

## Procurement Policy

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### 1. Purpose

- 1.1 The purpose of this policy is to ensure that a robust and consistent procurement practice is applied across all Auckland Transport (AT) procurement activities. It outlines the approach AT takes to planning, sourcing and managing the goods, services and physical works that it buys.
- 1.2 AT is a significant procurer in value, scale and complexity, and is ultimately accountable to the ratepayers of Auckland and taxpayers of New Zealand, through its funding arrangements with Auckland Council (AC) and Waka Kotahi New Zealand Transport Agency (NZTA). This policy reflects the overarching outcome that guides AT procurement, namely:
- “Sustainable *value for money* through the whole of life of an asset or service”.
- 1.3 Value for Money means getting the best possible result from our procurement, using resources effectively, economically and without waste, and taking into account:
- the total costs and benefits of a procurement (total cost of ownership), and
  - its contribution to the results AT is trying to achieve
- 1.4 AT Procurement has defined three value for money drivers:
- **Operational Excellence** - covering a broad spectrum of deliverables across safety, risk management, probity and fairness, quality, programme and project delivery and purchasing support.
  - **Sustainable Procurement** - accelerating Auckland's transformation to a regenerative economy by creating shared socio-economic prosperity and enhancing the natural environment. This includes Procurement's role as a lever to deliver AT's Māori Outcomes Plan.
  - **Commercial Performance** - focusing on developing and applying Business Awareness, Commercial Acumen and a Total Cost of Ownership approach to commercial outcomes.
- 1.5 Each value driver is then enhanced by our ability to tap into market capability through **Supplier Enabled Innovation (SEI)**.
- 1.6 AT achieves value for money outcomes by:
- Being customer and outcome focused
  - Supporting sustainable healthy supply markets and collaborative relationships
  - Being committed to working with our suppliers, their parents, affiliates, subsidiaries and subcontractors, to deliver safe, fair, sustainable and responsible approach to business
  - Engaging with Mana whenua where any procurement or supplier engagement may impact on the Māori Outcomes Plan
  - Supporting innovative and cost effective delivery arrangements
  - Acting with integrity in an open, fair and transparent manner
  - Making it easy to do business with AT, minimising transaction costs, and paying our suppliers promptly
  - Providing competent procurement practitioners and executing efficient and effective procurement processes (standards, procedures and guidelines)



## 2. Scope

- 1.7 This policy applies to all procurement activities carried out by representatives of AT, including:
- AT Directors
  - All AT employees
  - AT representatives
  - Contractors & consultants
  - Agency temps (in accordance with the terms of their supplier agreement with AT)
  - Staff on secondment from other organisations / agencies
  - Volunteers

## 3. Policy Principles

- 1.8 AT's procurement standards, procedures and guidelines are informed by the:
- NZ Government Procurement (NZGP) Principles, Rules and Charter (fourth edition October 2019)
  - Waka Kotahi (NZTA) Procurement Manual (Amendment 6, April 2022)
  - Auckland Council Group (ACG) Procurement Policy (June 2021)
- 1.9 The NZ Government Procurement principles are the general principles which all public sector entities should follow, such as compliance with legislation and meeting public law and ethical considerations, and they provide for AT's overarching procurement values. These principles are:
- Plan and manage for great results
  - Be fair to all suppliers
  - Get the right supplier
  - Get the best deal for everyone
  - Play by the rules
- 1.10 AT applies a staged strategic procurement process consistent with the MBIE Procurement Lifecycle and NZGP Principles and Procurement Rules throughout the phases of planning, sourcing and managing its procurement activities. Our Value for Money drivers are directly aligned with MBIE's definition of Public Value – Good Quality, Good Outcome and Good Price.
- 1.11 The -Waka Kotahi (NZTA) Procurement Manual, which aligns with the NZGP rules, is used for activities funded through the National Land Transport Programme and contains procurement procedures approved by the NZTA for use by Approved Organisations (AOs) such as AT when purchasing infrastructure, planning and advice, and public transport services. This Manual also provides guidance on the application of these procurement procedures and the strategic context within which they operate, and for consistency and ensuring best practice, this guidance is used for all of AT's purchasing requirements, independent of whether the activities are funded by the NZTA.
- 1.12 The ACG Procurement Policy formalises the expectation that the ACG will procure goods and services together where there are benefits to be realised for AC's ratepayers and customers. Compliance with the procurement policy is mandatory for all Council Controlled Organisations (CCOs) with the goal to reduce costs, maximise value, and minimise duplication, noting that AC or a CCO should lead individual procurement processes, according to the circumstances. Wherever reasonably practicable, procurement activities must commence as a Council Group activity, with the procurement 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. These activities will be general in nature and are typically required by



more than one, or all Council Group organisations, at a scale where there is clear potential to leverage benefit. Strategic procurement activities are those that are directly required to support the business outcomes of the individual CCO's operational requirements, these will often be unique to that individual organisation, and accountability for delivery of strategic procurement activities sits with the individual CCOs. Accountability for planning and delivery of transport strategic procurement activities sits with Auckland Transport.

ACG organisations must collaborate specifically in:

- the development of procurement systems and tools to reduce duplication;
- sharing their forward procurement programmes;
- working together to create procurement strategies and plans that are best fit for the market;
- using ACG size and strength to deliver value, foster market competition where appropriate, and develop market capacity and capability as needed;
- using a consistent benefit reporting framework to track and report delivery of value; and
- address market and supply risks collectively.

1.13 A principle of the ACG Procurement Policy is to Value te ao Māori. The council group will support a resilient and regenerative Māori economy by supporting economic opportunities for Māori businesses and iwi organisations. To enable this, ACG Procurement will consider:

- our legislative obligations derived from the Treaty of Waitangi and our relationships with mana whenua;
- alignment to Auckland Council's Kia Ora Tāmaki Makaurau - Māori Outcomes Performance Measurement Framework 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.

1.14 In addition to the requirements set out in the ACG Procurement Policy, it is important that AT Procurement delivers agreed priorities for Māori from AT's Māori Outcomes Plan. To enable this, all AT Procurement activity will also consider:

- the 'Supplier Diversity' and 'Quality Employment' outcomes identified in the AT Sustainable Procurement Action Plan;
- establishment of clear and regular channels of communication with Mana Whenua and Māori-owned businesses;
- actively improving access for Māori businesses to AT contract opportunities in both AT's direct spend and indirect spend through AT's supply chain;
- setting targets for and measuring AT's direct and indirect spend with Māori businesses and quality employment opportunities generated, as part of the broader AT Sustainable Procurement Action Plan.

1.15 At all times throughout the whole procurement lifecycle (Plan, Source and Manage), AT and its suppliers will meet legislative requirements under the Health and Safety at Work Act 2015 by:

- proactively managing goods, services and physical works procured to ensure AT personnel, contractors, members of the public and customers are not put at risk from work carried out under, or associated with AT's contracts;
- ensuring that suppliers who undertake contract works or services that present a H&S risk are prequalified under AT's approved Health and Safety requirements.



1.16 Probity during procurement activities ensures fairness and the integrity of procurement processes, and the transparency of procurement decisions. As part of our probity assurance, AT will:

- ensure there is an independent Probity Auditor or Fairness Advisor for all significant procurements, or procurements that are considered high risk;
- maintain an independent hotline for staff, suppliers and the public to report issues or concerns with our procurement approach or processes;
- provide escalation processes to fairly investigate and make recommendations to address issues or concerns;
- pass on all complaints and allegations to the Executive General Manager (Risk and Assurance) to carry out an independent review.

1.17 The way AT procures goods, services and physical works will vary depending on the value, complexity and risk involved. AT must apply the approach best suited to the individual procurement, encouraging fair and competitive procurement processes whenever possible.

1.18 AT's decisions and practices must be able to withstand public scrutiny at all times. Throughout all phases of the procurement lifecycle (Plan / Source / Manage), AT will:

- clearly record our planning, processes and decisions so they can easily be audited;
- document and manage conflicts of interest;
- identify risks and develop mitigation activities to manage them;
- act lawfully, ethically and responsibly.

1.19 When **planning** procurements AT will:

- prior to commencing any procurement activity, undertake a number of prerequisite actions. These relate to verifying if any procurement activity can contribute to the AT Māori Outcomes plan, check whether there are any impacts on property planning or resource consent, and follow specific health and safety (H&S) guidance especially if the procurement is deemed to be high-risk (e.g. any physical works);
- understand any key issues for communities affected by the works or services to be procured and ensure suppliers understand expectations of them in managing those issues appropriately;
- understand the value for money outcomes from our procurement that take into account the total costs and benefits of a procurement (total cost of ownership), and its contribution to the results AT is trying to achieve;
- use procurement processes (delivery models, supplier selection methods and procurement approaches (Pcard, Purchase Order or Contract)) that comply with the Procurement Thresholds, and are proportionate to the size, complexity and risk involved in the contract to get the best outcomes;
- ensure we have up to date knowledge about the market and the effect our procurement has on it to ensure we support sustainable healthy supply markets & collaborative relationships in the future;
- involve suppliers early in the process to explain our needs and learn about their capabilities and innovations;
- explore opportunities for new solutions before going to market, for example looking at tendering programmes of work with longer tenure, to leverage the scale and improve the efficiency of our procurement activities and provide supplier guidance on AT's procurement approach and procedural requirements;
- understand the extended supply chain and any risks associated with potential sub-contracting;
- consider, for major supply arrangements, contracts & procurements, the supplier governance and management arrangements including location of Directors;



- consider subcontracting opportunities in big projects, so that small and medium enterprises can grow their business capability;
- ensure we have financial approval aligned with AT's financial delegations' policy before going to market.

1.20 When **sourcing** goods / services / works, AT will:

- use appropriate delivery models and supplier selection methods, and procure using government or council group collaborative contracts or AT's existing supply contracts if they can meet our requirements;
- give all suppliers a full and fair opportunity to compete;
- choose suppliers that demonstrate their ability to meet our requirements and offer the best public value and broader outcomes over the lifetime of the goods / services / works, balancing:
  - all the costs of ownership (financial, social and environmental) over that lifetime.
  - suppliers' ability to deliver what we need at a fair price, on time and within specification.
  - broader outcomes that are the secondary benefits that are generated from the procurement activity. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long-term public value for Auckland;
- use approved AT procurement model templates as our default procurement and contract documents;
- where applicable, negotiate to reach a fair and sustainable agreement on the terms and deliverables of the contract that improves both parties' relationship;
- have an approved purchase order and agreement in place before the supplier starts delivering goods, services or physical works. The only exception is when using a purchasing card, or in the case of Emergency Procurement activity.

1.21 To enable the best **Contract Management** (CM) from our agreements with suppliers, AT will:

- set clear performance measures, then monitor and manage the contract against them;
- encourage and recognise suppliers for delivering great results;
- work with suppliers to make on-going savings and improvements for both entities;
- adopt a standard approach and framework across the organisation in management of contracts;
- enter into and manage contracts in a manner which facilitates AT business and minimises risk;
- ensure its staff understand the organisations responsibilities under contract, and ensure they are adequately trained to do so;
- manage and report on contracts to ensure H&S requirements are met and quality performance and value for money are achieved in line with expectations;
- track, capture and report benefit from the contract.

1.22 To ensure effective **Supplier Relationship Management** (SRM), AT will:

- implement an SRM framework which focuses on our key suppliers;
- treat all suppliers fairly and with respect;
- be consistent, transparent, fair and accountable in the way we work;
- be clear about what we require and how we will assess responses before going to market;
- provide sufficient response time for our requests;
- protect supplier's commercially sensitive information and intellectual property;
- offer a debrief to procurement participants;
- pay supplier invoices promptly.



1.23 All individuals engaged in the procurement of any goods, services and physical works on behalf of AT will maintain appropriate standards of procurement competency, skills and experience. They should also be able to reasonably demonstrate practical knowledge of processes and their application in compliance with AT's various policies, standards, procedures and guidelines.

## 4. Definitions

Term	Definition
AT Procurement Framework	The Procurement Framework includes the procurement strategy, policy, standards, procedures, guidelines and templates.
Broader Outcomes	Broader outcomes are the secondary benefits that are generated from the procurement activity. They can be environmental, social, economic or cultural benefits.
Contract Management	Contract management is the process that enables AT and suppliers to meet their obligations in order to deliver the objectives required from a contract, on time, to quality and specification and within budget.
Emergency Procurement	<p>An emergency procurement may only be made when the existence of an emergency situation creates an immediate and serious need for goods/services/works that cannot be met through normal procurement methods. An 'emergency' is a sudden unforeseen event. It can result in injury, loss of life or critical damage to property or infrastructure.</p> <p>Emergency situations may include:</p> <ul style="list-style-type: none"><li>• natural or manmade disasters, failures of critical infrastructure or equipment;</li><li>• critical health or environmental emergencies;</li><li>• political emergencies;</li><li>• critical security emergencies;</li><li>• unanticipated events that make it impossible for AT to perform a statutory or critical function in the necessary timeframe.</li></ul>
Probity	Probity during procurement activities ensures the integrity of the procedures and processes in place, to provide fairness and transparency in procurement decisions.
Procurement	All aspects of acquiring and delivering goods, services and works. Beginning with identifying the need and finishing with either the end of a service contract or the end of the useful life and disposal of an asset.
Procurement Thresholds	AT's standard procurement processes are based on monetary thresholds and risk. The thresholds are detailed in the Plan set of procedures.
Public Value	Public value includes considerations that are not solely focused on price, for instance what benefit your procurement could bring to the local community or environment.



Term	Definition
	AT's Value for Money drivers align with the Ministry of Business, Innovation and Employment (MBIE) Procurement's 'Public Value' definitions of 'Good Quality', 'Good Outcomes' and 'Good Price', and leverages the government's Broader Outcomes agenda for procurement.
Supplier Relationship Management (SRM)	SRM is about delivering maximum value from our supplier relationships (vs. individual contract relationships).
Value for Money (VfM)	<p>Value for money means getting the best possible result from our procurement, using resources effectively, economically and without waste, and taking into account:</p> <ul style="list-style-type: none"> <li>the total costs and benefits of a procurement (total cost of ownership), and</li> <li>its contribution to the results AT is trying to achieve.</li> </ul>

## 5. Roles and Responsibilities

Role	Accountability & Responsibility
<b>All employees and representatives</b>	<ul style="list-style-type: none"> <li>Adherence and compliance with the Procurement Policy and related strategy and systems.</li> </ul>
<b>Executive GM Finance (Policy Owner)</b>	<ul style="list-style-type: none"> <li>Consult and seek approval of the Procurement Policy from the AT and NZTA boards.</li> <li>Accountable for the efficient and effective implementation and compliance to the Procurement Policy.</li> <li>Ensuring accurate and reliable procurement performance information is provided to the Chief Executive (CE) and Executive Leadership Team (ELT).</li> <li>Promoting the principles of the Procurement Policy.</li> <li>Ensuring there are adequate and competent resource available for meeting procurement objectives and planned outcomes.</li> <li>Managing foreseeable procurement risks and promoting continuous improvement.</li> <li>Approving or endorsing procurement strategies and plans and monitoring their outcomes, and providing direction when improvements are required.</li> </ul>
<b>Group Manager Procurement</b>	<ul style="list-style-type: none"> <li>Develop, consult, and seek approval of the Procurement Policy and Procurement Strategy.</li> <li>Responsible for the efficient and effective implementation, maintenance and compliance of the Procurement Policy and Procurement Strategy.</li> </ul>



Role	Accountability & Responsibility
	<ul style="list-style-type: none"><li>• Develop an accountability framework and monitoring key risk and performance indicators, and providing direction when improvements are required.</li><li>• Adopting a cross-functional view, and resolving differences between business units when necessary, and providing procurement leadership and support to achieve the benefits sought by AT.</li><li>• Governance oversight and accountability for quality control, the performance of procurement practitioners, Procurement Governance Framework, and service delivery.</li><li>• Approving updates or variations to Procurement standards, procedures and guidelines.</li><li>• Reporting procurement performance and taking remedial action where deficiencies are identified.</li><li>• Ensuring ongoing policy compliance with all applicable legislation and guidance, including the ACG Procurement policy</li><li>• Ensuring reporting personnel and their reports are aware of and follow the requirements of the Procurement Policy and Procurement Strategy</li></ul>
<b>Procurement Team</b>	<ul style="list-style-type: none"><li>• Providing specialist guidance and support, including strategic sourcing, facilitation of end-to-end procurement process.</li><li>• Supporting Contract development and management.</li><li>• Owns and manages risks and controls and implements corrective actions to address process and control deficiencies.</li><li>• Providing quality and compliance assurance.</li><li>• Providing training to staff in good practice procurement.</li><li>• Identifying and report on emerging procurement risks.</li><li>• Providing information to executive management on significant planned procurement activities.</li><li>• Providing periodic reporting on procurement process and initiatives.</li><li>• Responsible for ensuring all public facing procurement documentation is fit for purpose and meets transparency and quality standards.</li></ul>





## 6. Supporting Information

<b>Legislative compliance</b>	<p>This Policy supports Auckland Transport's compliance with the following legislation:</p> <ul style="list-style-type: none"><li>• Commerce Act 1986;</li><li>• Contract and Commercial Law Act 2017;</li><li>• Electronic Transactions Act 2002;</li><li>• Fair Trading Act 1986;</li><li>• Health and Safety at Work Act 2015;</li><li>• Land Transport Management Act 2003;</li><li>• Local Authorities (Members' Interests) Act 1968;</li><li>• Local Government Act 2002;</li><li>• Local Government (Auckland Council) Act 2009;</li><li>• Local Government Official Information and Meetings Act 1987;</li><li>• Official Information Act 1982;</li><li>• Public Records Act 2005.</li></ul>
<b>Supporting documents</b>	<ul style="list-style-type: none"><li>• Auckland Transport Plan, Source and Manage set of standards, procedures and guidelines (<a href="#">Procurement Hub</a>);</li><li>• <a href="#">Auckland Transport Supplier Code of Conduct</a>;</li><li>• <a href="#">Auckland Transport Sustainable Procurement Action Plan</a>.</li></ul>
<b>Related documents</b>	<ul style="list-style-type: none"><li>• <a href="#">Code of Conduct Policy</a>;</li><li>• <a href="#">Declaration of Interest Policy</a>;</li><li>• <a href="#">Delegations Policy</a>;</li><li>• <a href="#">Expenditure Policy</a>;</li><li>• <a href="#">Fraud Policy</a>;</li><li>• <a href="#">Gifts and Hospitality Policy</a>;</li><li>• <a href="#">Safety, Health and Wellbeing Policy</a>;</li><li>• <a href="#">Information and Records Management Policy</a>;</li><li>• <a href="#">Protected Disclosures Policy</a>;</li><li>• <a href="#">Purchasing Card Policy</a>;</li><li>• <a href="#">Climate Change Adaptation Policy</a>;</li><li>• Auckland Council Group Procurement Policy (June 2021);</li><li>• Ministry of Business, Innovation and Employment (MBIE) Mastering Procurement Guide (2011);</li></ul>



- NZ Government Procurement Rules and Charter (fourth edition October 2019);
- Office of the Auditor General: Procurement Guidance for Public Entities (2008);
- Waka Kotahi (NZTA) Procurement Manual (Amendment 5, September 2019).

## 7. Non-Compliance

Non-compliance with this Policy may compromise AT's ability to achieve value for money or expose AT to additional financial and reputational risk. Failure to comply with this Policy is considered an act of misconduct and may lead to disciplinary action taken against employees, up to and including dismissal, or the termination of a representative's agreement with AT.

AT encourages anyone to raise any non-compliance or probity concerns relating to this policy. To enable this, AT:

- encourages the use of AT's internal [Speak Up Hub](#) to find more information about areas of concern and how to raise concerns;
- maintains an independent hotline for staff, suppliers and the public to report issues or concerns with our procurement processes (0800 AT REPORT / [at.report@pwc.com](mailto:at.report@pwc.com)).

## 8. Approval & Review

**Policy Owner:** Executive General Manager Finance

**Policy Contact:** Group Manager Procurement

**Endorsed by:**

**Approved by:**

Chief Executive

Auckland Transport Board

**Approval date:** 2023

**Next review date:** 30 June 2025

AT reserves the right to review, amend or add to this policy at any time upon reasonable notice to employees and representatives.

This Policy will be effective from the date it is published on the Engine Room.