

10 June 2021

Brent Burton  
Performance Audit Lead  
Sector Performance Group  
Office of the Auditor-General  
PO Box 3928  
WELLINGTON 6140

Email: [Brent.Burton@oag.parliament.nz](mailto:Brent.Burton@oag.parliament.nz)

Tēnā koe Brent

**FOLLOWING UP ON PERFORMANCE AUDIT ON USING ‘FUNCTIONAL LEADERSHIP’ TO IMPROVE  
GOVERNMENT PROCUREMENT – REPORT PUBLISHED 2019**

Further to the request from Leeanne McAviney of 13 May 2021 below is a summary of the actions taken by New Zealand Government Procurement (NZGP) in response to the findings and recommendations made in the above performance audit.

The OAG’s focus on government procurement has our strong support and has complemented other improvement initiatives underway at the time.

While the report acknowledges that the foundations for effective procurement functional leadership have been successfully laid, it also highlighted some important areas for us to focus further on. The report has been widely communicated through [NZGP’s website](#) with feedback in relation to the findings of the report welcomed.

With regards to some specific actions taken in response to the report NZGP has:

- Extended the focus and membership of its Functional Leaders Chief Executive group to include procurement. The purpose of this group is to drive the long-term strategy for government’s property and procurement systems, the contribution of these systems to the wider public sector, and ensuring that the systems are linked and aligned with other functional leadership groups.
- Agreed five government strategic procurement priorities with Cabinet that will underpin a procurement strategy for Government. Further development of the strategy is now on hold pending the outcome of the ‘looking forward’ work mentioned below i.e. working with the wider procurement sector to consider opportunities for change and a programme of work that better supports Government’s objectives and builds the procurement functions that New Zealand needs.
- Updated its branch strategy and subsequent work streams to incorporate changes and influences in the external operating environment e.g. government procurement supporting New Zealand’s COVID-19 economic and social recovery and the OAG’s report; and prioritised the initiatives/actions.

- Work underway on reviewing its overarching NZGP stakeholder engagement plan, to align it to the updated branch strategy and to ensure current stakeholders are understood and engagement approaches reflect a cross-system and more collaborative way of working. In support of this NZGP continues to engage widely through its account management function, regular newsletters, external advisory groups and agency/supplier surveys.
- Developed a draft e-Procurement strategy centred on user experience and insight gathering. A key success factor for delivery of this e-Procurement ecosystem will be capability development through training materials and guidance for agencies and suppliers to support them in accessing, embedding and maximising the value from digitisation.
- Developed a monitoring and reporting framework to support the improvement of procurement practices across the public sector and to enable the procurement system to deliver greater public value. Next steps include implementation and ensuring the framework supports recent policy directions.
- Established a function to evaluate options for monitoring capability, assurance and general performance of the procurement system against the parameters set by Cabinet. NZGP is engaging with other sector leaders (Treasury, Infracom, GCDO) to ensure alignment with these other roles/functions.
- Published a [2019 functional leadership report](#) with the 2020 report due to be published shortly. In light of the move to two branches i.e. NZGP and the Government Property Group, it is planned to review the format of future reports.
- Increased transparency of government spend through improving accessibility to [New Zealand award notice data](#) published by government agencies on the Government Electronic Tender Service (GETS). In addition to providing a stand-alone 'historic data' report, releasing this information quarterly as open data fulfils one of New Zealand's commitments under the Open Government Partnership and the related National Action Plan 2018-2020.
- Launched [Hikina](#) an online learning management system, including training and skills development, for government procurement and property professionals. There are approximately 1300 users currently registered.
- Reviewed existing All-of-Government (AoG) contracts to identify opportunities to add public value and incorporated these measures into return-to-market activities as they have fallen due. For example, the AoG office products RFP included:
  - A low-waste key office supplier's category to support agencies in designing waste out of the system; and
  - Enabling agencies to support New Zealand businesses through the wider supply chain, by identifying where a product is NZ manufactured or sourced from a NZ business.
- Focused on improving and supporting procurement in the construction sector through developing and implementing a Playbook to improve procurement practice, a pipeline of Beacon projects and guidance on reducing carbon during construction projects.

NZGP has also met with Te Kawa Mataaho - the Public Service Commission to discuss/clarify its oversight role for procurement functional leadership in the public sector. Te Kawa Mataaho has advised that it will provide a separate response to the findings and recommendations made in the performance audit.

## Looking forward

New Zealand is facing some of the most significant economic, social and environmental challenges in its history, including climate change and environmental degradation, social inequalities, demographic changes and technology disruption. Responding to these big issues requires a holistic approach to thinking about the role and functions of procurement and how best to shape it to meet future needs.

System-wide improvement in areas such as collecting and sharing data, evaluating and reporting on procurement activity, benefits and outcomes is increasing in importance for much of the government procurement system. In 2021 we are looking at a reset of government procurement to ensure our strategic priorities and work programmes are as relevant as possible now and into the future and are meeting the OAGs recommendations.

I trust that this report-back illustrates where progress has been made and how New Zealand Government Procurement is continuing to demonstrate leadership across the system.

Ngā mihi



Carolyn Tremain  
Te Tumu Whakarae mō Hikina Whakatutuki  
Secretary for Business, Innovation & Employment and Chief Executive