



## COVERSHEET

<b>Minister</b>	Hon Phil Twyford	<b>Portfolio</b>	Economic Development
<b>Title of Cabinet paper</b>	Government Procurement: Supporting New Zealand's COVID 19 Economic and Social Recovery	<b>Date to be published</b>	16 September 2020

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
6 July 2020	Government Procurement: Supporting New Zealand's COVID 19 Economic and Social Recovery	Minister for Economic Development
6 July 2020	Cabinet minute: CAB-20-MIN-0326	Cabinet Office

### 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. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of:

- Free and frank opinions
- Commercial information
- Negotiations



# 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.*

### Government Procurement: Supporting New Zealand's COVID 19 Economic and Social Recovery

Portfolio                      Economic Development

On 6 July 2020, Cabinet:

#### Procurement Functional Leader and Enhanced Monitoring and Assurance

- 1        **noted** that procurement capability and capacity varies across agencies, and that some agencies are not well equipped to undertake large-scale or complex procurement processes;
- 2        **noted** that the Procurement Functional Leader currently has a limited ability to intervene in poor procurement practices;
- 3        **noted** that there could be further benefits and acceleration of improvements in procurement practices if New Zealand Government Procurement (NZGP) had an assurance function that identifies and mitigates procurement system risk and recommends remedial action where required;
- 4        **noted** that in establishing a procurement assurance function it would be important to avoid duplication or further fragmentation of the role that other agencies already have in monitoring and assurance across the government system;
- 5        Negotiations
- 6        **agreed** to establish a procurement assurance function in NZGP that identifies and mitigates procurement system risk and recommends remedial action where required;
- 7        **directed** the Ministry of Business, Innovation and Employment (MBIE) to establish a procurement assurance function in NZGP and the monitoring and assurance activities that will be undertaken by that function;
- 8        Negotiations
- 9        **directed** MBIE to work with the Treasury, the State Services Commission and other key organisations to establish the monitoring and assurance activities that will be undertaken within the NZGP procurement assurance function to ensure continued cohesion and effectiveness in the government system;

**Response to events**

- 10 **noted** that providing additional authority to the Procurement Functional Lead through the Rules will enable it to respond to an emergency or crisis or wider policy priority and declare an appropriate procurement response measure or measures for the government procurement system;
- 11 **noted** that the exercise of the additional authority by the Procurement Functional Lead, enabling it to declare measures in response to a social, economic or environmental crisis, must be compliant with New Zealand's international obligations relating to government procurement;
- 12 **agreed** that:
- 12.1 the Procurement Functional Lead may declare appropriate procurement measures, under the new Rule, and notify Cabinet the date of commencement;
- 12.2 MBIE will report back to Cabinet within 12 months of the date of commencement to request agreement to the continuation or cancellation of any declarations made under the Rules;
- 13 **approved** the amendments to the Rules, set out in Appendix B of the paper under CAB-20-SUB-0326, and their publication as part of the Rules;
- 14 **directed** MBIE to consult with key stakeholders before amending and publishing the Rules to this effect;

**Government Procurement Strategy**


- 15 **noted** that the development of a Government Procurement Strategy that sets out the government procurement priorities for agencies and suppliers and signals to suppliers what they can expect of government procurement will help to ensure a consistent approach to government procurement across the system;
- 16 **directed** MBIE to develop a Government Procurement Strategy, informed by the New Zealand Government Strategic procurement priorities set out in Appendix D of the paper under CAB-20-SUB-0326, to set out government procurement priorities for agencies and suppliers and to signal to suppliers what they can expect of government procurement;

**Leveraging construction procurement to support New Zealand's COVID-19 recovery**

- 17 **noted** that the procurement challenges identified in the paper under CAB-20-SUB-0326 may be a barrier to timely economic stimulus through government construction procurement;
- 18 **noted** that the construction sector, through the engagement model of the Construction Sector Accord, will continue to be an area of focus to improve procurement practice and to drive economic, social and environmental outcomes during the recovery phase;
- 19 **noted** that NZGP, in consultation with the Infrastructure Commission, the Infrastructure Reference Group and the Construction Sector Accord, will develop and issue specific procurement guidelines and protocols to support construction procurement, including guidance to support the use of appropriate accelerated procurement approaches;

- 20 **noted** that while the building and construction sector is currently considered to emit relatively low levels of greenhouse gas emissions, recent research estimates that the sector could be directly and indirectly responsible for up to 20 percent of New Zealand's greenhouse gas emissions and about half of these emissions result from the materials and processes used in the construction of new buildings;
- 21 **directed** MBIE to work with key stakeholders and agencies to develop appropriate guidance on assessing carbon emissions generated by building materials and construction processes in government funded new builds;
- 22 **agreed** to introduce a minimum requirement for procuring agencies to consider, for government new builds, at the initial concept/request for proposal stage, the amount of emissions generated by:
- 22.1 building materials, this includes raw materials, transportation of raw materials and materials manufacturing processes; and
  - 22.2 construction processes, this includes transportation of building materials and the construction processes used during the build;

#### Other recovery initiatives

- 23 **invited** the Minister for Economic Development report back to Cabinet by 28 February 2021 on:
- 23.1 Negotiations 
  - 23.2 progress with implementing specific procurement recovery initiatives;
  - 23.3 the implementation of the carbon emissions policy proposal in paragraph 22 in respect of new government builds;
- 24 **authorised** the Minister for Economic Development to approve any changes to the Government Procurement Rules required to give effect to the above decisions.

Michael Webster  
Secretary of the Cabinet