

New procurement rules for Government spending welcome change

Moves by the Government to develop more user friendly procurement rules that will encourage greater local industry participation in government tenders is long overdue and very welcome says BusinessNZ.

Executive Director of Manufacturing for BusinessNZ, Catherine Beard, says this is something that BusinessNZ has been advocating for some time, and the new rules are a very positive start on a journey to getting more local firm input into government contracts.

“Government is a big part of the economy, and wider government spending is responsible for approaching 40% of GDP in New Zealand. By making it easier for New Zealand firms to participate in government tenders somewhere in the supply chain, we will be building bigger and more internationally capable companies.

“Taking into account the “whole of life” value of a tender is very important, rather than just going for lowest price. New Zealand firms often supply better quality products that will last the distance, backed up by local support, flexibility to tailor and speed of response. These factors should all be weighed up against cheaper imported products, which, if they fail makes them more expensive in the long run.

“In addition to good quality from local suppliers, building bigger companies through better access to bigger projects has significant positive spin-offs for increased local investment and employment.

“While this is a very good start on the road to better procurement processes, the proof will be seen in more of our small to medium sized companies being included somewhere in the supply chain of a government tender.

“Barriers in the past have included lowest cost procurement with little regard to durability/suitability, short tender processes for large tenders, requirements to have large numbers of employees to be considered, and a lack of thinking about how to include NZ firms as tier 2, 3 or 4 suppliers, even if they are not the tier 1 supplier in large contracts.