
Procurement Functional Leadership

Audit New Zealand Conference



Agenda

- Objectives
- Collaborative Procurement
- Capability and Practice
- Business Engagement



Why is this important?

- NZ government spends \$30 billion annually on goods and services
- Government procurement can drive efficiency and productivity, and economic growth
- Better Public Services



The Need for Reform

- Fragmented government and varying procurement performance
- Limited government direction
- Narrow tactical focus for tendering
- Fear of failure driving emphasis on compliance and managing risk, not innovation and efficiencies
- Business perspective – difficult, expensive, unclear and prolonged



Objectives



**Create environment for
NZ businesses to
succeed**

- Make it easier to do business with government
- Improve supplier performance
- Increase international competitiveness



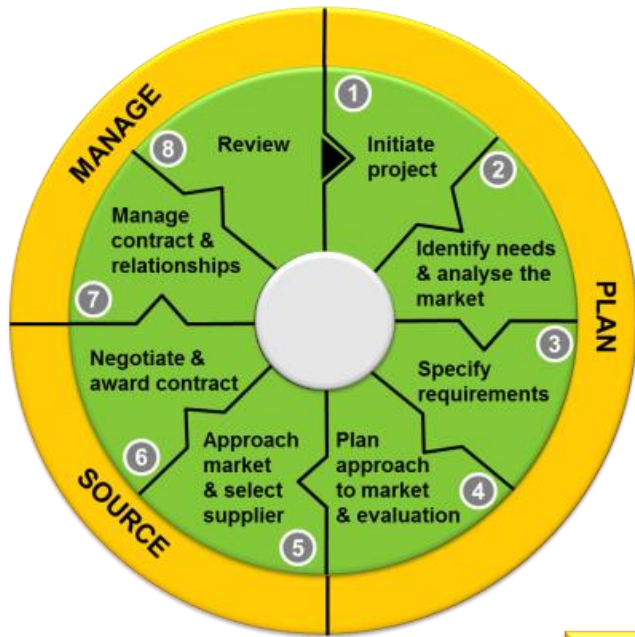
**Increase performance,
add value and maximise
results**

- Align procurement policy with good practice
- Improve capability (commercial skills) of agencies

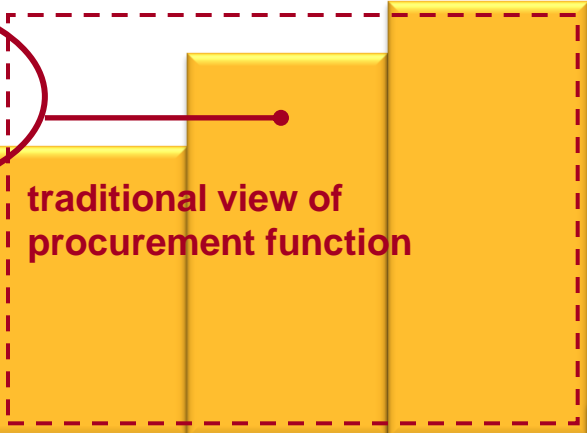


Unlock cost savings

- Increase collaboration within government
- Harness the collective buying power of government
- Change buyer behaviour to achieve value for money



- issue RFx
- negotiate
- contract



Resourcing & value-add

Stage in process

Initiate project	Identify needs & analyse the market	Specify requirements	Plan approach to market & evaluation	Approach market & select supplier	Negotiate & award contract	Manage contract & relationships	Review
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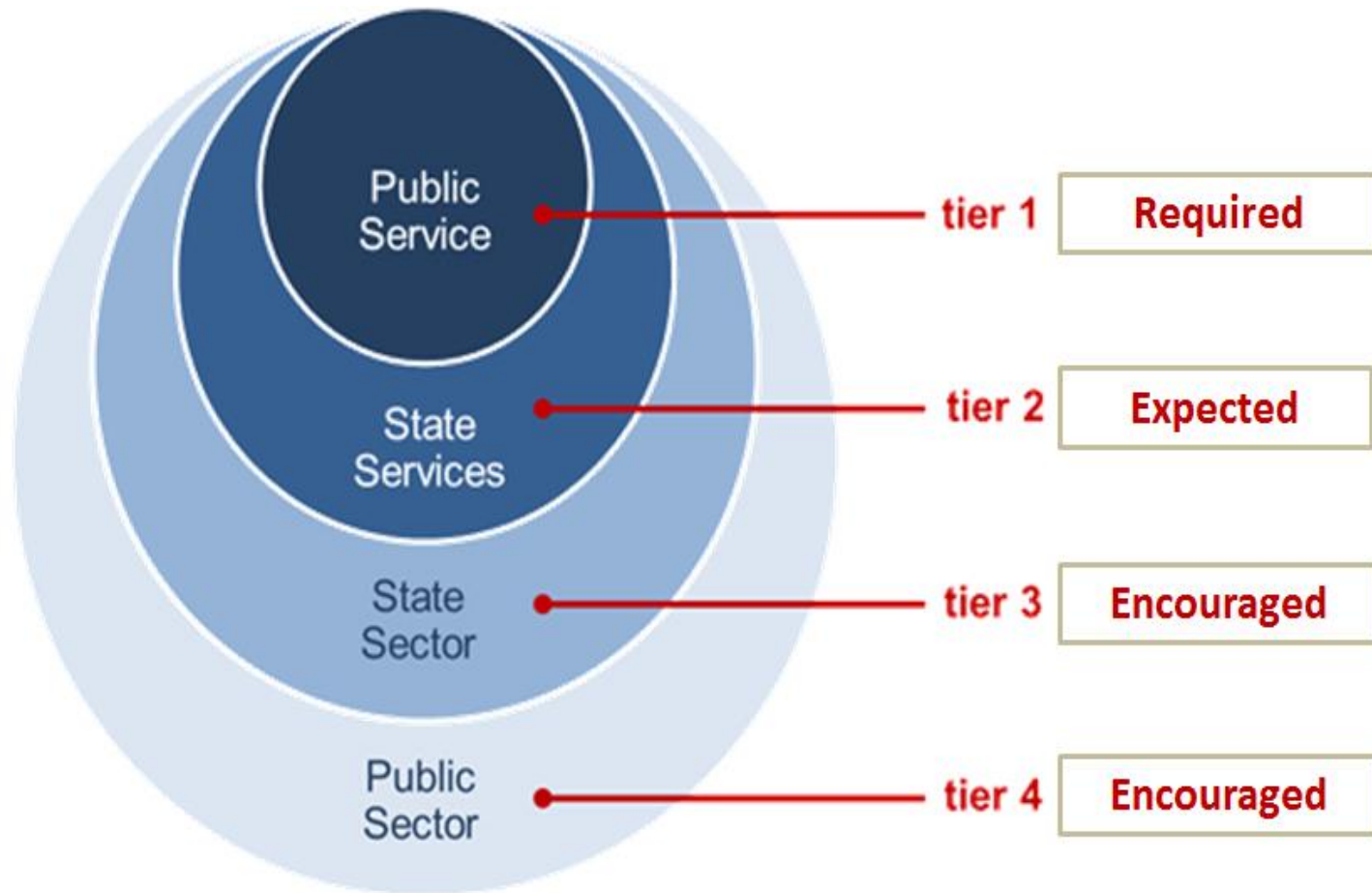
← — — — — strategic view of procurement function — — — — →

Resourcing & value-add

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Coverage



All-of-Government contracts



Unlock cost savings

- 14 categories to date (comprising 200+ suppliers)

Advertising	Mobile, Voice and Data
Air Travel	Office Consumables
Electricity	Print Devices
Energy Management	Recruitment
Gas	Rental Vehicles
IT Hardware	Travel Management
Legal	Vehicles

- Next phase: Banking, Building Materials, Insurance & Consultancy



All-of-Government contracts



Unlock cost savings

- 600+ eligible agencies participating in one or more contracts, of which:
 - Public Service **100%**
 - State Services **96%**
 - State Sector **96%**
 - Public Sector **95%**
 - Schools **11%**



Syndicated contracts



Unlock cost savings

- For common goods or services required by:
 - a ‘closed cluster’ of eligible agencies; or
 - one or more eligible agencies, but anticipating future need by other eligible agencies
- Established and managed by lead agency
- Voluntary for eligible agencies



Procurement Functional Leadership - the size of the prize

Tactical procurement
low value / low risk

Strategic procurement
complex / high value / high risk

Syndicated contracts

All of Government contracts

General procurement by agencies

Public Private Partnerships

Some success

- Good success
- Demonstrated savings
- Some resistance

- Circa 5,000 tenders p.a.
- (Largely Public services)
- Estimated additional 25,000 not advertised on GETS

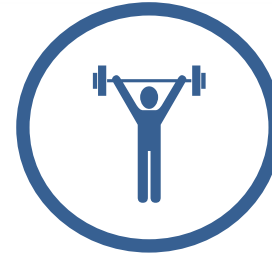
Successful application in limited cases

estimate spend \$20 billion p.a.

total spend \$30 billion p.a.



Capability & Practice



Increase performance,
add value and maximise
results

- Guides, tools and templates
- Planning documentation
- Significant business case reviews
- Procurement capability reviews
- NZ Procurement Academy
- Graduate Procurement Analysts

Government Rules of Sourcing



1. Plan and manage for great results



2. Be fair to all suppliers



3. Get the right supplier

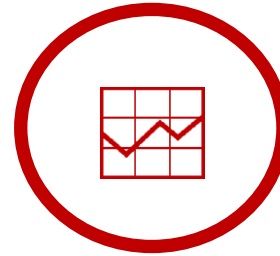


4. Get the best deal for everyone



5. Play by the rules

Business Engagement



Create environment for
NZ businesses to
succeed

- GETS
- Opening Doors
- New Zealand Trade and Enterprise
- Supplier Management
- Meet the Buyer events





For suppliers ▾

For agencies ▾

All of Government contracts ▾

Functional Leadership ▾

New Zealand Schools ▾

Home



NZ Schools

Are your numbers adding up? Find out how the AoG programme can help your school buy better.

▶ [Read more](#)

What's new



- 1 [Have your say on the New Zealand Business Number \(NZBN\)](#)
- 2 [Reticulated Gas full steam ahead](#)
- 3 [Gas for schools saves an average 21%](#)
- 4 [Fifth electricity tranche in June/July - register now](#)
- 5 [New All of Government Rental Vehicles](#)

How do I...?

Select a topic ▾

GO »

GETS

Meet the Buyer

Procurement Academy