



**To:** Ministry for Business, Innovation and Employment  
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**From:** Wood Processors and Manufacturers Association of NZ

**Date:** 8 April 2025

**Subject:** Government Procurement Rules: Responsible expenditure of public funds (5TH edition 2025)

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## **1. Introduction**

- 1.1 The Wood Processors and Manufacturers Association of NZ (WPMA) appreciate the opportunity to provide feedback on the Government Procurement Rules: Responsible expenditure of public funds (5TH edition 2025).
- 1.2 We submit in support of Procurement Rules that require Government agencies to consider the wider economic benefits of their procurement decisions. This is a sensible policy that takes a broad perspective of economic, environmental and wider social benefits when considering domestic producers and manufacturers of goods and services when making procurement decisions.
- 1.3 Although we submit in support of the proposed Procurement Rules, we express disappointment with the removal of Rule 20 – *‘Transitioning to a net zero emissions economy and designing waste out of our system’* of the current rules (4<sup>th</sup> Edition 2019). Through specifying within designated contracts, the procurement of low-waste and low-emissions goods, Government procurement decisions can make a significant difference in lowering New Zealand’s emissions, encouraging innovation, and supporting local businesses, such as wood processing and manufacturing. As a core statement, WPMA recommends that the removal of Rule 20 is reconsidered and that it is reinstated into the 5<sup>th</sup> Edition 2025 Rules.
- 1.4 We acknowledge the BusinessNZ submission and provide our support to their feedback.

## **2. Discussion**

### **General Comments on the 5th Edition Procurement Rules**

- 2.1 Central and local government spending of an estimated \$51 billion per annum can have a big impact on the use of domestically manufactured wood products/mass timber in government construction projects. This in turn supports industry growth, provides employment in regional New Zealand, and provides an environmental benefit with the storage of carbon, which contributes to meeting our Paris Agreement 2050 zero emissions target.
- 2.2 On this note we are supportive of Procurement Rules that require Government agencies to consider the wider economic benefits of their

procurement decisions. As per the BusinessNZ submission, in this regard, we are very pleased to see that if a procurement is below the values that the “Rules” apply to (below \$100k for goods and services and refurbishment and below \$9m for new construction work) then the work should be awarded to New Zealand businesses that are capable and have the capacity to deliver. We believe this Rule will provide some assistance to encouraging new growth within our wood products industry for both small and large sized mills.

- 2.3 We are supportive of the factors that need to be taken into account when it comes to economic benefit. We support making the definition of a local business broad, i.e. they could be overseas owned, but if they have a local office and employ local people that pay tax in New Zealand, then that is contributing to the local economy and to job creation/retention.
- 2.4 It is positive to see words that encourage the Government procurement managers to get to know the supplier market. There has been some pockets of the procurement community that felt more comfortable keeping suppliers at arm’s length, but if you don’t know the capabilities in the market as a procurer, you will potentially miss out on the most recent and innovative solutions.
- 2.5 We are also pleased to see words in the Rules that refer to being a good contract manager over the course of a contract. Great procurement becomes a partnership, where the suppliers are continuing to invest in their people and their business to deliver better services and innovate solutions. In addition, supplier feedback when they miss out on a tender should be a learning opportunity for our businesses – so it is good to see this in the Rules

### **Removal of Rule 20 from the 4TH Edition 2019 is not supported**

- 2.6 With the need to use all New Zealand’s domestic mitigation options to lower our GHG emissions as a means of meeting our Paris Agreement commitment of reducing our emissions by 50% by 2030, we are hence disappointed with the removal of Rule 20 – *‘Transitioning to a net zero emissions economy and designing waste out of our system’*, from the proposed 5<sup>TH</sup> Edition Rules.
- 2.7 By specifying within designated contracts the procurement of low-waste and low-emissions goods, Government procurement decisions can make a significant difference by contributing to a 9.4 percent reduction in emission outputs within the building and construction sector, see MfE emissions calculations: <https://environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan/building-and-construction/>, plus encouraging innovation in developing new solutions to waste and low emission building

- materials. This in turn provides incentives to grow local manufacturing, creating jobs and boosting the economy in a sustainable manner.
- 2.8 We do understand that Rule 8: ‘Economic benefit to New Zealand’, has been added to the 5<sup>TH</sup> Edition, which we support. However, this Rule dilutes the current emissions reduction Rule 20 to a minimal consideration under 3. (f) – *‘the environmental benefit of the proposed solution to New Zealand’* needs to be considered.
- 2.9 As a strategic move for New Zealand’s future economy, trade, and emissions reduction, we submit that the removal of Rule 20 from the 5<sup>th</sup> edition 2025 Rules is reconsidered and added back into the updated 5<sup>th</sup> Edition Government Procurement Rules.

**Case Study – Actual Example to support our recommendation for retention of Rule 20**

- 2.10 Building of the new multi-storied buildings being constructed at Parliament are using low emissions mass timber and timber construction materials from several local suppliers. For example, Nelson Pine Industries will be providing more than 700 cubic meters of Laminated Veneer Lumber (LVL) timber, which will form part of the mass timber frame for the Museum Street building, instead of using steel or concrete. As well as being lighter and stronger than traditional steel or concrete structures, using a mass timber frame is the more environmentally conscious choice. This LVL also has outstanding green credentials, which will contribute to the Museum Street building being net carbon zero. As part of the mass timber frame, it will sequester 201 tons of carbon, making a difference to our domestic emissions profile.
- 2.11 In support of the new Parliament Buildings on Museum Street, Speaker of the House Gerry Brownlee led a visit to the timber plant in Nelson, see: <https://www.thepress.co.nz/nz-news/360632068/nelson-timber-plant-provides-green-materials-new-parliament-buildings>. His comment was “It’s important for this project to utilise New Zealand businesses and materials wherever possible,”.
- 2.12 To provide further context the building will house more than 600 people across five floors. It features an environmentally conscious design, increased seismic resilience measures, and exterior design reflecting the area’s mana whenua. It will be a mass timber building, where large, solid wooden panels are engineered to be the primary structural material in place of steel or concrete. It will provide office spaces for MPs, Ministers, and parliamentary functions, meeting rooms, and a linkway to Parliament House and the Debating Chamber.
- 2.13 This building has been designed to achieve a 6-star Green Star rating. It will incorporate environmentally conscious design, using New Zealand materials, low carbon products and recycled materials to reduce construction waste and ensure a sustainable build.

- 2.14 It will ensure carbon reduction during its lifespan through high-performance building fabric and energy-efficient systems, with water recycling and stormwater management integrated into the buildings.
- 2.15 The extensive use of timber throughout the building will support it to be net carbon zero, and the braced timber frames will also support the building's seismic resilience.
- 2.16 This real example of Government Procurement and the difference it can make to the local economy, emissions reduction and the environment is one of many. Hence, we strongly encourage that the current Rule 20 in the 4<sup>th</sup> Edition 2019 is retained within the Procurement Rules 5<sup>th</sup> Edition 2025

### **3. Conclusion**

- 3.1 Overall, WPMA support the Rule changes proposed for Government procurement, especially when it comes to encouraging domestic manufacturing as part of the 'Economic Benefit to New Zealand' Rule.
- 3.2 As a low net emissions industry, wood processing and manufacturing offers many public benefits, including being a high-value regional employer, adding value to commodities that are otherwise exported in raw form, along with providing domestic resilience in terms of the supply of building materials, and residues for sustainable packaging and biofuel. Hence, we encourage the Government to reinstate Rule 20 as a means of providing support to both local manufacturing and to providing more domestic tools to meet our Paris Agreement target.

### **The Wood Processors and Manufacturers Association**

#### **About us:**

The Wood Processors and Manufacturers Association (WPMA) is a voluntary funded industry association with a strong focus on promoting wood as the heart of a future zero-carbon economy. Our members are leaders in the New Zealand wood industry converting harvested logs into a wide range of products including sawn lumber, pulp, paper, panels, laminated products, mouldings, and engineered wood, through to the development of bioenergy solutions. Total sales of industry products both domestically and globally in 2024 were approximately \$5 billion. The industry employs close to 30,000 staff, mostly in the New Zealand regions. For more details see

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