

PROGRESSIVE PROCUREMENT POLICY

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| Section | Procurement and Contracts |
| Contact | Strategic Procurement Director |
| Last Review | October 2022 |
| Next Review | October 2025 |
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Purpose:

The purpose of this policy is to ensure that the procurement of all goods, services or works is conducted in an ethical, fair, and transparent manner with consideration of quality, service, value-for-money, and broader social and environmental outcomes.

Scope and Applicability:

All University non-pay expenditure is covered by this policy including all purchases of goods, services and works made with funds administered by the University or its controlled entities, regardless of the source of funding.

Commitments entered on behalf of the University must be authorised by an approver with the appropriate Financial Delegation. Any decision to procure goods or services must be based on a properly identified requirement, budget availability and an approval process that complies with the University's Delegations of Authority Policy.

Adherence to this policy is both an individual and an institutional responsibility. The roles and responsibilities for staff involved in procurement activity shall be defined and regularly updated in the University's Progressive Procurement Procedures.

Wilful breach of this policy, or unauthorised departure from the associated procurement procedures, is a serious matter which may lead to disciplinary action in accordance with the University's Policy on Staff Conduct.

Policy:

The University's Progressive Procurement Procedures detail how to comply with this Policy.

Procurement Methods

The University's standard procurement processes are based on monetary thresholds, complexity, and risk. The thresholds are detailed in the University's Procurement Methods Guide below:

| PROCUREMENT METHODS GUIDE | | |
|---|----------------------------|---|
| By Indicative WOL Contract Value | | |
| <p>The Total Cost of Ownership, or TCO, is the comprehensive overall cost estimate of the purchase price of an asset plus operating costs for its lifespan. Before choosing to purchase a specific solution, it is extremely important to calculate and determine any direct or indirect costs associated with ownership of the said asset. Massey staff need to calculate TCO and WOL to gauge how viable the acquisition of an asset or investment will be in the long run.</p> <p>TCO metrics include costs associated with purchasing, logistics, manufacturing, quality, risks, and other aspects impacting the supply chain performance. Simply put, TCO is the cost to buy, operate, maintain, recycle and/or dispose of a purchase.</p> <p>WOL contract values include costs associated to the full term of the commitment including any periods of contract renewal (e.g. if annual costs are estimated at \$50k per annum and a 3-year contract term is planned, the indicative TCO contract value is \$150k)</p> | | |
| Indicative WOL Contract Value | Procurement Plan | Market Approach (applicable unless preferred supplier/panel agreement exists, wherever possible use existing preferred suppliers, or suppliers from a relevant panel of suppliers). |
| \$0 - \$5k | N/A | Direct purchase with confirmed price reasonableness (can buy direct but recommended staff price compare and get quotes when feasible) |
| \$5k - \$20k | N/A | Closed Competitive Process with at least 2 written quotes is recommended. Direct purchase with confirmed price reasonableness is acceptable. |
| \$20k - \$50k | Xtra lite Procurement Plan | Closed Competitive Process with at least 3 written quotes is required. |
| \$50k - \$100k | Lite Procurement Plan | Closed or Open Competitive Process with at least 3 written quotes is required. |
| \$100k - \$250k | Procurement Plan | Open competitive RFx IF non-construction related. A minimum of an open RFQ with quotations from three suppliers is required. Construction Projects leverage Tier 1 and Tier 2 Contractor Panels |
| \$250k - \$2m | Procurement Plan | Open & competitive RFx (closed competitive process must be authorised by PCGB) Construction Projects leverage Tier 1 and Tier 2 Contractor Panels |
| \$2m+ | Extensive Procurement Plan | Open & competitive RFx (closed competitive process must be authorised by PCGB) Construction Projects leverage Tier 1 and Tier 2 Contractor Panels |
| <p><i>High risk/sensitive expenditure is to be referred to the Strategic Procurement Director and the Director of Governance and Assurance for guidance and advice. If a procurement is deemed high risk, the process to be followed should be raised by one level on the chart above. Refer to Progressive Procurement Procedures for information on potential exemptions to the above.</i></p> <p><i>The division of purchases or splitting of invoices to avoid the requirements of this policy by any method (including Massey credit cards) is prohibited.</i></p> | | |

A series of reasonably related procurement activities will be treated as a single transaction for purposes of determining processes and approval levels required under this Policy. Dividing the value of a procurement activity in two or more parts to evade a limit of delegated authority or procurement threshold is prohibited and is a violation of this Policy and the University's Delegations of Authority Policy.

The University requires written competitive quotes on all purchases over \$20k and a competitive procurement process shall be conducted for all procurement of works, goods, or services with a Whole of Life (WOL) value above \$100,000 (+GST), unless a Preferred Supplier or Panel Agreement

including collective arrangement such as All of Government (AoG), Syndicated, or Common Capability contracts (CC) can fulfil the requirements.

Preferred Suppliers and Panel Suppliers

The University has several contracts with preferred suppliers. Suppliers to the University may achieve a Preferred Supplier status based on a range of criteria including, quality, value for money, experience and range of products offered. The Strategic Procurement and Contacts Office (SPCO) approves Preferred Suppliers and maintains the list of preferred suppliers.

Where the University has entered contracts with Preferred Suppliers and/or suppliers on Panel Agreements including collective arrangements such as All of Government (AoG), Syndicated, or Common Capability contracts (CC), these providers must be used for all procurement within that category to ensure that the favourable terms and competitive prices already negotiated are maximised. At times, there may be a requirement to conduct a secondary procurement process as part of a specific Panel Agreement.

Where a Preferred Supplier or Panel Agreement including collective arrangement such as All of Government (AoG), Syndicated, or Common Capability contracts (CC), *cannot* fulfil the necessary requirements, the minimum quotation and procurement process detailed in the Procurement Methods Guide must be followed when procuring goods, services or works on behalf of the University.

Extension of existing contracts

When the additional costs of a service or project are small in comparison to the costs of undertaking a discrete tender process, a contract extension or variation may be used. An extended contract approach can be used to reduce tendering, contract administration and establishment costs for both the University and suppliers.

The University may request that current suppliers provide pricing for additional work as variations to existing commercial contracts when all the following conditions are met:

- the WOL value of the new work is less than \$100k and is a lower value than the existing contract; and
- the supplier has a track record of providing goods and services to a high quality and on time; and
- the existing contract was awarded after a competitive tender process less than three years ago and the additional goods or services are of a similar nature to the work already contained within the contract; and
- market analysis shows that pricing for the goods and services provided is competitive.

When extension and variations are not specifically provided for within an existing commercial contract, the extension or re-definition of a commercial contract that increases the originally approved contract value must be reviewed by the SPCO and approved by the relevant Senior Leadership Team member.

Exemptions to Competitive Tendering

To balance the need to be open and competitive with the demands of urgent, specialised, or exceptional circumstances, alternative procurement practices for direct sourcing and emergency procurement may be used when supported by justifications defined in this policy. Alternative procurement practices must not be used to avoid competition between suppliers or to discriminate against any specific individual or groups of suppliers.

Sole-source/Direct-source

Direct engagement of a supplier in the absence of competition may be used in certain circumstances when:

- only a single supplier has the required goods or services available in the time required.
- the standardisation of services or compatibility requirements with existing equipment require the use of a specific supplier.
- the goods/services require specialised skills or are very complex, and there are, in the opinion of the SPCO, limited qualified suppliers.
- necessary parts, repairs or maintenance are only available from one source such as the original equipment manufacturer or their designated servicing dealer/reseller.
- continuity of professional advice is required.
- the goods/services are subject to prototype or development work.
- the goods/services are identical to those purchased within the last six months under an open tender process.
- the goods/services are being acquired through the extension or renewal period within the terms and conditions of an existing contract.
- there is a legislative requirement to use one supplier.
- the cost of a procurement process is likely to be disproportionate to the value or benefits likely to be gained.
- in the case of construction works where, because of a shortage of contractors, shortage of workforce and/or the specialist nature of the work, some contractors may decline to bid on an advertised tender; or
- where an unforeseeable situation of urgency exists as a genuine emergency resulting in the Goods and Services or Construction not being able to be obtained in time by means of open procurement procedures.

Approvals for direct engagement/sole-sourcing must be obtained from the Strategic Procurement Director, DVC University Services and/or Procurement and Contracts Governance Board (PCGB) in accordance with the Progressive Procurement Procedures.

Emergency procurement

An 'emergency' is a sudden unforeseen event which may result in injury, loss of life or critical damage to property or infrastructure. Emergency procurement provisions will only be used in genuinely unforeseen circumstances.

In the event of a genuine emergency, it may be necessary to bypass some aspects of the normal procurement process to procure goods and services which may be required to manage the emergency response and maintain operations. A balance is required between the need to act without delay, against obligations to achieve value for money. The existence of an emergency does not preclude the use of the competitive bidding process in its entirety. The University will leverage competitive procurement as is practical under the circumstances.

The Procurement and Contracts Governance Board (PCGB) will provide authorisation to the SPCO when emergency procurement is warranted. Appropriate authorisation should be gained from the relevant delegated authority before any emergency procurement is made. During an emergency, all practical efforts should be made to document and account for any emergency procurement and reported to the SPCO to ensure transparency.

Unsolicited Proposals

Unsolicited proposals are unique or innovative proposals initiated by suppliers and not solicited by the University. The University wants to encourage innovation and will treat all unsolicited proposals in a way that respects the intellectual property rights of the proponent while being fair to everyone. Serious consideration will generally be given only to exceptional proposals. These should demonstrate unique concepts or benefits that cannot otherwise be obtained in the marketplace or that are only able to be provided by a single supplier, (e.g., as a result of IP or capability issues).

For an unsolicited proposal to be considered by the University it must:

- provide a solution to a need that is not otherwise available in the market.
- be truly innovative and unique.
- demonstrate that the University will receive the best possible value.
- align with the University's strategy, vision, and priorities

Responsible Procurement

The choices about what and how we buy products and services to meet our needs reflects our values. Massey is committed to generating social value through procurement processes to ensure positive outcomes are realised. Massey acknowledges procurement can have a positive impact on achieving Massey's sustainability goals.

This Policy requires Massey staff to integrate social and sustainable procurement considerations into procurement decisions throughout the life cycle of assets and acquired services.

The SPCO will assist staff in identifying and implementing strategies for maximising the economic, environmental, cultural, and social value of purchases. 'Responsible Procurement' considerations are to be included in evaluations when they are relevant to a particular procurement; and given weighted consideration and prioritisation along with other fit-for-purpose, performance, service, and financial criterion. Staff should consider the following in their procurement decision-making processes:

- Prioritisation of suppliers that have social and environmental policies in alignment with this policy.
- Prioritisation of purchases that minimise waste, reduce plastic waste and reduce use of plastic (especially single-use plastic) and disposable items,
- Prioritisation of products that conserve water or use water in an efficient way.
- Prioritisation of products with recycled content and/or that can be recycled.
- Prioritisation of products/assets with long warranties and with low operating, maintenance, and consumable costs.
- Avoidance of purchasing products that contain hazardous and toxic materials.
- Prioritisation of energy efficient products and materials
- Minimisation of greenhouse gas emissions generated from purchases and new facility developments.
- Prioritisation of purchase of products from local, sustainable sources and/or Fairtrade suppliers
- Prioritisation of ethically sourced and sustainably farmed food (including those harvested from aquatic ecosystems).
- Consideration of suppliers' capabilities in workforce development including training and apprenticeship opportunities for youth and under-represented people
- Consideration of use of iwi assets and assisting Māori development

- Consideration of supplier's values alignment with Massey's strategy and Te Tiriti-led principles
- Consideration of total cost of ownership including use of resources and associated supply delivery and operational costs

Ethical behaviour, sustainability and social responsibility must be considerations in all procurement activities. This includes taking steps to identify, evaluate and minimise the risk of modern slavery¹ in the University's operations and supply chain.

Massey University supports the protection of human rights and is guided by international human rights standards, including the UN Universal Declaration of Human Rights, UN Convention on the Rights of the Child, and the International Labour Organisation Core Conventions. Massey is committed to sourcing our products and services from suppliers that provide safe working conditions, treat workers with respect and dignity and conduct business in a socially responsible manner. Massey prohibits purchases of goods or services which result from forced labour, modern slavery, or child labour.

As far as practicable, Massey staff must ensure contractual agreements with third parties contain requirements that suppliers comply with all local, national, and other applicable laws and regulations in the areas in which they operate. New suppliers are required to attest through signing of contracts that:

- They do not use any form of; forced, compulsory or slave labour
- They do not require employees to post a deposit or bond
- They do not require employees to surrender their passports or work permits as a condition of employment
- They have made reasonable efforts to ensure that there is no use of forced, compulsory or slave labour within their supply chains

Definitions:

AoG refers to All-of-Government

Annual Procurement Plan (APP) is a planning document containing a rolling list of Massey procurements that are greater than \$100,000 (+GST) planned to start in the next 12 months.

Contract refers to any agreement between two or more parties that commits the University in legal and/or financial terms (including any contract variations or amendments,

Competitive Procurement Process is also known as a contestable procurement process where a bid is issued publicly with the intent that suppliers will put together their best proposal and compete for a specific requirement creating a transparent environment that is open and fair. Competitive procurement processes may be open or closed. Standard method for any WOLa contract value greater than \$100,000 (+GST) is to release a tender publicly on the Government Electronic Tenders Service (GETS).

Delegated Authority is the authority to commit expenditure as stated in the University's Delegations of Authority policy. The granting of authority to execute financial transactions for an agreed purpose within a set financial limit.

¹ Modern Slavery is an umbrella term for several serious exploitative work practices that represent violations of human rights. Modern Slavery can take many forms, the MSA's main classifications include the crimes of human trafficking, slavery, and slavery like practices such as servitude, forced labour, forced or onservile marriage, the sale and exploitation of children, deceptive or misleading recruitment for labour or services and debt bondage.

Method (procurement method) refers to the way a purchase can be made. The methods outlined are subject to the existence of an approved budget and approval by the relevant delegated financial authority making the purchase.

Panel Agreement/Contract is a contractual arrangement with a group of suppliers to provide goods or services as and when required, under a schedule of rates for each supplier or on a quotation basis under a framework agreement that governs the relationship between the University and each the suppliers within the panel.

Preferred Supplier is a provider preferred by the University to undertake certain works, supplies or services within a specific category following a competitive tendering process and entering into a formal contract. An existing or long-term supplier is not necessarily a Preferred Supplier.

Price is the amount of money that the University pays to initially acquire goods, services, or works. In some cases, the initial price of acquiring a product can be relatively small compared to the set of elements required throughout its useful life.

Strategic Procurement and Contracts Office (SPCO) is the University's centrally operated business unit whose role is to provide expert procurement and contracting services, advice and support to the Strategic Procurement Director, the DVC University Services, the Procurement and Contracts Governance Board (PCGB) and the University.

Procurement and Contracts Governance Board (PCGB) is a centrally operated forum whose role is to approve the release of all tenders with WOL contract values over \$100k and the subsequent procurement process, review significant contracts, and provide other governance to procurement and contracting strategies, outcomes, compliance, and activities.

Procurement Plan is a plan to analyse the need for specific goods, services or works and the outcome the University wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summarises the proposed procurement process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, specified evaluation criteria and weightings.

Whole-of-Life (WOL) is a calculation of the financial costs associated with buying and using a good or service. WOL, is also referred to as Total Cost of Ownership (TCO), Life Cycle Costs (LCC) or Maximum Total Estimated Value (MTEV). Rather than just looking at the initial purchase price, WOL looks at the complete cost from purchase to disposal. WOL value includes every phase of ownership and adds to the initial purchase price other costs expected to be incurred during the life of the product such as subsequent consumables, maintenance, design costs, operating costs, associated financing costs, depreciation, implementation, training, and disposal of assets.

WOL contract value means the total potential value of the procurement (WOL cost for full contract term including any extensions). WOL contract value is the total cost to buy, operate, maintain, recycle and/or dispose of a purchase. WOL contract values include costs associated to the full term of the commitment including any periods of contract renewal (e.g., if annual costs are estimated at \$50k per annum and a 3-year contract term is planned, the indicative WOL contract value is \$150k).

Value for Money means the holistic consideration of price as well as other costs and benefits, including life cycle costs and relevant non-price attributes such as quality. Where applicable, these non-price attributes can include social and economic benefits to the

community as well as environmental considerations that secure wider environmental and sustainability benefits.

Audience:

This policy applies to all academic and professional staff of the University who are responsible for, or involved with, procurement activities (including contractors, consultants, Members of Council, and advisory committees).

Exemptions from this Policy:

The following procurement activities are exempt from this Policy:

- **Legal Services, Insurance Broker Services. Banking and Audit Services and Insurance Policies** – Staff should consult with Massey’s Legal Services team for all legal services, insurance policies, audit, and banking services for, and on behalf of, the University.
- **Employment Agreements** - Employment agreements for staff and faculty are the responsibility of People and Culture/Human Resources and outside of the scope of this policy
- **Real Estate** –Acquisitions or leases of real property and related brokerage services are outside of the scope of this policy.
- **Research** - Research-related procurement exemptions are detailed in the Progressive Procurement Procedures and are at times needed to accommodate grant or other funding requirements or restrictions related to a specific research project.
- **Membership and affiliation fees** - payments to professional organisations including membership and conference fees.
- **Public sector agreements** - payments to other institutions, colleges, schools, governmental or regulatory agencies unless they involve the purchase of commercial goods or services.

Procurement method exemptions related to the procurement method for sourcing Whole-of-Life (WOL) contract values up to \$250k must be approved by the Strategic Procurement Director (or equivalent Procurement Lead. Tender process exemptions for contract values greater than \$250k must be approved by the Procurement and Contracts Governance Board (PCGB or equivalent Board).

All other exemptions to this policy must be approved by the Vice-Chancellor.

Relevant legislation:

- Financial Reporting Act 1993 and amendments
- Health and Safety at Work Act 2015
- Official Information Act 1982
- Public Finance Act 1989 and amendments
- Public Records Act 2005

Related procedures / documents:

- Progressive Procurement Strategic Framework
- Progressive Procurement Procedures
- Procurement and Contract Governance Board Terms of Reference
- Class 1 to 4 Contractor Prequalification Guides
- Contract Management Policy
- Contract Management Procedures
- Conflict of Commitment and Interest Policy
- Contractor Health and Safety Induction Check List
- Contractors (Academic & General Staff Duties) Procedures
- Costing and Indirect Cost Recovery for Externally Funded Research
- Commercial Contracting Policy
- Delegations of Authority Policy
- Desktop Hardware and Software Acquisition Policy
- Financial Monitoring and Control Policy
- Fraud and Corruption Policy
- Government Procurement Rules (Rules of Sourcing) 2019, Ministry of Business, Innovation and Employment
- Guideline for Health and Safety Protection of staff, students, contractor's employees, subcontractors, and individuals' safety in contracting situations
- Health and Safety Contractor Management Procedure
- Health, Safety and Wellbeing Policy
- Policy on Staff Conduct
- Research and Consultancy Contracts Policy
- Sensitive Expenditure and Gifts Policy
- Subcontracting of Teaching Activity Policy
- Travel Policy
- Vehicle Management Policy

Document Management Control:

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