



City of Auckland

(New Zealand)

Sustainable Procurement Profile



Credit: City of Auckland

PROCURING SUSTAINABLY, LEADING GLOBALLY



Introduction

The City of [Auckland](#) has been active in sustainable procurement for several years. The five principles in its [Procurement Policy and Strategy](#) outline an approach to being sustainable, collaborative, fair, fiscally responsible, effective and committed to delivering Maori outcomes. The policy and strategy ensures that “opportunities for social, economic, environmental and cultural interests and outcomes will be actively considered for current and future generations.” The [Low Carbon Auckland action plan](#) also calls for sustainable procurement to reduce emissions, to maximize green growth opportunities and to influence the wider supply chain. And the importance of procurement is woven into the 30 year [Auckland Plan](#).

Auckland joined the Global Lead City Network on Sustainable Procurement in 2015.

Procurement in the city

- Annual procurement budget: NZD \$2B capex and \$1.5B opex
- Coordinated across council and council-controlled organizations through centre led procurement teams
- Category management approach in place to co-ordinate procurement for the following procurement sectors, including: Operational Services (e.g., Facilities Management, Waste, Utilities, Public Transport), Physical Works & Professional Services (e.g., Infrastructure, Renewals, Construction), and ICT & Corporate (e.g., Consultancy, Legal, Insurance).



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OUR SPP ACHIEVEMENTS

- New Zealand’s largest LED replacement programme: 44,000 LED streetlights saving NZD\$32M
- Retrofit of city building achieving 82% waste to landfill diversion, 39% emerge savings and social benefits
- City Rail Link early works sustainability targets embedded with zero waste to landfill and ISCA/IS rating
- ISO14001 training with suppliers
- Development of Circular Economy Model Office guide with New Zealand business community

Sustainable procurement strategy

- A Procurement Policy and Strategy was published in 2014: <http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/councilpolicies/Pages/procurementandstrategy.aspx>. Six principles, including “be sustainable” are laid out to guide procurement decisions.
- Responsibility for delivering the policy lies with the Procurement department in coordination with the Chief Sustainability Office and business owners across Auckland Council. A strategic procurement governance board consisting of senior and executive leadership oversees implementation.
- Sustainability criteria and procurement guidance are being developed with a view to having a formal strategic procurement framework in place by early 2017.
- Training on sustainable procurement is provided to all new procurement staff within the central procurement office and other key procuring departments.
- Information is distributed to staff on sustainable procurement activities.

What we purchase sustainably

Transport

Transport is Auckland’s largest source of CO2 emissions and main capital and operational spend.

- **Achievements:** Procurement of electric trains and electrification of entire rail network, ISCA sustainability rating of the City Rail Link (Auckland’s largest transport project), fleet trial with electric vehicles (2) and hybrids (13) purchased
- **Future plans:** Wider EV/hybrid fleet replacement, trial of e-buses

SUSTAINABLE INFRASTRUCTURE

As part of the early works construction for the City Rail Link (a 3.4 km underground expansion to Auckland’s rail network and Auckland’s most important transport project) sustainability targets have been embedded in to the contract and are recognised within the KPI framework. The project has a goal of zero waste to landfill and is targeting an Infrastructure Sustainability Council of Australia (ISCA) Infrastructure Sustainability (IS) Excellent rating. Lessons learned will be transferred into remaining contract packages and will include an expectation of social outcomes from project delivery.

Energy and buildings

Auckland Council spends nearly NZD \$10M in electricity per year, which is a large source of CO2 emissions despite New Zealand's renewable mix of ~80%

- **Achievements:** Solar photovoltaics installed on 5 council building sites, inclusion of sustainable building design provisions in revision of amalgamated development regulations, signing of collaboration agreement with central government committing to projects that reduce overall council electricity use by 5 GWh over 3 years
- **Future plans:** Battery + solar procurement trial, bulk LED lighting upgrades across the building portfolio, additional electric vehicle charge point roll out

SUSTAINABLE COUNCIL BUILDINGS

The new Auckland Council headquarters recently went through a sustainable retrofit which included sustainable procurement criteria for key services and suppliers and set high performance outcomes. The retrofit resulted in 82% waste to landfill diversion through approaches like the reuse of insulation and materials to charity. The building also has a new 100% recyclable carpet with 40% recycled content and LED light fittings that were remanufactured from fluorescent lights, helping to reduce overall building energy use by 39%.

Waste

Auckland Council completed the biggest recycling collections procurement ever seen in New Zealand for its kerbside recycling collection services as part of the Waste Management and Minimization Plan (WMMP) in which it tested the market for different collection methodologies and processing options. WMMP is aimed at achieving Auckland Council's ambitious goal of zero waste to landfill by 2040.

- **Achievements:** the scope of services involves fortnightly collection service to 530,000 properties in Auckland for 120,000 tones per year for 7+2+1 year contract. Outcomes include:
 - Reduced carbon footprint by evaluating and scoring most efficient routing and fleet resources to reduce the number of trips within the collection area and to Materials Recovery Facility
 - Environmental sustainability initiatives agreed through the tender process and negotiations to use more hybrid collections trucks, low carbon emission collection trucks and electric vehicles for inner CBD during the term of the contract
 - Social initiatives agreed through negotiations to create employment through The Southern Initiative team
 - Automated collection vehicles and innovations to mitigate health and safety risks and reduced carbon footprint
 - Controlled vehicle compaction rates to improve quality of collected material

- Maximizing the use of Auckland Council's existing Materials Recovery Facility
- Sustainable market mix with three suppliers for seven contract areas

LED PUBLIC LIGHTING

Auckland recently embarked on New Zealand's most ambitious LED replacement programme: the purchase of LED streetlights with a commitment to replace over 44,000 high pressure sodium streetlights (over 15% of total street lighting nationally) with LEDs by 2018. This sustainable procurement delivers an estimated NZD\$32M savings over the 20 year design life of the LEDs. A tele-management system rolled out at the same time to manage and monitor the network provides additional 15-20% efficiency savings.

By the end of 2016 12,500 lights have been replaced with a 72% energy reduction.

How we purchase it

Procurement Operating Model: Procurement at Council takes an end-to-end approach including upfront category management, sourcing and supplier relationship management. This is supported by procurement excellence functions such as analytics, capability development and continuous improvement.

Unlocking the whole lifecycle: Auckland Council believes the key to delivering maximum sustainable outcomes through procurement is to "unlock" the whole end-to-end process. Too often organizations simply rely on the 'Sourcing' phase to engage the supply market to deliver sustainable outcomes. Tender evaluation criteria as the vehicle to do this, however



sustainability then competes with other factors including price and quality and often receives limited emphasis and the overall potential is watered down.

Council's approach is to increase the intervention points throughout the procurement lifecycle for planning, securing and delivering sustainability outcomes. This will be done through:

- Category Management – Identifying the categories that Council procures then matching those categories with the right sustainable intervention for example Infrastructure

Procurement could be matched with Youth Employment and Environmental outcomes.

- Sourcing – The forward works program of procurement activity is then reviewed to identify actual sourcing activity that could be leveraged – for example, a major storm water infrastructure project could require the winning contractor to engage a number of apprentices from local, unemployed youth group.
- Supplier Relationship Management – Council continues to work with suppliers post contract-award to identify additional opportunities to deliver sustainable outcomes, these could be funded through contract efficiencies or co-innovation. Council also influences its key suppliers to also take a sustainable approach to their own procurement activity therefore greatly increasing our reach into the Auckland market rather than purely relying on Council's spend.

Seminars on ISO 14001 and sustainable procurement have been conducted as Auckland attempts to work with our suppliers to educate and influence the wider supply chain.

Keeping track of procurement

A newly introduced eProcurement system used for all contracts let by the central procurement department allows for the automatic monitoring of procurement activities. It is now being explored how the system may be adapted to also monitor inclusion of sustainability criteria.



Challenges for the future

A variety of challenges and perceived barriers came out of a suite of workshops on social outcomes and strategic procurement earlier this year, including:

- Conflicting priorities and/or business drivers (timeframes, cost, etc.)
- Supplier appetite to be involved
- Perceived extra cost to deliver
- Enforcement of implementation – lack of consequences for not delivering additional benefits included in the proposal
- Segmented council structure
- Driving business outcomes that are commodity / lowest price rather than NZ based value with suppliers
- Changing internal behaviors + culture

- Cost focus on delivering to capex budget – not focused on increases in ongoing operational cost
- Capability around strategic decision making and valuation of social or non-financial outcomes
- Some outcomes could require higher risk processes than the current standard
- Difficult to capture value of social outcomes accurately

Further information

| RESOURCE | WEBSITE |
|-------------------------------------|---|
| Procurement Policy and Strategy: | http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/councilpolicies/Pages/procurementandstrategypolicy.aspx |
| Low Carbon Auckland Action Plan | http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/plansstrategies/theaucklandplan/energyresiliencelowcarbonactionplan/Pages/home.aspx |
| Circular Economy Model Office Guide | http://sustainable.org.nz/the-circular-economy-model-office-guide/ |
| LED replacement programme | https://at.govt.nz/about-us/news-events/white-light-upgrade-for-auckland-streets/ |

Contact

Chief Sustainability Officer: John Mauro

john.mauro@aucklandcouncil.govt.nz

Sustainable Procurement Team Lead: Victoria Mataitonga

victoria.mataitonga@aucklandcouncil.govt.nz

About the GLCN on SP

The **Global Lead City Network on Sustainable Procurement** is a group of cities committed to drive a transition to sustainable consumption and production by implementing sustainable and innovation procurement. All participating cities are acting as ambassadors of sustainable procurement to lead to a resource efficient, low carbon and socially responsible society.