

**NEW ZEALAND GOVERNMENT
PROCUREMENT AND PROPERTY**

FUNCTIONAL LEADERSHIP REPORT 2020



Government
Property Group



[New Zealand Government](#)

Disclaimer

This document is a guide only. It should not be used as a substitute for legislation or legal advice. The Ministry of Business, Innovation and Employment is not responsible for the results of any actions taken on the basis of information in this document, or for any errors or omissions.

ISSN 2703-2329 (online)

Published: July 2021

©Crown Copyright

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

NEW ZEALAND GOVERNMENT PROCUREMENT AND PROPERTY FUNCTIONAL LEADERSHIP REPORT 2020

Chief Executive's foreword	1
About us	2
Highlights	3
2020 in Review	4
The way we work is changing.....	5
Driving change through procurement	7
Engaging with our stakeholders	11
Appendices	13

CHIEF EXECUTIVE'S FOREWORD

Tēnā koutou katoa

As the Functional Lead for Government Procurement and Property, I am very proud of the resilience, ingenuity and commitment demonstrated by our procurement and property professionals in 2020.

In the last year, we showed that flexible and responsive procurement can deliver public value and better outcomes for New Zealand, and Government property took great strides towards supporting a unified public service through modern, flexible, shared government workplaces.

We also said farewell to John Ivil as New Zealand Government Procurement and Property's (NZGPP's) General Manager. For nearly 11 years, John was at the helm of NZGPP and played an instrumental role in the implementation of the procurement and property reforms. John leaves NZGPP in a great position to face future challenges.

After this extraordinary year, our focus shifts now to the future and to new opportunities for the functional leadership of both procurement and property. We have

reset our strategy to ensure both the procurement and property systems contribute to this recovery.

I am excited to see how these changes to the procurement and property systems strengthen the performance of New Zealand's public service.

With the increasing importance of system leadership across both Government Procurement and Government Property, we have established two dedicated leadership roles: a General Manager for Government Procurement and a General Manager for Government Property to ensure that we are well placed to support government priorities. The team became two separate branches in April 2021 and continue to work closely together delivering system wide initiatives.

I want to thank NZGPP's staff for their commitment to this important work. This is an exciting time for both the New Zealand Government Procurement and Property functions.

Nāku noa, nā



Carolyn Tremain
Chief Executive,
Ministry of Business,
Innovation and
Employment

ABOUT US

New Zealand Government Procurement and Property (NZGPP) sets the standard for good procurement and property practice across the public sector and supports capability building across the system. We do this through our two external facing brands: New Zealand Government Procurement (NZGP) and Government Property Group (GPG).

Our vision

World-leading government procurement and property that delivers outstanding public services and public value, while stimulating innovation and creating opportunities.

Our mission

Our system-wide leadership raises standards, improves capability, champions best practice and innovation, and delivers public value in government procurement and property.

Our strategic objectives

- › Be a standout system leader.
- › Deliver public value through procurement and property.
- › Transform government office and public interface spaces.
- › Boost capability and provide assurance.
- › Shape markets and lead sectors.

▶ **READ MORE**

HIGHLIGHTS



122 people



\$28m procurement budget

\$2.9m Crown, \$25.1 third party funding



\$4m property budget

\$2.7m Crown, \$1.3m third party funding



2 Ministers

Minister for Economic and
Regional Development
Minister of State Services

Each year, government agencies spend approximately \$51.5b on goods and services.



244 Electric vehicles purchased through the AoG vehicles contract



67 agencies in the Government Property Group mandate



7.6% reduction in government vehicle emissions



\$1.2 billion saved through AoG contracts to June 2020



924,356 m² of Crown office space



10 graduates started procurement graduate programme February 2020



1100+ Hīkina users across 135 agencies



521 applications received for the 2021 graduate programme



188% increase in Hybrid vehicle sales through the AoG vehicles panel



767 All-of-Government contracts signed



630 people attended procurement breakfast sessions



996 courses completed on Hīkina



Around 30% of NZGPP staff redeployed to support government's COVID response



3657 page views of COVID-19 property guidance and **2552 page views** of COVID-19 procurement guidance

2020 IN REVIEW

The events of 2020 have brought into focus how the procurement and property functions can deliver greater public good for New Zealanders.

Our focus has been on opportunities to improve how government procurement and property operates across the system:

Accelerating the delivery of broader social, cultural, economic and environmental outcomes

- › [Delivering greater public good through government procurement](#)
- › [Growing list of electric vehicles for agencies](#)
- › [Increasing access for New Zealand businesses](#)

Enabling greater visibility of government procurement activity

- › [New Zealand government procurement open data](#)
- › [Future procurement opportunities](#)
- › [Reporting on broader outcomes](#)

Providing support and guidance to the system

- › [Construction procurement guidelines](#)
- › [Rapid mobilisation playbook](#)
- › [New ways of working: flexible office environments](#)

- › [Energy efficient buildings](#)
- › [Seismic rating of Government Office Accommodation update](#)
- › [Hīkina, a skills and development system for government professionals](#)
- › [Updated Government model contract templates](#)
- › [Emergency procurement and property guidance and support in response to COVID-19](#)
 - › [COVID-19 procurement update – for agencies](#)
 - › [COVID-19 property update - for agencies](#)

Embracing the future of the workplace

- › [Collaboration driving the future vision for property](#)
- › [Developing a Government Office Accommodation Programme](#)
- › [Step change for government office accommodation](#)
- › [Expectations for government office accommodation](#)

THE WAY WE WORK IS CHANGING

One of the challenges we all faced during the COVID-19 pandemic was adjusting to a different way of working. New systems and tools were quickly introduced when everyone was asked to start working from home at very short notice. We all challenged the common perception that we need to be in an office in order to work.

As a result agencies are now really thinking about what a flexible way of working can mean for their organisations. Agencies have established a more flexible approach to how and where we work, and have systems and technology available to support working remotely.

The Government Property Group's (GPG) work on **flexible working environments** precedes COVID-19 and reflects how the public service is evolving to meet growing demands. By changing the way our office accommodation is co-ordinated, and dealing with the implications of COVID-19, we have taken steps towards future proofing the way government works in a more adaptive, agile and collaborative way.

Building **flexible working environments** helps break down silos within organisations and leads to more collaboration, creating opportunities for agencies to work together as a resilient and unified public service. Working flexibly benefits business continuity planning by enabling uninterrupted work to continue in case of a disaster. There is a positive impact on workers' wellbeing by empowering them with the choice of where, when and how to work. There are also secondary benefits: reducing emissions as a result of less commuting travel and increased productivity as commuting times are cut.

▶ READ MORE

[New ways of working in flexible office environments ↗](#)

[Property definitions ↗](#)



We continue our work with Te Kawa Mataaho Public Service Commission, and the Department of Internal Affairs as Digital Functional Lead, on the Government Workplace Strategy (GWS) to support the **Public Service Act 2020**. With the aim of unifying public service through shared government workplaces and cross-agency work delivering better outcomes for all New Zealanders, the GWS delivers on the government's expectations for:

- › community focus;
- › collaboration between agencies;
- › provision of workplaces that value people and
- › delivering greater public value.

▶ **READ MORE**

Public Service Act 2020 ↗



DRIVING CHANGE THROUGH PROCUREMENT

With increasing expectations on government procurement to deliver greater public value and support New Zealand's economic and social recovery, we are focussing on helping agencies implement new initiatives and improve the procurement system.

Increasing procurement opportunities

Changes are being made to the Government Procurement Rules to allow procurement to be used as a lever in improving outcomes for New Zealanders and to help support New Zealand's COVID-19 recovery including the addition of a new rule:

- › *Rule 18A – Employment outcomes requires agencies to consider quality employment opportunities for New Zealanders in government procurement activities. There is a focus on traditionally marginalised groups such as Māori and Pacific peoples, women, people with a disability and youth.*

Agencies need to consider how they can create opportunities for New Zealand businesses to access government contracts, including social procurement initiatives.

Progressive procurement policy

An exciting new progressive procurement policy requires government to work towards diversifying their suppliers, focussing initially on Māori businesses.

Progressive procurement is about buyers of goods and services looking beyond price to wider social and public value. It combines elements of social procurement, supplier diversity, indigenous procurement, and wellbeing measures.



Government agencies need to ensure that at least 5% of the total number of annual procurement contracts are awarded to Māori businesses.

The joint programme between Te Puni Kōkiri and MBIE aims to spread the benefits of the Government's \$51.5 billion spend per year on procurement of goods and services to the wider community.

Te Kupenga Hao Pāuaua, the project team based at Te Puni Kōkiri, is also working with **Amotai as a contracted intermediary** in prototyping progressive procurement approaches to help Māori businesses engage in government procurement.

Improving the procurement system

We are implementing new initiatives that make the government procurement system more robust and responsive.

One of the initiatives introduces some changes to the Government Procurement Rules one of which is a new rule:

› *Rule 12A – Procurement response measures (PRM) enables the Procurement Functional Lead to put in place measures that can direct and undertake targeted procurement interventions in response to an emergency, a crisis or a wider policy priority.*

The establishment of an assurance function is another key action of the Government Procurement Recovery Plan. The assurance function enhances the overall mandate of the Procurement Functional Lead (PFL) to intervene in the government procurement system and increases system monitoring to mitigate procurement risk.

We have worked with the Treasury, Te Kawa Mataaho Public Service Commission and other key organisations to identify which procurement monitoring and assurance interventions will add greatest value. A procurement assurance strategy is being developed together with a target operating model that will enable the effective implementation of the new function.

▶ READ MORE

[Changes to government procurement rules ↗](#)

[Amotai as a contracted intermediary ↗](#)



Improving sustainability through procurement

The recently launched Carbon Neutral Government Programme is a new initiative combatting climate change and aiming for a carbon neutral public sector by 2025.

Government procurement has an important role to play as it accounts for 12 per cent of New Zealand's gross domestic product. How we engage with our suppliers and set priorities under our contracts can have significant effects on net carbon emissions.

Expecting government agencies to reduce emissions and waste from their procurement presents a real shift in focus and a transition to a climate resilient economy. Agencies must transition their fleets to hit a zero emissions target, and take steps to lower emissions and waste from buildings and office supplies.

We are leading a number of initiatives aligned to the Carbon Neutral Government Programme:

Helping agencies understand their carbon emissions

- › **Tracking air travel emission**
- › **Government fleet emissions dashboard**

Reducing carbon emissions

- › **Electric vehicles – Growing list of electric vehicles for government agencies to choose from**
- › **Reducing emissions from the government fleet – a Hīkina course for agencies**
- › **Less-than-one-day rental vehicles offer on-demand service for agencies**
- › **Energy efficient buildings**

Reducing waste

- › **AoG office supplies**

▶ **READ MORE**

Procurement for a net zero emissions economy ↗
Public sector to be carbon neutral by 2025 ↗



Digital tools to help agencies

We are developing digital procurement tools to support agencies during the procurement process and improve the experience of businesses engaging with government. The goal is to minimise the time and effort agencies take to conduct procurement activities and ensure they are choosing appropriate tools to meet their needs.

Projects currently underway include:

- › Automation of procurement templates such as the Government Model Contracts and RFX suite
- › A digital tool for managing the conflict of interest process within a procurement
- › A panel of digital procurement tools to support the procurement process including evaluating proposals and managing suppliers and contracts. The software will meet a broad range of needs for organisations of varying sizes.

▶ READ MORE

[Delivering construction consultancy online](#)



ENGAGING WITH OUR STAKEHOLDERS

Procurement and Property Functional Leadership CE Forum

Chaired by Carolyn Tremain, this forum enables collaboration and consultation with agencies and other functional leadership groups in order to drive the long term strategy for the government's property and procurement systems.

Procurement Functional Leaders Group

The Procurement Functional Leaders Group provides a high level of thought and strategic leadership to help NZGP in our work of enabling, supporting and shaping government procurement strategy and strengthening capability and collaboration across agencies. During 2020 this group provided valuable insight and guidance that helped shape our procurement response to COVID-19.

Government Property Forum

Senior property officials within key government agencies continue to work with and contribute to the development of standards and guidelines for government office accommodation across the portfolio. In 2020 COVID-19 was the significant area of focus, with GPG producing guidance, including direction on agencies continuing to pay rent and managing workplaces through the various alert levels.

Towards the end of 2020 the Property Forum was expanded to include all GPG mandated agencies, aiming to ensure that agencies are well informed about sector wide initiatives such as the Government Office Accommodation Programme.

Operational Matters

In 2020 the Government Property Group held quarterly Operational Matters meetings with all agencies, with a focus on operational property matters including discussions on demand and supply of office space. They also met with all agencies on a sector and individual basis.

Business Reference Group

The Business Reference Group (BRG) is an advisory group providing NZGP with a business perspective on government procurement strategy, policy, capability and practices in New Zealand. In 2020 the group provided valuable insights on engaging with business on the new rule changes and our response to COVID-19.

Client advisory groups

Engaging with client advisory groups (CAGs) is an important way for us to test our thinking and gain insight into what government agencies need from All-of-Government contracts. In 2020 government procurement professionals willingly contributed to a number of CAGs, giving us their time and expertise and helped us shape All-of-Government solutions that would best meet their expectations.

ENGAGING WITH OUR STAKEHOLDERS (CONT)

Crown Collaboration Construction Forum (CCCCF)

This group of infrastructure-intensive agencies, previously chaired by the Department of Corrections, is now convened by NZGP to share good practice in construction procurement, explore opportunities for collaboration and discuss industry-wide initiatives. It also serves as an opportunity to ensure that government agencies can participate in the Construction Sector Accord's efforts to transform the industry for the better.

Electronic Procurement Advisory Group (ePAG)

The ePAG is a group of interested public procurement professionals who contribute to the development and implementation of NZGP's digital procurement strategy. In 2020 they tested the strategy and work programme and contributed to high-level requirements gathering.

Knowledge hours

We host Procurement and Property knowledge hours regularly throughout the year and bring procurement and property specialists together to network and share knowledge. In 2020 many of these events were delivered as webinars, allowing us to reach new audiences outside of Wellington.

International Procurement and Trade

The arrival of COVID-19 significantly impacted how our International Procurement and Trade team participated in negotiations. Face-to-face meetings were replaced with virtual meetings. This meant developing new ways of conducting international negotiations. Director International Procurement and Trade Karen English comments: 'We needed to think differently in terms of the techniques we use to build relationships, but COVID was a unifier that we could all relate to.' Ultimately, key priorities were not impacted and progress continues to be made on free trade negotiations with the EU and UK.

APPENDICES

Appendix 1: Agency satisfaction with All-of-Government contracts

Appendix 2: All-of-Government contract spend

Appendix 3: All-of-Government sourcing activity

Appendix 4: Government Office Accommodation Portfolio Report

Appendix 1: Agency satisfaction with All-of-Government contracts

We survey government agencies annually to assess their satisfaction with the All-of-Government (AoG) programme. This feedback is used to deliver improvements to the programme and enhance our service to agencies.

We recorded an improvement in overall agency satisfaction. Other key metrics have declined in the 2020 Agency Satisfaction Survey, except for the quality of communications, which remained virtually unchanged.

Feedback indicates that agencies are positive about the value AoG contracts deliver. The sentiment is that the AoG model saves time and money, represents good value and makes the procurement process easy.

We have a number of projects underway to address issues raised by agencies:

- › Development of e-procurement tools leading to an integrated end-to-end e-procurement service and a better experience for agencies and suppliers, including improvements to the GETS user interface.
- › Ongoing enhancements to website content and functionality, including enhancements to website search functionality.
- › Ongoing efforts to improve the way we communicate, including improving the accessibility of our content.

Questions	Overall Scores 2017/18	Overall Scores 2018/19	Overall Scores 2019/20	Year On Year Change
(sum of Likert scale data)				
Agency satisfaction with range of products and services included in scope meeting agency needs.	82.15%	83.60%	80.02%	-3.58
Agency satisfaction with the quality of service from the team managing the AoG contracts. ¹	61.50%	65.85%	59.48%	-6.37
Information about the AoG contract is easy to access and meets needs.	58.10%	71.65%	60.94%	-10.71
Agency satisfaction with the value AoG contracts are delivering.	70.59%	71.10%	72.92%	1.80
The quality of communications from NZGP has improved over the last 12 months	52.50%	55.56%	55.81%	0.30

¹ Denotes compulsory MBIE Common Measurement Tool (CMT) questions which are used across all MBIE customer satisfaction surveys.

Appendix 2: All-of-Government contract spend

All-of-Government (AoG) contracts allow government agencies and schools to buy a diverse range of common goods and services, from electric vehicles to school office supplies. There are currently 20 AoG contracts. An administration fee of up to 1.5% can be applied to each contract, depending on the nature of the goods and services being procured and the amount of sourcing and supplier relationship management activity that is required. Over time, an increase in agency participation and internal efficiencies has led to the average administration fee dropping to 0.8% across the AoG programme. The revenue received through this fee is used to fund the AoG programme and other government-wide procurement initiatives and systems such as the Online Panel Directory, the Learning Management System (Hīkina), and investments in GETS and other e-Procurement tools.

	Spend (M)	Savings (M)	Admin Fee (M)
External Recruitment Services 2nd Gen	\$854.2	\$33.7	\$8.4
Travel Management Services 2nd Gen	\$250.6		\$0.0
Consultancy Services	\$206.4	\$10.9	\$1.5
IT Hardware 2nd Gen	\$199.9	\$15.6	\$2.7
Electricity	\$186.0	\$11.1	\$0.5
Air Travel 2nd Gen	\$172.9	\$15.7	\$0.7
Motor Vehicles 2nd Gen	\$126.5	\$18.6	\$1.6
External Legal Services 2nd Gen	\$74.6	\$15.0	\$1.1
Travel Management Services	\$72.8		\$0.0
Office Supplies	\$61.5	\$28.0	\$0.9
Office Furniture	\$36.7		\$0.0
Print Technology and Associated Services	\$32.9	\$2.9	\$0.5
Advertising Services	\$31.5	\$0.5	\$0.5
Advertising Media	\$24.3		\$0.0
AoG Panel Banking Services	\$22.0	\$17.5	\$0.0
Reticulated Gas 2nd Gen	\$20.9	\$4.4	\$0.1
Rental Vehicles 2nd Gen	\$10.2	\$3.3	\$0.1
Risk Financing and Insurance	\$9.9	\$1.9	\$0.2
Design Services	\$6.6	\$0.2	\$0.1
External Recruitment Services	\$3.4	\$0.0	\$0.0
Property Consultancy Services	\$3.2	-\$0.0	\$0.0
External Legal Services	\$2.9	\$0.3	\$0.0
Print Devices	\$2.1	\$0.2	\$0.0
Crown Transactional Banking Services	\$1.0	\$2.7	\$1.2
Rental Vehicles	\$0.8	-\$0.0	\$0.0
Grand Total	\$2,413.8	\$182.4	\$20.2

Appendix 3: All-of-Government sourcing activity

Each year, as a number of AoG contracts approach their expiry date, our Sourcing Team engages with suppliers and government agencies to develop a fit-for-purpose commercial approach that will deliver positive outcomes for government while taking into account market developments.

This table shows contract renewal activities that were carried out in the financial year 2019/20, and those that are scheduled to occur during the coming financial year 2020/21.

Contract	Status	Type	Key Date
Advertising media	Ongoing	Contract renewal	Jun-21
Air travel services	Complete	Contract start	Feb-21
Banking services	Scheduled	Contract renewal	Apr-21
Construction consultancy services	Complete	Contract start	Nov-19
Electricity	Scheduled	Contract renewal	Jun-21
External legal services	Scheduled	Contract renewal	Sep-21
External recruitment services	Scheduled	Contract renewal	Sep-21
IT hardware	Ongoing	Contract renewal	Sep-21
Marketing services	Ongoing	Contract renewal	Jun-21
Motor vehicles	Complete	Contract start	Jun-20
Office furniture	Complete	Contract start	Feb-21
Office supplies	Ongoing	Contract renewal	Jul-21
Print technology and associated services	Scheduled	Contract renewal	Mar-21
Property consultancy services	Scheduled	Contract renewal	Mar-21
Reticulated gas	Ongoing	Contract renewal	Sep-21
Risk finance and insurance	Complete	Contract start	Apr-20
Panel Refreshes			
Consultancy panel	Ongoing	This is a change to an existing contract	Jun-21
Electric vehicles	Complete	This was a change to an existing contract	Oct-20
Marketing services	Scheduled	This is a change to an existing contract	Jun-21

Appendix 4: Government Office Accommodation Portfolio Report

The total government office accommodation portfolio remains under one million square metres (as at 30 June 2020).

The occupation density ratio rose slightly to 15m² per person, remaining within the government's target range of 12-16m² per person.

The average cost of space at \$6,764 per office person (including rent and facilities management) compares favourably with the average cost for private sector space (\$7,564).**



924,356.78 m²
Total size of Crown office space*



-788,266 m²
Total estate footprint reduction since 2011



15 m²
Average area per office person, compared to private sector of 16.6 m²**



\$6,764
Average cost per office person including rent, opex, facilities management and energy costs, compared to private sector of \$7,564.**



4,589 m²
Increase in office footprint since 2018 (across the portfolio)

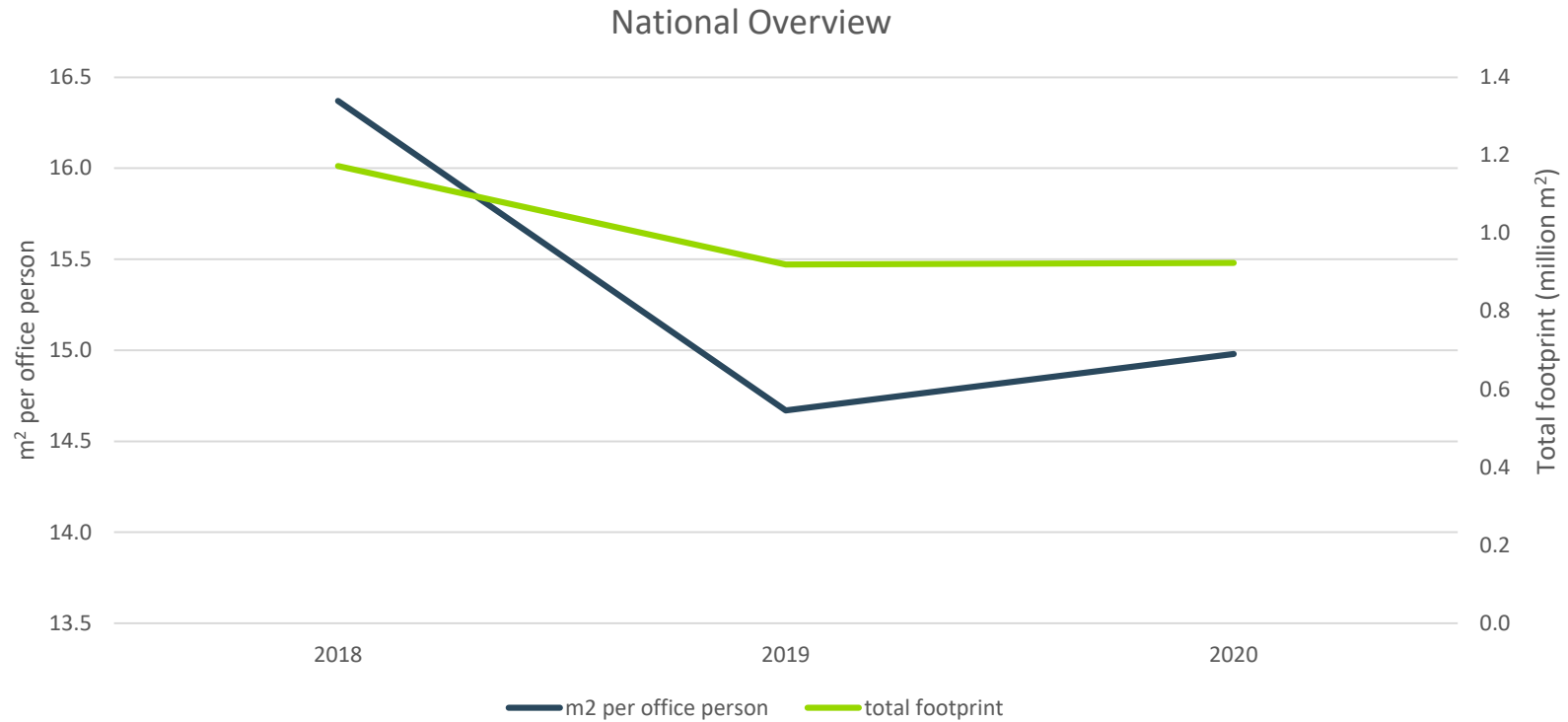


\$4,781
Average Rental cost per office person

** Private sector figures show the overall national central business district (CBD) office results, sourced from the Colliers NZ Workplace Report 2018 – Workplace and Occupational Trends which is produced every two years.

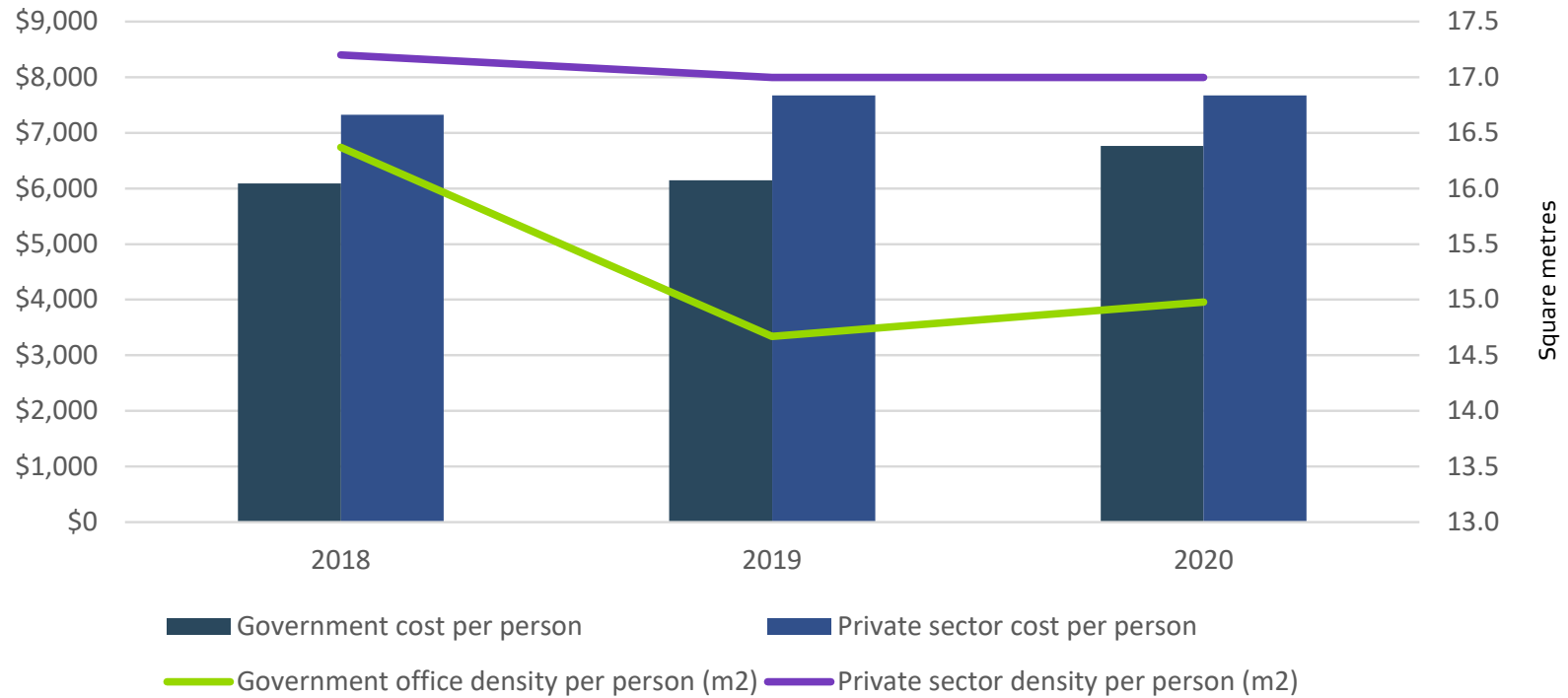
Portfolio overview

The graph below provides an overview of some of the key performance indicators for the Government office accommodation portfolio. These trends demonstrate the impact of agencies and the Government Property Group working together on the efficacy and effectiveness of the portfolio.



Private sector benchmarking

Each year the Government Property Group looks to the private sector as a benchmark to measure performance, using the following key measurements: total occupancy cost per office person, and square metres per office person.

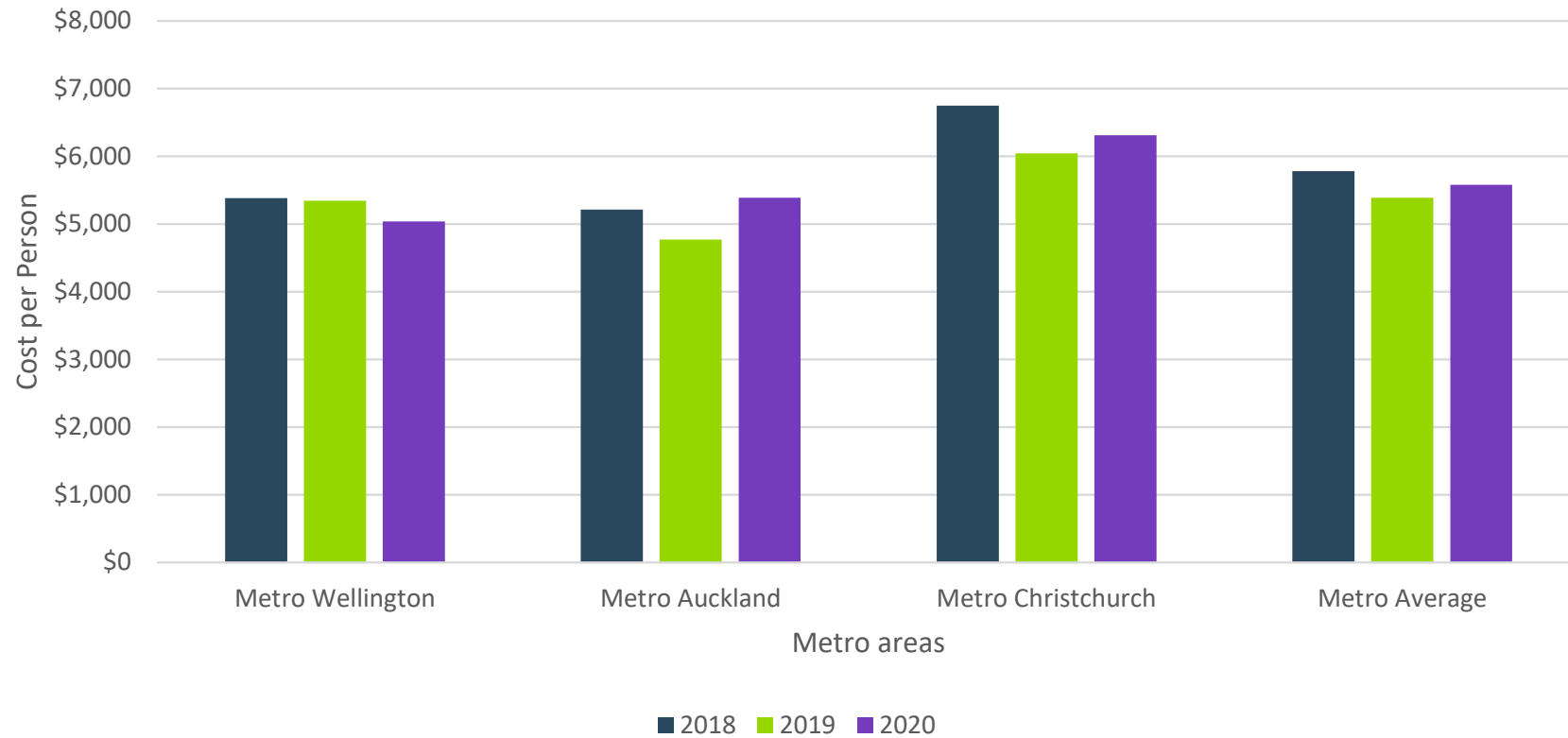


Average \$ per person: \$6,071 Average SQM per person: 14.5 m²

* Private sector figures show the overall national central business district (CBD) office results, sourced from the Colliers NZ Workplace Report 2018 – Workplace and Occupational Trends which is produced every two years.

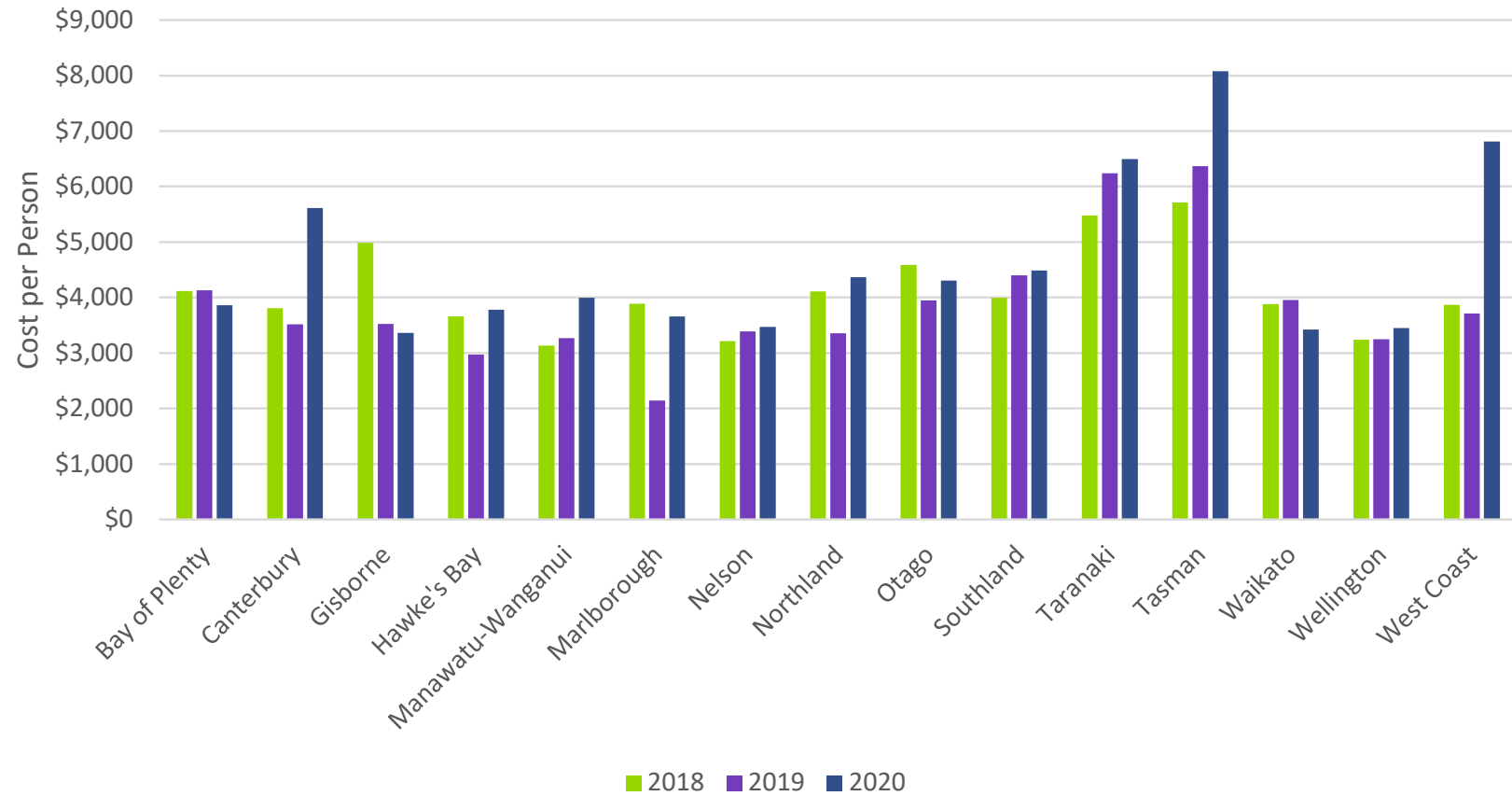
Lease cost per person: metropolitan

Rent and opex cost per office person, for metropolitan locations.



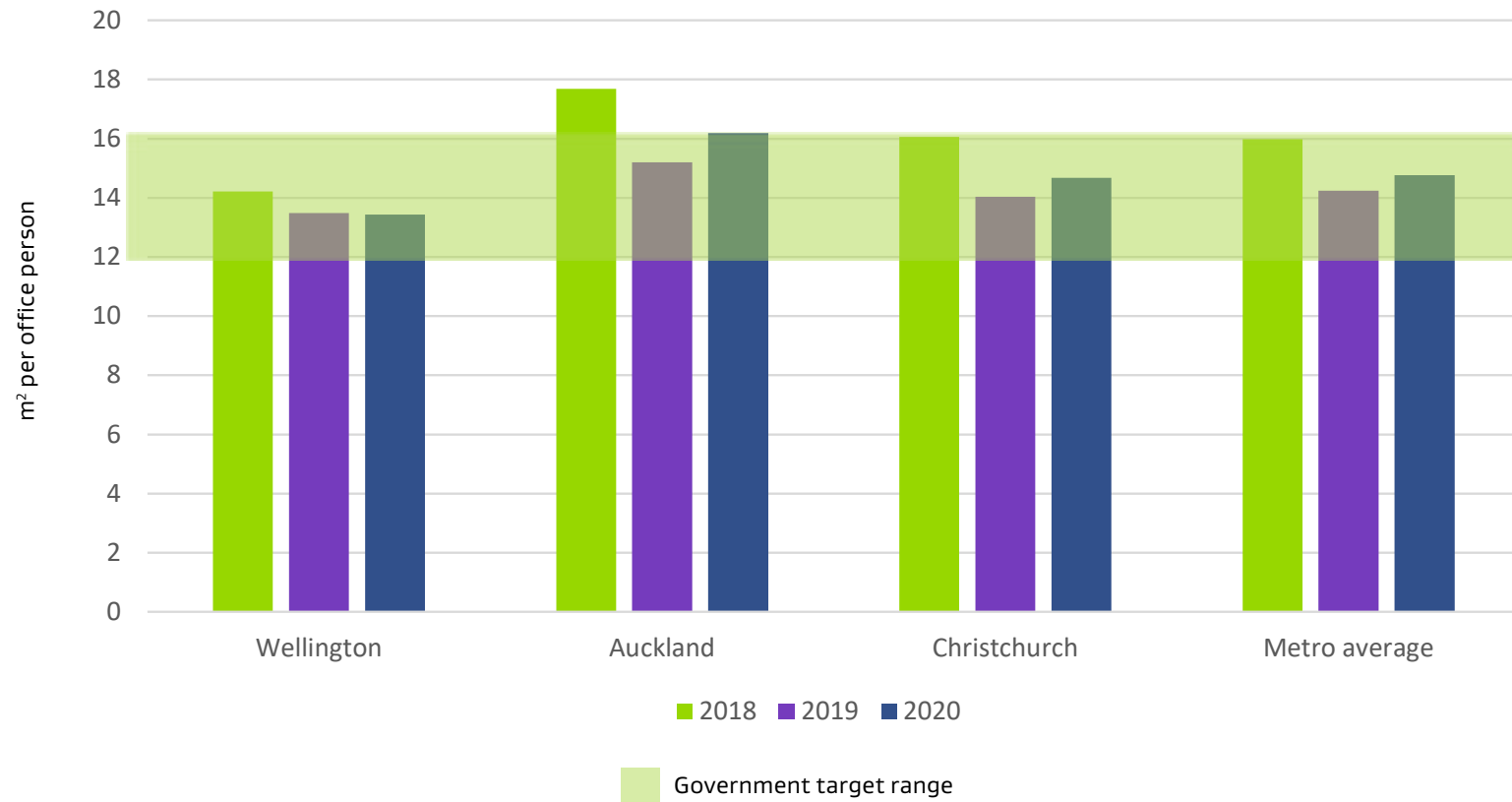
Lease cost per office person: regional

Rent and opex cost per person, for regional locations.



Agency density per location: metropolitan

Area per office person, for metropolitan locations.



Agency density per location: regional

Area per office person, for regional locations.

