

Procurement Policy

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Purpose

This policy sets out how the Commission plans, sources and manages its procurement. It is designed to ensure we obtain the best public value, deliver economic benefit to New Zealand, and can demonstrate that every procurement decision withstands audit, Parliamentary and public scrutiny.

The Commission is a mandated agency required to apply the Government Procurement Rules (the Rules). This policy incorporates the six Principles of Government Procurement and the Government Procurement Charter, as Rule 1 requires, and will be published on our website.

This policy sets out what we will do and why. How we do it is set out in the Procurement Process Guide on KEA, together with the mandatory templates and forms.

Definitions

Term	Definition
Government collaborative contract	An All-of-Government contract, Open Syndicated contract, DIA Marketplace contract or Common Capability contract established for use across government.
Secondary procurement	Purchasing goods, services or works from a panel of suppliers, including from a government collaborative contract.
Primary procurement	Establishing a contract or panel arrangement for the supply of goods, services, or works, including a government collaborative contract.
Open competitive process	Advertising a contract opportunity on GETS so that any interested domestic or international supplier may respond.
Closed competitive process	Asking a limited number of known suppliers to provide a proposal or quote. The opportunity is not openly advertised.
Direct sourcing	Approaching a single supplier without a contestable process.
Whole-of-life cost	The total estimated cost of the goods or services over the entire life of the contract, including all options, extensions and variations, excluding GST.
Public value	The best available result for New Zealand for the money spent, selecting the best possible outcome over the life of the contract. It is not necessarily the lowest price.
Economic benefit to New Zealand	The positive impact a procurement has on New Zealand's overall economic wellbeing.

Term	Definition
Contractor or consultant	A person or organisation engaged under a contract to provide professional advice or specialist expertise, operating independently of the Commission, who is not a Commission employee.
Notice of Procurement	The document that advertises a contract opportunity and sets out everything a supplier needs to prepare and submit a meaningful response.

Scope

This policy applies to all staff, secondees, contractors, consultants and Board members of the Commission (our people).

The following are procurement activities within the scope of this policy:

- the engagement of contractors and consultants, regardless of value
- any goods or services procured through a government collaborative contract, regardless of value
- the acquisition of goods or services with an estimated whole-of-life cost of more than \$5,000 (excluding GST), measured over the whole contract life including all options, extensions and variations.

The following are not procurement activities and sit outside this policy:

- goods or services with an estimated whole-of-life cost less than \$5,000 that are not purchased through a government collaborative contract
- permanent, fixed-term and casual employment agreements, and secondment agreements (note that engaging a contractor or consultant is a procurement activity)
- disposal or sale of assets
- funding agreements, including sponsorship, memoranda of understanding and deeds
- giving or receiving gifts, hospitality, donations or koha, which is covered by the Sensitive Expenditure policy and the Gifts, Benefits and Hospitality policy
- individual travel, accommodation and meal expenses incurred on Commission business.

Where an activity sits outside this policy, our people are still expected to apply the Principles of Government Procurement and to obtain the best public value.

Principles and Charter

When making any procurement decision, our people **must** comply with the New Zealand Government Procurement Rules, which take precedence over this Policy where there is any inconsistency. In addition, they **must** apply the six Principles of Government Procurement to ensure procurement activities are conducted fairly, transparently, and in a manner that delivers public value.:

- **Plan and manage for great results** – identify what we need, plan how to get it, and understand the market before we approach it.
- **Be proportionate and right-size the procurement** – design a process proportionate to the value, complexity and risk, and reduce the time and cost for suppliers of taking part.

- **Be fair to all suppliers** – create competition, treat suppliers equally, seek opportunities to involve New Zealand businesses, and explain clearly how we will assess responses.
- **Get the right supplier** – choose a supplier that can deliver what we need at a fair price and on time, and that complies with the Government Supplier Code of Conduct.
- **Get the best deal for everyone** – account for all costs and benefits over the life of the goods or services, and make balanced decisions that consider economic benefit to New Zealand.
- **Play by the rules** – be accountable, transparent and reasonable; act lawfully and with integrity; stay impartial; and protect suppliers' commercially sensitive information.

We also commit to the Government Procurement Charter, and we expect our suppliers to meet the Government Supplier Code of Conduct.

Integrity

Our people **must** conduct procurement lawfully, ethically, impartially and transparently, and remain accountable for procurement outcomes.

Anyone involved in a procurement, including evaluation panel members and external advisers, **must** declare any actual, potential or perceived conflict of interest before the procurement begins and as soon as any new interest arises. Conflicts are managed under the Conflict-of-Interest policy. Where a conflict cannot be satisfactorily managed, that person **must not** take part in the procurement. Where the delegation holder for a procurement has a conflict of interest, approval must be escalated under the one-up principle in accordance with the Delegations policy and the Conflicts of Interest Policy.

The Commission has a zero-tolerance position on fraud and corruption. Suspected fraudulent, corrupt or collusive conduct in a procurement **must** be reported immediately under the Fraud and Corruption policy.

Suppliers must be selected based on their ability to meet the Commission's needs and offer the best public value over the life of the contract. All Suppliers must comply with the Government Supplier Code of Conduct.

Suppliers' confidential and commercially sensitive information and intellectual property **must** be protected, and disclosed only where the Rules, the Official Information Act 1982 or another legal obligation requires it.

Transparency and accountability

This policy is published on the Commission's website, as Rule 1 requires.

The Commission will comply with the transparency requirements of the Government Procurement Rules. Where required, the Commission will publish contract award notices or report panel expenditure through applicable annual reporting processes.

Contract award notices are not required for secondary procurements undertaken through All-of-Government arrangements, Marketplace arrangements, or open syndicated contracts where procurement information is collected centrally

Every procurement **must** be documented, including the sourcing method chosen, the process followed, the evaluation, the decisions and approvals, and the contract awarded.

Records are held in accordance with the Public Records Act 2005 and our information management requirements and are available for audit.

Planning

Our people **must** plan procurement early and engage the Procurement Advisor at the outset. The level of planning documentation **must** be proportionate to the value, complexity, duration and risk of the procurement.

Approved Government Model Templates and other mandatory government contract templates **must** be used where applicable. Any amendment to a government template, and any non-standard contract, **must** be reviewed by the Procurement Advisor and referred for legal review before execution.

Procurement activities and contracts **must not** be structured, or, divided or timed in any way that avoids the application of this policy or the Rules.

Procurement involving functions managed by in-house specialists, including finance, ICT, legal, privacy and information management, **must** be undertaken in consultation with those specialists.

Sourcing

The Commission has access to government collaborative contracts – which includes All of Government contracts, Syndicated contracts, DIA Marketplace, ICT Contracts or Common Capability Contracts.

Before approaching the market, our people **must** check with the Procurement Advisor whether a suitable government collaborative contract exists. Where one does, it **must** be used unless there is a good reason not to, which **must** be documented.

The total whole-of-life cost of each procurement **must** be estimated before approaching the market and used to determine which threshold applies. The estimate includes the full term, all renewal and extension options, anticipated variations, and associated costs, excluding GST.

Table 1 sets out the minimum sourcing method for approaching the market.

Table 1: Minimum sourcing methods

Estimated whole-of-life cost (excl. GST)	Procurement approach
\$5,001 – \$50,000	• If the procurement is within the scope of an established Commission Panel, the purchaser must source through that Panel using the approved secondary procurement process. • If the procurement is outside the scope of the Panel, source from a suitable Government collaborative contract. • If no suitable Government collaborative contract is available, use an existing contract or preferred supplier arrangement. • If none of the above sourcing options are available, the procurement may proceed through direct sourcing. In such cases, at least one written quotation must be obtained

Estimated whole-of-life cost (excl. GST)	Procurement approach
\$50,001 – \$99,999	• If the procurement is within the scope of an established Commission Panel, the purchaser must source through that Panel using the approved secondary procurement process. • If the procurement is outside the scope of the Panel, source from a suitable Government collaborative contract. • If no suitable Government collaborative contract is available, use an existing contract or preferred supplier arrangement. • If none of the above sourcing options are available, the procurement may proceed through direct sourcing. In such cases, two written quotation must be obtained.
\$100,000 and over	• If the procurement is within the scope of an established Commission Panel, the purchaser must source through that Panel using the approved secondary procurement process. • If the procurement is outside the scope of the Panel, source through a suitable Government collaborative contract, where available. • If no suitable Government collaborative contract or Panel is available, undertake an open competitive tender advertised on GETS.

Awarding contracts

Suppliers **must** be selected on their ability to meet the Commission's requirements and deliver the best public value over the life of the contract, assessed against the evaluation criteria and weightings published in the Notice of Procurement.

Due diligence on suppliers **must** be proportionate to the value, risk and complexity of the procurement, and completed as part of the contract process.

Unsuccessful suppliers **must** be notified promptly in writing once the contract is awarded and **must** be offered a debrief. Feedback **must** be factual, accurate and consistent with the evaluation record.

Managing contracts

Every contract and contract variation **must** be recorded in the Contract Register, ensuring contract information is complete, accurate and available for reporting and assurance purposes.

The level of contract management **must** be proportionate to the contract's value, risk, complexity and duration. Contracts assessed as high risk **must** be supported by a contract management plan.

Contract Managers must ensure that contract management is supported by clear governance arrangements, including defined roles and responsibilities, delegations, and escalation pathways to ensure effective oversight and accountability throughout the contract lifecycle,

Contract managers **must** monitor delivery against the contract, verify deliverables before certifying payment, ensure the contract value is not exceeded, and monitor delivery of any agreed economic benefits.

Any change to a contract, including a change to term, scope or value, or the exercise of a renewal right, **must** be managed as a formal contract variation in consultation with the

Procurement Advisor. Variations **must** be assessed for their impact on public value, risk and the applicable procurement threshold, and approved and approved, before the variation is executed, by a person holding delegation for the total whole-of-life cost of the contract including the variation.

The Commission **must** pay suppliers promptly, in accordance with the Rules.

Economic benefit to New Zealand

For primary procurements with an estimated whole-of-life cost of \$100,000 or more, we **must** seek economic benefits to New Zealand, to be evaluated as part of our assessment of public value. We will:

- set out clearly in the Notice of Procurement the economic benefits we are seeking
- keep our expectations proportionate to the size, risk, complexity and value of the opportunity
- apply a **minimum weighting of 10 percent** to economic benefit for evaluation purposes
- include contract provisions requiring delivery of the agreed economic benefits
- monitor delivery of those commitments and report on them.

For primary procurements below \$100,000, we are expected to award the contract to a New Zealand or Australian business that is capable and has the capacity to deliver, unless there is good reason not to. Any decision not to do so **must** be documented.

Economic benefit guidance is provided to support this policy.

Emergency procurement

In a genuine emergency, where there is an immediate threat to life, health, property or the continuity of essential services, the normal sourcing methods in Table 1 may be set aside with the approval of the Chief Executive. Emergency procurement does not alter financial delegation limits. Where the Business Continuity Plan has been activated, the delegation arrangements set out in that plan apply.

An urgent situation created by inadequate planning is not an emergency. Where emergency procurement is used, the decision, the rationale and the approval **must** be documented at the time or as soon as practicable afterwards and reported to the next meeting of the Risk and Assurance Committee.

Artificial intelligence

Where a supplier may use artificial intelligence to deliver goods or services to the Commission, or where the goods or services being procured incorporate artificial intelligence, the Commission's standard AI contracting clause **must** be included in the contract. The clause addresses disclosure of AI use, data handling and sovereignty, human oversight, intellectual property, and accuracy and assurance obligations.

Procurement of AI-enabled goods or services **must** be undertaken in accordance with the Commission's AI Framework and **must** be assessed against that framework before the contract is signed.

E-invoicing and prompt payment of invoices

The Commission **must** comply with the e-invoicing requirements set out in the Rules

The Commission must ensure suppliers are paid promptly in accordance with the Rules.

Exemptions from this policy or the rules

Any exemption from this policy **must** be assessed by the Procurement Advisor, documented with the rationale, and approved by the Chief Executive. A copy of the approval **must** be provided to the Procurement Advisor for the procurement record.

An exemption from this policy does not exempt the Commission from the Rules.

Where an open competitive process would otherwise be required, it may only be avoided by relying on a valid opt-out under Rule 11 or a valid exemption from open advertising under Rule 12 of the Rules. Any reliance on an opt-out or exemption **must** be assessed by the Procurement Advisor, supported by evidence obtained before approaching the market, documented, and approved by the Chief Executive.

Roles and responsibilities

Role	Responsibility
Board	Approves this policy. Approves expenditure and contracts above the Chief Executive's delegation, within the approved funding envelope. Approves any indemnity or guarantee. Receives assurance on procurement performance through the Risk and Assurance Committee. The Chair and Deputy Chair may jointly approve budgeted expenditure above the CE's limit where full Board approval is not practicable, and that unbudgeted expenditure above that limit requires full Board approval.
Risk and Assurance Committee	Oversees the integrity of procurement activity, including annual reporting on exemptions, opt-outs and economic benefit outcomes.
Chief Executive	Accountable for the Commission's compliance with the Rules. Approves exemptions, opt-outs and emergency procurement, and contracts within the Chief Executive delegation.
Chief Financial Officer	Owens this policy. Ensures procurement capability, systems and reporting are in place, and reports to the Risk and Assurance Committee.
General Managers	Ensure procurement within their group complies with this policy, approve procurement plans and contracts within delegation, and ensure budget is available.
Managers (Tier 3)	Approve and sign contracts and expenditure within their delegation, ensure the sourcing method in Table 1 has been followed, and engage the Procurement Advisor before approaching the market.
Procurement Advisor (or the person performing that function)	Provides advice on the Rules and this policy, maintains templates and the Contract Register, supports market approaches and evaluations, assesses exemptions and opt-outs, and maintains procurement records and reporting.
Contract managers	Manage delivery, performance, variations, records and the supplier relationship for the life of the contract.

Role	Responsibility
All our people	Follow this policy and the Procurement Process Guide, declare conflicts of interest, and seek advice from the Procurement Advisor when unsure.

Non-compliance with this policy

Failure to follow this policy may result in a breach of the Rules, which is reportable to the Procurement System Leader (MBIE), and may expose the Commission to legal challenge from suppliers, audit findings and reputational harm.

A deliberate or egregious breach may be treated as misconduct or serious misconduct under the Misconduct Policy, up to and including reporting to an enforcement agency, and a central register of reported breaches is maintained. Any procurement breach involving the exercise of a delegation must be recorded in the relevant register and reported to RAC. Non-compliance by a contractor or consultant may result in termination of their engagement.

Related documents

This policy **must** be read together with:

- the Government Procurement Rules (latest edition)
- the Principles of Government Procurement
- the Government Procurement Charter
- the Government Supplier Code of Conduct.

Related Commission policies and documents:

- Sensitive Expenditure
- Delegations policy
- Conflict of Interest policy
- Fraud and Corruption policy
- Sensitive Expenditure policy, and Gifts, Benefits and Hospitality policy
- Business Continuity Plan (BCP)
- AI Policy and Framework - contracting clause
- Procurement Process Guide and templates (KEA).

Legislative and guidance context:

- New Zealand Infrastructure Commission/Te Waihanga Act 2019
- Crown Entities Act 2004
- Public Finance Act 1989
- Public Records Act 2005
- Official Information Act 1982
- Office of the Auditor-General, Procurement guidance for public entities.

For questions, guidance or support on this policy, contact the Procurement Advisor or the Chief Financial Officer.