

## **Barton Deakin Brief: New Zealand Government Procurement**

**29 April 2016**

The New Zealand government sector spends around \$30 billion procuring goods, services and infrastructure each year.

This Barton Deakin Brief outlines the New Zealand Government's procurement approach.

### **Overview**

The New Zealand government is made up of nearly 200 separate government agencies. Each agency is responsible for its own day-to-day procurement operations and decisions.

Sometimes agencies work together to procure through collaborative contracts. Procurement Functional Leadership (PFL) arrangements were established in 2012 to generate greater value by improving supplier engagement, developing the Government's commercial skills and practice, and promoting collaborative procurement.

The [Principles of Government Procurement, the Government Rules of Sourcing](#) provide guidance to agencies about best practice procurement policies and procedures. These Principles and Rules apply to contracts or projects with the following values:

- Goods and services – \$100,000 or more; and
- Construction services – \$10 million or more.

### **Procurement Functional Leadership**

Procurement Functional Leadership (PFL) was established in October 2012, as a result of the 2011 Better Public Services Advisory Group [report](#) that identified the need for significant improvements to the performance of New Zealand's State sector.

The New Zealand Government established a functional leadership team to improve the effectiveness and reduce the overall costs to government of procurement. Functional Leaders are responsible for developing government-wide contracts for commonly needed goods and services.

The Functional Leaders are:

- The Chief Executive of the Ministry of Business, Innovation and Employment, responsible for Government procurement reform;
- The Chief Executive of the Department of Internal Affairs / Chief Government Information Officer, responsible for the ICT Strategy and Action plan; and
- The Chief Executive of the Ministry of Social Development, responsible for the Property Management Centre of Expertise and the Government National Property strategy.



## Principles, rules and the law

The New Zealand Government's procurement framework is based on Five Principles and the Government Rules of Sourcing.

### *The Five Principles*

The Five Principles that all government agencies apply to procurement activities are:

1. Plan and manage for great results;
2. Be fair to all suppliers;
3. Get the right supplier;
4. Get the best deal for everyone;
5. Play by the rules.

A more detailed explanation of these Principles is available [here](#).

### *The Government Rules of Sourcing*

The [Government Rules of Sourcing](#) is the framework for the government to inform best practice in procurement planning, approaching the market and contracting.

## Recommended Procurement Process

There are eight recommended stages to the New Zealand procurement process:

1. Advertise the opportunity on the [Government Electronic Tenders Service \(GETS\)](#);
2. Clarification period – a period that allows suppliers to ask additional questions;
3. Closing date;
4. Assess Mandatory/Pre-Conditions – suppliers undergo a preliminary filtering process to assess whether they meet the rules and guiding principles ;
5. Evaluate the Responses – an Evaluation Panel will qualify the responses against weighted criteria. Approval is then sought to negotiate with the preferred tenderer/supplier;
6. Negotiate the deal – the Government negotiates with the preferred supplier;
7. Plan delivery – the Government works with the preferred supplier to develop a plan for delivery; and
8. Wrap up – all suppliers are offered the option of a debrief.

## Unsolicited Unique Proposals

The New Zealand Government has a process for dealing with unsolicited (market-led) proposals from the private sector.

This process is outlined in the Government's [Unsolicited Unique Proposals Guide](#).



## **Further Information**

Further information, guides and a toolkit can be found on the Ministry of Business, Innovation and Employment website, which can be accessed [here](#).

Barton Deakin's Briefs on the policy activities of the New Zealand Government can be accessed [here](#).

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