

27 May 2021

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Kia Ora Jim

Auckland Council Group Procurement Policy

The Auckland Council (AC) Group Procurement Policy has been recently updated, incorporating new guidance on how the AC Group will procure goods and services together.

We understand that this revised policy will be presented to the Governing body for formal approval in June and that you would like confirmation that the CCO's are supportive of the revised policy.

The Group Policy was presented to the AT Board on 27 May for noting. The AT Board and leadership team are supportive of the revised policy and in particular the fact that it is principles based.

We understand that Group Policy formalises the expectation that the AC Group will procure goods and services together where there are benefits to be realised for AC's ratepayers and customers. In practice, our respective procurement teams have been collaborating for some years meeting this expectation, and we have many examples of successful outcomes from a shared approach – the recent Group electricity and media procurements are good examples.

The CCO review recommended that AC should make compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication, noting that AC or a CCO should lead individual procurement processes, according to the circumstances.

We believe that the updated policy addresses this recommendation, but also importantly for those procurements identified as Group activities, wherever reasonably practicable, ensure they must commence as a Council Group activity, with the procurement led by the organisation that holds the highest risk, spend and/or volume for the Group. Where applicable, procurement plans must detail Group opportunities, and if required, reasons why individual organisations choose to opt-out of the activity. These activities will be general in nature and are typically required by more than one, or all Council Group organisations and at a scale where there is clear potential to leverage benefit.

For Strategic procurement activities that are directly required to support the business outcomes of the individual CCO's operational requirements, these will often be unique to that individual organisation. For the sake of clarity and transparency these would include, but not limited to, for AT:

- Road asset physical works, and associated road corridor maintenance
- Transport Professional Services
- Public Transport Operations and Service Delivery
- Intelligent Transport Systems (ITS) and associated digital infrastructure

Accountability for planning and delivery of these strategic procurement activities will continue to sit with Auckland Transport.





We have suggested the inclusion of a sixth principle to the policy, aligned to our shared values, which clearly signals and gives effect to this goal. We have suggested text along the lines of:

Principle 6 – Safe with us

The Council Group is to collaboratively work together to achieve safe outcomes at all stages of the procurement lifecycle (Plan, Source and Manage). The Group shall ensure it meets its legislative requirements under the Health and Safety at Work Act 2015, and ensure that Group personnel, contractors, members of the public and customers are not put at risk from work carried out under or associated with AC Group and CCO contracts.

It is important to note that AT is required to maintain its own separate Procurement Policy, which is reviewed on a regular basis by the AT Board. Waka Kotahi also reviews and approves AT's Procurement Policy, as a prerequisite to AT being able to access Waka Kotahi co-funding.

AT's Procurement Policy and practices will be updated to give effect to the revised Group Policy and our intention is that the updated policy will be approved at our August Board meeting.

While we are supportive of the intent of the proposed policy, "how" we go about implementing the policy is as equally important, to ensure it does not slow down our ability to deliver on community and stakeholder expectations. For effective implementation we need our procurement teams across the Council Group to engage in a coordinated manner with the respective business owners and suppliers.

Yours sincerely

Adrienne Young-Cooper
Chair

Shane Ellison
Chief Executive