

Procurement Policy

1. Policy Reference

Document Title	Procurement Policy
Policy Number	ANN 13
Entity	Annuitas Management Limited, Government Superannuation Fund Authority, Board of Trustees of the National Provident Fund
Policy Owner	Chief Executive
Version	2.0
Date of Approval	TBA
Approved by	AML Board
Date of last review	February 2026
Date of next review	February 2029

2. Table of Contents

1.	Policy Reference.....	1
2.	Table of Contents.....	2
3.	Purpose & Objective	3
4.	Scope.....	3
5.	Background	3
6.	Government Procurement Rules	3
	Adherence.....	3
	Value Threshold	3
	Principles.....	3
	Charter4	
	Non Avoidance	4
	Government Electronic Tenders Service	4
	Economic Benefit to New Zealand	4
7.	Conflicts of Interest.....	4
8.	Integrity.....	5
9.	Due Diligence	5
10.	Contractual Terms.....	5
11.	Risk Assessment and Third Party Risk.....	5
12.	Awarding the Contract.....	6
13.	Subcontracting	6
14.	Contract Management.....	6
15.	Monitoring & Reporting.....	7
16.	Record Keeping	7
17.	Contract Termination.....	7
18.	Assurance.....	8
	Appendix 1 – Government Procurement Rules – Primary requirement.....	9
	Appendix 2 – Third Party Risk factors.....	12
	Appendix 3 – Government Supplier Code of Conduct	13

3. Purpose & Objective

- 3.1. The purpose of this policy is to outline the framework for managing procurement activities.
- 3.2. The objective is to ensure that procurement activities are managed effectively and in compliance with governance and legislative requirements.
- 3.3. This policy must be made publicly available for GSFA.

4. Scope

- 4.1. This policy applies to board members and employees of Annuitas Management Limited (**AML**) and board members of the Government Superannuation Fund Authority (**GSFA**) and the Board of Trustees of the National Provident Fund (**NPF**). From this point on, these entities are referred to, as the case might be, as the **procuring entity**.

5. Background

- 5.1. In the context of this Policy, the term 'procurement' covers all aspects of acquiring goods, services and works (refurbishment and new construction).

This policy covers the use of third-party suppliers (e.g. schemes administration) and the appointment of advisers for specialist services such as (but not limited to) tax, audit, investment operations, operational due diligence, investment, actuarial, information technology or legal.

- 5.2. GSFA and NPF investments, and the selection of related investment managers, are considered non-procurement activities.
- 5.3. The procuring entity will participate in All-of-Government contracts (AoG) where a single supply agreement has been established between the Crown and approved suppliers of specific goods and services and where it is expected that participation will result in savings or other benefits.

6. Government Procurement Rules

- 6.1. The Ministry of Business, Innovation & Employment's "Government Procurement Rules – Responsible expenditure of public funds" (5th Edition, 2025) are the Government's standards of good practice for government procurement.
- 6.2. Appendix 1 outlines the primary requirement for all 47 rules. Any procurement activity must be assessed against, and adhere to, these rules.

Adherence

- 6.3. GSFA must adhere to the Government Procurement rules, refer to www.procurement.govt.nz. While not obliged to, NPF and AML will also follow these good practice procurement rules.

Value Threshold

- 6.4. The Government Procurement Rules apply to the following value thresholds:
 - a. meets or exceeds \$100,000 for goods, services and refurbishment works
 - b. meets or exceeds \$9 million for new construction works
- 6.5. For procurement below this threshold, an assessment will be undertaken on the cost, complexity, and impact of the procurement activity, with the Chief Executive (**CE**) deciding if the rules are required to be followed from a good practice perspective.
- 6.6. The procuring entity must act in good faith and use good judgement to estimate the total monetary value of the procurement to ascertain whether it meets or exceeds the above value thresholds.

Principles

- 6.7. The principles are overarching values. They apply to all government procurement and provide the foundations of good procurement practice. The five 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

Charter

- 6.8. The Government Procurement Charter sets out Government's expectations of how agencies should conduct their procurement activity to achieve public value. The Government directs agencies to:
- a) Deliver economic benefits to New Zealand
 - b) Look for new and innovative solutions
 - c) Engage with businesses with responsible business practices
 - d) Promote inclusive economic development within New Zealand
 - e) Manage risk appropriately
 - f) Encourage collaboration for collective impact

Non Avoidance

- 6.9. The procuring entity must not intentionally avoid applying the rules when planning for, valuing, or undertaking a procurement.
- 6.10. When calculating a procurement's maximum total value threshold, the procuring entity must not intentionally avoid applying the rules by either:
- a) designing, structuring, or dividing a procurement into separate parts,
 - b) using a non-standard or alternative valuation method to lower the estimated value.

Government Electronic Tenders Service

- 6.11. For new procurements that meet or exceed the threshold outlined above, the procuring entity must use open competitive procurement processes to give all suppliers the opportunity to compete and must openly advertise on the Government Electronic Tenders Service (GETS).

Economic Benefit to New Zealand

- 6.12. The procuring entity must seek economic benefits to New Zealand in procurements above the value threshold limits to be evaluated as part of the assessment of public value.
- 6.13. Below those values, unless there is a good reason not to, it is expected to award procurements to New Zealand businesses that are capable and have the capacity to deliver the contract.
- 6.14. The application guidance provided in the Government Procurement Rules must be followed, which includes ensuring a minimum weighting of 10% for evaluation purposes for economic benefits in a procurement.

7. Conflicts of Interest

- 7.1. Conflicts of interest can arise in procurement. Conflicts must be identified and managed so that public sector procurement is always seen to be fair, ethical and provide value for money.
- 7.2. The Board Conduct and AML Employee Conduct policies outline the obligations of Board members and employees to disclose conflicts of interests and perceived conflicts of interest. Any Board member or employee involved in a procurement process must consider their potential conflicts of interest and disclose any such conflict to the Chief Executive and procurement project manager of AML, who will decide how best to manage that conflict or potential conflict of interest.
- 7.3. These disclosures must be documented and retained.

8. Integrity

- 8.1. The procuring entity must engage with suppliers that act with integrity in their procurement activities.
- 8.2. The procuring entity and all staff involved in procurement must:
 - a) safeguard the integrity of all procurement activities and processes
 - b) ensure the whole procurement process is fair, transparent and reasonable
 - c) act lawfully and responsibly
 - d) undertake a thorough and appropriate level of due diligence that has been planned for and applied to all procurements
 - e) stay impartial when making procurement decisions
 - f) to the extent possible, avoid purchasing procurement advice from a supplier that has a commercial interest in the contract opportunity
 - g) justify their procurement decisions and always document their rationale
 - h) apply appropriate protections to personal, confidential and commercially sensitive information
 - i) identify, notify, manage and record conflicts of interest
 - j) understand how to prevent, detect, and respond to corruption threats
 - k) have protections in place for whistle-blowers
- 8.3. A Supplier Code of Conduct must be incorporated in every contract and is attached as Appendix 3. This code of conduct outlines the expectations for suppliers who provide goods and services to the entities. The entities are responsible for implementing this within their procurement and contract management activities. This includes incorporating it in new contracts, contract renewals and tender documents. Suppliers must also make subcontractors aware of the code.

9. Due Diligence

- 9.1. The procuring entity must undertake appropriate due diligence before contracting with any third parties above the threshold limit. The due diligence must be appropriate for the value, complexity and the risk of the procurement throughout the procurement lifecycle.
- 9.2. The procuring entity must not engage any third party that is known or reasonably suspected of engaging in illegal activity.
- 9.3. Due diligence must be documented and signed off by the Chief Executive.

10. Contractual Terms

- 10.1. All arrangements with third parties above the threshold limit must be subject to clearly documented contractual terms. All contracts must be reviewed and approved by the procuring entity's legal provider.
- 10.2. Contractual terms must include, where appropriate, requirements for managing information and identifying information roles and responsibilities.

11. Risk Assessment and Third Party Risk

- 11.1. Whether the spend on a third party is large or small, they all have the potential to expose the procuring entity to adverse risks. A risk assessment must be completed on all procurement above the value thresholds.
- 11.2. The procurement project manager must ensure that a risk assessment is undertaken using the tool provided in the Government Procurement Rules to identify any potential national security risks.

- 11.3. **Appendix 2** outlines risk factors that are most significant to the procuring entities and which may potentially arise through the third-party relationship. Reputational risk has not been identified as a separate risk as it generally eventuates from the occurrence of another risk event, and any of the listed risk factors could give rise to reputational risk.
- 11.4. The procuring entity retains ownership of any risks when it has outsourced a business process.
- 11.5. The procuring entity should also consider any risk arising from the concentration of services with one supplier.

12. Awarding the Contract

- 12.1. The procuring entity must:
- unless there is a legitimate reason to cancel the procurement, award the contract to the supplier/s that can demonstrate that it has the capability and capacity to deliver the requirements, meet the contract conditions, and offer the best public value.
 - promptly inform all unsuccessful suppliers in writing of the decision, within 3 weeks of the decision.
 - publish a contract award notice on GETS within 30 business days of all parties signing the contract/s.
 - offer each unsuccessful supplier a debrief.

13. Subcontracting

- 13.1. The procuring entity must ensure that prime contractors have good processes for managing their subcontractors. The procuring entity must require prime contractors to engage subcontractors that demonstrate good practice and must provide information on any subcontractors to the contract and changes to subcontractors over the life of the contract.

14. Contract Management

- 14.1. The procuring entities must have a systemic approach for identifying the contracts they have entered into.
- 14.2. A contracts register must be maintained to record details of all contracts entered into by each procuring entity. This includes, but is not limited to, the following:
- The name of the supplier
 - The suppliers New Zealand Business Number (NZBN) or another unique identifier
 - Where a copy of the contract is stored
 - The name or position of the agency's senior responsible officer responsible and accountable for the contract
 - Where the contract manager can obtain commercial support, if needed
 - Contact details for the supplier
 - Start and end date for the contract
 - The ability to ascertain the actual amount spent under the contract
 - A description of services
 - The criticality of contract
 - Contract dates (start, annual review, renewal alert date, expiry date, notice period)
- 14.3. The procuring entity must have a contract management plan that is right sized based on the contract's value, complexity, risk and duration.

- 14.4. The procuring entity must pay 95% of trade invoices within 10 business days and require suppliers to pay subcontractors on no less favourable terms. GSFA must report on domestic trade payment times to MBIE quarterly.
- 14.5. On a yearly basis AML will review supplier information to ensure all suppliers that are above the value threshold are included in the contract register.

15. Monitoring & Reporting

- 15.1. For every ongoing procurement or outsourced contract where the contract fee is above the value threshold, it must be reviewed by AML once per year.
- 15.2. At least 6 months before the expiration of an existing contract with an estimated total value above the value threshold the AML Chief Executive will assess and report to the Board of the procuring entity the performance of the provider in the provision of the services, and whether the existing contract provides value for money. The assessment of “value for money” will draw on all relevant information, on the performance of viable alternative providers in similar roles for third parties, and the fees charged for the provision of similar services in the market.
- 15.3. If the procuring entity Board is satisfied with the performance of the provider and the existing contract is assessed to provide value for money, the Board will then consider whether to negotiate a new contract with the incumbent or whether to commence a process of identifying a suitably qualified and experienced replacement.
- 15.4. Factors to be considered when determining whether to negotiate a contract or to commence the process, must include:
 - Assessing whether productivity, innovation and the possibility of a lower price outweigh the benefits of maintaining stability, trust, and an effective working relationship with an existing supplier.
 - The risks and costs of transition from one supplier to another.
 - Information (including that from other Crown Financial Institutions) that suggests that the process is unlikely to identify a replacement capable of providing the services to an acceptable level and offering better value for money.
- 15.5. A report of all contracts \$100,000 and above must be reported annually to the Audit and Risk Review Committee of the procuring entity.
- 15.6. GSFA must provide information on procurement activities as requested by MBIE.

16. Record Keeping

- 16.1. AML, on behalf of the procuring entity must be able to show how it used sound research to plan an appropriate approach-to-market strategy that is proportionate to the nature, risk, value, and complexity of each procurement.
- 16.2. The procuring entity must document the procurement process, all decisions, the contract awarded and include all recommendations and reports.
- 16.3. Without limiting obligations under the Public Records Act 2005, records of each procurement must be kept (preferably electronically) for at least three years from the date the contract was signed by all parties. These records must document the procurement process, all decisions, the contract awarded, and include all recommendations and reports.
- 16.4. These records must be kept for audit purposes.

17. Contract Termination

- 17.1. Any contract that is terminated by the supplier must be advised to the Chief Executive immediately. Depending on the criticality of the terminated contract a project team will be created to manage the change.

18. Assurance

- 18.1. The AML risk team must undertake assurance on any new procurement activity that meets or exceeds the value thresholds.

Appendix 1 – Government Procurement Rules – Primary requirement

Rule Number	Rule Title	Primary Requirement
1	Principles and the Government Charter	Agencies must adhere to the six Principles of Government Procurement and the Government Procurement Charter.
2	Integrity	Agencies must act with integrity in their procurement activities.
3	Transparency and Accountability	Agencies must be accountable for their procurement performance and be transparent in their expenditure of public funds.
4	Non-discrimination and offsets	Agencies must give all suppliers an equal opportunity to bid for contracts, except as provided for in Rule 8.2.
5	Protection of supplier information	Agencies must protect suppliers' confidential or commercially sensitive information.
6	Planning	Agencies must conduct appropriate planning based on the value, risk and complexity of each procurement.
7	Estimating the monetary value of a procurement	Agencies must act in good faith and use good judgement to estimate the total monetary value of a procurement to determine whether it meets or exceeds the following value thresholds: a. \$100,000 for goods, services, and refurbishment works b. \$9 million for new construction works.
8	Economic benefit to New Zealand	<ol style="list-style-type: none"> 1. Agencies must seek economic benefits to New Zealand in procurements above the value thresholds of \$100,000 for goods, services and refurbishment works and \$9 million for new construction works, to be evaluated as part of the assessment of public value. 2. Unless there is good reason not to, agencies are expected to award procurements below the value thresholds of \$100,000 for goods, services and refurbishment works and \$9 million for new construction works to New Zealand businesses that are capable and have capacity to deliver the contract.
9	Planning for new construction works	Agencies must: <ol style="list-style-type: none"> a. apply the good practices set out in the Construction Procurement guides when procuring construction works, and b. be able to produce documented evidence of the rationale where they have not been followed.
10	Requirement to openly advertise	Wherever possible, agencies must use open competitive procurement processes to give all interested suppliers the opportunity to compete.
11	Opt-out procurements	Agencies may opt-out of applying some Rules if the facts and circumstances meet one or more of the circumstances listed in Appendix 1.
12	Exemption from open advertising	Agencies may exempt a procurement from open advertising if the facts and circumstances meet one or more of the circumstances listed in Appendix 2.
13	Third-party agents	Agencies using third-party agents to conduct and manage a procurement remain responsible and accountable for the actions of their third-party agents.
14	Pre-conditions	Agencies must include only essential pre-conditions for participation in a procurement process in its Notice of Procurement (Rule 17).
15	Technical specifications	Agencies must not apply technical specifications or prescribe conformance requirements in a way that creates unnecessary obstacles for suppliers.
16	Sufficient time	Agencies must allow sufficient time for suppliers to respond to a Notice of Procurement (Rule 17).
17	Notice of Procurement	Agencies must include all of the information that suppliers need to prepare and submit meaningful responses in each Notice of Procurement.
18	Intellectual property	Agencies must set out, in the Notice of Procurement, its intentions regarding ownership, licensing, and future commercialisation of intellectual property created through the procurement.

19	Responding to queries	Agencies must promptly respond to queries from suppliers and treat suppliers fairly when doing so.
20	Additional information	Agencies may make additional information available to all participating suppliers after a Notice of Procurement is published on GETS and before the deadline for responses closes.
21	Changes to process or requirements	Agencies must notify all participating suppliers of any changes to the procurement process or requirements.
22	Panel of suppliers	Agencies must, before establishing a panel of suppliers: <ul style="list-style-type: none"> a. determine the ongoing need and demand for a panel b. have the capacity and capability to manage the panel once established.
23	Pre-qualified suppliers list	Agencies that establish a pre-qualified suppliers list must openly advertise individual contract opportunities that meet or exceed the value thresholds of \$100,000 for goods, services and refurbishment works and \$9 million for construction works.
24	E-auction	Agencies must notify suppliers in advance if it intends to run an e-auction.
25	Due diligence	Agencies must undertake due diligence appropriate for the value, complexity and risk of the procurement throughout the procurement lifecycle.
26	Managing National Security Risks	Agencies must manage national security risks in their procurement.
27	Treatment of responses	Agencies must treat all suppliers' responses fairly.
28	Reasons to exclude a supplier	Agencies may exclude a supplier from participating in a contract opportunity if there is a good reason for exclusion.
29	Awarding the contract	Agencies must, unless there is a legitimate reason to cancel the procurement, award the contract to the supplier/s that can demonstrate that it has the capability and capacity to deliver the requirements, meet the contract conditions, and offer the best public value.
30	Informing suppliers of the decision	Agencies must promptly inform all unsuccessful suppliers in writing of the decision.
31	Subcontracting	Agencies must require their prime contractors to have good processes for managing their subcontractors, as appropriate.
32	Contract award notice	Agencies must publish a contract award notice on GETS within 30 business days of all parties signing the contract/s.
33	Debriefing suppliers	Agencies must offer each unsuccessful supplier a debrief.
34	Contract Management System	Agencies must have a systematic approach for identifying the contracts that they have.
35	Contract Management Plan	Agencies must have a contract management plan that is right sized based on the contract's value, complexity, risk, and duration.
36	Prompt payment times	<ol style="list-style-type: none"> 1. Agencies must pay 90% of: <ul style="list-style-type: none"> a. domestic trade invoices within 5 business days b. other domestic trade invoices within 10 business days. 2. Agencies must require their suppliers to pay their subcontractors on government contracts on no less favourable payment terms than the ones they receive from agencies.
37	Future Procurement Opportunities	Agencies must publish notices of Future Procurement Opportunities (FPOs) on the Government Electronic Tenders Service (GETS).
38	All-of-Government contracts	Agencies must purchase from an All-of-Government (AoG) contract, unless there is a good reason not to.
39	Common Capability contracts	A Common Capability contract (CC) must only be established by a System Leader, or an agency that has approval and oversight from a System Leader.

40	Syndicated contracts	Agencies must obtain approval from the Procurement System Leader before establishing an Open Syndicated Contract (OSC).
41	Infrastructure	Agencies considering the procurement of infrastructure with a total capital value of more than \$100 million where the project may involve private finance including Public Private Partnerships must consult with The Treasury and National Infrastructure Funding and Financing Ltd early in the development of the project's business cases.
42	Business cases and investment decisions	Agencies must obtain Cabinet approval for certain types of expenditure, lease or asset disposal proposals.
43	Investment reviews	Agencies must complete a Risk profile assessment (RPA) and submit it to the Treasury for all projects and programmes defined as investments under the relevant Cabinet Office circular on the Treasury's Investment Management System website.
44	eInvoicing capability	<p>1. Agencies that:</p> <ul style="list-style-type: none"> a. receive more than 2,000 domestic trade invoices annually must be capable of receiving eInvoices through their primary accounts payable system(s) b. send more than 2,000 domestic trade invoices annually must be capable of sending eInvoices through their primary accounts receivable system(s). <p>2. Agencies must require large suppliers to submit eInvoices.</p>
45	Reporting	Agencies must report on their procurement activities to the Procurement System Leader to enable system performance monitoring and support system-level decision making.
46	Maintaining records	Agencies must document the procurement process, all decisions, the contract awarded and include all recommendations and reports.
47	Approved Government Model Templates	Agencies must use Approved Government Model Templates (A-GMTs) for their procurement activities, regardless of whether or not the Rules apply to the procurement.

Appendix 2 – Third Party Risk factors

Risk Factor	What might we need comfort over
Cyber / IT Security	<p><i>IT Security Practices:</i> Need to understand the maturity of the third party’s policies, standards and procedures for IT security including whether they have any IT security assurance programme, and whether independent assurance is obtained over security controls.</p> <p>Other relevant factors to consider include Incident Management, Vulnerability Management, and User/Remote Access Management.</p>
Data Access/ Storing/ Confidentiality	<p><i>Data Protection:</i> Evaluate the adequacy of the various technical controls applied to protect data held on third party’s systems.</p> <p><i>Privacy:</i> Examine the conformance of the third party’s privacy practices with good practice privacy principles.</p>
Business/Operational Disruption	<p><i>Business Continuity:</i> Enquire on the various processes by which the third parties ensure they can recover from an interruption or disaster event, including backups, geographical separation of data storage, and recovery plans.</p> <p><i>Financial Strength:</i> Assess the financial strength of the third party and determine whether there are any risks to the financial viability of the third party which may impact on their ability to fulfil their contracted services and service levels.</p>
People	<p><i>Staff/Contractor Vetting:</i> Assess the third party’s procedures for the vetting of staff and contractors (such as criminal history checks) and evaluate whether staff and contractors receive adequate training on information security.</p>
Up/down stream supplier disruption	<p><i>Supply Chain:</i> Determine how the third parties ensure that their own outsourced providers and contractors are meeting security and service continuity expectations.</p>
Legal	<p>Where we need to meet legal or regulatory obligations, determine whether the third party operates in a manner which enables us to meet our obligations.</p>
Environmental Social & Governance (ESG)	<p>Determine whether the third party operates in a manner consistent with our expectations regarding ESG e.g., bribery & corruption, climate change, modern slavery.</p>

Appendix 3 – Government Supplier Code of Conduct

Statement of Government Expectations

The Government is committed to sustainable and inclusive government procurement that delivers for New Zealand and New Zealanders. This Supplier Code of Conduct outlines the expectations we have of our suppliers. Suppliers must make their subcontractors aware of this code.

Ethical behaviour

The Government expects its suppliers to:

- manage their activities and affairs, and conduct themselves, with integrity in accordance with applicable laws, regulations and ethical standards
- not engage in any form of corruption
- be transparent about their ethical policies and practices.

Labour and human rights

The Government expects its suppliers to:

- adhere to international human rights standards in their workplace and monitor and address these standards within their supply chain
- comply with New Zealand employment standards and maintain a workplace that is free from unlawful discrimination.

Health, safety and security

The Government expects its suppliers to:

- comply with workplace health and safety laws and regulations and maintain healthy and safe work environments
- comply with any security requirements notified to them by the Government
- adequately protect any information, assets, tools and materials provided by the Government and return these promptly when requested.

Environmental sustainability

The Government encourages suppliers to establish environmentally responsible business practices and proactively improve their environmental performance. The Government expects its suppliers to:

- conduct their business in accordance with applicable laws, regulations and standards regarding the mitigation of impacts on, and protection of, the environment
- work to improve their environmental sustainability and reduce their environmental impacts.

Corporate social responsibility

The Government encourages its suppliers to be good corporate citizens and contribute positively to their communities. Some positive things suppliers could do are:

- pay their subcontractors promptly
- consider including local, Māori, and Pasifika businesses to deliver the contract.

Date of publication August 2025 (incorporated within updated Government Procurement Rules)