



Water Services Authority
Taumata Arowai

The Water Services Authority – Taumata Arowai Procurement and purchasing policy

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Policy owner	Head of Corporate		
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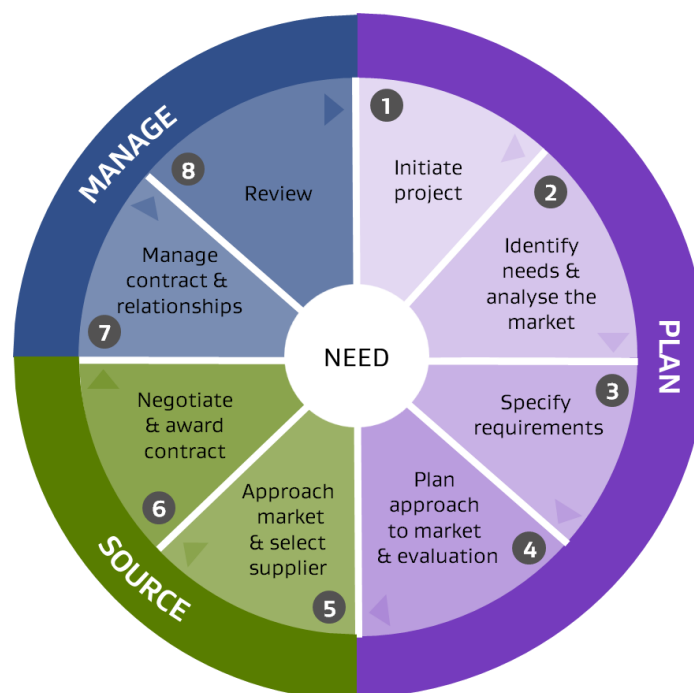
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Our procurement

Effective procurement helps us deliver more projects on time and within budget. It means less cost of doing business for all involved and reduces our exposure to commercial risk. Effective procurement can improve productivity and support supplier innovation.

This policy sets out how the Water Services Authority – Taumata Arowai (Authority) procures goods and services and manages ongoing contracts. It reflects government guidance and the standards required by law and follows the procurement life cycle.

Procurement covers all the processes around buying the goods/services/works we use to run our organisation and deliver our public service objectives. It starts with applying any lessons learned from the review of past procurements. We identify our needs, then plan the best way to meet them. Then, we source the goods/services/works and manage the resulting contract. Contracts may be renewed, then the contract may expire, or the asset will reach the end of its useful life. At this point we review the whole procurement for more lessons learned, then start the cycle again.



Purpose and scope

The purpose of this policy and the Authority procurement procedures outline the approach that the Authority will take to planning, sourcing and managing our procurement. Any departure from this approach must first be approved by the Lead Procurement advisor to ensure the proposed change still complies with the [Government Procurement rules \(5th edition\)](#).

Compliance with this policy plays a significant role in achieving our overall business objectives by:

- providing a consistent approach to all procurement activities based upon the Whole of Life (WoL) spend.
- supporting our objective of achieving the best public value from our sourcing opportunities



- ensuring all purchasing and procurement complies with the New Zealand Government Procurement Charter, Principles and Rules (5th edition).

This policy defines the principles and acceptable behaviours expected of all staff when engaging in procurement and purchasing activities on behalf of the Authority.

Who does this policy apply to?

Anyone involved in a procurement process for the Authority must comply with this policy and any other associated procurement guidelines.

What does this policy apply to?

This policy applies to all purchases for the Authority, including all contracts for all goods or services (including contractors, temporary staff, professional services and consultants).

Excluded from the scope of this policy

- Recruitment and employment of fixed term, seconded and permanent staff.
- investments, loans and guarantees
- Gifts, donations and any form of unconditional grants and koha
- Disposals or sales by tender
- Statutory or ministerial appointments and associated payments of fees and expenses.
- Core Crown legal matters
- public prosecutions as defined in section 5 of 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 and purchasing activity standards and expectations

As a Crown entity, we must comply with the Government Procurement Rules.

Public Value

All procurement activities should strive to achieve the best possible results 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 you are trying to achieve.

All procurement activities will apply a weighting that is proportionate to the value, risk and complexity of the procurement to achieve measurable public value (see [New Zealand government Public Value model](#))

All-of-Government, Common Capability and Syndicated Contracts

All-of-Government Contracts

- We must purchase from the All-of-Government Contracts unless there is a good reason not to ([Rule 38](#)). If the Authority wants to opt-out of purchasing from an All-of-Government Contract, staff must obtain written approval from their Ropū Head and the Chief Executive. After providing the approval to the Lead Procurement Advisor, the Procurement team will request to opt-out from the Procurement System Leader (DIA for ICT, the NZGP for non-ICT procurement). If that fails, the Chief Executive can escalate it to the Public Service Commissioner.



Mandatory Common Capability Contracts

- We must purchase from mandatory Common Capability Contracts where the contract reasonably meets the Authority's needs ([Rule 39](#)). If the Authority wants to opt-out of purchasing from a mandatory Common Capability Contract, staff must obtain written approval from their Ropū Head and the Chief Executive. After providing the approval to the Lead Procurement Advisor, the Procurement team will request to opt-out from the Procurement System Leader.

Syndicated Contracts

- We should purchase from Syndicated Contracts, and the Authority must check if there is an existing Open Syndicated Contract that meets our needs, before approaching the market. ([Rule 40](#))
- We will always check if an Open Syndicated Contract can meet our requirements and will use the contract unless there is a good reason not to.

Conflicts of Interest

- We must declare any actual, perceived, or potential conflicts of interest in accordance with the Conflicts of Interest policy.
- All staff associated with any procurement activity must complete a conflict of interest and confidentiality declaration:
- If the engagement is over \$5,000 the online Probity tool must be used and a confirmed in the CMS.
- If under \$5,000, the declaration is completed in the CMS
- Any actual, perceived, or potential conflicts of interest (no matter the spend amount) will be documented in the online Probity tool and managed in alignment with expectations laid out by the [Office of the Auditor General](#) and will be documented in the Probity tool.
- All actual, potential and/or perceived conflicts of interest must be recorded in the conflict of interest and confidentiality declaration. Any declared conflicts must be managed in accordance with the agreed conflict of interest management plan.
- All declarations must be made prior to any involvement and throughout the process as and when the conflict arises.

Expectations

When undertaking a procurement or purchasing activity, staff must comply with the following:

- All staff must complete basic training on the Contract management System (CMS) before they can take part in any procurement or purchasing activity at the Authority
- Comply with all applicable policies, processes, procedures and guidelines.
- Have an approved Procurement plan (within the CMS) before making any commitments to a supplier.
- Complete all procurement and purchasing activities in accordance with the approved plan ensuring compliance with the Authority's [Code of Conduct](#), the [OAG Procurement principles](#) and other guidance.
- Comply with the Government Procurement [Principles](#), [Charter](#) and [Rules](#) at all times.
- Ensure all Procurement activity achieves the best Public value for the Authority.
- Ensure all documentation associated with any procurement or purchasing activity is stored in the [CMS](#). Note that all procurement- and purchasing-related documentation is subject to the [Official Information Act 1982](#), the [Privacy Act 2020](#) and the [Public Records Act 2005](#).



Our procurement objectives

The [Government Procurement Rules](#) require agencies to maximise public value, including value for money.

Economic benefits

New Zealand Government Procurement agencies to consider and evaluate economic benefits to New Zealand that can be generated from the procurement activity - [Rule 8: Economic benefit to New Zealand](#)

The approach to ensuring that the Authority meets these requirements is:

- Tenders over \$100,000 WoL must include the following criteria with a minimum of a 5% weighting on each of the criteria.
Document how engaging your organisation and selecting your proposed solution will:
 1. help develop New Zealand industry capabilities or capacity,
 2. provide sustainable and/or environmental benefits to New Zealand
 3. contribute to positive social and cultural outcomes in New Zealand communities
- Tender under \$100,000 WoL will include a weighting for responses from a New Zealand (or Australian) business. This will ensure compliance with the Rule to award procurements “to New Zealand businesses that are capable and have capacity to deliver the contract”.

The actions listed under ‘How we work’ include more detailed steps to deliver economic benefits to New Zealand.

Our procurement objectives

- Get the best results from our spending, including sustainable value for money over the lifetime of the goods/services/works we buy.
- Raise performance standards through fair and effective management of our suppliers and service providers, to get the best public services for New Zealand.
- Help New Zealand businesses to grow capability and increase international competitiveness. We’ll achieve this by working with them to identify opportunities to innovate and continuously improve planning, decision making and ongoing contract management.

How we work

We will apply the [Principles of Government Procurement](#) and the [Government Procurement Rules \(5th Edition\)](#) when planning, sourcing and managing our procurement, as these set the standard for good practice (including financial thresholds and procedures for advertising procurement opportunities).

The way we buy goods/services/works will vary depending on the value, complexity and risk involved. We will apply the approach best suited to the individual purchase, within the framework of the Principles and Rules – encouraging competitive tendering whenever possible.

The framework of these processes, based upon spend level are linked in [Procedures, policies and guidance](#).

Principles of Government Procurement and Government Procurement Rules

The principles are:

1. Plan and manage for great results
2. Be proportionate and right-size the procurement
3. Be fair to all suppliers



4. Get the right supplier
5. Get the best deal for everyone
6. Play by the rules (The rules are available at New Zealand Government Procurement Rules)

Before we start

The person or team requesting the procurement will document the detailed scope of work in the Contract Management System with defined requirements. It will describe the required outcomes, rather than specifying any particular solutions. If a solution is defined too early, we could miss out on better, more innovative options. The detailed scope of work will be used for writing procurement tender documents.

Planning

When planning procurement projects, we will:

- use processes proportionate to the value, risk and complexity involved in the contract using the Authority's contract Management system and the appropriate approved Government Model Template ([Rule 47](#))
- make sure we have up-to-date knowledge about the market and the effect our procurement has on it
- publish future procurement opportunities and/or advance notices, to help increase access for New Zealand businesses
- involve suppliers early in the process, fairly and transparently, to explain our needs, learn about them and explore opportunities for new solutions before going to market. This helps us save costs to suppliers, if it turns out they are not well placed to bid, and can reduce risk of later complaints
- consider subcontracting opportunities in big projects, so small and medium enterprises can grow their business capability
- include requirements for how our procurement will integrate economic benefits to New Zealand
- write tender documents clearly, without unnecessary questions or jargon, to make it easier for New Zealand businesses to bid for our opportunities
- ensure we have a plan to appropriately manage the resulting contract given value, risk and complexity
- ensure we have financial approval aligned with the Authority's financial delegations policy before going to market.

Sourcing

- When we buy goods/services/works, we will purchase using the following hierarchy model:
 1. The Authority's existing contracts that are delivering exactly the same goods or services where the additional service can be included within the current agreement scope and approved spend.
 2. The Authority's own panels
 3. The All of Government panels
 4. The government Common capability contracts and panels
 5. Any other Government contracts, including Open Syndicated Agreements
 6. Approach the open market
- give all suppliers a full and fair opportunity to compete – we will not discriminate on the basis of where suppliers come from or whether they have prior experience of working with government.
- be open to involving New Zealand businesses as sub-contractors
- choose suppliers that have demonstrated their ability to meet our requirements and offer the best value-for-money over the lifetime of the goods/services/works, taking into account:
 - all the costs of ownership over that lifetime
 - suppliers' ability to deliver what we need at a fair price and on time
 - the economic benefits to New Zealand



- use approved government model templates as our default planning (for details not held in the CMS), tender and contract documents
- have an approved CMS contract number and where required and agreement in place before the supplier starts delivering goods/services/works.

For details on existing supplier arrangements at the Authority, contact the Procurement team using procurement.support@taumataarowai.govt.nz.

Managing the contract

To get the best from our suppliers, we will:

- have a systematic approach for identifying and managing the contracts that we have using the appropriate approved Government Model Templates
- set clear performance measures, including for the delivery of any economic benefits, then monitor and manage the contract against them
- encourage and recognise suppliers for delivering great results
- actively work with suppliers to make ongoing savings and improvements for both entities. This will help to avoid 'value erosion' and encourage suppliers to maintain innovation at the same pace over the life of the contract.

Meeting expectations

To build effective relationships with suppliers, we will:

- treat them all 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 them before going to market
- give sufficient response time for our requests
- protect their commercially sensitive information and intellectual property
- offer a debrief to unsuccessful bidders
- pay invoices within the timeframes set out in the Government Procurement Rules - [Rule 36](#)

Playing by the rules

- Our decisions and practices must be able to withstand public scrutiny at all times. Demonstrating high standards of probity is essential to public confidence in our public services. Throughout our procurement activities, we will:
- clearly record our planning, processes and decisions so they can easily be audited
- document and manage conflicts of interest, including perceived conflicts of interest
- identify risks and get the right person to manage them
- act lawfully, ethically and responsibly.

Thresholds

Goods and Services

The table below lays out the different spend thresholds and the type of COI required and minimum requirements associated with contracting for a good or service.



Where a Panel is available

Spend level ¹	Minimum number of quotes and process summary	Conflict of interest declarations	Responsibilities
Under \$5,000	One quote from a panel member who is a New Zealand business	If no actual, perceived, or potential conflicts, declaration within the CMS, otherwise a Probity tool declaration is required	- Managed and facilitated by the Procurement team - Requirements, evaluation criteria scoring by the Business representatives
\$5,000 - \$49,999	3 quotes from panel members who are a New Zealand business. - Basic pre-set evaluation criteria and basic evaluation process	Probity tool declaration is required by all individuals associated with the procurement process and once completed the CMS declaration can be completed	
\$50,000 - \$99,999	3 quotes from panel members who are a New Zealand business. - Evaluation criteria and complete evaluation process and evaluation report		
\$100,000+	- Use panel information to filter down to a shortlist of suppliers who can provide the services. Complete competitive quotes with shortlisted panel members. - Full evaluation process and evaluation report, followed by Contract Management plans 2 and reporting requirements		- Lead by the Procurement team - Requirements, evaluation criteria scoring and contract management plans by the Business representatives.

Where no Panel is available/viable

Spend level ³	Minimum number of quotes	Conflict of interest declarations	Responsibilities
Under \$5,000	One quote from a New Zealand business– must check they have capability and capacity to deliver	One declaration within the CMS if no actual, perceived, or potential conflicts, otherwise Probity tool declaration is required	Guidance and templates provided by the Procurement team, all other processes are completed by the Business representatives
\$5,000 - \$19,999	3 quotes from a New Zealand business. - Basic pre-set evaluation criteria and basic evaluation process	Probity tool declaration is required by all individuals	

¹ Whole of Life cost

²Contract management plans must be implemented for all on-going services (excl. contractors) throughout the life of the contract.

³ Whole of Life cost



Spend level ³	Minimum number of quotes	Conflict of interest declarations	Responsibilities
\$20,000 - \$99,999	3 quotes from a New Zealand business. - Evaluation criteria and complete evaluation process and evaluation report	associated with the procurement process and once completed the CMS declaration can be completed	- Lead by the Procurement team - Requirements, evaluation criteria scoring and contract management plans (on-going) by the Business representatives
\$100,000+	- Use GETS for open market tender. - Full evaluation process and evaluation report, followed by Contract Management plans⁴ and reporting requirements		

Our standard procurement processes are linked below - [Procedures, policies and guidance](#)

Construction works

- New Construction works related procurements of \$9 million or more require that you talk to Procurement before starting any Procurement planning.

Emergencies

The Authority recognises that in an emergency, we may need to depart from usual procurement processes in order to respond effectively. We will still follow best practices for emergency situations including:

- documenting our emergency procurements during the event, or as soon as possible afterwards
- acting within existing delegated authority, where possible
- if there is no existing delegated authority, and no time to obtain an approval, exercising good judgement and being prepared to provide a rationale for procurements
- if a procurement involves a major expense, obtaining verbal approval, at the very least, from the Chief Executive or their delegated authority managing the emergency – followed up in writing – before making a commitment.

Compliance

The Chief Financial Officer is responsible for ensuring there are adequate controls over our procurement and purchasing processes, including adequate financial controls to safeguard the Authority financial resources.

Compliance will be monitored, and all deviations must be promptly reported by Procurement, Finance or via the [Protected Disclosures and Speaking Up Policy](#) to the Head of Corporate or the Chief Executive.

A breach of this policy may constitute misconduct or, depending on the circumstances, serious misconduct and may result in investigation and other processes (see [Code of Conduct](#) and [Code of Conduct - Consultants Contractors Temporary Staff and Secondees August 2024](#)).

⁴ ⁴Contract management plans must be implemented for all on-going services throughout the life of the contract.

Roles and responsibilities

Specific and general responsibilities of staff to ensure compliance with the policy:

Who	Responsibilities
The Board	The Board is responsible for setting the total annual budget (operational expenditure and capital expenditure).
Chief Executive (CE)	- The CE provides strategic oversight to ensure the Authority procurement and purchasing practices are fair, transparent and represent value for money. - The CE approves the Procurement and Purchasing policy.
Procurement Team	- Monitoring and reporting on individual procurement and purchasing activities and all procurement and purchasing process compliance with this policy. - Reporting to the Chief Financial Officer and/or the appropriate Ropū leader on significant issues or risks. - Is responsible for: - ensuring all procurement and purchasing activities are entered into and approved in the CMS. - Facilitating and managing the Procurement activities sourced using panels and all open Market engagements over \$20,000 WoL (see Thresholds for breakdown) - developing and maintaining all Procurement related training materials and processes for all staff to access, to build procurement and purchasing capability across the Authority. - the provision of advice and guidance to staff on the application of this policy and the Government Procurement Rules. - providing guidance for all procurement and purchasing activities, irrespective of cost, based on the level of risk and/or complexity of the procurement and purchasing activity. - Managing and delivering all external and internal procurement related reporting, as and when required. - Managing all procurement-related conflict of interest and confidentiality declaration records in the Conflict of Interest register and the online tool (Probity – Conflict of Interest Application) - Endorse: - all CMS records, including any procurement and purchasing planning documentation. - procurement and purchasing decision documentation. - procurement and purchasing process exemption requests. - tender evaluation and recommendation reports. - Manage any system leader exemptions on behalf of the CE.
KOPA members (other than the CE)	Each KOPA member (other than the CE) is responsible for: - communicating the procurement and purchasing policy and updates to their respective business unit staff - approving contracts in accordance with the Authority Delegations Policy - ensuring all procurement and purchasing activity is entered into and approved in the CMS (with the appropriate procurement plan attached) prior to engaging any suppliers, releasing any documentation or starting any sourcing activity.
Managers with budget and/or	Ensure any procurement and purchasing approved aligns with the Delegations Policy and there is available budget in relevant cost centre(s).



Who	Responsibilities
people delegations	• Ensure that any procurement and purchasing activity is approved in the CMS prior starting the activity and any procurement documentation is completed. • Engage with the Procurement Team and lead the development of the following documents: – CMS record – procurement plan (where it is required) – contracts (all contract types) – procurement decision – tender or alternative market approach documentation. • Engage the Procurement Team to facilitate the conflict of interest and confidentiality declarations, where the WoL cost is \$5,000 or more. • Ensure all relevant parts of the Authority are consulted as appropriate where the procurement or purchasing activity relates to broader activities (e.g. within the technology environment or where the procurement or purchase may impact our reputation). • Approve contracts in accordance with the Authority Delegations Policy. • Ensure staff understand this policy, and how it applies to procurement and purchasing practices. This includes ensuring compliance and escalating concerns as appropriate. • Provide support to the Procurement Team in carrying out their duties and functions under this policy.
Legal	• Endorse: – changes to any template agreement standard terms and conditions – all terms and conditions for any software licences or subscriptions (including online), no matter the cost or value of the relevant services. – Any contract over \$50,000 WoL or includes indemnities or guarantees • Provide guidance or legal advice/opinion on: – privacy risks, and information-related issues • any terms and conditions associated with contracts (e.g. limitation of liability, insurance, confidential information, privacy) • any external or internal risks.
Finance	• Advise on the financial aspects of the procurement or purchase activity. • Provide advice on and approve the use of any foreign currencies. • Provide advice on financial delegations and taxation. • Clarify whether expenditure is capital or operational in nature.

Definitions

The following definitions apply when interpreting this policy:

Term	Definition
AoG	All of Government.
Business unit or Rōpū	A business unit of the Authority, irrespective of the location(s) in which that part of the Authority operates.
Contract	A legally enforceable agreement that binds the Authority.
Panel	A pre-approved list of suppliers. These are either AoG, Common Capability, Syndicated or agency-created panels.
Procurement and purchasing	The act of obtaining goods or services from the market (local and international), typically for business purposes.
Staff	the Authority employees, along with other contractors or consultants who are authorised to participate in the Authority procurement or purchasing activity.
Tenders	Covers a range of documents where an agency formally asks suppliers to propose how their goods, services or works can achieve a specific outcome, price information and/or other information.
Tender evaluation	- The process whereby criteria are used to evaluate suppliers' responses to a tender. - These include measures to assess the extent to which competing responses meet requirements and expectations (e.g. criteria to shortlist suppliers following a registration of interest, or criteria to rank responses in awarding the contract).
Whole of life costs (WoL)	- It is the anticipated total value (cost/expenditure) of the contract over the full term of the contract calculated at the time of establishment. Calculation (WoL amount) includes initial contract term and rights of renewal contract costs. - Amounts must be calculated using local currency and be Goods and Services Tax (GST) exclusive and must include any costs associated with the disposal of goods. - Costs must include the value of all the contracts that may result from the procurement and purchasing.

Related procurement documents and law

Procedures, policies and guidance

Policies, Registers and Guidance

External:

- [Government Procurement Rules \(5th Edition\)](#)
- [Government Procurement Framework](#)

Internal

- [Code of Conduct](#)
- [Conflict of Interest Register](#)
- Exemptions Register



- [Delegations Policy](#)
- [Delegations Register](#)
- [Health, Safety and Wellbeing Policy](#)
- [People, Property, and Information Security Policy](#)
- [Sensitive Expenditure, Gifts and Koha Policy](#)
- [Third Party Management Policy](#)
- [Protected Disclosures and Speaking Up Policy.](#)

Procurement Procedures

- [Process to purchase goods or services under \\$5,000 whole of life.](#)
- [Process to purchase goods or services between \\$5,000 and \\$19,999 whole of life.](#)
- [Process to purchase goods or services between \\$20,000 and \\$99,999 whole of life.](#)
- [Process to purchase goods or services \\$100,000 and over whole of life.](#)

Legislation

- [Crown Entities Act 2004](#)
- [Public Finance Act 1989](#)

Further information

For more information on the Water Services Authority – Taumata Arowai procurement, please contact the Procurement Team via email procurement.support@taumataarowai.govt.nz.