

WHAT GOOD LOOKS LIKE

Applying broader outcomes in procurement

What are broader outcomes?

First introduced in the fourth edition of the Government Procurement Rules (October 2019), broader outcomes refer to the secondary benefits sought from public sector procurement. They balance the environmental, economic, social, or cultural costs and benefits to society (as appropriate) with the whole-of-life costs of the procurement.

Who needs to consider broader outcomes?

As broader outcomes are part of the Government Procurement Rules, all agencies that are mandated to apply the Rules are **required** to consider broader outcomes in designated contract areas. The wider public sector is either **expected** or **encouraged** to consider broader outcomes when choosing suppliers.

Individual chief executives and governing bodies are responsible for implementing this policy through their agency's own procurement activities and are subject to scrutiny by the Auditor-General, parliamentary processes, market participants, and the public.

Key policy features for agencies

Rule 16 of the Government Procurement Rules outlines four priorities:

- increase New Zealand businesses' access to government procurement (including Māori and Pasifika businesses);
- increase the size and skill level of the domestic construction sector workforce and provide employment opportunities to targeted groups;
- improve conditions for workers and future-proof the ability of New Zealand business to trade; and
- support the transition to a net zero emissions economy and assist the Government to meet its goal of significant reduction in waste.

Priorities and designated contract areas

The Government is taking a prioritised approach to leveraging broader outcomes. To maximise the effect, the Government has **designated contract areas** or sectors where the outcomes must be prioritised.

Outcome	Designated contract area
Priority outcome one: Increasing access for New Zealand businesses	ICT services/computer software
Priority outcome two: Construction skills and training	Construction
Priority outcome three: Employment standards	Cleaning services, security services, and forestry contracts
Priority outcome three: Health and safety	All contracts with a particular focus on forestry contracts and construction contracts
Priority outcome four: Reducing emissions	Light vehicles
Priority outcome four: Reducing emissions	Stationary/process heating systems
Priority outcome four: Reducing waste	Office supplies

We expect mandated agencies to have:

1. an up-to-date procurement policy on leveraging broader outcomes;
2. a clear approach to the way broader outcomes are:
 - considered in procurement planning;
 - included in tender documents and selection criteria; and
 - assessed, measured, and monitored;
3. information on current contracts and suppliers that can identify those related to the designated contract areas; and
4. specific procurement approaches for new contracts in designated areas that explicitly factor in delivery of broader outcomes.

Agencies should ask themselves...

1. Have we reviewed our procurement policies, procedures, tools, and templates to address broader outcomes?
2. Are we applying our procurement policies consistently and well?
3. Do senior managers and governors have the information they need to monitor and review the agency's support of broader outcomes?
4. Do we have a framework to monitor progress and further review our approach if needed?
5. Do we share what we have learned with our staff and other agencies?

Where to find out more

Audit New Zealand's website includes a focus on **procurement** in our *What goods looks like* series.

Further details can be found at the Ministry of Business, Innovation and Employment's website about **broader outcomes**, **designated contract areas**, and the Government Procurement Rules **16**, **17**, **18**, **19**, and **20** that relate to broader outcomes.