



# Summary

## *Using “functional leadership” to improve government procurement*

Since 2012, New Zealand Government Procurement (NZGP), a business unit in the Ministry of Business, Innovation and Employment, has been responsible for leading improvements in government procurement.

NZGP has successfully laid the foundations for effective procurement functional leadership. It has introduced rules, guidance, and activities that have helped public organisations improve their procurement practices and take a more consistent approach to procurement than previously. NZGP has also done work to increase the number, and improve the quality of, procurement professionals in the public sector.

Public organisations now have higher expectations of NZGP’s leadership. However, NZGP is not yet meeting these expectations.

NZGP needs to be clearer about how it is going to influence public organisations to see procurement as a strategic activity focused on achieving public value, rather than as a set of requirements to comply with.

NZGP’s engagement with public organisations needs to be as a strategic partner to make this shift. This means that NZGP needs to provide closer and more nuanced support, be more responsive, and jointly set goals and priorities with public organisations.

It also needs to put in place the essential elements of good governance to provide transparency and accountability for improving government procurement, including monitoring and reporting of its planned national procurement strategy.

In this report, we have identified some important areas for NZGP to focus on to further improve public sector performance and to be seen as the centre of excellence for procurement in the public sector.

The State Services Commission needs to clarify its role in setting expectations for procurement functional leadership and reviewing NZGP’s performance.



# Improving procurement spending data – Questions to consider

As procurement becomes a more strategic function in a public organisation, analysing spending is a fundamental technique that procurement professionals can use to guide executive leaders and budget holders in maximising public value.

Analysing spending is important for proactively identifying savings opportunities, managing risks, and optimising buying power. To help get a comprehensive understanding of a public organisation's procurement spending, executive leaders should ask these questions:

- What are we buying?
- Who are we buying from?
- Is all buying going through all-of-government contracts when it should be?
- Who is buying?
- How often do we buy?
- When did we buy?
- How much did we pay?
- Are we getting what we had been promised?
- What location were the items delivered to?
- How does the data compare with previous years?