power across the Auckland region and ensures the best value is being realised.

The Council Group will utilise a consistent benefit framework, tracking and reporting delivery of value for ratepayers, taxpayers, and customers. The procurement process will encourage the delivery of multiple outcomes for every dollar spent and will actively seek innovative delivery approaches from the supply market.

The Council Group will continue to coordinate with the supply market and provide visibility of forward work plans. Appropriately bundled projects and efficiently timed tenders allow the group to manage market load while encouraging healthy competition.

Principle 6: Safe with us

The Council Group is to collaboratively work together to achieve safe outcomes at all stages of the procurement lifecycle (Plan, Source and Manage). The council group shall ensure it meets its legislative requirements under the Health and Safety at Work Act 2015, and ensure that Group personnel, contractors, members of the public and customers are not put at risk from work carried out under or associated with council group contracts.

Applying the Policy

All planned procurement should in the first instance be considered as a potential group source opportunity to leverage our size for cost reduction and value optimisation, as well as to influence the market on our sustainability objectives through all stages of the procurement lifecycle (Plan, Source and Manage).

Where this approach is not suitable, the respective Procurement Leads are responsible for endorsing the alternative.

Throughout the procurement lifecycle all Council Group organisations must:

- Collaborate in the development of procurement systems and tools to reduce duplication where possible across the Council Group, and to make working with the Council Group as simple as possible for suppliers.
- Share their forward procurement programmes to ensure planning decisions can be made from a Council Group perspective rather than from just an individual organisational view.
- Work together to create procurement strategies and plans that are best fit for the market.
- Use Council Group size and strength to deliver value, foster market competition where appropriate, and develop market capacity and capability as needed.
- Use a consistent benefit reporting framework to track and report delivery of value for ratepayers, and customers, and to report on sustainability benefits that contribute to the Auckland Plan outcomes.
- Address market and supply risks collectively, ensuring a consistent and effective approach to risk management across all procurement activities.

Group Procurement Activities

Procurement sourcing and managing activities that are indirectly required to support the strategic activities and business outcomes of the individual Council Group organisation. These activities will be general in nature and are typically required by more than one, or all Council Group organisations and at a scale where there is clear potential to leverage benefit.

By default, wherever reasonably practicable, these must commence as a Council Group activity. All Council Group organisations are to be involved in the planning phase of the procurement. The procurement should be led by the organisation that holds the highest risk, spend and/or volume for the group. Where applicable, procurement plans must detail group opportunities, and if required, reasons why individual organisations choose to opt-out of the activity.

Strategic Procurement Activities

Strategic procurement activities are those that are directly required to support the business outcomes of the individual Council Group organisation's operational requirements. These activities will often be unique to that individual organisation (examples are Auckland Transport's Roading and Public Transport activities, or Watercare's water and wastewater treatment and distribution activities).

Accountability for delivery of strategic procurement activities will be delivered by the individual organisation involved, however overall procurement activity in all cases will be reported at a Council Group level, both in planning and delivery as there may be cases where there are opportunities for other Council Group organisations to leverage the opportunities obtained (for example, Group access to Auckland Transport's physical works supplier panel).

Further guidance

- Group Procurement Guidance Document
- Sustainable Procurement Objectives
- CCO Accountability Policy
- The Auckland Plan 2050
- The 10 year budget (Long Term Plan)
- Kia Ora Tāmaki Makaurau (Maōri Outcomes Performance Measurement Framework)
- Te Tāruke-ā-Tāwhiri (Auckland's Climate Plan)
- Procurement Guidance for Public Entities, Office of the Auditor General
- New Zealand Government Procurement – Principles, Charter and Rules
- Waka Kotahi (NZ Transport Agency) Procurement Manual (Amendment 5, Sep 2019)

Legislation

- Contract and Commercial Law Act 2017
- Health and Safety at Work Act 2015
- Local Government (Auckland Council) Act 2009
- Public Records Act 2005
- Construction Contracts Act 2002
- Electronic Transactions Act 2002
- Local Government Act 2002
- Public Audit Act 2001

- Public Finance Act 1989
- Local Government Official Information and Meetings Act 1987
- Commerce Act 1986
- Fair Trading Act 1986
- Official Information Act 1982
- Sale of Goods Act 1908
- Land Transport Management Act 2003

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