



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Economic and Regional Development
<b>Title of Cabinet paper</b>	The Implementation of Broader Outcomes and New Government Procurement Employment Rule	<b>Date to be published</b>	7 December 2020

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
September 2020	The Implementation of Broader Outcomes and New Government Procurement Employment Rule	Office of the Minister for Economic and Regional Development
July 2020	Annex Two: Implementation of Government Procurement Broader Outcomes Report	MBIE
7 September 2020	CAB-20-MIN-0423	Cabinet Office

### Information redacted

**YES**

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 reason of free and frank opinions.



# Cabinet

## Minute of Decision

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### Implementation of Broader Outcomes and New Government Procurement Employment Rule

**Portfolio**                      **Economic Development**

On 7 September 2020, Cabinet:

#### Background

1        **noted** that:

1.1        in May 2019, Cabinet noted that Government Procurement Rules had been amended to achieve wider public value and to leverage government procurement to achieve social, economic and environmental benefits, approved further amendments to the Rules, and invited the Minister for Economic Development to report back on progress six-monthly [CAB-19-MIN-0213.02];

1.2        in June 2020, Cabinet:

1.2.1        directed mandated agencies to report back to their responsible Minister as appropriate before 30 June 2020 on their implementation of the new Procurement Rules which came into effect from 1 October 2019;

1.2.2        invited Ministers to refer these reports to the Chief Executive of the Ministry of Business Innovation and Employment (the Procurement Functional Leader) for collation;

1.2.3        invited the Minister for Economic Development (the Minister) to update Cabinet on agency responses before 31 July 2020, as part of the wider six-monthly report back;

[CAB-20-MIN-0289]

#### Report back on the effectiveness of government procurement

2        **noted** that since the introduction of the revised Government Procurement Rules on 1 October 2019, government agencies have been including the broader outcome priorities in their procurement activity to achieve greater public value;

3        **noted** that results from a survey of mandated agencies conducted in June 2020 shows that approximately:

3.1        70 percent of respondents are incorporating priorities on increasing access for New Zealand businesses, and reducing emissions and waste;

3.2        60 percent of respondents are incorporating outcomes relating to improving conditions for New Zealand workers;

- 3.3 34 percent of respondents are incorporating outcomes on construction skills and training;
- 4 **noted** that over a third of survey respondents are incorporating other broader outcomes, wider than the priority areas;
- 5 **noted** that agencies report they have frameworks in place to measure and ensure the effective delivery of broader outcomes through their procurement activity;
- 6 **noted** that some agencies are already incorporating employment-related broader outcomes, such the redeployment of displaced workers and encouraging the employment of local workers and traditionally disadvantaged groups;

### **New quality employment Rule**

- 7 **noted** that while the current government procurement framework is robust and flexible, the predicted economic impacts of COVID-19 on New Zealand's employment rate require government intervention and use of government procurement spending as an additional lever to create and preserve jobs;
- 8 **agreed** to a new Government Procurement Rule that will require mandated government agencies to consider how their procurement and related supply chains will create quality employment opportunities for New Zealanders;
- 9 **noted** that the scope will be limited to employment opportunities and not other outcomes such as employment standards or pay rates to facilitate the adoption of the new Rule;
- 10 **noted** that there may be limits to what government procurement can achieve on its own as the majority of the potential jobs created may be construction related or not in regions where people have lost jobs, requiring training and relocation;
- 11 **agreed** that the new Rule be implemented as part of a wider government employment strategy to support New Zealanders post COVID-19 in order to be effective;
- 12 **agreed** that the Ministry of Business, Innovation and Employment develop advice on how agencies can support employment outcomes for people expected to be most affected by the economic impacts of COVID-19, specifically women, Māori, Pacific peoples, disabled people and youth;
- 13 **noted** that the proposed new Rule will be developed and consulted on as part of the wider government procurement supporting New Zealand's COVID-19 economic and social recovery programme agreed to by Cabinet on 6 July 2020 [CAB-20-MIN-0326];

### **Monitoring and reporting**

- 14 **noted** that:
- 14.1 baseline results against the priority areas are expected to be available by October 2020;
- 14.2 this will enable ongoing monitoring and measurement of the impacts of the broader outcomes framework.

Michael Webster  
Secretary of the Cabinet