

Procurement Policy



Approved by:	Timaru District Council
Group:	Finance
Owner:	Procurement Lead
Date adopted:	24 February 2026 The policy becomes effective immediately upon adoption
Review:	Every 6 years; earlier if deemed necessary This Policy does not cease to have effect because it is due for review, or being reviewed
Consultation:	To give effect to s 82 of the Local Government Act 2002

Policy Purpose

1. To align Timaru District Council's (Council) procurement activities with its wider Strategic Vision, priorities and broader community outcomes.
2. To provide a framework for Council's procurement activities to be undertaken consistently, legally, and in a way that delivers public and local value for the residents of the Timaru District.

Scope

3. This policy applies to:
 - (i) the procurement of goods or services for Council obtained through any contractual means (including purchase, rental or lease contracts) with external supplies, no matter the methodology of purchasing or the value of the purchases;
 - (ii) all Council officers, consultants, representatives or contractors conducting procurement activities on behalf of Council; and
 - (iii) both operational and capital expenditure.
4. This policy does not apply to expenditure on or as part of:
 - (i) Employee Agreements, including payroll and reimbursements;
 - (ii) Internal invoicing;
 - (iii) Grants and sponsorship;
 - (iv) An exclusive Service Level Agreement;
 - (v) Property acquisition;
 - (vi) Procurement undertaken by Council Controlled Organisations (CCOs);
 - (vii) Payments to government, including treasury, tax, regulatory bodies and financial instruments;

- (viii) Unsolicited proposals;
 - (ix) Declared Civil Defence emergencies;
 - (x) New Zealand Transport Agency (NZTA) contracts;
 - (xi) Original Equipment Manufacturer (OEM).
 - (xii) All-of-Government (AoG) contracts; and
 - (xiii) Ancillary spend such as petty cash transactions, bank fees and PCard purchases.
5. Refer to the Appendix for more information about how to manage out-of-scope procurement.

Definitions

- 6. All of Government (AoG) arrangements: a supply arrangement established by central government for common products and services purchased in the public sector.
- 7. Local supplier: a business entity that, to the satisfaction of Council officers, operates from premises within the Timaru District.
- 8. Procurement: the acquiring and delivering of goods, services and works (including refurbishment and new construction).

Policy Statements

- 9. This policy should be read in conjunction with Council's Procurement Manual.
- 10. All Council officers involved in procurement processes are required to adhere to Council's conflict of interest policies and procedures.
- 11. All suppliers are required to agree and adhere to the Supplier Code of Conduct, health and safety policies and standards, and any other relevant Council policies and procedures.

Procurement Principles

- 12. The following principles apply to Council's procurement processes and decisions.
- 13. The first set of principles relate to the spending of public money. They are a modified version of those stated by the Office of the Auditor-General.
 - (i) **Accountability:** The Council will be accountable for its performance and give complete and accurate accounts of the use it has put public funds to.
 - (ii) **Health and Safety:** The Council will consider health and safety matters in all of procurement activities.
 - (iii) **Openness:** The Council will be transparent in its administration of funds, both to support accountability and to promote clarity, including shared understanding of respective roles and obligations between entities in collaboration with any external parties entering into funding arrangements.
 - (iv) **Lawfulness:** The Council will act within the law and meet all applicable legal obligations.

- (v) Fairness: The Council has an obligation to act fairly and reasonably. The Council must be, and must be seen to be, impartial in its decision-making.
- (vi) Integrity: Managing public resources must be done with the utmost integrity to retain the trust and confidence of the public. The Public Service Commission have issued the New Zealand Standards of Integrity and Conduct applying to public servants and other public employees.

14. The second set of principles relate to undertaking procurement activity in the public sector. They are a modified version of those stated by New Zealand Government Procurement.

- (i) Plan and manage for great results: This includes clearly identifying requirements; including a focus on achieving broader outcomes; establishing an appropriately skilled and experienced team; involving suppliers early; understanding the market and Council's role in it; and being open to new ideas and solutions..
- (ii) Be proportionate and right-size the procurement: This includes making it easy to do business with Council; and designing and running an efficient end-to-end process that is proportional to the value, complexity and risk.
- (iii) Be fair to all suppliers: This includes creating competition and encouraging suppliers; treating all suppliers equally; seeking opportunities to involve Māori, Pasifika and regional businesses; making it easy for supplier to do business; being open to subcontracting opportunities; and clearly explaining the assessment process.
- (iv) Get the right supplier: This includes creating competition and encouraging capable suppliers to respond, clearly explain how proposals will be assessed; and debriefing unsuccessful suppliers to increase potential success of future bids.
- (v) Get the best deal for everyone: This includes focusing on public value; accounting for all costs and benefits over the whole-of-life; making balanced and defensible decisions; consider the best possible economic benefits for the Timaru District; encouraging innovation; having clear performance measures which are monitored and managed; collaborating to make ongoing savings and improvements; and being collectively accountable for the results.
- (vi) Play by the rules: This includes being accountable, transparent and reasonable; acting responsibly, lawfully and with integrity; remaining impartial; identifying and appropriately managing conflicts of interest; and securely maintaining all suppliers' commercially sensitive information and intellectual property.
- (vii) Probity: This includes ensuring that systems, policies and procedures provide for accountability; using procurement practices that are able to withstand public scrutiny; preserving confidence in the procurement process; undertake due process and diligence; obtaining appropriate approvals; and documenting decisions.
- (viii) Sustainability: The Council will look to achieve best value for money over whole-of life. Where deemed possible and prudent, it will also require sustainably produced goods or services and have regard to the economic, environmental and social impacts over their life cycle. The Council will evaluate the broader outcomes of all procurement activities to assess their sustainability.

15. Additionally, Council must conduct any procurement activity in accordance with the principles stated in section 14 of the Local Government Act 2002, most notably to

undertake commercial transactions in accordance with sound business practices and ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district.

Procurement planning and approval

16. Project initiation documents are required for all Council projects in order to demonstrate business justification and deliverability. These are required prior to formally approaching the market.
17. Council's Programme Management Office (PMO) specify the project initiation documents that are required to be completed, and the detail that they must contain. All Council procurement within the scope of this policy must adhere with these PMO requirements.
18. The project initiation documents should be commensurate in detail with the value or risk of a project, and consideration must be given to the appropriate procurement method to achieve the best result.
19. It is the responsibility of the procurement approver to satisfy themselves that the procurement is based on satisfactory project initiation documents.
20. Expenditure commitments are to be managed and entered into in accordance with the financial delegations stated in the current Delegations Manual.
21. Council or its nominated committee are to manage and enter into any expenditure that exceeds the Chief Executive's financial delegation. The exception to this is if a Council has, via resolution, delegated prior authority to an officer to enter into a certain agreement.
22. Council may, by resolution, appoint observers to the procurement process for a particular project.
23. All procurement is to be conducted within approved budgets as stated in the relevant Long Term Plan or Annual Plan, or, if unbudgeted, as per the financial delegations in the current Delegations Manual.
24. The standard appointment methods are:
 - (i) Direct appointments are permitted for any operational or capital expenditure up and including \$20,000.
 - (ii) Selected or invited procurement processes are permitted for any operational or capital expenditure greater than \$20,000 and less than \$100,000. Council is required to test the market to ensure competitive pricing. Wherever possible, this should involve approaching three companies that undertake the activity for a written quote¹.
 - (iii) Open procurement processes² are required for any operational or capital expenditure exceeding \$100,000.

Note: all values stated are GST exclusive.

¹ Fewer approaches are acceptable if less than three companies undertake the activity.

² e.g. using Government Electronic Tendering System (GETS)

25. It is envisaged that exceptions to the standard appointment method may be appropriate in certain circumstances; for example for exclusive supplier services or if the procurement approver deems that an incident constitutes a level of service continuity emergency.
26. Exceptions may be made by the relevant SLT member in accordance with their financial delegation stated in the current Delegations Manual.³
27. To facilitate transparency and accountability, any exceptions and their reasonings are required to be documented via the relevant project initiation documents or – if this is not possible in the circumstances – self-reported in writing to the Chief Executive.
28. The Projects and Procurement Committee will receive summary statistical information about exceptions on a regular, periodic basis.
29. The evaluation model and contract type will be determined by the procurement approver. The project initiation documents must make a recommendation on the appropriate evaluation model and contract type, and seek comment from the Procurement Lead.
30. In general, straightforward procurement will be awarded based on price attributes utilising a purchase order (and short form agreement for services), whereas more novel or complex procurement will be awarded following a process that includes consideration of non-price attributes utilising NZS 3910/ 916/ 917.

Supporting Local

31. Council recognises that its procurement activities can benefit local businesses and residents when spent within the District. At the same time, Council is mindful of its responsibility to spend public funds with probity, to maximise value for residents, and to minimise opportunity cost.
32. Council will “support local” through the following initiatives:
 - (i) Procuring directly from local suppliers for expenditure less than \$20,000, where a local supplier undertakes the required activity.
 - (ii) Applying a 5% local price premium for expenditure up to \$100,000, provided that the total price remains within the approved budget. Refer to the Procurement Manual for more information.
 - (iii) Always considering local benefit when utilising a non-price attribute evaluation model, with at least a 10% weighting.
 - (iv) Providing opportunities for local suppliers to better understand Council’s procurement processes and requirements, to improve the likelihood of their successful tendering.
33. These Supporting Local mechanisms and requirements may not apply if funding received for a project from an external party⁴ explicitly precludes it.
34. Procurement activity should be aligned with Council’s economic strategies and priorities, and be responsive to any changes to these. The Procurement Policy or Procurement

³ Rule 12 of the New Zealand Government Procurement Rules (2025) contains further information about potential valid exemptions from open advertising, and should be referred to when making decisions under this clause.

⁴ For example, central government.

Manual will be reviewed if they are not considered to align with or support Council’s economic strategies or priorities.

35. Where expenditure is classified as being “significant” and overseen by the Projects and Procurement Committee, the procurement plans must assess how the investment will support the district’s economic well-being, and specifically consider options for supporting the district’s economic development strategy.

Monitoring

36. This policy will be monitored in line with Council’s Policy Framework.

37. Indicators of whether this policy is achieving its stated purposes include:

- (i) The percentage of procurement expenditure deemed to be spent locally in each financial year.
- (ii) The extent that the policy is deemed to align with Government Procurement Rules and Office of the Auditor-General advice.
- (iii) The extent that the policy is deemed to align with Council’s Strategic Direction and economic strategy(ies).
- (iv) Feedback received from internal or external stakeholders.
- (v) Recommendations from internal or external audits.

Reporting

38. A summary of the performance of this policy will be reported to Council as part of the regular Policy Update (when new information is available).

39. Full performance and monitoring data will be made available to Councillors when available.

40. The Projects and Procurement Committee will receive a report on a regular, periodic basis about approved exceptions to the standard appointment process. This report will also highlight issues – if any – regarding the performance of the policy.

Delegations, References and Revision History	
Delegations Identify here any delegations related to the policy for it to be operative or required as a result of the policy	
Delegation Manual reference	Delegation
4.3 Financial Delegations	Refer to the Delegations Manual for the current financial delegations
References Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)	
Title	Document reference/ link
Procurement Manual	TBA

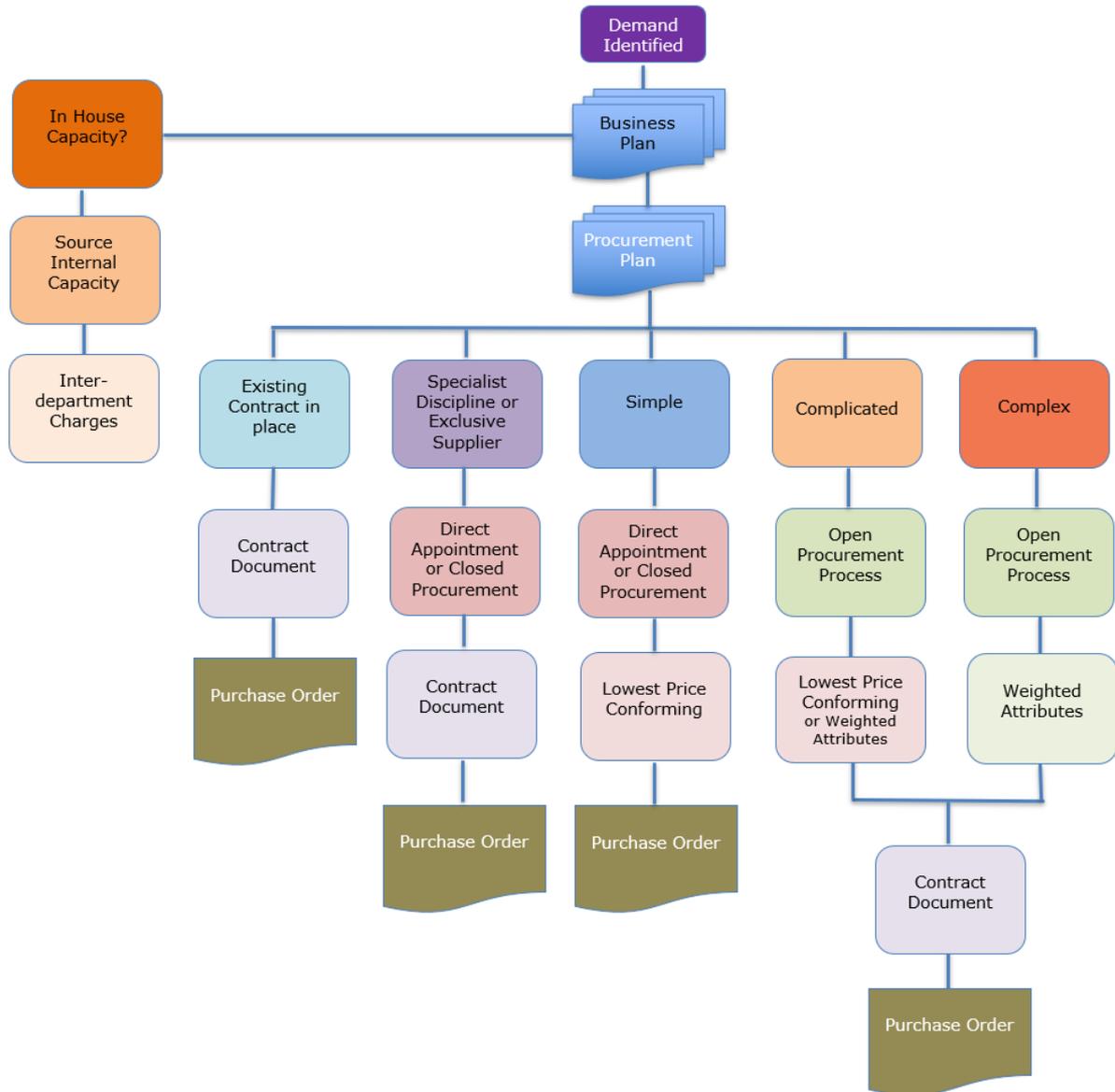
Delegations Manual	#1417284
New Zealand Standards of Integrity and Conduct	https://www.publicservice.govt.nz/guidance/standards-of-integrity-and-conduct
New Zealand Government Procurement Rules	https://www.procurement.govt.nz/government-procurement-framework/government-procurement-rules/
Office of the Auditor-General procurement principles	https://www.oag.parliament.nz/good-practice/procurement

Revision History

Summary of the development and review of the policy

Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
1	Group Manager Corporate Services	28/07/2015	Policy and Development Committee	31/07/2018	#944011
2	Procurement Lead	24/02/2026	Council	By Q1 2032	#1617168

Appendix A – Procurement Decision Tree



Appendix B – Managing procurement that is out of scope for this policy

The “Scope” section of this policy identifies areas of expenditure that this policy does not apply to. This is normally because legislative requirements or other policies may apply, or a formal procurement process does not align well to the type of expenditure.

For clarity, the procurement rules for managing expenditure that is out of scope with this policy are or can be located as follows:

- (i) Employee Agreements, including payroll and reimbursements – refer to the Individual or Collective Employment Agreement, and another relevant Council policies.
- (ii) Internal invoicing – refer to the Procurement Manual.
- (iii) Grants and sponsorship – refer to the Community Funding Policy.
- (iv) An existing Service Level Agreement – refer to the Procurement Manual (also for new SLAs or renewals/ reviews)
- (v) Property acquisition – refer to the Property Acquisition, Management and Disposal Policy.
- (vi) Procurement undertaken by Council Controlled Organisations (CCOs) – refer to each CCO for their policies and procedures.
- (vii) Payments to government, including treasury, tax, regulatory bodies and financial instruments – refer to the Procurement Manual.
- (viii) Unsolicited proposals – refer to the Procurement Manual. Unsolicited proposals are unique or innovative solutions initiated by suppliers and which may not be suitable to progress through this policy.
- (ix) Declared Civil Defence emergencies – refer to the Delegations Manual for Civil Defence emergencies.
- (x) New Zealand Transport Agency (NZTA) contracts – refer to the Procurement Manual. Activities funded through the National Land Transport Programme will follow the Waka Kotahi New Zealand Transport Agency procurement procedures.
- (xi) Original Equipment Manufacturer (OEM) – refer to the Procurement Manual.
- (xii) All-of-Government (AoG) contracts – refer to the Procurement Manual. AoGs establish supply agreements with approved suppliers for selected common goods or services purchased across government. Council may purchase from AoGs at their discretion.
- (xiii) Ancillary spend such as petty cash transactions, bank fees and PCard purchases – refer to the Procurement Manual.