

Framework for Delivering Broader Outcomes

Ka ora ai te iwi - Greater public value through procurement



ACKNOWLEDGEMENTS

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Ministry of Social Development
New Zealand Employment
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FOREWORD



As the Procurement Functional Leader, I am pleased to see the Framework for Delivering Broader Outcomes. The framework is an example of good collaboration among agencies to develop practice guidance and a resource for public sector agencies seeking to achieve broader outcomes from their procurement spend.

With the public sector spending approximately \$42 billion per year with third party suppliers, government procurement can make a significant contribution to the wellbeing of New Zealanders by leveraging our spend to deliver effective public services, as well as wider social, economic, cultural and environmental outcomes.

To realise the benefits from our collective spend, it is critical that agencies continue to demonstrate leadership and good procurement practices in implementing broader outcomes. It's an opportunity to make a real difference in the communities we serve.



Carolyn Tremain
Chief Executive
Ministry Business Innovation and Employment



Here at Waka Kotahi , we're excited at the opportunity Broader Outcomes presents.

Our Transport System connects our communities to social and economic opportunities, and together with the active pursuit of Broader Outcomes, we can leave even greater taonga for our current and future generations.

I'm particularly proud of this Framework for Delivering Broader Outcomes. It is a great example of public sector Government agencies working alongside each other in the development of this document.

By developing clear, consistent approaches we can make an even bigger impact together and we are committed to doing more of this.

We're looking forward to the continued collaboration and the sharing of stories as we bring the delivery of Broader Outcomes to life together.



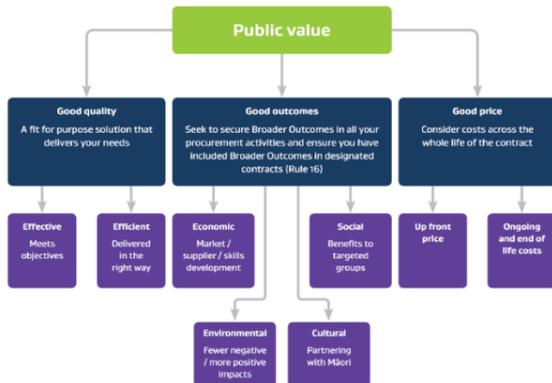
Nicole Rosie
Chief Executive
Waka Kotahi NZ Transport Agency



OVERVIEW OF THIS FRAMEWORK

Introduction

- How this *Framework* supports the *Broader Outcomes*



Government's initial priority
Broader Outcomes

1. Access for New Zealand businesses
2. Construction sector skills and training
3. Employment standards and health and safety
4. Reducing emissions and waste

Part A: The Framework

- Objectives within the *Framework* for delivering *Broader Outcomes*



Part B: Implementation Guidance

- Guidance on incorporating into *Agency procurement activity*



Some words, abbreviations and acronyms used in the *Framework* have a special meaning and are marked in *italics* or capitalised. Definitions are provided in the Glossary.

Part C: Reference

- Related legislation, policies and initiatives
- Case insights
- Glossary

INTRODUCTION

Nāu te rourou, nāku te rourou, ka ora ai te iwi

With your food basket and my food basket the people will prosper

This whakataukī (saying) embodies the notion that while working alone to achieve an outcome may provide a benefit, working together to achieve broader outcomes can enable people to thrive and prosper.

The New Zealand *government* spends approximately \$41 billion each year on *goods, services* and *works* through *procurement*. This equates to about 18% of New Zealand's Gross Domestic Product (GDP).

New Zealand is committed to open, transparent and competitive government *procurement* that: delivers *public value* (by including *broader outcomes*), does not discriminate against *suppliers* (whether domestic or international) and meets agreed international standards. The Government recognises that it can better use its buying power to deliver improved social, economic, environmental and cultural outcomes for the benefit of all New Zealanders. This means using *procurement* practices that incorporate *broader outcomes* to achieve the best possible result from *procurement*.

The *Government Procurement Rules* set the standard of best practice for government *agencies*. To responsibly procure, *agencies* must achieve *public value* which includes any *broader outcomes* that *agencies* are seeking to achieve. For instance, *agencies* can use *procurement* as a lever to reduce negative environmental impacts, develop *suppliers*, and promote regional and economic outcomes. The ability and responsibility to achieve *public value* through *procurement* is applicable to everyone involved in *procurement* processes within an *agency*, not just the *procurement* team.

The principle of *public value* means getting the best possible result for New Zealand from your *procurement*, using resources effectively, economically and responsibly (without waste), and taking into account: the total costs and benefits of a *procurement* (total cost of ownership), and its contribution to the results that are sought.

Broader outcomes are the secondary benefits that are generated by the way a *good, service* or *works* is produced or delivered. These outcomes can be social, environmental, cultural or economic, and will deliver long term *public value* for New Zealand. *Broader outcomes* require consideration not only the whole-of-life cost of the *procurement*, but also the costs and benefits to society, the environment and the economy.

Cabinet has taken a targeted approach to leveraging *broader outcomes* and is placing requirements on *agencies* to leverage a priority set of *broader outcomes*. These outcome areas are:

- increase New Zealand businesses' access to government procurement: increasing the number of New Zealand businesses contracting directly to government, and within the supply chain. This includes *Māori businesses* and *Pasifika businesses*
- increase the size and skill level of the domestic construction sector workforce: the government is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces
- improve conditions for workers and future-proof the ability of New Zealand businesses to trade: this priority protects workers from unfair and unsafe behaviour, and incentivises well-performing firms while ensuring they are not undercut by firms who have reduced costs through poor labour practices
- support the transition to a net zero emissions economy and assist the Government to meet its goal of significant reduction in waste by 2020 and beyond.

Agencies are also encouraged to seek additional *broader outcomes* voluntarily.

This *Framework* has been designed to provide a practical and consistent model to enable the effective delivery of *broader outcomes*, including the mandated priority *broader outcomes* as part of a robust approach to strategic *procurement*. In the New Zealand context, when *Government* uses its buying power to deliver *public value* through the objectives of this *Framework*, beyond the value of the *goods, services* or *works* being purchased, it is referred to as *broader outcomes*.

Similar to New Zealand, there is growing work in international jurisdictions aimed at achieving greater value from public sector *procurement activity*, e.g. in the United Kingdom and Australia. Internationally, this is referred to as *social procurement* or *sustainable procurement*. Within New Zealand, Auckland Council Group, Kainga Ora and Waka Kotahi are examples of *agencies* who are leading work in *social procurement*. In addition, the Local Government Act

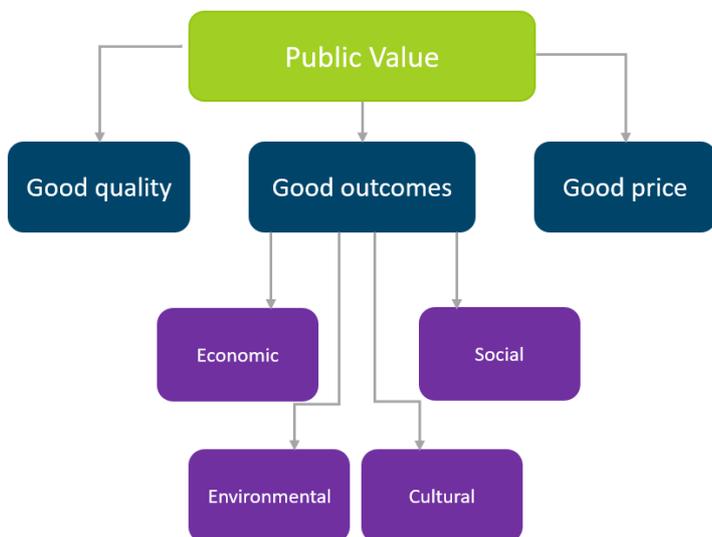
has been amended with the Local Government (Community Well-being) Amendment Act 2019, which provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

PURPOSE

The *Framework* enables a consistent approach to delivering *public value* through *government procurement* of *goods, services* and *works*. It has been established to:

- Complement and build off *Government’s broader outcomes* objectives;
- Enable effective targeting of priority objectives for the greater good of all New Zealanders, including requirements under the *Government Procurement Rules* and the *broader outcomes* as well as other *government* policy initiatives;
- Enable consistency and transparency in definitions, processes and expectations;
- Provide a structure that can be adapted across different *agencies*, activity tiers, *procurement* categories and regions;
- Provide guidance to assist *agencies* with implementing *broader outcomes*;
- Encourage *suppliers* to actively deliver *public value*; and
- Support the sustainable development of *government* and market capability.

This *Framework* and associated guidance materials will be periodically



reviewed and updated. It is designed so that any *government agency* can adapt and incorporate it into their internal policies for the *procurement* of *goods, services* and *works*.

The *Framework* must be read alongside the *Government Procurement Rules*, the *broader outcomes* requirements and associated guidance, general *procurement* good practice guidance, and relevant law.

Government’s initial priority *Broader Outcomes*

The updated Government Procurement Rules include requirements to leverage the following *broader outcomes* from *agency procurement activities* and identified specific contracts or sectors.

1. Access for New Zealand businesses

Increase New Zealand businesses’ access to government procurement: increasing the number of New Zealand businesses contracting directly to government, and within the supply chain. This includes Māori businesses and Pasifika businesses

2. Construction sector skills and training

Increase the size and skill level of the domestic construction sector workforce: the *Government* is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces

Employment standards and health and safety

Improve conditions for workers and future-proof the ability of New Zealand businesses to trade: this priority protects workers from unfair and unsafe behaviour, and incentivises well-performing firms while ensuring they are not undercut by firms who have reduced costs through poor labour practices

3. Reducing emissions and waste

Support the transition to a net zero emissions economy and assist the *Government* meet its goal of significant reduction in waste by 2020.

Supporting Government's Priorities and Other Objectives

In addition to the *priority outcomes*, the *Framework* can be used to consider other important *government* policies and initiatives, including:

- Development of a diverse *supplier* base that includes *Māori and Pasifika enterprises*, non-governmental organisations (NGO) and the *social enterprise* sector;
- Addressing gender equity and diversity in the workplace;
- Employment opportunities for targeted groups including Māori, Pasifika peoples, women, people with disability and young people not engaged in employment, education or training (NEET);
- Affirming *Government's* commitment to tackling forced labour and other forms of modern slavery; and
- Ensuring that New Zealand workers have the income necessary to provide for the basic necessities of life.

Information and guidance specific to the *broader outcomes* prepared by MBIE is available at: <https://www.procurement.govt.nz/broader-outcomes/>.

Objectives within the Framework for delivering Broader Outcomes

The *Framework* has identified seven objectives that incorporate the priority *broader outcomes* as well as advance other *government* policies and initiatives. These seven objectives are not exhaustive; *agencies* should consider benefits to New Zealand that might be achievable even if not one of the seven objectives listed below. It is important that the outcomes are connected to the procurement and realistically deliverable by the supply market.

While having individual importance, these objectives may overlap or be co-dependent. For example: A priority outcome is to increase the size and skill level of the domestic construction sector workforce. By focussing on the skills and workforce development objective and purchasing from *suppliers* who are developing apprenticeships in construction, the priority outcome can be delivered as well as alignment to the *broader outcomes* of social and economic outcomes.



Scope of Application

The *Framework* is intended for use by:

- *Buyers* - the individual(s) responsible for planning, creating, sourcing, and/or approving *procurement* of *goods, services* or *works* by, or on behalf of, an *agency*; and
- *Contract managers* - the individual(s) responsible for planning and managing a contract for *goods, services* or *works* for, or on behalf of, an *agency*.

Suppliers, including *sub-contractors*, and industry representative bodies, may consider this *Framework* to:

- Ensure they are familiar with *government's* commitment to *public value* through *procurement*; and
- Collaboratively work with *government* and the supply chain to support delivery of *public value*.

Embedding Broader Outcomes into Government Procurement

Achieving *public value* signals an evolution of *government's procurement* practice. It means making *broader outcomes* everyday *procurement* practice for *agencies* and maturing New Zealand's *broader outcomes procurement* ecosystem. Using this *Framework* can support the successful implementation of *broader outcomes* in *government procurement activity* and the achievement of *public value*.

Six key areas are identified as needing a continued focus over time to ensure *broader outcomes* are successfully embedded:

- Driving and demonstrating delivery of *broader outcomes* through *procurement activity* and reporting by *agencies*;
- Enforcing the targeted approach to maximise the effects of the *broader outcomes* through delivering to the identified priority outcomes;
- Provision of ongoing guidance for *government buyers*, *contract managers* and *agencies' boards*, chief executives and senior leaders;
- Building *broader outcomes* capability for *government buyers* and *contract managers* with a focus on providing education, establishing appropriate guidance and tools, and maintaining open dialogue and engagement; and
- Supporting *suppliers* and industry to gain a consistent understanding of the *broader outcomes* principles and practices and to enable them to effectively participate in and maximise the benefits offered by the *Framework*.
- Ongoing support and buy-in from *agencies' boards*, chief executives and senior leaders.

Implementing the Framework in Government Agencies

The *Framework* includes practical guidance to help *agencies* implement *broader outcomes* in their organisation-wide *procurement* planning and individual *procurement* activities, including how to:

- Develop an *agency-wide broader outcomes strategy*;
- Develop a *broader outcomes plan* for individual *procurement* activities;
- Specify *broader outcomes* requirements;
- Establish *broader outcomes* evaluation criteria;
- Manage contracts and relationship to achieve *broader outcomes*; and
- Measure and report on achievements against the established objectives.

Broader Outcomes? Social Procurement? Community Well-Being?

All refer to the same thing in this Framework

Globally, *social procurement* has been defined as using buying power to deliver *value* beyond the value of the *goods*, *services* or *works* being purchased.

New Zealand Government uses: *Broader Outcomes*.
Local Government uses: *Community well-being*.

Incorporating *Broader Outcomes* (*Social Procurement* or *Community Well-being*) objectives into *procurement* practice provides the opportunity to achieve the best possible result from *procurement* beyond the immediate purchase of *goods*, *services* or *works* or favouring the lowest price.

PART A: THE FRAMEWORK

1. Why have a Framework?

Providing a framework to assist *agencies* to achieve broader outcomes through *procurement*

The *Government Procurement Rules* include requirements to consider and incorporate *broader outcomes* into *procurement*, where appropriate. The *Government* has publicly signalled that *procurement* can and should be used to support wider social, economic, environmental and cultural outcomes that go beyond the immediate purchase of *goods, services* and *works*.

Enable effective targeting of priority outcomes

This *Framework* helps to mobilise *procurement* to advance priority outcomes in designated contracts as well as other *broader outcomes*, including opportunities for targeted groups such as Māori, Pasifika peoples, women, *social enterprises*, people with disability, youth not in employment, education or training (NEET), New Zealand's regions and the environment.

Enable consistency and transparency in definitions and approaches

Government is committed to *procurement* policy and processes that are consistent and predictable, making it easier for *agencies* and *suppliers* to engage with each other. This *Framework* establishes a shared understanding of how to consistently deliver improved *public value*.

Provide a structure that can enable *broader outcomes* to be adapted across different agencies, *procurement* categories and regions

No two New Zealand *government agencies* are the same and *broader outcomes* opportunities may look different from one *agency* to another. This *Framework* allows all *agencies* to flexibly consider and deliver *public value* based on the unique opportunities that can be pursued specific to the *agency*.

Encourage *suppliers* to actively deliver *public value*

Government wants to collaborate with *suppliers* who aspire to find opportunities for common solutions in conjunction with likeminded groups. This *Framework* demonstrates to the market and *suppliers* what the *government* is looking for and the types of *suppliers* it wants to do business with – those that are open to improving *public value* when doing business with *government*.

Support the sustainable development of government and market capability

Engagement with open dialogue is needed to support *agencies* and *suppliers* to work in new ways, work with each other, and diversify *suppliers* across the supply chain if *public value* is to be achieved. This *Framework* establishes the key implementation pathways that support *broader outcomes* capability with a focus on longer term outcomes and benefits for *government, suppliers* and New Zealand.

What are Social Enterprises?

Social enterprises play an increasingly important role in creating jobs and training opportunities, responding to locally important issues and advancing environmental outcomes.

The Ākina Foundation (www.akina.org.nz) uses three key areas to define a *social enterprise* – the social, cultural and/or environmental mission provides a public or community benefit that is the primary purpose of the organisation; the majority of income is from trading a good or a service; and the majority of either expenditure or profit is spent in the fulfilment of the purpose of the organisation.

1.1 Broader Outcomes Ecosystem

This *Framework* has a longer-term focus that seeks to ensure that *government's broader outcomes* objectives and opportunities are linked to viable industries and *suppliers* in the supply chain to achieve *public value*. Realising enduring benefits from *broader outcomes* requires a range of interconnected mechanisms to be activated – a '*broader outcomes ecosystem*'.

Strategy and procurement pipeline

A clear strategic roadmap is required that links planned *procurement* to objectives, opportunities, actions and outcomes that achieve *public value*. It makes the delivery of *broader outcomes* a deliberate, focused effort that is connected to clearly articulated common goals.

Related policy and legislation

Consideration of the broader policy and legislative landscape ensures that *procurement* leverages, responds to, and contributes to related work. It is important the strategy and delivery works in conjunction with, not in isolation from, the broader context to maximise *public value* and remains relevant over time. Further information is detailed in [Part C](#).

Employment and skills forecasting

Usage of employment and skills data and projections help to match opportunities to targeted industries and population groups, especially for major projects, which require a focus on workforce development solutions and innovation to fulfil workforce needs.

Buyer capability

Buyers who have responsibility in an *agency* to undertake *procurement* of *goods, services* or *works* need to have the right 'know-how' to undertake *procurement* to deliver *broader outcomes*. The required capability goes beyond technical training to ensuring that the right leadership, strategy and delivery mechanisms are in place to achieve the desired *public value* from *procurement*.

Supplier and market development

It is important to have access to, and where necessary, help develop, a supply market that is *public value* focused and is diverse and deep enough to respond to and deliver *public value*. Like *buyers, suppliers* need to have the right capability to position themselves, respond confidently to market opportunities, and deliver on their agreed *public value* requirements while delivering their *goods, services* or *works*. This *Framework* supports *suppliers* that already have good environmental, social, and cultural practices as well as developing and growing the market in *suppliers* with these characteristics.

Partnerships and support organisations

There are partnerships and support organisations who are developing and opening markets, connecting *buyers* to *suppliers*, and building information about supply markets. Forming partnerships and collaborative approaches also enables sharing and building of ideas and solutions, both within *agencies* as well as with *suppliers, service providers* and other organisations outside of *government*.

Measurement and reporting

Establishing appropriate performance measurements and targets is essential. Tracking and sharing progress against objectives promotes transparency, maturity of practice, and a community of practice. Sound measurement and reporting models have clearly articulated strategic objectives, targets and key performance indicators (KPIs) that help to inform the data to be collected and reported.

Exemplar projects

Good examples, where *broader outcomes* have been delivered, need to be available to generate new ideas and alternative approaches. This will allow the sharing of both achievements and lessons learnt, which is necessary as *procurement* practice evolves and *broader outcomes* become integrated into everyday *government procurement*. Case insights are available in [Part D](#).



2. Objectives for Delivering Broader Outcomes

Achieving *public value* through *procurement* requires good quality, good price and good outcomes. *Government* has identified the *broader outcomes* as improved social, economic, environmental and cultural outcomes for the benefit of all New Zealanders.

Through this *Framework*, the *government* aims to contribute to *public value* through *broader outcomes*. To do this successfully, it is necessary to define which objective(s) are being focussed on for each *procurement activity* that will benefit the economy, environment and society. With respect to the priority outcome areas, designated contracts have been identified and *agencies* must include requirements relating to the outcomes in their procurement.¹

The *Framework* has identified seven objectives that incorporate the priority *broader outcomes* as well as advance other *government* policies and initiatives. These seven objectives are not exhaustive; *agencies* should consider benefits to New Zealand that might be achievable even if not one of the seven objectives listed below. It is important that the outcome is connected to the procurement and realistically deliverable by the supply market.

While having individual importance, these objectives may overlap or be co-dependent. For example: A priority outcome is to increase the size and skill level of the domestic construction sector workforce. By focussing on the skills and workforce development objective and purchasing from *suppliers* who are developing apprenticeships in construction, the priority outcome can be delivered as well as alignment to the *broader outcomes* of social and economic outcomes.

| Objectives: | Includes: | Link to the Government's Prioritised Broader Outcomes: |
|---|--|--|
|  Opportunities for Māori enterprises | <ul style="list-style-type: none"> • Purchasing from <i>Māori enterprises</i> | <ul style="list-style-type: none"> • Access for New Zealand businesses |
|  Opportunities for Pasifika enterprises | <ul style="list-style-type: none"> • Purchasing from <i>Pasifika enterprises</i> | <ul style="list-style-type: none"> • Access for New Zealand businesses |
|  Sustainable, fair and equitable employment environments | <ul style="list-style-type: none"> • Purchasing from <i>suppliers</i> that comply with applicable laws and standards for: <ul style="list-style-type: none"> ◦ Employment ◦ Health and safety ◦ Disability ◦ Domestic violence leave • Purchasing from <i>suppliers</i> that adopt fair employment conditions for employees, such as through adoption of: <ul style="list-style-type: none"> ◦ Equal opportunity policies ◦ Modern slavery policies ◦ Living Wage or fair pay rates | <ul style="list-style-type: none"> • Employment standards and health and safety |
|  Skills and workforce development | <ul style="list-style-type: none"> • Purchasing from <i>suppliers</i> that deliver skills and workforce development outcomes. For example (but not limited to): <ul style="list-style-type: none"> ◦ Employment and/or skills training for women in construction ◦ Apprenticeships or pathways to senior positions and workforce development | <ul style="list-style-type: none"> • Construction sector skills and training |
|  Prosperous and sustainable New Zealand regions | <ul style="list-style-type: none"> • Purchasing from regional <i>suppliers</i> or <i>suppliers</i> that generate local impact • Purchasing materials, resources and <i>services</i> from local <i>suppliers</i> • Achieving outcomes in <i>'surge regions'</i> | <ul style="list-style-type: none"> • Access for New Zealand businesses |
|  Environmentally sustainable practices and outputs | <ul style="list-style-type: none"> • Purchasing from <i>suppliers</i> that deliver project-specific outputs to: <ul style="list-style-type: none"> ◦ Reduce emissions and waste to landfill ◦ Increase use of recycled content ◦ Have a positive impact on climate change | <ul style="list-style-type: none"> • Reducing emissions and waste |
|  Targeted opportunities for employment | <ul style="list-style-type: none"> • Purchasing from <i>social enterprises</i> and community enterprises who can provide employment or employment pathways | |

¹ Under the mandated *broader outcomes*, New Zealand *government agencies* must leverage the outcome from their *procurement activities* and identified specific contracts or sectors. See MBIE's guidance on *broader outcomes* at: www.procurement.govt.nz/broader-outcomes/

- Purchasing from *suppliers* who can provide employment and employment pathways to people in receipt of some form of *government* financial assistance or with limited access to the labour market. Examples include (but are not limited to):
 - Youth not in education, employment or training (NEET)
 - Refugees
 - Māori
 - Pasifika peoples
 - People with a disability
 - People re-entering the workforce from childcare commitments, ill-health, injury or a correctional sentence
 - Older workers transitioning from other sectors in the workforce
- People who are under-employed/under-trained in their current roles

2.1 Opportunities for Māori Enterprises

Māori enterprises play an important role in New Zealand's economy. As well as being part of the *Government's* priority *broader outcomes*, there are several other *government* initiatives that support the increase of opportunities for *Māori enterprises*, including He kai kei aku ringa (the Crown–Māori Economic Development Strategy) and the Māori Business Growth Strategy established by Te Puni Kōkiri.

A registered Māori business can be defined as being a business that is:

- Māori owned: at least 50% of the ownership is held by Māori (including individuals, collectives and/or businesses); or
- Uses the current Inland Revenue eligibility to be a Māori authority (i.e.; is eligible for a Māori authority tax code).

(*Source: Māori Economic Development Board*)².

According to the New Zealand Business Demography statistics, as at February 2018, there were 1,176 *Māori enterprises* operating in New Zealand with over 12,300 employees.

Rule 17 in the *Government Procurement Rules* supports targeting opportunities for *Māori enterprises* to better take part in *government procurement* processes. Where targets are introduced by government, these must be met by agencies.

2.2 Opportunities for Pasifika Enterprises

New Zealand's Pasifika peoples are a diverse group who align themselves from many different Pacific Island nations and communities with the main ethnicities including Samoan, Cook Island Māori, Tongan, Niuean, Fijian, Tokelauan and Tuvaluan.

The New Zealand Pacific Economy report (November 2018) indicates that, as of the 2017 financial year, there are approximately 1,500 *Pasifika enterprises* in New Zealand with employees, and a further 4,100 self-employed Pacific individuals in New Zealand including small business with few employees and sole traders.³ In addition to these businesses, there are approximately 500 Pasifika not-for-profit or charitable organisations currently active in New Zealand. Together, *Pasifika enterprises* and organisations operate across a range of industries with business assets totalling \$8.3 billion with an estimated \$3.1 billion annual contribution to New Zealand's total production GDP in New Zealand.

The *Government's Pacific Economic Strategy 2015-2021* and *Pacific Economic Action Plan* include targets and related actions for achieving more sustainable *Pasifika enterprises*. The key focuses are to support *Pasifika enterprises* to be sustainable and to increase the understanding of *Pasifika enterprises* and this sector.

Rule 17 in the *Government Procurement Rules* supports targeting opportunities for *Pasifika enterprises* to better take part in *government procurement* processes.

² Work is underway by *government* to develop a definition for *Māori enterprise* for use in *government procurement*.

³ Work is underway by *government* to develop a definition for *Pasifika enterprise* for use in *government procurement*.

2.3 Sustainable, Fair and Equitable Employment Environments

The *Government's* commitment to fair employment environments is bolstered through a *Supplier Code of Conduct* that sets out *government's* expectations of *suppliers*, including their *sub-contractors*, in relation to:

- Ethical behaviour;
- Labour and human rights;
- Health, safety and security;
- Prompt payment;
- Environmental sustainability; and
- Corporate social responsibility.

In addition, this *Framework* enables *agencies* to support business practices that:

- Address forced labour and other forms of modern slavery; and
- Increase the living standards of New Zealand workers and their families through the introduction of living wage or other fair wage practices.

Rule 19 in the *Government Procurement Rules* requires *agencies* to ensure that employment standards are met by *suppliers* and their *sub-contractors* in their domestic supply chain in designated contracts and that *suppliers* and their *sub-contractors* undertake good health and safety practices.

2.4 Skills and Workforce Development

There are skills shortages for many occupations in different industries in New Zealand including in construction, health and social services, ICT, electronics and telecommunications, agriculture and forestry, and science. Absence of access to the right qualifications and skills, high worker turnover and low unemployment are among the contributors to skill shortages across these industries.

The construction industry has specifically been identified as having a critical skills shortage and *Government* is seeking to lift the skills and productivity in the construction industry. Several key *Government* initiatives are in place, including the *Construction Skills Action Plan*, which has six initial priorities for:

- Leveraging *government procurement*;
- Establishing additional jobs and skills hubs;
- Growing construction careers and credentials;
- Expanding skills for industry;
- *Mana in Mahi* – Strength in Work; and
- Further changes to immigration settings.

The construction workforce is important for assisting in the delivery of *Government's* goals and policies such as health, education and regional development. Major construction projects present significant opportunities for delivering social and economic value, enabling local *supplier* participation and the delivery of skills development and employment outcomes.

In April 2019, the *Construction Sector Accord* was established, signalling *government* and industry's commitment to work together for a better New Zealand with a focus on the construction sector.

Rule 18 in the *Government Procurement Rules* requires *agencies* to include skills development as weighted criteria and include mechanisms for ensuring transparency of numbers of apprentices or trainees, in particular, for construction *procurement* activities above \$10 million.

2.5 Prosperous and Sustainable New Zealand Regions

Government encourages the development of thriving and sustainable New Zealand regions. Regional economic development is important as a large proportion of New Zealanders (49%) live outside of the main urban centres of Auckland, Wellington and Christchurch, and because the regions make a significant contribution (40%) to New Zealand's Gross Domestic Product (GDP).

A 2017 evaluation of the *Government's Regional Growth Programme* highlighted that support is needed for regions with persistent economic underperformance to identify and leverage opportunities to increase jobs, income and investment, for the ultimate benefit of all New Zealanders. Of note, the evaluation found:

- Māori make up a significant proportion of the population in New Zealand's provincial regions and socioeconomic circumstances for Māori, in terms of household income and other measures, are disproportionately poor; and
- Regions identified as having a strong primary resource sector have not been achieving their full economic potential, having an adverse impact on household incomes, with pockets of high deprivation and unemployment in some regions.

There is significant international evidence that the most effective way to reduce persistent economic underperformance in a local community is to reduce unemployment in the area. The *Government's Provincial Growth Fund* is an example of how it is prioritising financial investment and better social and economic outcomes in New Zealand's regions, with a focus on six identified 'surge regions': Tai Tokerau/Northland; Bay of Plenty; Tairāwhiti/East Coast; Hawke's Bay; Manawatū-Whanganui; and West Coast.

Rule 17 in the *Government Procurement Rules* support targeted initiatives that provide opportunities for businesses in *surge regions*, including *Māori* and *Pasifika enterprises* to better take part in *government procurement* processes.

2.6 Environmentally Sustainable Practices and Outputs

New Zealand has a number of major environmental issues to address:

- The country's gross greenhouse emissions have risen almost 25% in the 25 years from 1990 to 2015, with agriculture making up nearly half of these emissions (*source: Ministry for the Environment*);⁴
- New Zealanders produce 734kg of waste per person each year (*source: Ministry for the Environment*);⁵ and
- Waste is polluting New Zealand's land and water and contributes to 5% of New Zealand's greenhouse gases (*source: Ministry for the Environment*).⁶

The *government* has recognised that solutions are needed to become more efficient with the resources being used. A *government* framework has been established to reduce waste and emissions as well as to progress climate change policy, including supporting the transition to a net zero emissions economy and significantly reducing waste by 2020. A \$100 million *Green Investment Fund* is also in place to help businesses to reduce emissions.

Rule 20 in the *Government Procurement Rules* requires *agencies* to buy low-carbon low-waste *goods* and *services* in designated contracts.

2.7 Opportunities for Targeted Employment

There are certain population groups in New Zealand that have significant barriers to employment and/or education and training pathways and whose unemployment rates are disproportionate to the 4.3% unemployment rate of the general population (NZ Stats, 2019).

Procurement can be a powerful lever for employment and training of target groups as the private sector, including *social enterprises* and other *suppliers*, play a vital role in providing employment and job pathways.

14.1% **Youth** not in education, employment or training (NEET)
Stats NZ, 2018

750 **Refugees** per year accepted into NZ and provided full support
MBIE, 2018

8.6% Unemployment rate for **Māori**
MBIE, 2018

8.5% Unemployment rate for **Pasifika peoples**
MBIE, 2018

10.6% Unemployment rate for **disabled people**
Stats NZ, 2018

14.9% **Women** in the construction industry while 48% of NZ's paid workforce is made up of women
Stats NZ, 2017

3. Embedding Broader Outcomes into Government Procurement

Each *agency* must consider the *broader outcomes* as part of delivering *public value* in their *procurement activity*. It means undertaking changes to make *broader outcomes* everyday *procurement* practice for *agencies* and maturing New Zealand's *broader outcomes procurement* ecosystem. It is also about *agencies* being prepared to report their progress and achievements against the *broader outcomes* to Cabinet to demonstrate actual outcomes to New Zealanders, support continuous improvement, and inform future directions for priority *broader outcomes*.

3.1 Enabling Government Buyers and Contract Managers

Building capability for *government buyers* and *contract managers* to deliver *broader outcomes* requires a continued focus on:

- Providing education to build a shared understanding of the *broader outcomes* practices;
- Establishing appropriate and accessible guidance and tools; and
- Maintaining open dialogue and engagement.

Each *agency* plays a role in embedding this *Framework* and the achievement of *broader outcomes* into their own organisation and to champion *public value* outcomes internally and externally with their stakeholders, including with *suppliers* and industry.

It is intended that *broader outcomes* are integrated into business as usual, including standard *procurement* processes, rather than be a standalone activity.

There may be a requirement to provide additional guidance and tools as part of the *procurement* suite of documents within *agencies* to embed this into everyday *procurement activity*.

3.2 Building Supplier and Industry Capability

As with *government agencies*, *suppliers* and industry will need to have, or plan to develop, the right capabilities to effectively participate in *government procurement* opportunities and help deliver *broader outcomes*. *Suppliers* and industry will need a level of support to:

- Understand the alignment of securing *broader outcomes* in the delivery of *public value*;
- Gain a consistent understanding of *broader outcomes* practices; and
- Enable them to effectively participate in and maximise the benefits offered by the *Framework*.

Establishing valuable relationships between *agencies*, partners and support organisations as well as directly with *suppliers* is key to enable the capability and development of the supply chain.

Broader Outcomes Approaches

Selecting a *supplier* who is capable, or is seeking to develop capability, to deliver the defined and other broader outcomes can be done through two approaches, which can be incorporated into all *government procurement activity* (for the avoidance of doubt, *government procurement* should be conducted in accordance with the *Government Procurement Rules*):

Indirect broader outcomes

Where *agencies* purchase *goods, services* or *works* from a *supplier* that is not a *social outcome supplier* but is able to deliver *public value* outcomes indirectly.

This could mean purchasing from *suppliers* who support:

- Ethical employment environments;
- Skills and workforce development;
- Local *supplier* engagement or local impact in provincial New Zealand;
- *Social outcome supplier* engagement; and/or
- Environmentally sustainable outputs.

Direct broader outcomes

Where *agencies* purchase *goods, services* or *works* directly from a *social outcome supplier*, such as from a:

- *Māori enterprise*;
- *Pasifika enterprise*; or
- *Social enterprise*.

PART B: IMPLEMENTATION GUIDANCE

Using this Guidance

This guidance has been developed to assist *government buyers* and *contract managers* to implement this *Framework* within their own *agencies*.

The guidance detailed is **not prescriptive**, it can be tailored to specific *agency* needs, so long as the *Government's* applicable mandated requirements in the *Government Procurement Rules* are met and *public value* is achieved by the *agency*.

It outlines recommended approaches for applying *broader outcomes* considerations when:

- Developing an *agency's* overarching *procurement* strategy; and
- Undertaking individual *procurement activities*.

Some words, abbreviations and acronyms used in the *Framework* have a special meaning and are marked in italics or capitalised. Definitions are provided in the [Glossary](#)

Key phases for an *agency* in the implementation of *broader outcomes* are:



1. Incorporate Broader Outcomes into Agency-Wide Procurement Strategies

A *Broader Outcomes Strategy* (Strategy) enables *agencies* to give consideration as to how *broader outcomes* can be integrated into the *agency's* organisational priorities and align to the delivery of *public value*.

An *agency's Broader Outcomes Strategy* may be in a standalone document or incorporated into a broader *agency procurement* strategy or plan (or equivalent) and should consider the recommended content inclusions outlined below. The Strategy needs to be approved by an *agency's* appropriate delegated authority.

| Strategy Outline | Recommended Content Inclusions |
|--|--|
| Introductory information | <p>Statement that recognises <i>procurement</i> as a core function of the <i>agency</i> and that <i>government procurement</i> can and should be used to support wider social, economic, environmental and cultural outcomes that go beyond the immediate purchase of <i>goods, services</i> and <i>works</i>.</p> <p>Statement of commitment by the <i>agency</i> to delivering <i>broader outcomes</i> through its procurement activities.</p> <p>Statement that acknowledges the benefits of <i>broader outcomes</i> for the <i>agency</i> and New Zealand.</p> |
| Context for <i>broader outcomes procurement</i> in the <i>agency</i> | <p>Explanation of <i>broader outcomes, social procurement</i> or <i>community well-being</i>.</p> <p><i>Agency broader outcomes</i> achievements to date.</p> <p>Drivers for <i>broader outcomes</i> in the <i>agency</i>, including acknowledgement of, as relevant: <i>Government</i> mandates, policy and legislation; and</p> <p>Any policy statements or directives from the <i>agency's</i> Board, Chief Executive or senior leaders, or other requirements.</p> |
| About the <i>agency</i> | <p><i>Agency</i> purpose, objectives and priorities.</p> <p>How <i>broader outcomes</i> can support <i>agency</i> objectives and priorities.</p> <p><i>Agency procurement</i> profile, pipeline and governance arrangements.</p> <p>Changes of note to forecasted <i>procurement</i> compared to previous years.</p> <p>Alignment with <i>agency</i> objectives, <i>procurement</i> strategy and <i>broader outcomes activity</i>.</p> <p>Definition of parameters for tiered considerations. (refer section 2)</p> |
| Broader outcomes opportunity analysis | <p>Summary outcomes of opportunity analysis that consider spend trends, spend categories, existing and pipeline contracts, market and <i>supplier</i> analysis (including potential opportunities for <i>Māori enterprises, Pasifika enterprises</i> and <i>social enterprises</i>), tactics, and assessment against the <i>Framework</i> tier bands.</p> <p>Identification of priority <i>broader outcomes</i> opportunities with a supporting activation approach.</p> <p>Identification of <i>procurement activities</i> in the <i>Framework's</i> Upper Tier requiring a standalone <i>Broader Outcomes Plan</i>.</p> |
| Objectives and outcomes | <p>Outline of the <i>agency's broader outcomes</i> objectives and outcomes informed by the opportunity analysis.</p> <p>Demonstration that the <i>agency-specific broader outcomes</i> objectives and outcomes consider <i>broader outcomes</i>.</p> <p>Outline of applicable <i>agency</i> measures, targets, or proposed targets, to measure progress against the objectives and outcomes.</p> |
| Measurement, monitoring and reporting | <p>Outline of a monitoring and reporting framework that includes a model for data collection and analysis to track progress and success against objectives, outcomes and targets set out in the Strategy. The model is to consider:</p> <ul style="list-style-type: none"> ○ Tools and methods to be used for data collection, analysis and visualisation; and ○ Reporting requirements and tools to communicate achievements and lessons. |
| Roles and responsibilities | <p>Acknowledgment of the importance of the <i>agency's</i> leadership in championing <i>broader outcomes</i>.</p> <p>Identification of the <i>agency's broader outcomes</i> governance arrangements, including any key positions and committees and their associated primary responsibilities.</p> |
| Capability development roadmap | <p>Current situation analysis, identification of <i>broader outcomes</i> capability gaps, and identification of priority actions to support the development of <i>broader outcomes</i> capability in the following areas:</p> <ul style="list-style-type: none"> ○ Leadership and governance; ○ Policy, processes and systems integration; ○ <i>Agency buyer</i> and internal stakeholder education and communication; ○ <i>Agency supplier</i> and external stakeholder education and communication; ○ Measurement, monitoring and reporting; and ○ Continuous improvement and ongoing delivery. <p>Outline of how <i>broader outcomes</i> capability aligns with organisational capability development activities.</p> |
| Strategy Review | <p>Outline of when, how and by whom the Strategy will be reviewed and updated over time.</p> |

| Strategy Outline | Recommended Content Inclusions |
|-----------------------|--|
| Glossary | List and interpretation of key terms and abbreviations used throughout the Strategy document. Align terminology with the terms in this <i>Framework</i> to support consistency across agencies. |
| Appendices (optional) | Inclusion of an <i>agency broader outcomes</i> self-assessment used to inform capability levels and needs. Charts and/or high-level data sets used to inform the opportunity analysis. |



2. Plan to Deliver Broader Outcomes

Agencies should include securing *broader outcomes* as part of planning for any *procurement activity*. To assist with developing the *procurement plan* which incorporates *broader outcomes*, this *Framework* proposes that *agencies* consider *broader outcomes* in accordance with tiered levels that are aligned to the risk, complexity, scale, opportunity and value of the *procurement activity*. The lower tiers would typically be low value, low risk, possibly transactional *procurement activity*, whereas the upper tiers would be high value, complex, large scale, lengthy contracts.

| Broader Outcomes Consideration for Procurement Activities | | | | |
|---|--|--|---|--|
| Government Procurement Lifecycle Phase and Stage | Key Broader Outcomes Activity | Lower Tier | Middle Tier | Upper Tier |
| Plan | Initiate project | <ul style="list-style-type: none"> Work with stakeholders early to identify <i>broader outcomes</i> and define <i>broader outcomes</i> objectives. Incorporate <i>broader outcomes</i> consideration into usual <i>procurement</i> planning. | <ul style="list-style-type: none"> Create and agree with stakeholders the defined outcomes and methodology for delivery. Incorporate <i>broader outcomes</i> consideration into usual <i>procurement</i> planning. Consider the <i>procurement</i> approach and <i>broader outcomes</i> tactics. | <ul style="list-style-type: none"> Create and agree with stakeholders defined <i>procurement</i> outcomes and methodology for delivery. Ensure stakeholder awareness and agreement to roles and responsibilities. Complete a detailed, standalone <i>Broader Outcomes Plan</i> as part of <i>procurement</i> planning. |
| | Identify needs and analyse the market | | | |
| | Specify requirements | Specify requirements | <ul style="list-style-type: none"> Identify opportunities for <i>broader outcomes</i> to pursue. | <ul style="list-style-type: none"> Consider including key performance indicators (KPIs) and targets against specified outcomes. Include key performance indicators (KPIs) and targets against specified outcomes. |
| | Plan approach to market and evaluation | Establish evaluation criteria | <ul style="list-style-type: none"> Consider using evaluation criteria to recognise businesses who support <i>broader outcomes objectives</i>, if evaluation criteria apply. | <ul style="list-style-type: none"> Consider using evaluation criteria to recognise businesses who have capability or are developing capability, to deliver defined outcomes. |
| Source | Approach market and select <i>supplier</i> | <ul style="list-style-type: none"> Find the right <i>supplier</i> to deliver and achieve <i>broader outcomes objectives</i> Seek opportunities to purchase from <i>Māori enterprises, Pasifika enterprises, social enterprises</i> or <i>suppliers</i> that have good environmental, social, and cultural practices. Include any potential <i>broader outcomes</i> in the contract. | <ul style="list-style-type: none"> Ensure RFX incorporates <i>broader outcomes</i>-related information. Ensure evaluation considers the response as per evaluation criteria. Obtain <i>supplier</i> response on how the specified <i>broader outcomes</i> requirements will be met. Incorporate <i>broader outcomes</i> into negotiations. Separately articulate <i>broader outcomes</i> to other KPIs and targets in the contract. Call out benefits and timelines. | |
| | Negotiate and award contract | | | |
| Manage | Manage contract and relationships | <ul style="list-style-type: none"> Manage the contract and relationship for <i>broader outcomes objectives</i> Collect data to measure success through 'light touch' reporting. Work collaboratively to develop <i>supplier</i> capability. | <ul style="list-style-type: none"> Collect data through reports to measure success. Detailed reporting on key agreed or required measures. Consider consequences for non-performance. Work closely to enhance <i>broader outcomes</i> and <i>supplier</i> capability. | <ul style="list-style-type: none"> Seek detailed reporting on key agreed or required measures with consequences for non-performance and/or positive incentives for achieved or exceeded performance. Engage with <i>suppliers</i> to develop capability. Confirm that contractual obligations relating to <i>broader outcomes</i> have been met. Work closely to ensure delivery of all <i>broader outcomes</i>. |
| | Review | <ul style="list-style-type: none"> Review performance and future needs/options. | <ul style="list-style-type: none"> Ensure <i>broader outcomes</i> in the contract are met. Identify constraints and next-level <i>broader outcomes</i>; support optimisation and continuous improvement. | |

More detail is provided in the following sections.

2.1 Planning for Procurement Activity

Broader outcomes procurement considerations at the planning stage for any *procurement activity* should contemplate:

- Value, scale, complexity and objectives of the *procurement activity*;
- Identifiable *broader outcomes* opportunities and outcomes that can be prioritised;
- How *broader outcomes* requirements and outcomes will be measured and tracked;
- Roles and responsibilities for ensuring *broader outcomes* commitments are achieved; and
- Any specific stakeholders or risks to be managed, and how.

Broader outcomes considerations during planning should be undertaken in conjunction with the stakeholders identified when the *procurement activity* was initiated and in line with any formal governance arrangements established between the *agency* and related organisations.

A detailed, standalone *Broader Outcomes Plan* may be prepared, alongside the *agency's Procurement Plan* (or equivalent) for *procurement activity* that aligns to the Upper Tier of the *Framework* or where high *public value* potential is predicted.

This is because the nature of *broader outcomes* consideration and associated approaches are likely to be more complex, proportionate to the *procurement activity* value and scale. For example, *procurement* for a major roads regeneration programme would likely require a standalone *Broader Outcomes Plan*. The level of detail in a *Broader Outcomes Plan* should be proportionate to the *procurement activity*.

Recommended content inclusions are:

| Plan Outline | Recommended Broader Outcomes Content Inclusions |
|--|---|
| Introductory information | <ul style="list-style-type: none"> • Outline of the <i>procurement activity</i> overview, scope, value and complexity. • Key people and committees responsible for the <i>procurement activity</i>. |
| Context for <i>broader outcomes</i> | <ul style="list-style-type: none"> • Current state summary as it relates to the <i>procurement activity</i>. • <i>Broader outcomes</i> objectives, key elements and targets specific to the <i>procurement activity</i>. |
| <i>Broader outcomes</i> opportunity analysis | <ul style="list-style-type: none"> • Opportunity analysis that considers contract value, spend categories, market and <i>supplier</i> analysis (including potential opportunities for <i>Māori enterprises</i>, <i>Pasifika enterprises</i>, <i>social enterprises</i>), and tactics. • Identification of how priority opportunities and associated <i>broader outcomes</i> objectives and outcomes will be enabled. For example, use of <i>suppliers</i> that are <i>Māori enterprises</i>, <i>Pasifika enterprises</i>, <i>social enterprises</i> or <i>suppliers</i> that already have good environmental, social, and cultural practices, contract clauses and evaluation criteria. |
| <i>Broader outcomes</i> specified strategy/ies | <ul style="list-style-type: none"> • Outline of any relevant <i>agency</i>-specific strategies that support the <i>broader outcomes</i> objectives and outcomes of the <i>procurement activity</i>. For example, supporting opportunities for targeted employment or developing skills and workforce in construction. • Identification of key processes, partnerships, engagement (including need for any early market engagement and <i>supplier</i> relationship management) required to mobilise the strategy/ies. |
| Measurement, monitoring and reporting | <ul style="list-style-type: none"> • Outline of a reporting and management framework that includes a data collection and analysis approach for tracking progress and success against the objectives, outcomes and <i>agency</i> defined targets set for the <i>procurement activity</i>. The model is to consider: <ul style="list-style-type: none"> ○ Tools and methods to be used for data collection, analysis and visualisation; and ○ Reporting requirements and tools to communicate achievements and lessons. |
| Glossary | <ul style="list-style-type: none"> • List and interpretation of key terms and abbreviations used throughout the Plan. • Align terminology with the terms in this <i>Framework</i> to support consistency across <i>agencies</i>. |

2.2 Broader Outcomes Tactics

Depending on the size, expenditure category, and level of opportunity and risk, there are several *broader outcomes* tactics that can be applied to effectively deliver *public value*. The following are some common tactics:

| Tactic | Description |
|---|---|
| Bundle | Increasing the size and scope of a project/contract to enable a sustainable <i>broader outcomes</i> solution. |
| Unbundle | Decreasing the size and scope of a project/contract to enable <i>suppliers</i> developing capability to deliver <i>broader outcomes</i> in the supply market to have the opportunity and capacity to meet scope for delivery. |
| Evaluation criteria | Communicating to the market that importance is placed on delivery of <i>broader outcomes</i> . |
| Evaluation criteria for targeted sub-contracting | Using higher value projects/contracts to develop and grow the market in suppliers with good environmental, social, and cultural practices by requiring or encouraging alternative <i>sub-contractors</i> as part of their <i>goods, services</i> or <i>works</i> delivery that will support delivery of specified outcomes. |
| Request for Information (or other forms of early market engagement) | When there is limited knowledge of how <i>public value</i> could be addressed and/or there is a desire to encourage innovation. |
| Partnerships | Specific and strategic matching of <i>supplier</i> capability with visibility to a pipeline of work supported with an openness to partnering. This creates long-term opportunities for innovation around shared <i>broader outcomes</i> objectives and to enhance capability within the supply chain. |
| Supplier relationship management (SRM) | Relationships and structured SRM processes enabling engagement with existing strategic, long-term <i>suppliers</i> to explore <i>public value</i> opportunities. |
| Specifications | Framing specifications on outcomes-based expectations and defined deliverables. |
| Targeted panels | Using panels as an opportunity to diversify the <i>supplier</i> base. |
| Targeted sourcing | Allowing direct or selective sourcing from known <i>suppliers</i> with good environmental, social, and cultural practices, often for lower value (below threshold) transactions where internal processes allow this. |

2.3 Specify Broader Outcomes Requirements

Broader outcome expectations and objectives determined during *procurement* planning help establish the requirements for the *procurement activity*. It is important to ensure the specifications are proportionate to the value of the *procurement activity* so that outcomes are realistically achievable by the market.

For *procurement activities* in the Lower Tier, *broader outcomes* requirements may be as simple as consideration and/or statement of any relevant objectives and outcomes.

Moving into the Middle Tier and Upper Tier, *broader outcomes* requirements need to be more considered and will likely take the form of key performance indicators (KPIs) and targets. This approach allows progress to be measured against the *broader outcomes* objectives and outcomes of the *procurement activity*.

Example KPIs that align with this *Framework's* approach are provided below. They are **not prescriptive**, and *agencies* are encouraged to develop their own KPIs. It is important to remember:

- KPIs must be consistent with *agencies'* obligations under the *Government Procurement Rules, broader outcomes* and associated guidance and related mandates.
- Good KPIs are SMART KPIs – specific, measurable, achievable, relevant and time-bound. *Agencies* should consider these attributes when setting KPIs and seek to confirm applicable thresholds or benchmarks, *agency* specific targets and stretch aspirations associated with each KPI adopted.

| Objectives | Example Broader Outcomes KPIs |
|---|--|
|  Opportunities for Māori enterprises | <ul style="list-style-type: none"> Percentage of the total contract volumes and/or value to be awarded to <i>Māori enterprises</i> (direct or through <i>sub-contracting</i>) including a minimum of [x] no. contracts. Percentage of all contracts under \$100,000 spent directly with <i>Māori enterprises</i>. Percentage of hours worked on a project by Māori employees. |
|  Opportunities for Pasifika enterprises | <ul style="list-style-type: none"> Percentage of the total contract volumes and/or value to be awarded to <i>Pasifika enterprises</i> (direct or through <i>sub-contracting</i>), including a minimum of [x] no. contracts. Percentage of all contracts under \$100,000 spent directly with <i>Pasifika enterprises</i>. Percentage of hours worked on a project by Pasifika peoples. |
|  Sustainable, fair and equitable employment environments | <ul style="list-style-type: none"> Percentage of <i>suppliers</i> that can evidence employment standards compliance across their contracting chain. No. of <i>suppliers</i> adopting the Living Wage or other fair wage provisions for their employees. Percentage of <i>suppliers</i> evidencing third party assurance that the <i>supplier</i> and their <i>sub-contractors</i> in the supply chain are meeting employment standards. |
|  Skills and workforce development | <ul style="list-style-type: none"> Percentage of women employed in construction-related trades and professions. No. of new skills development or workforce opportunities created. For example, apprenticeships, degree qualifications or FTE positions. |
|  Prosperous and sustainable New Zealand regions | <ul style="list-style-type: none"> Percentage of hours worked by the <i>supplier's</i> personnel or workforce sourced from local region. Percentage of spend of total contract value spent on locally sourced materials, resources or <i>services</i>. |
|  Environmentally sustainable practices and outputs | <ul style="list-style-type: none"> Net reduction of vehicle emissions of CO2. Percentage reduction in waste packaging or single use items for office consumables. |
|  Targeted opportunities for employment | <ul style="list-style-type: none"> Partnerships with <i>agencies</i> and their providers for the sourcing of employees. Percentage of all contracts under \$100,000 spent directly with <i>social enterprises</i>. No. of identified <i>agency</i> clients and jobseekers employed, trained and retained in fulltime employment (30 hours+) for a minimum of 12 months. Increase in employment with: <ul style="list-style-type: none"> Increase of employment hours undertaken by those in receipt of financial assistance currently limited by available hours or with a part-time work requirement; Percentage of positions filled by [cohort for targeted employment]; and/or Percentage of total workforce headcount by ethnicity or gender where these align to <i>government</i> strategies or <i>agency</i> targets. For example, Māori youth into apprenticeships or women into construction. |

2.4 Establish Broader Outcomes Evaluation Criteria

The *agency's broader outcomes* planning should identify how best to set up evaluation to advance *broader outcomes* through the *procurement activity*.

It is important that the specified requirements and evaluation criteria remain proportionate to the scope, value and complexity of the *procurement activity* so that the intended *broader outcomes* can realistically be achieved. The *agency's* evaluation methodology for the *procurement activity* needs to align with the requirements articulated through *procurement* planning and in the RFx documentation.

Depending on the scope, value and complexity of the *procurement activity*, the evaluation methodology may reflect one or a combination of the following:

- Mandatory process conditions where there are strict go/no-go criteria, for example where there is a need to demonstrate business practices and capacity to comply with certain legislation;
- Recognition of a *supplier's* existing business practices and track record of achieving *government's* defined *public value*;
- Preconditions whereby a *supplier* must demonstrate that they meet prerequisite requirements, for example, demonstrating understanding of te reo Māori me ōna tikanga – Māori language and culture; and
- Qualitative criteria/merit-based evaluation based on the *supplier's* response, for example, how they will deliver on objectives to generate local impact in New Zealand's regions, and/or acknowledgement of *suppliers* that demonstrate commitment to delivering *broader outcomes* beyond the specified requirements in the RFx.

3. Find the Right Supplier to Deliver Outcomes

Engaging the market with a *broader outcomes* lens allows *suppliers* to consider how best to respond to the *broader outcomes*-related components of the *procurement activity*.

3.1 Approaching the Market

It may be appropriate for *buyers* to seek relevant expertise so they can better understand their *broader outcomes* requirements and be supported in their communications with other organisations involved.

Suppliers should have access to applicable *broader outcomes* information and instructions they can refer to when preparing their responses. In RFX documentation, this includes (but may not be limited to):

- An explanation of the concept, definitions and objectives relating to *broader outcomes*;
- Information about the *broader outcomes* sought with an indication of the priority outcomes;
- The requirements expected to be met for the prioritised *broader outcomes* and how the supplier's response will be evaluated;
- The anticipated measurement, monitoring and reporting of progress against the *broader outcomes'* requirements; and
- Any further information that assists *suppliers* to submit the most relevant offers, which may include links to key organisations or websites.

For Upper Tier *procurement activities*, an *agency* may incorporate *broader outcomes* information as part of an industry briefing. While the RFX documentation should have sufficient information, the *procurement activity* lead should be ready to provide clarifications in relation to *broader outcomes* information while the RFX process is open.

3.2 Evaluation of Responses

Agencies need to evaluate responses according to the approved Evaluation Plan. *Agencies* may consider engaging the support of a *broader outcomes* expert as part of the evaluation team for higher value/complex *procurement activities*. This arrangement will assist in the assessment of the *broader outcomes* section of an offer/response during the evaluation process by:

- Ensuring specialised insights are available;
- Being able to seek further input from identified key stakeholders, as appropriate;
- Helping to understand how some of the *broader outcomes* requirements may impact the offer price, for example, increased cost of employment or longer timeframe, and explore if alternative solutions may feasibly reduce any identified cost or time impacts; and
- Helping to identify where further clarifications may be needed from responding *suppliers* to help the evaluation team better compare offers/responses.

3.3 Negotiation

Before the contract is signed, negotiations may be entered into between the *agency* and *supplier*. All negotiated and agreed *broader outcomes* commitments, including KPIs, should be reflected in the final contract before it is signed.

Consider introducing a phased approach to *broader outcomes* under the contract. The first phase might focus on supporting *supplier* mobilisation of *broader outcomes* and establishing effective service partnerships and delivery approaches. For example, for *procurement activity* in the Upper Tier, it may be appropriate to ask a *supplier* to provide a detailed *Broader Outcomes Plan* within the first 45 days of being awarded the contact.

3.4 Signed Contract

The contract will include legally binding obligations the *supplier* will be expected to meet in the course of delivering the specified *goods, services* or *works* to assist with achieving, measuring and reporting on the *broader outcomes* objectives.

4. Manage the Contract and Relationship

This is the stage where the *agency* needs to ensure that the *goods, services* or *works* are delivered as per the contract between the *agency* and the *supplier*. This involves managing not just the contract itself, but also the relationship with the *supplier* so that the overall objectives of the *procurement activity* are met. Periodic reviews up to the end of the engagement are often conducted to ensure all contractual obligations are being/have been met and to enable continuous improvement opportunities to be identified.

4.1 Managing for Broader Outcomes

Incorporating *broader outcomes* into the *procurement activity* heightens the importance of effectively and proactively managing the contract and *supplier* relationship.

In practice, this means that *agencies* should:

- Actively work with the *supplier* as well as other stakeholders when the *procurement activity* was initiated, to obtain feedback on the quality of *broader outcomes* activities and make modifications as required to ensure *broader outcomes* are delivered. For example, adapting the KPIs as original targets are met;
- Address early any risks, issues, gaps or constraints that arise during contract implementation, including escalation if necessary, to maintain focus on achieving the intended *broader outcomes* of the *procurement activity*. Identification and resolution actions should be undertaken in conjunction with the *supplier* to maintain effective relationship management;
- Support establishment of data collection, tracking and reporting models with the *supplier* to ensure that the approach is practical, robust, reliable and auditable; and
- Ensure contract reports are utilised as a living and useful process to complete performance review and identify ongoing improvement opportunities. This includes monitoring performance against *broader outcomes* KPIs that are to be reported at a frequency identified in the contract, noting that the extent and frequency of reporting should be proportionate to the scope, value and complexity of the *procurement activity*.

4.2 Contract Review

Supplier performance reviews that incorporate *broader outcomes* consideration need to be based on contractual commitments and are essential to ensuring *broader outcomes* are achieved.

It is critical to document the lessons learnt in order to continuously improve the way *broader outcomes* is managed and delivered. *Agency* consideration of continuous improvement should extend to:

- Understanding any emerging gaps in the *supplier's* capability;
- Determining any immediate resolutions required to ensure intended *broader outcomes* are achieved;
- Identifying where the market could be further developed to meet the evolving *broader outcomes* expectations of the *agency* and *government*; and
- Contributing to inter-*agency* knowledge of impacts of *broader outcomes* policy.

4.3 Market and Supplier Development

Broader outcomes create new market opportunities for *suppliers* that want to do business with *government*. However, *broader outcomes* is an evolving practice and for some *suppliers*, incorporating *broader outcomes* into their *goods, services* or *works* delivery may be new to them.

Practical ways in which *agencies* can contribute to market and *supplier* development include (but may not be limited to):

- Undertake early engagement with key potential *suppliers* to understand existing capability and capacity, for example, through key *supplier* meetings, industry briefings, meeting with partner organisations, or surveying. This knowledge can then inform actions to encourage and increase support and engagement in *broader outcomes* activities that contribute to *public value*;
- Communicate positively with *suppliers* about the benefits of *broader outcomes* to business. For example, benefits can include gaining a competitive edge, building a positive business brand, and being prepared as the *government* focus on *public value* grows;
- Provide information to *suppliers* and relevant industry bodies, suited to their needs. This information should signal the *agency's* directions and priorities for *broader outcomes* together with useful guidance and links to resources;

- Provide education that is suited to *social outcome suppliers* and other *suppliers* in aspects of *broader outcomes* that builds their capability to deliver *public value*. For instance, education topics might include *broader outcomes* environmental sustainability, workforce development, health and safety, or measuring *public value*;
- Identify the *agency's* buying channels and encourage *suppliers* to connect and register through the relevant channels so they can be readily accessed. This could mean encouraging identified *suppliers* (e.g. *social enterprises*) to undertake pre-qualification or to work with an intermediary organisation who can list the *supplier* on their marketplace;
- Share case studies with the *agency's supplier* community to celebrate achievements, encourage innovation, and promote improvement in a supportive environment; and
- Identify potential incentives for *suppliers* that can be incorporated into *procurement activities* to drive buy-in and innovation, such as promotion through case demonstration, term extension options for meeting or exceeding requirements, or access to complementary financial assistance programmes to provide training or employment outcomes.



5. Measure and Report Outcome Delivery

Reviews are an important part of any *procurement* process and encompass reporting against agreed criteria. This will include determining whether the desired objectives have been met and measuring success against the key performance indicators (KPIs).

- Ensure the approach for data collection, tracking and reporting models is practical, robust, reliable and auditable;
- Make data collection and reporting easy for *suppliers* by establishing and using standardised forms or IT-based solutions they can use.
- For larger projects, *sub-contractors* in the supply chain will likely be contributing data to measure *public value* as well;
- Wherever possible, integrate data collection, tracking and reporting and make information readily visible to *suppliers* as well to promote transparency, dialogue and collaborative continuous improvement.

PART C: REFERENCE

1. Related Legislation, Policies and Initiatives

The following legislation, policies and initiatives have been considered in the development of this *Framework*. While there are mandatory requirements with *Government Procurement Rules*, the *government's* priority *broader outcomes* and legislation, the additional information can be considered by *agencies* when defining *agency* specific *social outcomes*. This list is in alphabetical order and is not exhaustive of all legislation, policies and initiatives that may relate to *broader outcomes*.

Broader Outcomes

Outlines how *government procurement* can and should be used to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of *goods, services* and *works*.

In October 2018, the *Government* agreed to an initial set of priority *broader outcomes* for *agencies* to leverage from their *procurement activities* and identified specific contracts or sectors. The priority outcomes are:

1. Access for New Zealand businesses;
2. Construction sector skills and training;
3. Employment standards and health and safety; and
4. Reducing emissions and waste.

<https://www.procurement.govt.nz/broader-outcomes/>

Construction Sector Accord (the Accord)

The Accord was established in 2019. Its purpose is to strengthen the partnership between *government* and industry and be a catalyst to transform the construction sector for the benefit of all New Zealand. The vision under the Accord is for a high performing construction sector for a better New Zealand. Shared goals between *government* and industry are to:

- Increase productivity;
- Raise capability;
- Improve resilience; and
- Restore confidence, pride and reputation.

<https://www.constructionaccord.nz/the-accord/>

Construction Skills Action Plan

Actions the *Government* priority to lift the capability and capacity of the construction workforce, which is regarded as essential to achieving the *Government's* goals for health, education, transport and regional development.

The Action Plan vision is that the *Government* collaborates with industry to drive a rapid and sustainable shift that delivers the right people, at the right time, with the right skills, to meet New Zealand's current and future construction needs. The Action Plan encompasses six priority initiatives:

1. Leveraging *government procurement*;
2. Establishing additional jobs and skills hubs;
3. Growing construction careers and credentials;
4. Expanding skills for industry;
5. Mana in Mahi – Strength in Work; and
6. Further change to immigration settings.

www.mbie.govt.nz/building-and-energy/building/supporting-a-skilled-and-productive-workforce/construction-skills-action-plan/

Forced Labour Convention 1930 (No. 29)

An international convention which New Zealand is a party to which has the object and purpose of suppressing the use of forced labour. https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_ILO_CODE:C029

Government Procurement Rules

The *Government's* minimum standards for *government procurement*. The *Rules* focus on open, competitive *procurement* where all businesses can participate. They:

- Align New Zealand *procurement* practice with international best practice;
- Encourage more strategic *procurement* approaches; and
- Foster competition and innovation, resulting in better solutions.

www.procurement.govt.nz/procurement/principles-and-rules/

Green Investment Fund

The Fund's overall aim is to accelerate low emissions investment in New Zealand. It forms part of the *Government's* commitment to address climate change and support New Zealand's transition towards a net-zero-emissions economy by 2050.

treasury.govt.nz/information-and-services/commercial-portfolio-and-advice/new-zealand-green-investment-finance

He kai kei aku ringa (the Crown–Māori Economic Development Strategy)

He kai kei aku ringa means 'providing food by my own hands' and has become a metaphor for the resilience and economic self-determination of Māori. The Strategy provides an organising framework to drive an all-of-*government* focus on achieving positive economic outcomes for Māori with an overarching goal to increase Māori median income by 20% by 2021, from \$26,500 to \$31,800.

He kai kei aku ringa has 5 goal areas or pou, represented by the acronym 'ERERE', meaning 'to take flight'. The 5 pou interact and overlap and, in some cases, are mutually reinforcing. ERERE represents:

- Employment: grow future Māori workforce into higher-wage, higher-skilled jobs.
- Rangatahi: support Māori youth to define and lead their economic aspirations.
- Enterprise: grow Māori SMEs (small-to-medium enterprises) and maximise the economic value of iwi and collectives.
- Regions: increase Māori participation in regional economic development.
- Education: upskill the Māori workforce and strengthen transitions into work.

<http://www.mbie.govt.nz/business-and-employment/economic-development/maori-economic-development/he-kai-kei-aku-ringa-strategy-and-action-plan>

He Poutama Rangatahi (HPR)

A pilot initiative that supports rangatahi aged 15-24 who are most at risk of long-term unemployment and who are not in education, employment or training.

Through supporting local organisations, HPR helps to deliver sustained employment outcomes for rangatahi. As part of this, HPR also supports employers who need access to specialised employment support matched to the needs of rangatahi.

www.growregions.govt.nz/regions/he-poutama-rangatahi/

ISO: 20400 Sustainable Procurement - Guidance

Creates a global framework to stimulate the integration of social, economic, and environmental objectives into strategic *procurement* practice. It provides guidance to organisations, independent of their activity or size, on integrating sustainability within *procurement*, as described in ISO: 26000 Social Responsibility. It is intended for stakeholders involved in, or impacted by, *procurement* decisions and processes.

www.iso.org/standard/63026.html

ISO: 26000 Social Responsibility

Provides guidance on how businesses and organisations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society. It helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility globally.

www.iso.org/iso-26000-social-responsibility.html

Living Wage

The Living Wage concept refers to the hourly wage a worker needs to be paid for the necessities of life and to be able to participate as an active citizen in the community. It reflects the basic expenses of workers and their families such as food, transportation, housing and childcare, and is calculated independently each year by the New Zealand Family Centre Social Policy Unit.

Local Government (Community Well-Being) Amendment Act 2019

An amendment to the Local Government Act 2002 (the principal Act); this amendment reinstates the 4 aspects of *community well-being* and provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

www.legislation.govt.nz

Mana in Mahi (Strength in Work) Scheme

The Ministry of Social Development provides funding to employers seeking to hire young people to help kick start their careers. The young person gets an employment and industry training opportunity.

The Scheme includes assistance with pre-employment and in-employment training, wage subsidies, and incentives to candidates.

<https://www.workandincome.govt.nz/employers/subsidies-training-and-other-help/mana-in-mahi.html>

Māori Business Growth Strategy

Te Puni Kōkiri provides support to Māori businesses to help them become established through the *Māori Business Growth Strategy*. The three strategic priorities for 2017–2020 are:

- Priority 1: Improve the core business capability among Māori;
- Priority 2: Improve the connectedness of Māori businesses; and
- Priority 3: Increase the number of sustainable, and growing, Māori businesses.

<https://www.tpk.govt.nz/en/whakamahia/maori-business-growth-support>

Mastering Procurement - Guide

Developed for *government agencies*, it supports good *procurement* practice. It takes a structured approach to strategic *procurement*.

<https://www.procurement.govt.nz/assets/procurement-property/documents/guide-mastering-procurement.pdf>

New Zealand Disability Strategy 2016-2026

The Strategy recognises that, despite progress, people with disability in New Zealand remain worse off than non-disabled people across all social and economic outcomes. The Strategy has eight outcome areas:

- Outcome 1: Education;
- Outcome 2: Employment and economic security;
- Outcome 3: Health and wellbeing;
- Outcome 4: Rights protection and justice;
- Outcome 5: Accessibility;
- Outcome 6: Attitudes;
- Outcome 7: Choice and control; and
- Outcome 8: Leadership.

In particular, the employment and economic security outcome supports action to increase employment of disabled people, including long-term unemployed disabled people, and to implement long-term work programmes that improve employment outcomes for disabled people. This outcome relies on delivery of other Strategy actions and outcomes, for instance, education, rights protection and justice, attitudes.

www.odi.govt.nz/nz-disability-strategy/

New Zealand's Resettlement Strategy

The Strategy is designed to help refugees once they are accepted to live in New Zealand. It guides a new way of working to achieve improved resettlement with *government agencies* working together, with non-*government* organisations and refugee communities.

The five goals of the Strategy are:

1. Self-sufficiency – all working-age refugees are in paid work or are supported by a family member in paid work;
2. Participation – refugees actively participate in New Zealand life and have a strong sense of belonging here;
3. Health and wellbeing – refugees and their families enjoy healthy, safe and independent lives
4. Education – English language skills help refugees participate in education and in daily life; and
5. Housing – refugees live in safe, secure, healthy and affordable homes, without needing *government* housing assistance.

www.immigration.govt.nz/documents/refugees/refugeeresettlementstrategy.pdf

Pacific Economic Strategy 2015-2021

The Strategy aligns with the Ministry of Business, Innovation and Employment's primary purpose to 'grow New Zealand for all'. It aims to improve Pasifika people's involvement and contribution to the New Zealand economy through:

- More sustainable *Pasifika enterprises*;
- More sustainable job opportunities for Pasifika peoples; and
- More affordable and suitable housing for Pasifika peoples.

The Strategy is focused on actions with the greatest potential to accelerate Pacific economic outcomes. It also provides a platform for bringing together existing information about Pacific economic development to assess opportunities for growth and innovation.

<https://www.mbie.govt.nz/business-and-employment/economic-development/pacific-economic-development/pacific-economic-strategy-2015-2021/>

Grow Regions - Provincial Growth Fund (PGF)

A multi-billion-dollar *Government* investment in regional economic development. Through the PGF, the *Government* seeks to ensure that people living all over New Zealand can reach their full potential by helping build a regional economy that is sustainable, inclusive and productive. This programme is administered by the Provincial Development Unit (PDU).

<https://www.growregions.govt.nz/what-weve-done/projects-we-have-funded/the-provincial-growth-fund/>

PDU - Sector Workforce Engagement Programme (SWEP)

The Sector Workforce Engagement Programme (SWEP) is a *cross-government* initiative to help employers get access to skilled regional staff. It works across industries like horticulture and viticulture, dairy farming, road freight transport, construction, tourism, hospitality and aged residential care.

www.growregions.govt.nz/about-us/sector-workforce-engagement-programme/

Skills for Industry

A Ministry of Social Development's programme that partners with industry (employers and training providers) to prepare people for employment across a number of sectors. This can include pre-employment (provider) training, and in-work (employer) training at a national, regional and local level. It can also include large projects and can prepare a volume of workers for specific entry-level roles.

These partnerships create employment opportunities for people and help address skills and labour shortages.

<https://www.workandincome.govt.nz/employers/subsidies-training-and-other-help/skills-for-industry.html>

Supplier Code of Conduct (the Code)

Sets out the *Government's* expectations of *suppliers to government*, including the *Government's* expectations on ethical behaviour. It is designed to apply to *government suppliers*, rather than to individual public servants, who are governed by the existing State Services Commission's Code of Conduct.

The Code covers expectations of *suppliers*, including *sub-contractors*, in relation to:

- Labour and human rights;
- Health, safety and security;
- Prompt payment;
- Environmental sustainability;
- Ethical behaviour; and
- Corporate social responsibility.

<https://www.procurement.govt.nz/assets/procurement-property/documents/supplier-code-of-conduct.pdf>

The New Zealand Pacific Economy

A 2018 research project and report that employed the Treasury's Living Standards Framework (2017) to identify and delineate the economic footprint of the Pacific community within New Zealand's economy.

<https://treasury.govt.nz/sites/default/files/2018-11/nz-pacific-economy-nov18.pdf>

United Nation's Framework Convention on Climate Change (UNFCCC)

The UNFCCC enables countries to collectively consider how to mitigate climate change and cope with its impacts. New Zealand is a Party to the UNFCCC.

The ultimate objective of the UNFCCC is preventing dangerous anthropogenic (human) interference with the climate system. It states that "such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

Subsidiary agreements, including the *Kyoto Protocol* and the *Paris Agreement* have been ratified by New Zealand.

Under the UNFCCC, the *Government* decided that New Zealand would take an emissions reduction target for the period 2013-2020.

www.mfe.govt.nz/climate-change/why-climate-change-matters/global-response/new-zealand-and-united-nations-framework

Climate Change Response (Zero Carbon) Amendment Act

The Climate Change Response (Zero Carbon) Amendment Act 2019 provides a framework by which New Zealand can develop and implement clear and stable climate change policies that:

- contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels
- allow New Zealand to prepare for, and adapt to, the effects of climate change.

<https://www.legislation.govt.nz/act/public/2019/0061/latest/LMS183736.html>

2. Case Insights

Delivering jobs, tourism and transport efficiencies in the Tairāwhiti Region through joint agency roading

NZTA, Gisborne District Council and the Provincial Growth Fund have been working together to create jobs and provide training opportunities for locals in the Gisborne/Tairāwhiti Region through long term roading programme.

- ✓ Opportunities for targeted employment
- ✓ Prosperous and sustainable New Zealand regions

Participants:

- Waka Kotahi
- Provincial Growth Fund
- Gisborne District Council

Creating long term employment opportunities for local people and other key economic benefits for the Gisborne/Tairāwhiti region has been a focus in the establishment of a joint agency programme for roading.

With an estimated \$232M investment in roading, a cross-agency project team has been established to create more jobs, enhance tourism and provide infrastructure for increased movement of people and products. This will be in, around and to the region of Gisborne.

Gisborne District Council knows the importance of supporting local businesses and making Gisborne a place where people want to live and work. The new roading programme embraces this focus by including in the terms of reference specific employment outcomes with associated measures.

Creating a strong governance structure as the project teams are established means social outcomes formulate the basis of the project and become business as usual.

Included in the governance structure are reporting requirements that encompass social outcomes such as jobs created, and training provided to ensure ongoing benefits are delivered.

This programme of works is a journey for all stakeholders, suppliers and the Region, so it is expected that changes may be required including additional outcomes. This is likely to include management of waste and environmental outcomes.

<https://www.nzta.govt.nz/planning-and-investment/national-land-transport-programme/2018-21-nltp/regional-summaries/gisborne-tairawhiti/>



Working with suppliers to manage employment risks

With a focus on people, place and prosperity, New Plymouth District Council's infrastructure team engages with potential and current suppliers prior to tender to identify ways to manage loss of employment risks.

- ✓ Skills and workforce development
- ✓ Prosperous and sustainable New Zealand regions

Participants:

- New Plymouth District Council
- Infrastructure suppliers



The Council's vision is for the Council, together with the community, to be Building a Lifestyle Capital. This vision and its associated community outcomes People/He Tangata, Place/ Tiakina and Prosperity/ Āwhina, are reflected in the Council's infrastructure planning.

The Infrastructure team engages with suppliers (both potential and current suppliers) prior to tendering to diffuse any tension that may exist in the management of supplier transition (should it be required) which has minimised the risk of job losses that could be incurred through tendering.

The Council now issues tenders with a vision statement seeking suppliers to identify ways to upskill the workforce, maintain jobs if transitioning to a new supplier and creating strong, sustainable succession plans. This has meant the New Plymouth District Council is a major contributor toward the Region becoming a Lifestyle Capital.

Economic benefits and Key Performance Indicators are tested prior to locking them in with the supplier.

The District Council recognises that establishing longer terms in contracts provides surety of work for the suppliers to create roles and develop their teams to build capability and investment in the people to deliver benefits for individuals, suppliers and the region. With strong job prospects, people want to stay in the region.

In some cases, the Council has been able to provide funding to support creation of roles. In addition, research has shown that through skills training and development of individuals the management of assets has been enhanced. This is because team members are trained to be build better assets and the risk of damage at build or errors during the build are reduced reducing the requirement for re-work.

Incorporating better safety practices into contracts to reduce injury

New Plymouth District Council have taken their health and safety focus to a new level by defining safety practices into their contracts to ensure injury reduction.

✓ Sustainable, fair and equitable employment environments

Participants:

- New Plymouth District Council
- Infrastructure suppliers

Health and safety has been a focal point for New Plymouth District Council for a long time and creating a safe space to work on infrastructure projects provides unique challenges.

One of the areas noted as creating a high safety risk was in the laying of roading. A standard process had vehicles regularly reversing on site to realign for the next roll out of tar, gravel and other components to create the roading.

New Plymouth District Council and Downer created a working group to identify ways to enhance safety. With a mantra of 'Do Something Awesome', the group was empowered to experiment and innovate.

When on site, Downer and New Plymouth District Council realised the risk of injury to the team as well as public increased through the reversing of vehicles. Additional staffing was also required in the traffic management process.

By changing behaviour on site so reversing trucks were not permitted, the team were provided a safer site to work in.

Training was developed to highlight the reasons why the changes were to be made; the team were encouraged to be the leaders in the change.

In addition to providing a safer work environment, the team increased their skills in safety and economic modelling highlighted no change to cost, time and effort in the delivery of the project.

<https://www.newplymouthnz.com/Business/Working-with-the-Council/Contractor-Information>



Improving access to opportunities for Māori and Pasifika enterprises

The Southern Initiative has created a register of Māori and Pasifika enterprises so they can link with potential and current customers in all sectors. Known as *He Waka Eke Noa*, it is New Zealand's first social and sustainable procurement supply register.

- ✓ Opportunities for Māori enterprises
- ✓ Opportunities for Pasifika enterprises
- ✓ Skills and workforce development
- ✓ Prosperous and sustainable New Zealand regions
- ✓ Environmentally sustainable practices and outputs

Participants:

- The Southern Initiative
- Auckland Council
- Pacific Business Trust
- Te Puni Kōkiri



He Waka Eke Noa connects Māori and Pasifika-owned businesses with clients and buyers wanting to purchase goods, services and works. It was established by The Southern Initiative team in Auckland Council in collaboration with City Rail Link Limited, Te Puni Kōkiri, Ministry of Pacific Peoples and the Pacific Business Trust.

The Southern Initiative believes that Māori and Pasifika businesses are an untapped pathway for socio-economic transformation for Māori and Pasifika peoples. Māori and Pasifika have not shared in the prosperity of Auckland's economic growth; He Waka Eke Noa helps to mitigate this.

He Waka Eke Noa is based on Australia's Supply Nation, the intermediary for the Australian government's Indigenous Procurement Policy (IPP) which was introduced in 2015.

The name He Waka Eke Noa is taken from a famous Māori whakataukī (proverbial saying) which translates as 'the canoe which we are all in without exception'. It refers to acting as a collective, working in unity and leaving no one behind.

He Waka Eke Noa is committed to supporting Māori and Pasifika entrepreneurship. In addition to making an important contribution to the economy, we know that many Māori and Pasifika businesses are also delivering significant social outcomes for the people of Tāmaki Makaurau (Auckland), especially those who face disadvantage and hardship.

<https://www.wen.org.nz/>

Building partnerships with corporate business to support environmental sustainability

Unwanted office furniture, IT equipment, corporate items or end-of-line stock no longer needs to gather dust in storage or to be dumped. Through All Heart NZ, unwanted 'stuff' can be put into a circular economy and redirected or repurposed to charitable and community organisations, while creating opportunities for employment.

- ✓ Opportunities for targeted employment
- ✓ Environmentally sustainable practices and outputs

Participants:

- All Heart NZ

All Heart NZ provides one-stop, simple, and cost-effective services for corporate waste diversion for all unwanted goods. Their national service can provide services in office relocation, inventory/asset registration, freight, project management and deconstruction services.

All Heart NZ is a *fwd Certified social enterprise* with the Ākina Foundation (www.fwd.org.nz).

All Heart NZ's business model is centred around their zero-waste Sustainability Framework, and entering Corporate Partnerships for their services. By recycling and upcycling used unwanted office furniture and equipment, the corporate surplus is given a new life and distributed to charitable organisations and community groups across New Zealand and the South Pacific. This business model promotes a sustainable full circle economy, positively impacts those most in need and reduces waste to landfill.

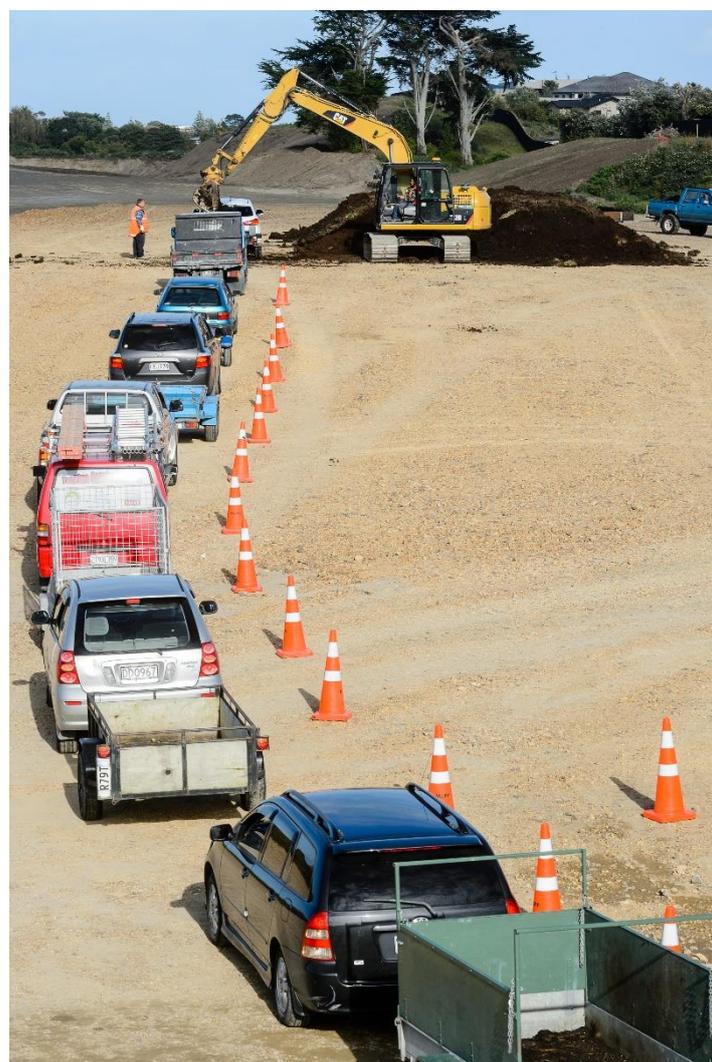
With over 1,500,000 kgs saved from going to landfill and more than 145 community groups supported since 2017, All Heart NZ brings hope and dignity to those in need around New Zealand and the Pacific Islands. It provides tangible and meaningful support to community groups in their efforts, including the relief of poverty, providing practical and emotional support, alternative education, safe housing, employment creation and health and social care.

All Heart NZ also directly employs individuals and works to grow and foster other Social Enterprises that generate employment opportunities for people marginalised out of employment.

<https://allheartnz.org.nz>

<https://www.theimpactinitiative.org.nz>

<https://www.theimpactinitiative.org.nz/case-studies/all-heart>



Addressing the employment divide through employment and training pathways

Pathway helps our most marginalised people make a fresh start through reintegration support, accommodation and employment opportunities with people leaving prison. Pathway operates social enterprises to fund the social services that underpin their purpose, working in the industries of professional container devanning, commercial seating and furniture manufacturing.

- ✓ Opportunities for targeted employment
- ✓ Sustainable, fair and equitable employment environments

Participants:

- Pathway Charitable Group

Pathway provides opportunities for training and employment to some of society's most marginalised people, while also providing the reintegration support of counselling and accommodation necessary for creating a new pathway in life.

Pathway operates multiple social enterprises, including Alloyfold and Oak Tree Devanning. These businesses are both *fwd Certified social enterprises* with the Ākina Foundation (www.fwd.org.nz).

Alloyfold offers an extensive range of commercial seating with over 150 different commercial seating and furniture products suitable for public, education, corporate and sporting facilities. Their product range includes stadium and auditorium seating, church, cinema and performance venue seating, and they can deliver products in NZ and internationally.

Oak Tree Devanning is a professional container devanning company that specialises in container devanning and loading services in Canterbury. They provide fixed-cost container services with short response and turnaround times providing a reliable outsourcing option for businesses. Oak Tree Devanning provides stable employment, work readiness skills and training opportunities for people typically marginalised out of employment.

Alloyfold and Oak Tree Devanning's profits go to Pathway Charitable Group.

Pathway's social impact is spread across three areas: reintegration for prisoners returning to the community, accommodation for vulnerable people in need of a home, and employment for people with barriers to finding a job.

Independent research has confirmed that ex-offenders who engage with the Pathway reintegration programme are 33% less likely to be re-convicted and 43% less likely to be re-imprisoned within 12 months of release. In 2017, Pathway helped 54 former prisoners get jobs, 57% of whom staying in employment for longer than six months.

"Everyone in prison came from the community and most will eventually return to the community. How well they are supported in this transition will have a major impact on how many reoffend and return to prison. This is a choice." Carey Ewing, Reintegration Manager, Pathway.

<https://www.pathway.org.nz>

<https://www.theimpactinitiative.org.nz>

<https://www.theimpactinitiative.org.nz/case-studies/pathway-charitable-group>

3. Glossary

Some words, abbreviations and acronyms used in the *Framework* have a special meaning and are marked in italics or capitalised, e.g. 'Government' and '*public value*'. The special meaning applies when the word, abbreviation or acronym is expressed in the singular or plural form, e.g. *agency* or *agencies*. The special meanings are set out below in alphabetical order.

| Term | Definition |
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| Agency (Agencies) | A generic term used in the <i>Government Procurement Rules</i> to refer to New Zealand <i>government</i> entities across the Public Sector. |
| Broader outcomes | In October 2018, the Government agreed to a set of priority outcomes for <i>agencies</i> to leverage from their <i>procurement activities</i> and identified specific contracts or sectors for initial focus. |
| Broader Outcomes Plan | A <i>procurement plan</i> that establishes a clear path of action/s and associated roles and responsibilities to enable achievement against the <i>broader outcomes</i> . |
| Broader Outcomes Strategy | A document that provides clear guidance to <i>government buyers</i> and <i>contract managers</i> , as well as <i>suppliers</i> on an <i>agency's broader outcomes</i> strategic direction and associated activities. It works to ensure accountability progress, performance and continuous improvement. It is developed as part of an <i>agency's</i> overarching <i>procurement</i> planning. |
| Buyer | The individual(s) in an <i>agency</i> responsible for planning, creating, and/or sourcing <i>goods, services</i> or <i>works</i> by, or on behalf of, an <i>agency</i> . |
| Community well-being | The Local Government Act 2002 has recently been amended to incorporate four aspects of community well-being and provides for local authorities to play a broad role in promoting the social, economic, environmental and cultural well-being of their communities by taking a sustainable development approach. The term community well-being is used interchangeably with the term broader outcomes in this Framework. |
| Contract manager | The individual(s) in an <i>agency</i> responsible for planning and managing a contract for <i>goods, services</i> or <i>works</i> for, or on behalf of, an <i>agency</i> . |
| Framework | This Broader Outcomes Framework. |
| Goods | As defined in the <i>Government Procurement Rules</i> , items which are capable of being owned. This includes physical <i>goods</i> as well as intangible property such as intellectual property. |
| Government | Refers to the formally elected New Zealand Government. |
| government | Refers to the collective of <i>government agencies</i> or the general function of the <i>government</i> . |
| Government Procurement Rules (the Rules) | The <i>Government's</i> standards of good practice for <i>government procurement</i> . |
| Māori enterprise | A registered Māori business can be defined as being a business that is: <ul style="list-style-type: none"> • <i>Māori owned: at least 50% of the ownership is held by Māori (including individuals, collectives and/or businesses); or</i> • <i>Uses the current Inland Revenue eligibility to be a Māori authority (i.e.; is eligible for a Māori authority tax code).</i> (Source: Māori Economic Development Advisory Board) |
| MBIE | Ministry of Business, Innovation and Employment. |
| Pasifika enterprise | In the absence of a formal definition, the <i>Framework</i> acknowledges that: <ul style="list-style-type: none"> • <i>Pasifika enterprises</i> comprise both businesses and not-for-profit community organisations; and • New Zealand's Pasifika peoples are a diverse group who align themselves from many different Pacific Island nations and communities with the main ethnicities including Samoan, Cook Island Māori, Tongan, Niuean, Fijian, Tokelauan and Tuvaluan. |
| Procurement | As defined in the <i>Government Procurement Rules</i> , all aspects of acquiring and delivering <i>goods, services</i> and <i>works</i> . It starts with identifying the need and finishes with either the end of a <i>service</i> contract or the end of the useful life and disposal of an asset. |
| Procurement activity | An individual <i>procurement</i> project to source <i>goods, services</i> or <i>works</i> . |
| Procurement Plan | As defined in the <i>Government Procurement Rules</i> , a plan to analyse the need for specific <i>goods, services</i> or <i>works</i> and the outcome the <i>agency</i> wants to achieve. It identifies an appropriate strategy to approach the market, based on market research and analysis, and summarises the proposed <i>procurement</i> process. It usually includes the indicative costs (budget), specification of requirements, indicative timeline, evaluation criteria and weightings. |
| Public value | As defined in the <i>Government Procurement Rules</i> , getting the best possible result from your <i>procurement</i> , using resources effectively, economically, and without waste, and taking into account: <ul style="list-style-type: none"> • The total costs and benefits of a <i>procurement</i> (total cost of ownership), and • Its contribution to the results you are trying to achieve. The principle of <i>public value</i> is about getting the best possible result over the whole-of-life of the <i>goods, services</i> or <i>works</i> . |

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| | <p><i>Public value</i> includes considerations that are not solely focused on price, for instance what benefit your <i>procurement</i> could bring to the local community or environment.</p> <p>Selecting the most appropriate <i>procurement</i> process that is proportionate to the value, risk and complexity of the <i>procurement</i> will help achieve <i>public value</i>. Good <i>procurement</i> is about being risk aware, not risk averse.</p> |
| Services | As defined in the <i>Government Procurement Rules</i> , acts or work performed for another party. No transfer of possession or ownership takes place when services are sold, and they cannot be stored or transported; they are instantly perishable and only exist at the time they are provided. |
| Social enterprise | <p>In the absence of a formal legal definition, this <i>Framework</i> applies the definition of a <i>social enterprise</i> that is used by Ākina – that:</p> <ul style="list-style-type: none"> • The social, cultural and/or environmental mission provides a public or community benefit and that is the primary purpose of the organisation; • The majority of income is from trading a <i>good</i> or a <i>service</i>; and • The majority of either expenditure or profit is spent in the fulfilment of the purpose of the organisation. |
| Social procurement | <p>Means the <i>government</i> using its buying power to deliver <i>public value</i> through the objectives of this <i>Framework</i>, beyond the value of the <i>goods</i>, <i>services</i> or <i>works</i> being purchased.</p> <p>The term <i>social procurement</i> is used interchangeably with the term <i>Broader Outcomes</i> in this <i>Framework</i>.</p> |
| Sub-contractor | A person, business, company or organisation that <i>supplies</i> or can supply <i>goods</i> , <i>services</i> or <i>works</i> for an <i>agency</i> via a <i>supplier</i> that enters into a <i>government</i> contract for the delivery of <i>goods</i> , <i>services</i> or <i>works</i> . |
| Supplier | As defined in the <i>Government Procurement Rules</i> , a person, business, company or organisation that supplies or can supply <i>goods</i> , <i>services</i> or <i>works</i> to an <i>agency</i> . |
| Surge region | The <i>Provincial Growth Fund</i> , funded by the New Zealand <i>Government</i> , prioritises six "surge" regions: Tai Tokerau/Northland; Bay of Plenty; Tairāwhiti/East Coast; Hawke's Bay; Manawatū-Whanganui; and West Coast. |
| Te Ara Kotahi – Waka Kotahi NZ Transport Agency's Māori Strategy | <p>The vision for the strategy is to ensure Waka Kotahi and iwi Māori working together to succeed for a better New Zealand. The two pou (strategic aspirations) relevant to the framework are Partnerships and strong and vibrant Māori Communities.</p> <p>Key priorities under the strategy are:</p> <ul style="list-style-type: none"> • Partnering for prosperity; • Support the Māori Community • Improve social wellbeing; • Caring for the environment <p>https://www.nzta.govt.nz/about-us/about-the-nz-transport-agency/maori-and-the-transport-agency/</p> |
| Works | Covers new works for a new build or refurbishment works to an existing construction. |

