



Cabinet

Minute of Decision

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Ensuring Public Services are Based on Need and Contracts are Awarded on Value

Portfolio **Public Service**

On 26 August 2024, Cabinet:

Background

- 1 **noted** that:
 - 1.1 in November 2023, Cabinet agreed to the Government's 100-day plan, which included a commitment to begin work on delivering better public services and strengthening democracy [CAB-23-MIN-0468];
 - 1.2 in December 2023, the Cabinet 100-Day Plan Committee noted the updated 100-day action plan dashboard, which included an invitation for the Minister for the Public Service to report back in late January 2024 on ensuring public services are available to all New Zealanders and are prioritised on the basis of need, not race [100-23-MIN-0016];
- 2 **noted** that in January 2024, the Minister for the Public Service provided oral advice to Cabinet on her intention to report back on the Government's commitments to:
 - 2.1 issue a Cabinet Office circular to all central government organisations outlining the Government's expectation that public services should be prioritised on the basis of need, not race;
 - 2.2 ensure government contracts are awarded based on value, without racial discrimination;
- 3 **agreed** that a Cabinet Office circular be issued to provide clarity about the Government's objectives and expectations for needs-based service provision;
- 4 **endorsed** the contents of the draft Cabinet Office circular on needs-based service provision (the circular), attached as Appendix One to the paper under CAB-24-SUB-0321;
- 5 **noted** that the circular will be binding on the public service and provide guidance for Crown entities with significant service provision roles;

- 6 **authorised** the Minister for the Public Service to make minor amendments to the circular as necessary to reflect Cabinet decisions;

A focus on needs underpinned by data and evidence

- 7 **noted** that public agencies need quality data and data analysis capability to help strengthen needs-based service provision over the medium term, and that this is consistent with a social investment approach;
- 8 **noted** that the Minister for Social Investment has initiated work in this area and will direct officials to explore ways to lift social sector capability for targeting and evaluating the effectiveness of social sector spending, including for example:
- 8.1 options for addressing gaps in the granularity of data for specific populations;
 - 8.2 models for agencies to use in assessing the different dimensions of need in particular contexts;
 - 8.3 options for lifting capability in data analysis across service agencies;
 - 8.4 how robust evaluation can be embedded in social service provision while still promoting innovation in service design;

Ensuring government contracts are awarded based on value

- 9 **noted** that the Government Procurement Rules, Principles and Charter provide a robust framework for assessing contracts on their merits, with a focus on delivering public value;
- 10 **noted** that in 2020, the previous government introduced a Progressive Procurement Policy to increase supplier diversity, starting with a focus on Māori businesses [CBC-22-MIN-0072];
- 11 **noted** that the Progressive Procurement Policy currently provides a target for the proportion of contracts awarded by relevant agencies to certain classes of business, and that this is currently focused on Māori business, with a target of eight percent;
- 12 **noted** that funding to support providers to increase their capability to engage in government procurement as part of the Progressive Procurement Policy ended in June 2024;
- 13 **noted** that a specific target for any type of business sends the wrong signal to agencies about awarding contracts first and foremost on the basis of public value, and risks giving an impression of an uneven playing field for suppliers;
- 14 **agreed** to remove targets for a proportion of contracts awarded to specific businesses and to communicate this to agencies;
- 15 **agreed** that data on supplier diversity be collected and reported;
- 16 **invited** the Minister for Māori Development, the Minister for Economic Development and the Minister for Regional Development to report back to the Cabinet Economic Policy Committee by February 2025 on the scope and nature of any ongoing work programmes proposed to support supplier diversity;

- 17 **noted** that the report referred to above will also meet the 2022 Cabinet commitment to review the Progressive Procurement Policy [MCR-22-MIN-0025], and should include a focus on how government procurement processes can better generate public value and support the engagement of small businesses.

Rachel Hayward
Secretary of the Cabinet