

Procurement Capability Index

2024/2025 overall results



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

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Introduction

Strong procurement capability is essential to delivering better outcomes for New Zealanders. The annual Procurement Capability Index (PCI) provides a system-wide view of procurement capability across the system, helping agencies understand their strengths, identify areas for improvement, and track progress over time.

This report marks our second PCI report back on system capability. Encouragingly, the results show steady progress across several areas of procurement capability, demonstrating the continued commitment of agencies to strengthening procurement practices.

The PCI is a key tool for measuring the performance and maturity of the government procurement system. The information gathered helps identify capability gaps, monitor trends, and determine where targeted support and development may be needed.

Structure of the report

This report is structured around several areas: governance, strategy, planning, sourcing and contract management. Each section summarises how agencies reported their organisations in these areas.

For scaled questions, the report has grouped positive response, “somewhat”, “to a great extent” and “always”, depending on the response scale for that question, unless otherwise stated. The analysis includes “not sure” responses in the denominator. This means percentages reflect all agencies that answered each question, not only those that gave a definitive positive or negative response.

Overall results

Agencies reported steady progress across several areas of procurement capability compared with 2023/24 PCI reporting. This includes stronger procurement policy implementation, an increased focus on critical contract and supplier visibility, improved performance monitoring, and an increase in selected people-and-capability measures.

Overall, results highlight the opportunity for agencies to improve strategic planning, supplier segmentation, and performance tracking.

What we expect to see next

With the 5th edition of the Government Procurement Rules now active, we expect agencies to place greater emphasis on economic benefit to New Zealand, transparent use of public money, stronger panel and secondary procurement practice, and whole-of-life contract management. We expect agencies results in future reporting rounds will show an increase in planning, stronger supplier and contract management, and clearer public value.

While most indicators show progress, several results point to areas where practice remains uneven. The new Rules strengthen expectations for deliberate, early procurement planning. This is so agencies can connect procurement activity to organisational priorities, market capability, supplier management and public value. Only 35.4% of agencies reported having a procurement strategy or strategic plan, suggesting agencies do not yet consistently recognise procurement as a strategic function and core enabler of delivery. Supplier segmentation, critical supplier visibility and performance monitoring also remain areas for improvement. These results highlight where NZGP can focus system support as agencies implement the new Rules.

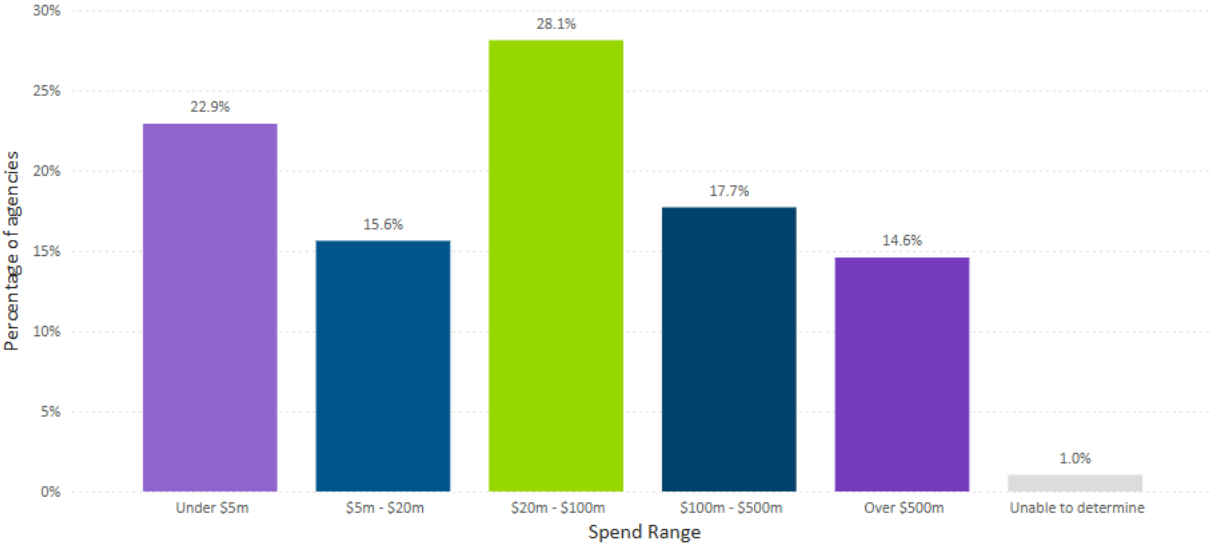
For more information on supplier segmentation, see [Introduction to supplier relationship management | New Zealand Government Procurement](#)

Information on performance monitoring can be found on our website: [Managing performance during delivery | New Zealand Government Procurement](#)

Total Procurement Spend for 2024/2025

Agency procurement spend varies widely across the system. This reinforces the need for procurement support, and tools, to be proportionate, so they work for both high-spend agencies and smaller agencies with limited procurement resource.

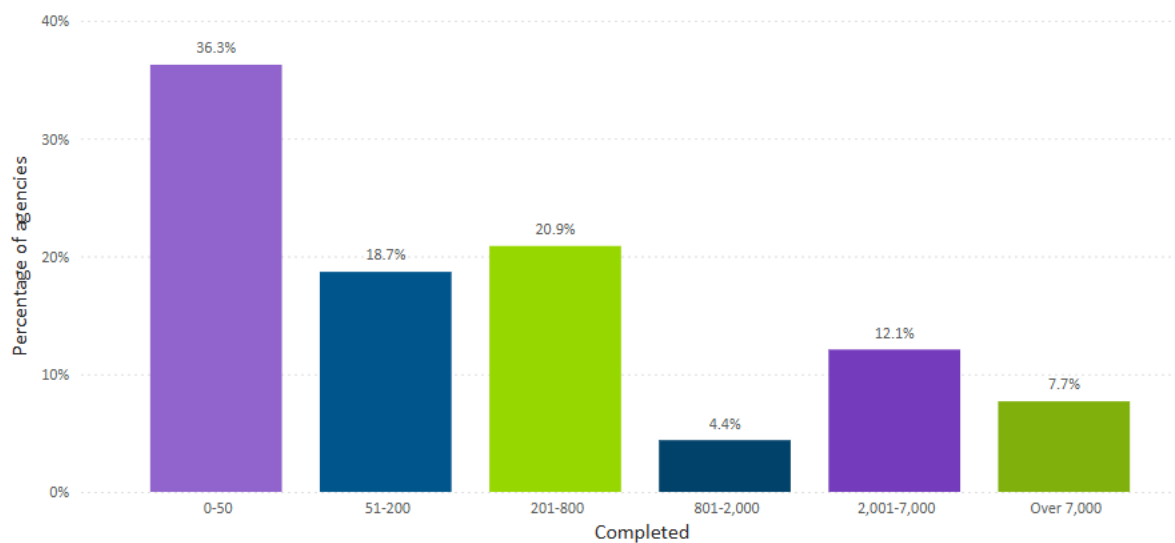
Total Procurement Spend for 2024/2025



Procurements completed

Completed procurement activity is concentrated unevenly across agencies. Some agencies run a much higher volume of procurements than others, creating different levels of operational demand on procurement teams. This highlights the need for support, tools and reporting expectations that reflect the volume and complexity of procurement activity that agencies manage, not just agency size or spend.

Procurements completed in 2024/2025



Reported procurements include any new contract, or contract renewal, purchase order, service order (such as under AoG contracts) or other means of engaging a supplier for delivering goods and services.

Plan

Procurement planning and governance practices are moving in the right direction. More agencies reported having a procurement strategy or strategic plan, and most agencies use market research to inform planning.

- 98.9% of agencies reported that procurement policies are understood and implemented to a positive extent.
- 35.4% of agencies reported having a procurement strategy or strategic plan, up from 25.5% in 2024.
- 83.4% reported carrying out market research to inform procurement planning, compared with 75.6% in 2024.

The shift to the 5th edition of the Rules means procurement planning will need to give earlier and more deliberate consideration to economic benefit opportunities (**Rule 8: Economic benefit to New Zealand**). Future PCI results will show whether agencies are identifying relevant economic benefits during planning and aligning to organisational objectives, market capability and contract outcomes.

For guidance on Rule 8, see the New Zealand Government Procurement website: **Rule 8 guidance handbook | New Zealand Government Procurement**

Source

Across the system, we see an increase in sourcing practices. Agencies are using market research and core supplier-selection considerations, with opportunities to strengthen documentation, debriefing practice and coordinated procurement activity.

- 93.8% of agencies tailor their sourcing process to agency or industry needs.
- 92.7% of agencies have well defined supplier selection methodologies and criteria.

- 90.6% of agencies reported that their sourcing processes and documentation were somewhat easy or very easy to use.
- 94.8% of agencies provide debriefs to unsuccessful bidders.
- 49.0% of agencies participate in joint procurement activities.

Agencies were asked to select from a list of factors they consider in their supplier selection process, below is a list of the top three:

- 98.9% considered price.
- 94.7% considered quality issues.
- 93.7% considered risk.

Agencies also identified other factors including capability, expertise, experience and performance.

With the introduction of Rule 8, we expect agencies to also consider economic benefits alongside price, risk and quality. This includes using fit-for-purpose questions, evaluation criteria and weightings that reflect the outcomes sought. Stronger requirements for supplier panels and secondary procurement also mean agencies will need better visibility of how they establish, use and review panels.

Manage

Identification of critical suppliers and contracts has increased. The next step is turning that visibility into consistent supplier management, including better supplier segmentation, performance monitoring and use of contract and supplier information to support decisions.

- More than 84% recorded core contract details.
- 62.5% of agencies have a structured approach to managing procurement-related risks.
- Similar to 2023/24, 27.1 % of agencies have a formal supplier relationship process in place.

Supplier segmentation remains an area where further system support and practical tools may help agencies strengthen strategic supplier management.

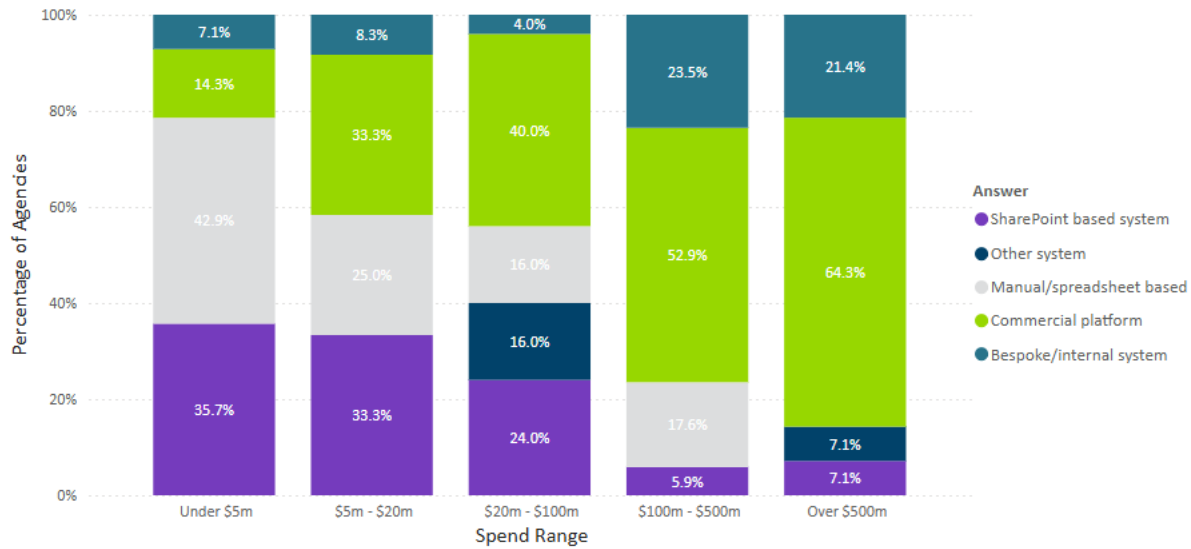
[Introduction to supplier relationship management | New Zealand Government Procurement](#)

As agencies continue to work under the new Rules, we'll look for evidence that they are strengthening contract and supplier management disciplines, particularly for critical suppliers, panel arrangements and high-value or high-risk contracts. This includes using contract and supplier information to manage risk, monitor delivery, support decisions over the life of the contract, and track whether commitments made during sourcing are delivered.

Contract management systems

The bar graph shows that agencies with lower procurement spend are more likely to use spreadsheets or SharePoint, while higher-spend agencies are more likely to use tailored commercial platforms.

Contract management system type by spend



Performance monitoring

More agencies reported tracking supplier and contract performance than in 2024, although agencies have not yet embedded consistent performance monitoring across the system. Continued improvement will support stronger contract management, supplier relationships and decision-making. This will show whether agencies are achieving the outcomes they contracted for, including economic benefits, service quality, timeliness and value.

- 77.3% of agencies recorded whether suppliers delivered on time, and 88.0% recorded whether products or services were delivered within budget.

As agencies implement the new Rules, we will look for evidence that performance monitoring is moving beyond recording basic delivery information to using performance data to manage supplier relationships, address risk, and support contract decisions.

People and capability

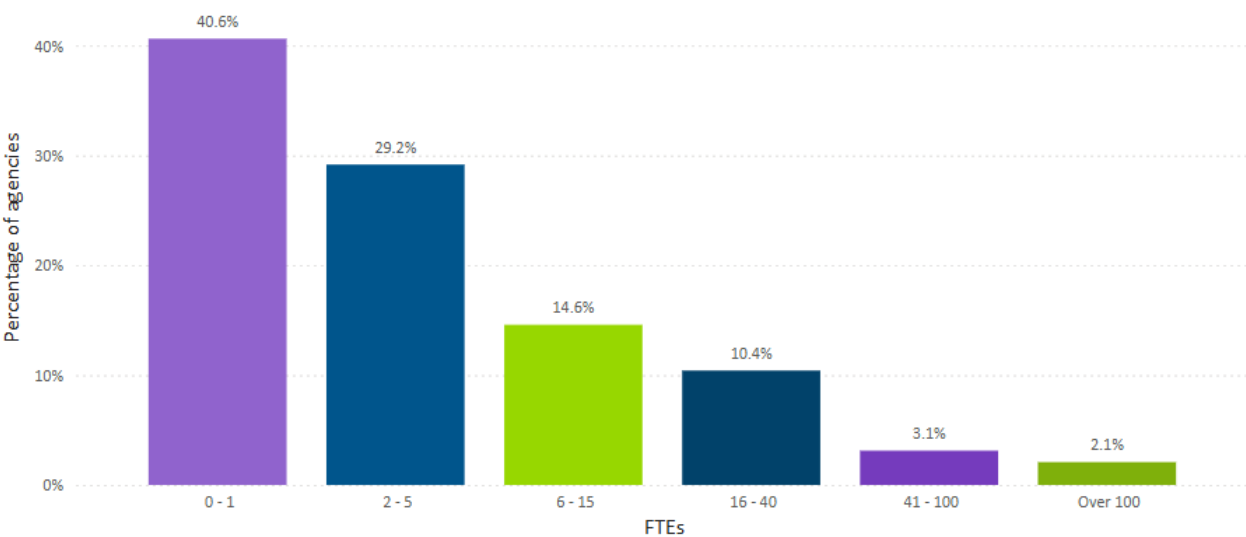
People and capability results show positive movement in collaboration, skills development and career pathway settings. These results are important because capability underpins the quality and consistency of procurement practice across agencies.

- 93.8% reported collaboration between procurement teams and the wider business, up from 85.7% in 2024.
- 83.4% reported that they identify opportunities to improve procurement team competency and skills, up from 73.4% in 2024.
- 40.1% reported that they offer procurement career pathways, up from 33.6% in 2024.

The next stage of system improvement will depend on whether agencies have the people, skills and career pathways they need to support stronger procurement practice. This is particularly important in areas such as contract management, supplier management, economic benefit evaluation, panel management and performance monitoring.

This suggests future capability support should focus not only on general procurement skills, but also on the specialist disciplines agencies need to manage contracts, suppliers and public value over time.

Agency procurement teams



Procurement team size should be considered alongside procurement spend. Some agencies manage significant procurement responsibilities with relatively small teams, reinforcing the need for support that is proportionate to both procurement scale and available capability.

Annex 1: Methodology

The 2025 PCI survey ran from 4 November 2025 to 2 March 2026 and collected data for the 2024/25 financial year. NZGP extended the closing date to 16 March 2026 after several agencies requested additional time to complete the survey. All mandated agencies received a link to the survey. NZGP also invited non-mandated agencies to complete the PCI.

Not all questions were compulsory in the survey. The survey used skip logic, so agencies only answered questions relevant to them. Therefore, not all data presented in this report includes responses from all 96 participating agencies.

NZGP extracted the data and transformed it into a single dataset. This allowed analysts to group, compare and plot questions alongside each other, for example, critical suppliers and critical contracts. This streamlined approach supports comprehensive data analysis and helps identify trends and patterns.

We received survey responses from 96 agencies, including 8 non-mandated agencies. Nine mandated departmental agencies had their parent agency report on their behalf. A total of 27 public service agencies and 69 state service/crown agents responded to the survey.

At the time of the survey, there were a total of 118 mandated agencies. NZGP granted 4 agencies' exemptions due to a range of reasons including agency size, disestablishment, no dedicated procurement function, and agencies with low risk/value/number of procurements. This reduced the total number of mandated agencies required to complete the PCI to 114, resulting in a participation rate of 77%.

Participating agencies

The following tables summarise the makeup of the 96 agencies that responded.

Agencies of different sizes responded to the PCI 2025 survey. Readers should interpret results by agency size cautiously where response numbers are small, particularly for the large-agency group.

Number of survey respondents by spend range and agency FTE size

Spend Range	Extra Small <100	Small <500	Medium <1000	Large <2,500	Extra Large >2,500	Total
Unable to determine		1				1
Under \$5M	22					22
\$5M - \$20M	8	7				15
\$20M - \$100M	2	20	5			27
\$100M - \$500M	2	3	6	1	5	17
Over \$500M		2			12	14
Total	34	33	11	1	17	96



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