

SUSTAINABLE PROCUREMENT

Our FY2022 Results

Our Approach

The Auckland Council is amongst the largest procurers of goods, services and works in New Zealand with an annual procurement spend of more than \$1 Billion. We can and should be using this procurement to support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and service – to generate positive outcomes and improve quality of life, both now and for future generations.

We have committed to Sustainable Procurement under our [Auckland Council Group Sustainable Procurement Framework](#) and in March 2020 we set clear targets to enact this strategy with the publication of our [Sustainable Procurement Objectives](#) document.

This report summarises our FY22 year's performance against the objectives we have set across Auckland Council's **five sustainable procurement focus areas**, as well as showcasing some of the key project highlights we've delivered.

Auckland Council's five sustainable procurement focus areas:



Supplier Diversity





Our aim is to proactively support Māori, Pasifika and Social Enterprise businesses to be engaged in our supply chain and business opportunities so that they can share in Auckland’s economic success and prosperity.

How have we delivered?

We continue to see an upward trend towards our Supplier Diversity Targets. The focus for FY22 has been to continue to establish new planning and reporting processes (incl. baseline metrics), strengthening our working relationships with our Supplier Diversity intermediaries Amotai and Ākina, and working with the business to deliver tangible results for our Diverse Suppliers.

We are progressing in all of these areas over the last year. We continue to support and closely collaborate with Amotai who have established themselves as Aotearoa’s Supplier Diversity Intermediary as a nation-wide organisation and the Nation’s leading Impact Consultancy Ākina.

Our contract spend for FY22 with Diverse suppliers continues to trend upwards – **\$14.1M** with Maori Businesses , **\$7.5M** with Pasifika Businesses and **\$18M** with Social Enterprises.

In the past 3 years (FY20 – FY22) we have spent **\$88.9M** with our Diverse Suppliers - **\$55.7M** with Māori and/or Pasifika owned business and **\$46.2M** with Social enterprise organisations.

Previously our diversity target measured value of contracts awarded with diverse suppliers. For FY2022 we adopted a new target that measures direct spend with diverse suppliers. We made this change for several reasons:

- Measuring spend means we can include and provide visibility of any low value engagements not on contract. Whether a contract is required depends on the value and nature of engagements, but by reporting on spend not contracted suppliers we are able to provide wider visibility of all diverse supplier engagements.

- The previous target measured contract value at time of contract award, which did not account for subsequent variations, and meant that the award of any very large multi-year contracts (e.g. for waste collection or full-facilities maintenance) could completely skew the results for that year. Reporting on spend means any spend against these contracts is amortised by spend financial year rather than being reported against a single year

	TARGETS	PROGRESS
1.	5% of total value of contracts to be awarded to Māori, Pasifika or Social Enterprise organisations	3.4%
2.	15% of total value of subcontracts to be awarded to Māori, Pasifika or Social Enterprise organisations	10%

Notes:

Results are inclusive of spend data from the following CCO’s: Auckland Council, Eke Panuku Development Auckland and Tataki Auckland Unlimited.

Our subcontractor results (Target 2) are based on the responses received from a supplier survey conducted for every project over 1 million NZD where it was anticipated the project had significant subcontracting spend.



Project Highlights for the Year to 30 June 2022

Marae Infrastructure Programme

The Marae Infrastructure Programme is a \$60M programme, aimed at improving the condition of 32 marae across Tāmaki Makaurau. The primary purpose of the programme is to deliver safe, healthy, and warm marae.

The intention is also to achieve social and cultural outcomes and we are achieving this by engaging and appointing Māori owned / staffed contractors to complete physical works where relevant. This may include existing contractors the marae already uses or utilising contractors from Amotai's database.

This year the programme has signed up four Māori contractors to Amotai. Six contracts have been awarded to Māori contractors and 42% of our spend has been with Māori contractors.

Sustainability Linked Loans

Auckland and ANZ Bank New Zealand have partnered to create what is believed to be the country's first sustainability linked lending for a local authority.

The council's existing \$200 million standby lending facility with ANZ has been converted into a sustainability linked loan, they also executed a derivative for \$120 million. Both are linked to Auckland Council achieving certain sustainability performance targets.

These initiatives will enhance our work to become more sustainable and put strong climate, environmental and social parameters around how funds raised through borrowing are spent

The three sustainability performance targets to meet per annum, centered on fleet transition, emissions reduction and diverse procurement.

This includes increasing the number of low emissions buses in Auckland Transport's bus fleet, reducing the council's greenhouse gas emissions, and supporting Māori and Pasifika owned businesses and social enterprises in Auckland by strengthening our social procurement model

<https://news.anz.com/new-zealand/posts/2022/04/sustainability-loan-Auckland-Council>

Kanohi ki te Kanohi Verbal tendering process:

A Procurement team and the Marae Infrastructure Programme team within Community Facilities ran the first pilot of a 'Kanohi ki te Kanohi' (face-to-face) evaluation – a newly developed verbal tendering and evaluation method to make it easier for Māori businesses to bid for a work with Auckland Council.

This is an alternative way of evaluating construction tenders under \$1 million, by running verbal evaluation meetings instead of relying solely on extensive written submissions, to select a preferred supplier.

Already the procurement pilot has received great feedback from business users and the tenderers.

"The Kanohi ki te Kanohi verbal tendering process worked exceptionally well for our Māori contractors. The chance to interact face to face allowed knowledge and experience to be shared with a passion and allowed for relationships to be formed at an early stage. Something you just don't get through a written submission," says Roslyn Pere-Morriss, Programme Principal, Marae Infrastructure Programme. "

<https://amotai.nz/news/breaking-through-barriers-to-improve-supplier-diversity>

Sustainable procurement targets adopted by Eke Panuku

This decision to adopt tangible measures will provide significant opportunities to increase the positive impacts of Eke Panuku urban regeneration projects, promoting better environmental outcomes as well as furthering opportunities for Māori and Pasifika businesses and social enterprises.

Additionally this approach is even more important to help local businesses thrive as they battle the aftereffects of COVID-19, and also assists Eke Panuku as it continues to deliver great outcomes in its priority locations in a cost effective and socially and environmentally responsible way.

<https://www.ekepanuku.co.nz/news-and-blogs/eke-panuku-adopts-sustainable-procurement-targets-to-step-up-urban-regeneration>

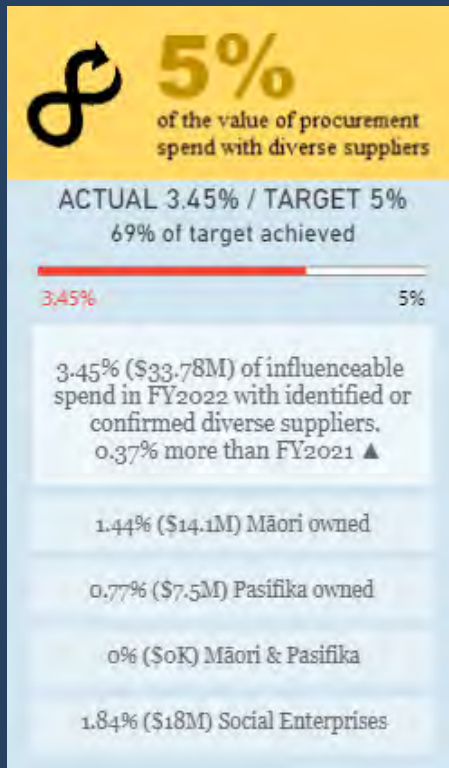
Supplier Diversity



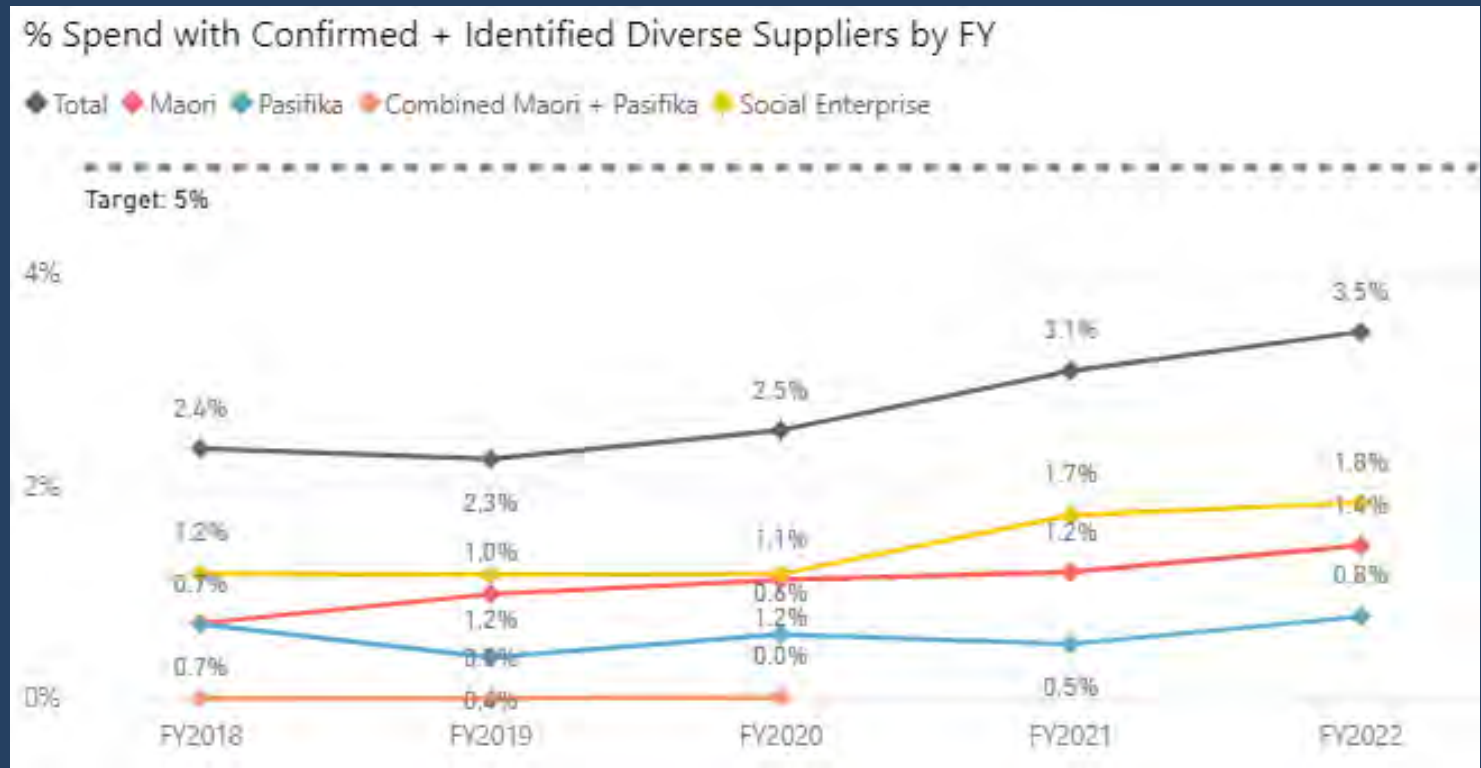
FY2022 Results and prior years benchmark for Direct Spend (against 5% Target)

The visuals below show our progress against the 5% procurement direct spend target for diverse suppliers, with breakdowns for each diverse supplier group (Māori and Pasifika owned businesses, and Social Enterprises).

FY2022



Year on Year results



Notes on Results:

1. Year-on-year results (right) benchmark spend for prior FY against our current list of diverse suppliers, tracked against our current 5% direct spend target
2. Where suppliers qualify against multiple diverse supplier groups, this is included in the results breakdown for each of the relevant groups but spend with these suppliers is only counted once towards the result total.
3. The 'Combined Māori + Pasifika' group relates to suppliers that don't meet our 50% threshold for Māori or Pasifika ownership individually, but are recognised by Amotai as having 50% or more combined Māori and Pasifika ownership

Quality Employment
For
Target Communities





Our aim is to create shared prosperity for Aucklanders through supporting the creation of quality employment opportunities for target communities and people experiencing barriers to entering or moving in the labour market.

How have we delivered?

The impact of Omicron in Auckland ensured that the region was sent into lockdown again for a significant portion of the FY22. This presented some real employment challenges this year.

Thanks to a great effort from our Ngā Puna Pukenga Programme team, we still managed to meet our employment target in unfavourable conditions.

This partnership between Auckland Council and the Ministry of Social Development continues to build on its kaupapa of quality employment with pathways and building skilled workers for the industry.

Some key performance indicators include the following:

- 201 Aucklanders supported into fulltime employment
- 20 Employers actively engaged and employing staff
- 7 Māori owned businesses
- 4 Pasifika owned businesses

TARGET	FY22 Result
3. 200 Quality Employment opportunities created for target Communities	201

Identified target communities groups include the following:

- Māori
- Pasifika peoples
- Long-term unemployed
- People that are not in education, employment or training (NEET)
- People who have experienced long-term or cyclical joblessness
- People with disabilities
- Refugees
- People re-entering the workforce from childcare commitments, ill-health, injury or a correctional sentence
- Older workers transitioning from other sectors in the workforce
- People who are underemployed or under-utilised
- Women in male-dominated occupations and/or industries



Project Highlights for the Year to 30 June 2022

Will&Able Partnership

Auckland Council, Auckland Transport and Auckland Unlimited have swung their support behind a Papatoetoe based social enterprise company by purchasing cleaning products for their office kitchens and cafeterias.

Will&Able is a social enterprise designed to create jobs to give purpose to the lives of people with intellectual disabilities, that those with a disability have an equal chance of employment, have a purposeful way to build a life and gain more independence and financial freedom.

Will&Able employs 9 special employees, another 5 work in jobs created with disability partner groups in Christchurch and on the North Shore and all staff are paid minimum wage.

Economic researchers BERL have estimated social enterprises contribute up to \$1.8 billion in GDP annually, plus several billion dollars more in social and environmental value.

This is an innovative approach to procuring necessary products for council that provides additional benefits to society, as well as being ecologically sustainable

<https://ourauckland.aucklandcouncil.govt.nz/news/2021/07/auckland-council-supports-social-enterprise-by-cleaning-up-with-will-able/>





Local
Supplier
Utilisation






Our objective is to support the participation of local suppliers in Auckland Council contracts within their local board area.

How have we delivered?

As part of its Economic Development Strategy, Auckland Council has set out to grow a business-friendly and well-functioning city - and procuring with local businesses is a key way to achieve this.

In FY22 we awarded 117 local contracts – with ‘local’ being defined as a supplier who is based within the local board area where the contract is to be delivered.

At a regional level, in FY22 84% of Auckland Council’s procurement spend was with businesses based in Auckland.



Case Study:

Pest Plant Control Management on Aotea (Great Barrier) Island

Engagement between Auckland Council and Motairehe Marae on pest management on Aotea Great Barrier has led to Motairehe developing a small local conservation company to support the delivery of pest and plant controlled services on Maori-owned land in northern Aotea Great Barrier.

Sonya Palmer from Motairehe Marae says “Ngātiwai ki Aotea have been given the ability to truly maintain and restore our own environment, drawing upon our own values and practices distinctive to our worldview. From the start Auckland Council representatives have been open, transparent and respectful of our mana, tikanga and ancestral rights as tangata whenua on Aotea.. Our team gathers every morning, heads held high and laughing. Our Kaumatua and Kuia see them and are extremely proud of them, everyone is happier than I've ever seen them. On the ground, the ability to earn a good day's pay in our way has seen our whānau, some who had been overlooked and written off by everyone in the past, thriving. They can get a car, they can get solar panels, they can buy a boat to fish in, get some kai in and provide well for their families. This is priceless to us. We look forward to the future.”

	TARGET	PROGRESS
4.	100 contracts with local suppliers	117

Zero
Waste
By 2040



Litter



Recycling





Ensuring that our suppliers are working with us to create a waste free Auckland.

How have we delivered?

Reducing our waste through our supply chain will be critical in achieving our Zero Waste to landfill target by 2040.

Our key objective in this area is to ensure that there are effective waste minimisation measures embedded in all Auckland Council tenders and contracts that have an associated material waste stream (as a bi-product of providing those goods or services).

We have delivered a number of key initiatives in FY22 to help reduce our waste footprint going forward. These have included:

- Mandating the requirement for a Site Specific Waste Management Plan for all NZS 3910 Construction Contracts with Auckland Council
- Partnering with Site Safe to develop and launch a new Environmental Site Management course for the Building Industry
- The adoption of two new major waste policies by Eke Panuku – with all projects and development agreements to use soft-strip and deconstruction methodologies; and all events to be zero waste
- Focussed effort on reducing our waste associated with IT consumables – reducing our waste to landfill by ~50% on our recent laptop purchase agreement



Case Study:

New online
Environmental Site
Management course

The two-hour online course, developed in partnership with Auckland Council, is designed to improve environmental practices on small residential building sites.

It is suitable for all residential builders and sub-contractors undergoing permitted construction activities.

This course has been initially rolled out to builders in the Auckland region in conjunction with several breakfast activities that will be scheduled within the Auckland region, co-hosted by Site Safe and Auckland Council. However, given the course is online, builders outside of Auckland may also enrol.

Those participating in the course will learn about erosion and sediment control, on-site waste management, chemical and pollutant control practices and construction and demolition.

Reducing Carbon Emissions





Our Objective is to reduce carbon emissions and improve the climate change resilience of our supply chain

How have we delivered?

Auckland Council has committed the region to a greenhouse gas emissions reduction trajectory consistent with keeping average global temperature increases to a rise of no more than 1.5°C. This effectively means halving our emissions by 2030 and reaching net zero emissions by 2050.

It's essential that Auckland Council works closely with our suppliers on carbon reduction and management to ensure we are all aligned with meeting these targets.

We have taken key measures in FY21 to put this into practice, including:

- Removing 101 combustion vehicles from Auckland Council's vehicle fleet in the past 18 months
- Partnering with Auckland Council's courier delivery supplier, Urgent Couriers, to provide charging stations and parking for its new fleet of inner city electric cargo bikes
- Piloting New Zealand's first electric refrigerated truck on Auckland Council's new catering contract with Bidvest
- Working with Auckland Council's Full Facilities Management suppliers to transition to battery-charged equipment
- Expanding the scope of Auckland Council's Sustainability Data Capture portal to accurately measure and track the GHG emissions on Council's largest and most carbon –intensive operational contracts.

Case Study:

Supporting our courier delivery partner to reduce inner-city emissions



Auckland Council is supporting its delivery partner, Urgent Couriers, in its bid to cut inner-city emissions.

The certified carbon zero courier company is aiming to take 40 to 50 tonnes of carbon emissions a year out of inner-city Auckland by replacing its city fleet of cars with electric cargo bikes.

Auckland Council is providing them with parking and charging stations in the basement of its office building Te Wharau o Tāmaki Auckland House at 135 Albert Street.

Urgent Couriers managing director Steve Bonnici says the electric cargo bikes have been proven in markets around the world, but he believes they will be the first of their type to operate in New Zealand and he hopes courier companies in other cities around the country will follow suit.

"The council has been steadily transitioning over to an electric fleet and we now have the infrastructure in place that enables us to support Urgent Couriers in this initiative that will not only reduce its carbon emissions, but also help to ease congestion in the city centre." Auckland Council General Manager Corporate Support Services Robert Irvine



Appendix A: Historical Results Summary

Summary of Results against our Sustainable Procurement Targets

We have committed to Sustainable Procurement under our [Auckland Council Group Sustainable Procurement Framework](#) and in March 2020 we set clear targets to enact this strategy with the publication of our [Sustainable Procurement Objectives](#) document.

	Metric	FY2022	FY2021
Supplier Diversity	% of influenceable procurement spend with diverse suppliers*	3.45%	3.08%*
	15% of total value of subcontracts to be awarded to diverse suppliers	10%	9%
	<i>*Direct target was adjusted in FY2022 to track % of spend rather than % of awarded contract value. FY2021 result shown is using the new metric and includes FY2021 spend with our current identified list of diverse suppliers, Subcontractor target has not been adjusted.</i>		
Quality Employment	100 quality employment opportunities for members of target communities created through council contracts by 2022	201	258
Local Utilisation	100 contracts with local suppliers by 2022	136	139
Zero Waste by 2040	100% of contracts incorporate waste considerations in all procurement processes	Process in Review*	20%
Net Zero Carbon by 2050	100% of contracts incorporate carbon reduction strategies in all procurement processes	Process in Review*	16%