



**NEW ZEALAND**  
GOVERNMENT PROCUREMENT

# Working together is key

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# Today

- NZ Government Procurement
- Our All-of-Government contracts & SRM
- Industry partnerships & Construction Accord
- Social Commissioning
- Our Future of Government Procurement

# Some facts and figures about government procurement in New Zealand

- Government spends approximately ~\$51.5 billion annually on buying goods and services
- Major areas of spend include construction, ICT, health care, education and transport services
- Over 200 government agencies – approximately 97 percent of procurement activity (by value) is undertaken by individual agencies – Chief Executive accountability
- Initial Procurement Reform in 2009
- Government procurement framework consists of Government Procurement Rules, Principles and good practice guidance – is flexible, easy to understand and apply to any kind of procurement
- Decisions should be based on achieving best public value – good quality, good outcomes, good price



# Supply market

- Government procurement equates to about 20% of GDP
- Nation of small businesses – ~97% of New Zealand companies have fewer than 20 employees
- Government procurement framework is open and transparent and enables decision making on the merits of the bid
- New Zealand is a long way from everywhere – small domestic market and need to be able to trade with other countries
- Market is open to interested suppliers, domestic and foreign
- Member of World Trade Organisation GPA and have Free Trade Agreements with a number of countries – our approach to ensure access to other government markets

# Challenges facing procurement (to name a few)

- A world in transition – facing many global challenges
  - climate change and environmental degradation
  - social inequalities
  - demographic changes
  - technology disruption
  - COVID 19 – disruption to people, economies and supply
- What does this all mean?
  - Change is being demanded
  - Golden opportunity to shape our future through Strategic and System leadership; Delivery and Talent management
  - We need to know and understand our future needs, markets and supply chains better



# Role of New Zealand Government Procurement (NZGP)

- New Zealand operates a Procurement Functional Leadership model – centre-led, not centralised
- NZGP system-wide sphere of influence
  - Building procurement capability across government
  - Harnessing government’s collective buying power through collaborative contracts
  - Making government easier to do business with
  - Providing assistance through a pool of readily deployable commercial and procurement experts
  - International links to procurement forums and trade agenda

# Some of what we have now



- [Government Procurement Rules](#) – encourage early market engagement to support and achieve priority outcomes
- [The Five Principles of Government Procurement](#) – involve suppliers early; take the time to understand the market and effect on it
- [Government Procurement Charter](#) – government’s expectations of how agencies should conduct their procurement activity to achieve public value
- [Constructive Market Engagement](#) guidance – pre-procurement, during and post tender
- [Future Procurement Opportunities](#) – providing an early heads up to suppliers about upcoming opportunities
- [Government Model Templates](#) – RFX; COI; procurement plan; evaluation, negotiation and due diligence; contracts
- [Government Electronic Tender Service](#) – promote open, fair competition for New Zealand government contract opportunities

# All-of-Government (AoG) contracts

- Currently 20 AoG contracts including travel, office supplies, electricity, vehicles etc – agencies must use these
- We engage early with agencies/suppliers/industry to help shape commercial strategy, specifications, contract terms and management approach
- Design contracts to drive government priorities
  - Contract for tomorrow e.g. can add new suppliers and models of electric vehicles any time, allows future proofing for what is not in the market yet
  - Office supplies – designing waste out of the system through contracted targets to reduce non-recycling packaging
- System-wide approach – consider best interests of wider supply market (avoid unnecessarily distorting market share and purchasing power etc)



# All-of-Government (AoG) contracts



- Supplier Relationship Management
  - Regular structured engagement with suppliers to identify opportunities to realise value, manage risk and evolve contracts for mutual benefit
    - Default booking of EV hire cars through booking system
    - Agreed remedial plans to resolve contractual issues
    - Clear line of communication for supply issues or service outages
  - Engaging with agencies to help optimise outcomes
    - Optimising fleet by replacing combustion engine vehicles with EVs; publically report results
    - Produce online tools to assist agency secondary procurement process
  - Provide information from reported data to agencies to improve contract outcomes
    - Air travel data to help change booking behaviours within agencies, dashboards provides most successful and average agency
    - Benchmarking of rates for different contractor roles

# Partnering with industry

- [Industry Transformation Plans](#) – bringing relevant parties together to
  - Agree long-term visions and identify the actions that can be taken by industry, government and others to realise this vision
  - Build on any existing work to support actions required to realise this vision, including investment, innovation and skills development
  - Plans underway with Agritech, Construction, ICT and Manufacturing
- [Construction Accord](#) – a shared commitment between government and industry to establish building blocks for transforming construction
  - Identifying and promoting good procurement practices – working with the sector to understand how procurement can deliver better outcomes
  - Fair and transparent contracts – working with government agencies to promote fairer allocation of risk
  - Acknowledging and learning from contractors and clients that are innovating through ‘Beacons’ case studies

# Using procurement to unlock 'Industry 2.0'

- [The Construction Accord Transformation Plan '2.0'](#) – the first iteration of the plan is close to expiry, so what next?
  - Contractors have narrow margins, so struggle to invest in developing people, new products, implementing systems or integrating with others across the supply chain
  - If industry doesn't have the time, the incentives or the capability to transform itself, then what role does procurement have?
  - Construction across the world is still carried out in the same way – but what does the next generation of the industry look like?
  - Can government create an environment where innovating, testing, and openly talking about failure is the norm?

# Social Sector Commissioning

- Relational approach – a model of collective system stewardship for the social sector
  - Placing relationships at the fore to promote wellbeing and support the aspirations of whānau and communities
  - Resetting relationships, expectations and behaviours so that the right people can work together on solutions
- System changes
  - Agreements focus on shared outcomes and allow flexibility
  - Longer-term, collaborative and flexible resourcing
  - Mutually agreed responsibility for outcomes in supporting whānau
  - Reporting that generates meaningful insights
  - Moving from transacting contracts and compliance to strong collaborative working relationships



# It doesn't stop there – other work underway

- Resetting the government procurement system so that it delivers better outcomes for New Zealand
- To do this we will build on the foundations already in place
  - Data and Transparency
  - Working together as one
  - Unlocking value
- Establish a sector-based leadership model – ‘One Government’ category leadership
  - This will be a significant change in the way we apply commercial expertise and leadership
- Strengthen Supplier Relationship and Contract Management
  - Implement cross-government supplier relationship management for strategic and critical suppliers to government
  - Identify opportunities and test through pilot programmes

# A few final thoughts...

- We are in the middle of some very challenging but exciting times
- We can't do this alone – need to understand our markets and engage early and continuously with suppliers and industry
- We are the membrane between within the organisation and the outside
- Learn and understand your markets to bring the best solutions to your organisation
- Make sure every \$ is working as hard as possible

**“No matter how disruption manifests itself, we believe that procurement is getting smarter, smaller, and speedier and needs to grow into a new role as a big-thinking, proactive, integrated and service-orientated innovation scout for the enterprise”**

## Q&A





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## Stay in touch

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