

Policy on Use of External Suppliers – 5.1

Queenstown Lakes Community Housing Trust

June 2010

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Background

The Queenstown Lakes District has a relatively small but thriving population with a high number of talented and entrepreneurial individuals and companies. Many of QLCHT's clients are employees of locally owned companies and some are self-employed themselves. QLCHT acknowledges the importance to the regional economy of supporting local suppliers where possible for its own developments, as well as for financial, technological, administrative and other services which arise. However, QLCHT also recognises that there cannot be a blanket policy on the utilisation of local suppliers-only. Skills, expertise and financial advantages of non-local suppliers should not be sacrificed at the expense of the Trust.

This policy sets out QLCHT's approach to the procurement of goods and services, which includes contractor and consultant services.

Policy

Selecting and managing Approved Suppliers

1. QLCHT will seek to gain value for money by letting contracts to Approved Suppliers. The following criteria will be applied when assessing and determining Approved Suppliers;
 - a. Skills and Expertise – successful suppliers will be able to demonstrate a high level of skills relevant to their area of specialty, with proven examples to support.
 - b. Financially Competitive - chosen suppliers should not charge out at a significantly higher level than their competitors. Where possible a fixed price contract or quote is preferable to an hourly charge rate.
 - c. Sound Environmental Practices – where possible QLCHT should favour contractors who operate their company with high environmental and sustainability standards.
 - d. Concurrence with Existing QLCHT Framework – successful suppliers should be mindful of QLCHT's policies and practices and be able to fit in accordingly.
2. QLCHT will maintain a schedule of Approved Suppliers and will review and update this list every regularly.
3. In selecting and managing Approved Suppliers, QLCHT will operate in accordance with procedures that minimise the risk of fraud or collusion including the following of good practice measures:
 - a. Competence and capacity (resources and skills).
 - b. Quality and performance - the likely service delivery, including past performance.
 - c. Financial health and status.

- d. Control - amount of control the organisation can exert over the delivery of service.
 - e. Health, Safety and Wellbeing policies and processes.
 - f. Legal and regulatory requirements.
 - g. Adequacy of liability and other insurance.
 - h. Cost effectiveness.
 - i. Commitment to customer service.
4. QLCHT will enter into written agreements with Approved Suppliers which set out:
- a. The services to be provided by all parties involved.
 - b. Standards to be achieved.
 - c. Timetables for regular reporting.
 - d. The basis on which any fees are to be charged.
 - e. The responsibility for financial and operational risk.
 - f. Mechanisms for annual monitoring and regular reviewing the arrangements.
 - g. Dispute resolution process.
5. QLCHT will ensure that agents maintain financial records of transactions entered into on its behalf and submit regular reports.
6. QLCHT will create procedures to monitor the performance and cost-effectiveness of partners, agents, consultants and contractors and enforce contractual conditions.
7. All expenditure on Approved Suppliers will be in accordance with QLCHT's Authorisation and Process of Expenditure Policy (6.1).
8. Authority to use Approved Suppliers without going to market is based on the following financial thresholds in section 9 & 10.
9. Development Capital Projects – Professional Fees and Construction

Consultant / Professional Fees	Fees up to \$50k Direct procurement to approved supplier allowed.	Fees over \$50k Quotes to be obtained from 2-3 approved suppliers, unless approved otherwise by the Board.
Construction works	Fees up to \$1m Direct procurement to approved suppliers allowed.	Fees over \$1m Quotes or tenders to be obtained from 2-3 approved suppliers, unless approved otherwise by the Board.

10. Tenancy OPEX Projects (Repairs & Maintenance) – Professional Fees and Construction

Consultant / Professional Fees	Fees under \$50k Direct procurement to approved supplier allowed.	Fees over \$50k Quotes to be obtained from 2-3 approved suppliers.
Construction works	Works under \$100k Direct procurement to approved suppliers allowed.	Works over \$100k Quotes or tenders to be obtained from 2-3 approved suppliers, unless approved otherwise by the Board.