

# **Our Work Our Future Bill**

Member's Bill

## **Explanatory note**

### **General policy statement**

This Bill will require the Ministry of Business, Innovation, and Employment to amend the Government Procurement Rules and Principles of Government Procurement to make job creation and the overall benefit to New Zealand a determining factor in their decision making. It will also require government organisations to design contracts so that companies focused on job creation have a fair chance of winning them, and then oblige them to report on the value of contracts they have awarded based on this criteria.

The government spends \$40 billion a year on procurement. That is huge buying power, but currently, government bodies only consider their own bottom line when they make purchasing decisions. They buy 'cheaper' options regardless of the impact on New Zealand, even if it means Kiwis will lose work.

It's costing Kiwis jobs and it's denying New Zealand businesses the opportunity to innovate and grow. For many SMEs the lack of government contracting experience is a hindrance when firms try to break in to international markets.

We have seen too many jobs lost because of government organisations buying 'cheap' options from overseas. Examples include, the Hillside closure and asbestos in imported rail wagons, and Kiwi businesses shut out of the up to \$1.9 billion IRD computer system rebuild.

These changes will mean more jobs and economic opportunities for New Zealand. It creates a more level playing field for overseas and local companies to compete for government tenders.

There is little to no fiscal cost to this policy. It will stimulate the economy, boosting government revenue. Any additional costs that individual government organisations face will be considered in their funding applications.

### Clause by clause analysis

*Clause 1* is the Title clause.

*Clause 2* is the commencement clause, and provides that the Bill will come into force on the day that is 3 months after it receives the Royal assent.

*Clause 3* requires that the Government Rules of Sourcing and the Principles of Government Procurement be amended to ensure that when undertaking procurement Government organisations will have to choose the winning bid based on which creates jobs in New Zealand and design the process so that companies focused on creating jobs in New Zealand have a fair chance of winning them.

*Andrew Little*

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#### **The Parliament of New Zealand enacts as follows:**

##### **1 Title**

This Act is the Our Work Our Future Act **2016**.

##### **2 Commencement**

This Act comes into force on the day that is 3 months after the date on which it receives Royal assent. 5

##### **3 Amendments to Government Rules of Sourcing**

- (1) The Principles of Government Procurement and the Government Rules of Sourcing must provide that, in addition to current considerations,—
- (a) Government organisations awarding contracts must choose the winning bid based on its ability to create jobs in New Zealand; and 10
  - (b) when Government organisations plan a procurement process, it must be designed so that companies focused on creating jobs in New Zealand have a fair chance of winning.

- (2) The Minister of Finance and the Minister of State Services are responsible for ensuring **subsection (1)** is implemented.