

Advancing Manufacturing Aotearoa
The Future House c/o – Outset Ventures
24 Balfour Road
Parnell, Auckland

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To:
Ministry of Business, Innovation and Employment
Email: nzgprulesreview@mbie.govt.nz
Attention: Craig Butler, Government Procurement Lead

cc:
Hon. Nicola Willis
Minister of Economic Growth
Email: N.Willis@ministers.govt.nz

Hon Chris Penk
Minister for Small Business and Manufacturing
Email: C.Penk@ministers.govt.nz

Feedback on the proposed 5th edition of the Government Procurement Rules

By: Advancing Manufacturing Aotearoa & The Minister for Manufacturing's Productivity Advisory Group

Tēnā kōrua Minister Willis and MBIE

1. Thank you for the opportunity to share Advancing Manufacturing Aotearoa's (AMA) considered feedback on the proposed 5th edition of the Government Procurement Rules ("the rules"). AMA supports a coordinated, strategic approach across agencies, ensuring procurement decisions drive long-term and sustainable public value (including consideration of externalities), not just short-term savings.
2. Government procurement is one of the most powerful economic levers available to drive New Zealand's future prosperity. With central and local government responsible for significant spend, procurement can actively build sovereign capability, unlock productivity, catalyse innovation, and accelerate the transformation of New Zealand's manufacturing sector.

Harnessing the power of government procurement to drive economic growth

3. With the Government tending to control large projects, central and local government spending can have a significant impact on the local economy. AMA endorses a collective approach across agencies in harnessing the power of government procurement to drive economic growth among other outcomes.

General Comments

4. Manufacturing is a cornerstone of the economy - with 60% of New Zealand's exports being manufactured and 250,000 Kiwis employed in manufacturing. The sector drives productivity, supports technology progress and generates high-quality and sustainable employment opportunities, and helps New Zealand close its current account deficit.
5. AMA is supportive of the proposed enhancements to government procurement that require government agencies to consider the wider economic benefits of their procurement decisions. AMA's submission does not comment on all areas of the consultation document but rather focuses on the following areas of insight:
 - Settings that actively increase local businesses participation in procurement opportunities;
 - Measures to simplify the procurement processes and reduce project delays;
 - Delivering early payment terms to support supplier viability;
 - Streamlined and simplified rules that create a better user experience.
 - Settings that encourage foreign providers to consider New Zealand domestic capability for local and/or reciprocal global supply chain opportunities.
 - Driving innovation through smarter procurement

Settings that actively increase local businesses participation in procurement opportunities

6. AMA strongly supports the replacement of the Broader Outcomes Rules with the new Rule requiring agencies to include economic benefits to New Zealand in every procurement tender.
7. Countries such as Australia, Canada, and the UK have frameworks that actively encourage participation of their local businesses in procurement opportunities, without breaching international free trade agreements. There will be instances - depending on the size and complexity of a project - where the best supplier for a project may not necessarily be a local supplier. AMA urges the Government to be braver and stretch the proposed minimum weighting of 10 percent in tender evaluation for the use of a local business somewhere in the supply chain, up to 20%.

8. The definition of a local business would therefore need to be sufficiently broad and encompassing. For example: a business that originated in New Zealand, is majority owned or controlled by New Zealanders, has its principal place of business in New Zealand, and employs local people paying tax in New Zealand.
9. The implementation of tiered procurement processes is also strongly recommended - a \$300,000 contract doesn't require the same process as a \$30 million contract for example. This approach would allow simplified requirements and tendering for smaller contracts, providing greater support for New Zealand's small to medium-sized enterprises (SME) ecosystem.
10. It is widely accepted that New Zealand manufacturers who have contracted government revenue are able to use this as a platform to more effectively launch into international markets, in addition to potentially encouraging multinational suppliers to partner with New Zealand-based firms.
11. In attempting to provide future opportunities for SMEs, MBIE and other supporting agencies should consider tools aimed at procurement capability building, which will enable an increasing number of these firms to respond to future opportunities. This could take the form of roadshows, online support, or a dedicated tender helpline. This would also help ensure adequate support for regional firms, Māori-owned businesses, and new suppliers.
12. AMA recommends the inclusion of structured reporting in tenders to quantify broader economic benefits – for example, anticipated job creation, workforce and skills development, local capability building, and contribution to GDP or export revenue.

Measures to simplify the procurement processes and reduce project delays

13. Complex, protracted procurement processes can consume a firm's valuable time and resources; in a country of 5 million people, where most of the manufacturing businesses are SMEs, this can act as a barrier to winning government contracts. AMA supports clearer guidance and earlier disclosure of project timelines, budgets, and evaluation criteria to reduce waste and improve fairness.
14. Feedback from members highlights that project delays after a company has been awarded a contract can have an impact on working capital levels. Equally, suppliers need realistic timeframes to price robustly and allocate resources effectively. Rushed procurement processes risk undermining project quality and delivery.

15. AMA further recommends agencies commit to project start dates and key delivery milestones where possible, to reduce risk to suppliers who have already incurred mobilisation costs.
16. In addition, AMA recommends clearer articulation of compliance expectations (e.g. cybersecurity standards), and appropriate support for SMEs, including reasonable lead times to build necessary capabilities. This process scaffolding is essential to enabling equitable access to contracts, especially those linked to high-security government work.
17. AMA is therefore supportive of the primary requirement for agencies to include all of the information that suppliers need to prepare and submit meaningful *responses* in each *Notice of Procurement*.

Delivering early payment terms

18. Extended payment terms of 30 days (plus) can represent a major financial issue for SME's, who are having to prudently manage cashflow. AMA is therefore supportive of the primary requirement that agencies must pay 90% of domestic trade eInvoices within 5 business days, and other domestic trade invoices within 10 business days. Fast payment not only supports cashflow but also fosters trust, reduces risk, and encourages innovation. Mandatory compliance monitoring is recommended to ensure this occurs in practice.
19. AMA also encourages agencies to consider partial upfront payments or deposits in appropriate cases to support material purchasing and other mobilisation costs, particularly where capital outlay is required before delivery commences.

Streamlined and simplified rules that create a better user experience

20. AMA congratulates MBIE for ensuring that the proposed 5th edition of the Rules has been streamlined and simplified to create a better user experience and make it easier to follow and apply the rules. However, the challenge remains in getting agency procurement teams across New Zealand to uniformly apply the rules when considering purchasing decisions.
21. AMA recommends a national training and engagement programme for public sector procurement staff to build confidence in using the rules to achieve strategic outcomes.

Settings that encourage foreign providers to consider New Zealand domestic capability for local and/or reciprocal global supply chain opportunities.

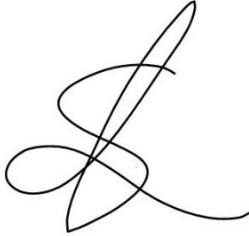
22. In an increasingly volatile global landscape, government procurement must consider not only economic value, but also New Zealand’s long-term security of supply and national resilience. Recent disruptions – including global tariffs, shifting trade blocs, and pandemic-related supply constraints – underscore the importance of strengthening local capability and building greater resilience into supply chains.
23. AMA recommends that security of supply and economic sovereignty be explicitly recognised as part of ‘good outcomes’ in procurement evaluation. This can be achieved without breaching international agreements, as seen in procurement frameworks used by Australia and the UK.
24. AMA also recommends exploring mechanisms to ensure reciprocal economic benefit from offshore procurement contracts. For example, requiring international suppliers to deliver a portion of contract value locally through subcontracting, New Zealand-based MRO (maintenance, repair and operations) and sustainment activity, or global supply chain partnerships.

Driving innovation through smarter procurement

25. Manufacturers who invest in research and development can struggle to gain traction in their home market on account of risk-adverse government procurement practices. AMA encourages government to pilot strategic supplier development partnerships and innovation-first procurement models that favour early-stage New Zealand manufacturing.
26. The government should be the first customer of new technology, not the last. AMA recommends inclusion of an ‘innovation weighting’ in procurement evaluations, alongside early engagement with suppliers to co-design procurement specifications where required to unlock innovation.
27. AMA also encourages the inclusion of staggered or phased procurement structures that enable SMEs to scale up capability and tooling in response to government demand – supporting more equitable access to large programmes. Longer-term contracts should also be considered where they allow suppliers to invest in more advanced or sustainable technology.

Thank you in advance for your consideration in harnessing the power of government procurement in support of New Zealand businesses. The proposed rule changes should result in more of these businesses finding it easier to bid for government work and to be successful either directly, or as a subcontractor, in the supply chain.

Nga mihi nui,



Sarah Ramsay

Chairperson – Advancing Manufacturing Aotearoa
Chairperson – Minister for Manufacturing’s Productivity Advisory Group
Chief Executive Officer – United Machinists



Catherine Lye

Chief Executive Officer – Advancing Manufacturing Aotearoa

About Advancing Manufacturing Aotearoa & The Minister’s Manufacturing Productivity Advisory Group

Advancing Manufacturing Aotearoa (AMA) is a cross-sector industry body established in 2023 to champion New Zealand’s manufacturing and accelerate productivity innovation. AMA does this through information sharing, promoting collaboration, and taking practical steps to connect stakeholders across the industry. By delivering initiatives that strengthen the sector and support sustainable growth, AMA aims to drive meaningful progress and innovation that benefits all New Zealanders.

Hon. Chris Penk’s Manufacturing Productivity Advisory Group (MPAG) is a ‘think tank’ comprised of over 30 manufacturing business owners and executives from across New Zealand. We meet with Minister Penk at least three times per year with the mandate of defining New Zealand’s vision for the manufacturing sector and developing strategies to facilitate greater investment, process innovation, talent and global perceptions of the sector.