



COVERSHEET

Minister	Hon David Parker	Portfolio	Minister for Economic Development
Title of Cabinet paper	Enhancing the Effectiveness of Government Procurement Policy – Report back	Date of release	21 June 2019

List of documents that have been proactively released

Date	Title	Author
21 June 2019	<i>Enhancing the Effectiveness of Government Procurement Policy – Report back</i>	<i>Office of the Minister for Economic Development</i>
21 June 2019	<i>CAB-19-MIN-0213.02</i>	<i>Secretary of the Cabinet</i>

Information redacted

YES / NO (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Enhancing the Effectiveness of Government Procurement Policy

Portfolio **Economic Development**

On 13 May 2019, following reference from the Cabinet Economic Development Committee, Cabinet:

- 1 **noted** that the Government Rules of Sourcing have been renamed as the Government Procurement Rules (Rules), and have been amended to achieve wider public value and to leverage government procurement to achieve social, economic and environmental benefits;
- 2 **noted** that the new Rules prioritise four outcomes, which are achieved by targeting the different categories of procurement contracts that are most relevant to each priority;
- 3 **noted** that the Minister of Finance and the Minister of State Services have approved implementation of the amendments set out in the Government Procurement Rules by Crown entities covered by the *Whole of Government Direction on Functional Leadership*, which ensures continuity of application of the new Rules;
- 4 **approved** the amendments to the Rules as set out in Annex 1 to the paper under DEV-19-SUB-0108;
- 5 **noted** that the new Rules will be published in a 4th edition of the Rules to be applied from 1 October 2019, with support from the Ministry of Business, Innovation and Employment (MBIE) for agencies that wish to implement the changes earlier;
- 6 **noted** that MBIE has developed the following definition of a New Zealand business for the purposes of increasing New Zealand businesses' access to government procurement and monitoring and reporting results:

A business that originated in New Zealand (not being a New Zealand subsidiary of an off-shore business), is majority owned or controlled by New Zealanders, and has its principal place of business in New Zealand.
- 7 **noted** the progress on implementation of the priority outcomes and development of a monitoring and reporting framework, as outlined in the paper under DEV-19-SUB-0108;
- 8 **noted** that the Minister for Economic Development and the Minister for Māori Development will report back to Cabinet in July 2019 with an assessment of the benefits of indigenous procurement policies [CAB-18-MIN-0516.01];

- 9 **noted** that the inclusion of broader outcomes in government procurement will likely involve increases in the upfront costs to government contracts, but that these increased costs will be justified by the longer-term benefits of public value procurement;
- 10 **noted** that MBIE will engage with SMEs on the Rules to ensure that they understand the changes and are encouraged to participate in government procurement;
- 11 **noted** that to support the implementation of the Rules, MBIE will prepare associated guidance material, including guidance relating to wood construction, waste minimisation and possible uses of wool;
- 12 **invited** the Minister for Economic Development to update Cabinet on progress across the programme of work at six-monthly intervals.

Michael Webster
Secretary of the Cabinet

Secretary's Note: This minute replaces DEV-19-MIN-0108. Cabinet amended paragraph 11.

Hard-copy distribution:

Prime Minister
Deputy Prime Minister
Minister for Economic Development