



MEMO (EXEMPTION FROM OPEN ADVERTISING)

DATE 20 May 2019

TO Ray Di Leva – General Manager, Property and Procurement (acting)

PREPARED BY Kate Challis, Principal Policy Advisor, Strategic Policy

SUBJECT EXEMPTION FROM OPEN ADVERTISING UNDER THE GOVERNMENT RULES OF SOURCING

Notes:

Please make your request for an exemption before commencing your procurement.

1. MBIE has been appointed the Procurement Functional Leader for Government. As part of this role it publishes the Government Rules of Sourcing (*Rules*) and it is mandatory for MBIE to carry out its procurement in accordance with these Rules.
2. This memo should be used to request either:
 - a. An opt-out from applying all Rules to the procurement; or
 - b. An exemption from openly advertising the procurement.
3. The Rules set out valid reasons for granting an opt-out from certain rules (rule 13) and from openly advertising (rule 15.9).
4. Therefore we will only approve exemptions where there is a robust reason to do so and it can be demonstrated that the procurement principles set out in the Rules will continue to be met. The principles are:
 - a. Plan and manage for great results
 - b. Be fair to all suppliers
 - c. Get the right supplier
 - d. Get the best deal for everyone
 - e. Play by the rules
5. To request an exemption please complete this memo. The template contains some guidance on how to complete it, however it is important that you consider the particulars of your request. Once completed please send it to Ray.DiLeva@mbie.govt.nz marked "Exemption Request" for endorsement.
6. If all of the required information is provided you should expect a response to your request within two business days.

RECOMMENDATION

It is requested that you approve an exemption from contributing to the cost of services provided by a supplier that is not listed on the All-of-Government Panel. The proposed spend is above \$100,000 and therefore an exemption from open tendering is also requested. The proposed provider is McKinsey & Company (McKinsey).

The service sought is development of a report on the impact of the changing nature of work on Māori.



BACKGROUND

The Ministry of Business, Innovation and Employment (MBIE) provide secretariat support to the Prime Minister's Business Advisory Council.

MBIE, via Strategic Policy and Programmes Group, wishes to contribute to the development of a report being prepared for the Prime Minister's Business Advisory Council. This report is being prepared by McKinsey, on behalf of the Chair of the Prime Minister's Business Advisory Council. The analytics of this report is based on previous work and analysis undertaken by McKinsey Company – *A Future That Works: Harnessing automation for a more productive and skilled New Zealand*¹.

REASONING

McKinsey Company is not an All-of-Government supplier. McKinsey hold the base data and analysis, developed as part of their previous analysis, that will inform this subsequent report focused on the impact of the changing nature of work on Māori. Therefore, the expertise required to develop the report is not readily available to be procured from an alternative All-of-Government supplier.

The service is required in order that the report be prepared within a three to four month period. This will allow the analysis and findings to inform both the work of the Business Advisory Council, but also the Future of Work Tripartite Forum, for their upcoming meetings in July and August.

We recommend that our contribution to this service is provided outside of an All-of-Government panel and is not openly tendered as the expertise to inform the report is based on existing information developed and held by McKinsey.

ALTERNATIVES

An alternative solution would be to openly tender the work, however this is likely to lead to a lower quality report as McKinsey hold the existing information and expertise to inform the report.

COST

The cost of the contribution to the preparation of this report is \$200,000. MBIE have also committed to provide access to an Analyst to support the work. It is expected that the total report value (for three to four months' work) is in the order of \$350,000.

NEXT STEPS

If this is approved then we will engage with McKinsey to undertake the work.

¹ <https://api.pmbac.co.nz/wp-content/uploads/2019/05/A-Future-That-Works-PMBAC-Report.pdf>



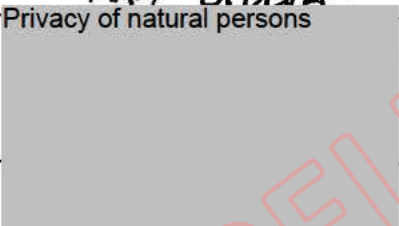
ENDORSEMENT

Please indicate your endorsement by signing below:

GM Property and Procurement:

RAM BILALIA

Privacy of natural persons



Date:

22/5/19.

Comments:

PROACTIVELY RELEASED

