



Procurement Policy Engagement with the Community

Te Kaupapa Here Whiwhinga
me te whakahono ki te Hāpori



What is the procurement policy?

The Procurement Policy covers activities associated with the purchasing of all goods and services by or on behalf of the Council.

It applies equally to the Council, community boards, the management team, all departments and staff – permanent, temporary or contract, with the exception of:

- Employment payments
- Grants, sponsorship and Koha payments
- Property transactions including purchasing and leasing of Council-owned property and the leasing of property to the Council
- Payments to government and regulatory bodies including all forms of taxation and levies
- Treasury and financial instruments
- Court awarded and negotiated settlements

Why is Council planning to introduce this policy?

- The New Zealand Government and other Councils have a Procurement Policy which with the Procurement Manual explains to suppliers the processes Council uses in the purchase of goods, services and capital works.
- Invercargill City Council policy reflects the current practices that are being promoted by Central Government and other Councils which should make it easy for businesses that trade with other Government entities to understand Council procurement requirements.

How will the policy be used by Council?

The Procurement Policy is aimed to ensure a consistent approach in dealing with suppliers and to also ensure all suppliers are fully aware of what the procurement processes are

- Council will ensure that value in the expenditure of public money, ethical and fair treatments of all suppliers, probity, accountability and transparency are achieved. Social equity and fostering of local business will also be considered.



What are the implications for existing suppliers to Council?

- Existing contracts will not be affected.
- A contract extension will also potentially trigger a discussion to ensure the extension recognises any relevant issues. This will be negotiated on a case by case basis.
- New contracts will follow the new policy.

How will the weighting of different aspects of procurement be used in assessing tenders?

- Tender documents have in the past included issues such as methodology, quality, technical, track record, capability and capacity and price in the evaluation criteria. This will continue.
- The new procurement policy will also include Social and Sustainable Procurement to be evaluated which is encouraged by the Local Government Act (who refer to this as the four wellbeings) and Government (who refer to this as “broader outcomes”)

I am an existing supplier of Council. Will this new policy affect my contract?

- Existing contracts will not be affected.
- A contract extension will also potentially trigger a discussion to ensure the extension recognises any relevant issues. This will be negotiated on a case by case basis.

I am interested in supplying Council in the future. What kind of information will I need to provide in order to be a supplier of Council?

- Council, like all other customers of suppliers, request information to assess who is the most appropriate supplier (in the case of a panel who has the skills etc to be on the panel).
- Social and Sustainable requirements will be included in the list of information Council seeks from potential suppliers.

What is social and sustainable procurement?

- Social and sustainable procurement is referred to in the Local Government Act and includes broader outcomes such as social, economic, environmental and cultural.
- The business community, procurement profession, media and international bodies frequently refer to this as social and sustainable procurement which is the terminology used in the Council Procurement Policy.

I am a supplier to Central Government and have to provide information on broader outcomes as part of the contracting process. Is this the same thing?

- Social and Sustainable Procurement is referred to by the New Zealand Government as “broader outcomes”
- Council will have a focus on Invercargill City and Southland as this is where most ratepayers and the community live, play and conduct business.

What are the costs and benefits of implementing social and sustainable procurement?

- The benefits of social procurement are that those who are disadvantaged in finding work maybe supported in the contract Council agrees with the supplier or may support a supplier who supports the community.
- It also supports the Council to meet Treaty of Waitangi obligations.
- The benefits of sustainable procurement include taking a responsible approach to ensuring Council buys from suppliers who practice sound waste management, recycling and environmentally friendly manufacturing processes
- The costs can result in a higher price being paid and this needs to be assessed against the benefits the community receives e.g. better environment and less people dependent on social services.



Social and sustainable procurement is allowed by the policy. Will it be used for every contract?

- There are a range of issues that can be considered in contracts and what is included in a contract must add value to Council, ratepayers and the community.
- Social and sustainable procurement will with other issues be considered for all contracts in the tender planning stage but may not be a key issue to assess in which supplier or suppliers for a panel will be appointed.
- The evaluation weightings are determined on a case by case basis to ensure the key outcomes will be achieved as detailed in the business case (we refer to this as a Procurement Plan).

Will Council support purchasing from local business?

- Where local suppliers can supply, have the skills, experience and competence then local business will be supported provided they can demonstrate that meet the tender evaluation criteria and effectively deliver the outcomes required by Council.

- Council also have the option to purchase from All of Government Contracts which some local business are members of. This means ICC can take advantage of All of Government Procurement effort while also supporting local business.
- Local business are encouraged to keep an eye on GETS for All of Government tenders as this is an opportunity for local business to expand their client base and contribute more to the local economy.

How will local business be defined?

Local business definition needs to determine if there is an economic / social benefit for the local area. In general terms the business should have an office in the local area and the workforce employed from the local area.

- Local is better considered on a tier system e.g.:
 - Within Invercargill City
 - Within Southland (regional development may benefit Invercargill City)
 - Within the area the works will benefit (Three Waters may be an example)
 - NZ
 - Rest of the World

This means Council has the option of working through a tier to define where the supplier of the goods and services should be based.

What other aspects of community wellbeing is Council considering supporting through this policy?

Community wellbeing encompasses social, cultural, economic and environmental wellbeings. Council will consider benefits such as support for employment of vulnerable groups and environmental outcomes, as well as support for local business.

The Council has a responsibility of financial prudence to protect the interests of ratepayers. Will implementing social and sustainable procurement impact on this responsibility?

- Financial responsibility and financial prudence requirements remain.
- Traditionally financial prudence was about price only whereas sustainable and social procurement is taking a long term view on the impact on people and the environment

Will my rates increase as a result of this policy being implemented?

- Rates are determined by how effectively Council purchases all goods and services and the investment in capital works.
- Sustainable Procurement may result in a higher paid price but this needs to be offset against the reduction in waste and environmental costs.
- Social Procurement can result in a higher price being paid but may also result in individuals having less dependency on social services funded by Council (eg community housing).
- Council will assess the benefits and costs of social and sustainable procurement during the process leading up to Contract award.



How can I share my views on this policy?

Submit online through the Consultation page of the Invercargill City Council website: [icc.govt.nz/procurementengagement](https://www.icc.govt.nz/procurementengagement)

Alternatively, please email your feedback at policy@icc.govt.nz or send us a hard copy to: **Strategy and Engagement, Invercargill City Council, Private Bag 90104, Invercargill 9840**

Where can I find more information?

The draft of the procurement policy is available online on the Consultation page of the Council website: [icc.govt.nz/procurementengagement](https://www.icc.govt.nz/procurementengagement)

When do submissions close?

Submissions close on **Friday 22 October 2021 at 5pm.**



