

Procurement Policy

Purpose and Scope

1. The purpose of this policy is to set out the principles of best practice and minimum standards for the purchase and procurement of goods, services and works by, or on behalf of, the Ministry of Transport | Te Manatū Waka (Ministry).
2. Procurement covers all aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset.
3. This policy applies to all purchasing and procurement undertaken by employees of the Ministry, including contract and temporary staff, suppliers and agents acting on behalf of the Ministry. All are referred to as staff for the purposes of this policy.
4. As defined by Part Four – General Information of the Government Procurement Rules, this policy does not apply to:
 - Employing staff (excluding the engagement of contractors and consultants)
 - Disposals and sales by tender
 - Investments, loans and guarantees
 - Gifts, donations and any form of unconditional grants
 - Statutory appointments
 - Ministerial appointments
 - Core Crown legal matters
 - Public prosecutions as defined in the Criminal Procedure Act 2011.
 - Goods, services or refurbishment works that are purchased for commercial resale
 - Disposals at the end of the useful life of an asset, including sale by tender

Procurement at the Ministry

5. The [Principles of Government Procurement](#), the [Government Procurement Charter](#) and the [Controller and Auditor General’s Procurement Guidance for Public Entities good practice guide](#) apply to all procurement activity at the Ministry.
6. This Policy integrates the Government’s Principles of Probity into all procurement activity to ensure that the Ministry is accountable, able to withstand public scrutiny and preserve private sector confidence in the procurement process.
7. At the Ministry we are committed to:
 - undertaking due process
 - obtaining appropriate approvals
 - documenting decisions.
 - disclosing any conflicts of interest so they can be managed appropriately

Procurement processes

8. The procurement thresholds and minimum requirements are outlined in the table below (subject to exceptions approval). These help to ensure that principle 2 of the rules (being proportionate and right-sizing the procurement), is followed:

Procuring from an All-of-Government Panel			
<\$5k Direct source	\$5k < \$100k Obtain one quote	\$100k- <250k Consider seeking three quotes	\$250k or more Must run a closed tender
Procuring from a non panel supplier			
<\$5k Direct source	\$5k < \$50k Obtain one quote	\$50k- <100k Consider seeking three quotes	\$100k or more Must run an open tender

9. The following planning and approval documentation is required (subject to exceptions approval):
 - Procurement Plans are required for all procurement over \$5,000
 - Tender Evaluations must include:
 - An Evaluation Panel of three or more
 - Recommendation Report
 - A contract must be put in place for all procurements over \$5,000.
10. As part of Procurement decision-making the following approvals for any exceptions from the policy apply:
 - For any direct source procurement of services over \$100k (including variations where the cumulative value is over this level), approval from the relevant Senior Leadership Team (SLT) member is needed for departing from Government Procurement Rules [10, 11 and 12](#) (except when procuring from a Panel)
 - If a Panel is available but not used to select the provider, approval from NZGP is required that there is good reason not to use the Panel, as outlined in Government Procurement Rules [38, 39 and 40](#)
 - When procuring from a Panel, for any direct source procurement of services over \$250k (including variations where the cumulative value is over this level), approval is needed from the relevant SLT member.
 - The rationale for the exemption decision must be documented and endorsed by the relevant SLT member before the business group undertakes the procurement.
 - The Contract Manager or person otherwise responsible for the procurement must retain the documented rationale outlined in the Procurement Plan for audit purposes.

Engaging a contractor or temporary staff member

11. Sourcing contractors and temporary staff is managed through People and Capability (P&C) and must be done in accordance with the Recruitment and Selection Policy, Process & Procedures.

Procurement for services valued at less than \$5,000

12. The Manager with appropriate delegated financial authority must ensure that for any procurement for services valued at less than \$5,000 that they have considered:
 - the appropriateness of the proposed spend and any probity matters
 - the likelihood of the service being extended and going above \$5,000
 - what steps may be needed to ensure no conflicts of interest arise
 - any other matters which may be relevant when considering obligations under the Public Sector Code of Conduct

Calculating procurement value

13. The Maximum Total Estimated Value (Procurement Value) must be calculated and documented for each procurement prior to approaching the market and must include:
 - the maximum potential whole-of-life value of all contracts or purchases that may result from the procurement
 - all possible extensions or renewals
 - all options to purchase additional goods or services.
14. Procurements must not to be structured to avoid any threshold. If during the course of a procurement it is determined that the Procurement Value may be higher than that approved, the Procurement Value must be re-calculated, and the appropriate additional approval must be obtained.
15. If the Procurement Value cannot be calculated, it must be considered to exceed \$100,000.

Procurement approval

16. If the Manager with appropriate delegated financial authority is also the Contract Manager, the contract must be signed by the relevant SLT member (one-up).

Procurement considerations

As part of undertaking procurement at the Ministry the areas outlined below must be considered.

Economic Benefit

17. Under [rule 8](#) of the Government Procurement Rules the Ministry must consider, the wider economic benefit to New Zealand when purchasing goods, services or works.
18. Unless there is good reason not to, under rule 8, the Ministry is expected to award procurements below the value thresholds of \$100,000 for goods, services and refurbishment works to New Zealand businesses that are capable and have capacity to deliver the contract.
19. Over a value threshold of \$100,000 and when evaluation criteria is in use, a minimum of 10% of evaluation criteria must be assigned to assess the economic benefit to New Zealand of proposals.

Conflicts of interest

20. As part of procurement planning, ensure any conflicts of interest (actual, potential, or perceived) are identified.
21. For any Conflict of Interest identified, a Conflict Management Plan must be approved by the Manager with Delegated Financial Approval (DFA) for the procurement (or the Manager above for any Conflict of Interest relating to the DFA Manager).
22. Any Conflict of Interest identified that relates to a Minister should be escalated to, and managed by, the Chief Executive in a timely way.
23. Failure to declare a Conflict of Interest or making a false Conflict of Interest declaration may be regarded as serious misconduct.

Insurance

24. The nature of the goods or services to be supplied will determine whether the provision of those goods or services presents a risk to the Ministry that should be covered by supplier insurance.
25. The Ministry's standard requirement is that a supplier must hold Professional Indemnity and Public Liability Insurance of at least \$1 million each unless a waiver has been granted by the relevant SLT member. The risk, and the need for insurance, must be considered before going to the market.

Collection of data and storage of information

26. Each procurement activity must consider the collection of data and storage of information to ensure that the Ministry is compliant with the Privacy Act 2020.

Due diligence

27. Due diligence is about independently validating the legitimacy of the supplier and their ability to fully deliver against the contract and must be conducted prior to awarding a contract. The level of due diligence required will be determined by the value and risk associated with the procurement.

Speaking up

Self-Reporting

28. Proactive reporting of procurement incidents is essential part of our procurement culture. Reporting procurement incidents as soon as possible after they occur has the following benefits—
 - allows a risk assessment to be undertaken, and decisions to be made on whether mitigating action is required;
 - allows the individuals involved to learn and increase their awareness of and competence in managing procurement; and
 - helps the organisation to identify systemic or repeated procurement vulnerabilities, which may require further action.
29. Reporting of incidents may involve self-reporting – where a member of staff has potentially created a procurement risk or breached the procurement policy (inadvertently or otherwise). Self-reporting will only lead to disciplinary or other action, following appropriate process, where the breach is extreme, reckless, or a pattern of repeated breaches or risky behaviours that the individual has failed to address over time.

How to report unethical conduct of serious wrongdoing

30. Ministry policies and procedures are designed to prevent, detect and deter fraud and unethical conduct and to allow immediate and effective action to be taken against any attempted fraudulent act affecting the Ministry or its assets. Unethical conduct should be reported to the Chief Legal Adviser.
31. The Protected Disclosures (Protection of Whistleblowers) Act 2022 promotes the public interest by facilitating the disclosure and investigation of serious wrongdoing and protecting staff who makes disclosures. Ministry employees who believe that serious wrongdoing has occurred are encouraged to disclose that information as outlined in the Ministry's Guidance on the Protected Disclosures (Protection of Whistleblowers) Act 2022.

Complaints process

32. The Ministry will investigate promptly, and give fair and objective consideration to, complaints from all suppliers. The Ministry will itself undertake to resolve any complaints received. Unresolved complaints may be investigated by New Zealand Government Procurement (NZGP, MBIE) in consultation with the Ministry.

Non-compliance with policy

33. All employees must comply with this policy. Non-compliance with this policy means that the Ministry may expose itself to reputational damage, fraud or corruption.
34. Non-compliance of a serious nature could constitute misconduct. Conduct deemed unacceptable could lead to dismissal while serious misconduct will generally justify immediate dismissal.

Roles, responsibilities and accountability

The following matrix of roles and responsibilities specific responsibilities for roles within the Ministry.

Role	Responsibility
Chief Executive	Overall responsibility and accountability for Procurement within the Ministry.
Senior Leadership Team	Responsible for fostering effective management controls and awareness of procurement within their areas of responsibility.
Managers	Managers are responsible for ensuring the consistent and correct application of management control processes in their area of responsibility. Managers must— <ul style="list-style-type: none">• ensure staff comply with their responsibilities, and act in accordance with the procurement processes, policies and legislation• escalate any requirements for exemptions through the required procurement practices• ensure staff return all approved procurement documents to the Procurement Team so they can be saved in our Contract Management System ensure staff apply the right financial delegations and ensure staff comply with the Government Procurement Charter, Government Procurement Rules and the five Principles of Government Procurement• ensure compliance issues identified are reported and followed up

Role	Responsibility
Manager Procurement	<p>Responsible for the provision of advice in relation to the procurement of goods and services at the Ministry. The Manager Procurement is responsible for—</p> <ul style="list-style-type: none"> • advising on the application and interpretation of the Government Procurement Rules and Procurement Policy as part of providing guidance and support to staff with their procurement process. • assisting Contract Managers to draft contracts (including Orders under AoG contracts). • managing GETS Administration (ETCO) and Purchasing Officer (PO) functions. • co-ordinating development of longer-term planning or strategic procurement documentation. • managing relationships with MBIE, DIA and other agencies.
Manager People and Capability	<p>Responsible for sourcing contractors and temporary staff (including secondments from other government agencies and external non-government third parties) in accordance with the Ministry’s Recruitment and Selection Policy, Process and Procedures.</p>
Chief Legal Adviser	<p>Responsible for supporting the procurement process by providing guidance and support to employees involved in procurement activities. The Chief Legal Adviser is also responsible for the following—</p> <ul style="list-style-type: none"> • advice, review of contracts and provision of bespoke contracts where required. • advice on contract disputes and guarantees and indemnities. • legal advice on funding agreements.
Employees	<p>Employees are expected to make themselves aware and comply with the procurement processes, policies and legislation outlined in this policy, In particular—</p> <ul style="list-style-type: none"> • act ethically, honestly, and with integrity (refer to the Code of Conduct for the Public Sector including an obligation to disclose any Conflict of Interest with suppliers) • be aware of and comply with their responsibilities, and act in accordance with Procurement Policy and the other related procurement guidance and processes in the Procurement Hub in Kete. • return all approved procurement documents to Procurement or People & Capability to ensure the Ministry meet the standards of the Public Records Act 2005. • follow the applicable financial delegations, to ensure professional and objective practices for all procurement activity. • comply with the Government Procurement Charter, Government Procurement Rules and the five Principles of Government Procurement. • ensure any compliance issues that are identified are corrected and followed up.

Associated Guidance and Policies

• Conflicts of interest policy	• Preventing Fraud and Corruption Policy
• Sensitive Expenditure (including travel) policy	• Protected Disclosures Policy
• Delegations Framework	• Receipt of gifts and hospitality policy
• Public Service Commission Code of Conduct	

Ownership and review

Owner	Approved by	Date approved	Next Review Date
Manager, Procurement	DCE Corporate Services	26 May 2026	30 June 2028