



COVERSHEET

Minister	Hon David Parker, Hon Jenny Salesa	Portfolio	Minister for Economic Development / Minister for Building and Construction
Title of Cabinet paper	Use of the Construction Procurement Guidelines	Date of release	17 May 2019

List of documents that have been proactively released

Date	Title	Author
26 September 2018	<i>Use of the Construction Procurement Guidelines Cabinet Paper and revised letter from Ministers</i>	<i>Office of the Minister for Economic Development, Office of the Minister for Building and Construction</i>
26 September 2018	<i>DEV-18-MIN-0219</i>	<i>Cabinet Economic Development Committee office</i>

Information redacted

NO

Please note that pages 13-14 of the Cabinet Paper document are templates for a letter for Ministers to send to the Chief Executives and Heads of relevant departments and Crown agencies. This is the revised version of the letter at Annex Two of the Cabinet Paper (pages 10-11) following Ministerial feedback.



Cabinet Economic Development Committee

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.

Use of the Construction Procurement Guidelines

Portfolios **Economic Development / Building and Construction**

On 26 September 2018, the Cabinet Economic Development Committee:

- 1 **noted** that government procurement for construction and infrastructure projects in New Zealand is decentralised, with primary responsibility and accountability sitting with the Chief Executives of government agencies;
- 2 **noted** that the construction industry in New Zealand is facing a number of issues, including complex and expensive procurement processes, inappropriate transfer of risks to suppliers, and low margins;
- 3 **noted** that these issues have contributed to recent high profile failures in the industry;
- 4 **noted** that the government has a responsibility to use its market share to set expectations and best practice in construction procurement;
- 5 **noted** that the Government Construction Procurement Guidelines, developed in conjunction with the industry in 2015, would help address the issues identified;
- 6 **noted** that the government can also use this opportunity to instruct agencies to consider how to support skills development and training as part of construction procurement;
- 7 **agreed** to Ministers writing to the heads of their relevant departments and agencies (using the template attached as Annex 2 to the paper under DEV-18-SUB-0219) requesting them to:
 - 7.1 adhere as much as practical to the Government Construction Procurement Guidelines;
 - 7.2 consider how they can use their construction projects to support skills development and training;
- 8 **noted** that this is an interim measure while the Ministry of Business, Innovation and Employment updates the Government Rules of Sourcing and continues its work programme to achieve broader outcomes through government procurement;

- 9 **agreed** that an announcement be made about the government's actions to support the construction industry, after Ministers have written to their respective agencies.

Janine Harvey
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Jenny Salesa
Hon Damien O'Connor
Hon Shane Jones
Hon Kris Faafoi
Hon Willie Jackson
Hon James Shaw

Officials present from:

Officials Committee for DEV

Hard-copy distribution:

Minister for Economic Development
Minister for Building and Construction

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