

Questions and Answers

Pūroro Tahua | Finance and Performance

18th August 2022

2.1 Annual Report 2021/22 Progress Update

Will we have a high-level update as per para 29 as a presentation at the meeting?

This presentation is a process update on progress to date. The financial and non-financial results are still being compiled with a view to full discussion at the Audit & Risk Subcommittee workshops on 30 August.

2.2 Biannual Procurement Strategy Review

Can we please have more information about the work described in paras 9f and 24 on category management, contract spend/deliverables and efficiency areas – what is involved and how will this work deliver future cost savings?

Delivering cost savings for Council will occur through various commercial mechanisms primarily by applying more robust commercial processes on new procurements, however we will also retrospectively look at our current large spend OPEX contracts for opportunities to 'Reset'. We are in the position now to have a greater influence over Councils spend having fully resourced the procurement team. We are in the process of assigning procurement team members with specific categories for which they will be responsible for developing deeper market knowledge or category expertise i.e PSR (Parks, Sport, and Recreation), Transport & Infrastructure, and Waste Management.

In developing category expertise, we will work in these categories alongside the business owners, our key stakeholders, and bring a greater commercial focus to our forward planning and how we engage the supplier market within specific spend areas. This increased focus will allow us to use more levers such as supplier rationalization, lowering consumption/utilization levels, aggregating spend or more productive contract terms (price adjustment clauses and annual/index increases) as ways to deliver on cost savings.

What are the time-based goals and targets for this work?

The work streams are already underway to gather sufficient and accurate data to undertake these activities, the goal is to achieve savings and make inroads in category management this financial year. However, this work will continue post FY22-23, as the focus is on lifecycle management and continuous improvement.

What will measuring outcomes and successes look like?

Success for Council will look like achieving cost savings as agreed through the Annual Plan process and embedded in the agreed budget, increasing visibility of contracts, achieving Broader Outcomes, and better reporting on contractual and spend requirements. The Contract Management system will be a significant step in being able to report on these outcomes, it is due to go live in October 2022.

When will we have our procurement strategy on our website?

Our Procurement Strategy can be uploaded immediately, however, the preference is to upload all refreshed documentation as a package. The external and internal website refresh of procurement templates, documents and guides is already underway and will be updated as a whole by the end of the year.

I recall councillors moved an amendment as part of the Annual Plan 2020 to improve procurement practice and strategies within Council? If yes, would it be possible to refer to councillors requesting this as well as Audit NZ?

Yes - as per the amended substantive motion resolved at Council on [30 April 2020](#), Council noted their desire to progress the Procurement Strategy with increased focus on social, environmental and local principles.

3b- iv- Is this a new development since the last report?

This is an extended development, and a natural progression of our work under Te Upoko o Te Ika a Māui Commitment.

14 c - as part of being a good employer how do we say we would prioritise Living wage accreditation?

Living wage may be an element of “being a good employer” to be negotiated with the ECI (Early Contractor Involvement) Head Contractor for this project, noting that the current scope of this contract deals with a labour force earning well above Living Wage (engineers, project managers etc.). The Construction Works contract (to be developed) will ensure that Living Wage is met, alongside other outcomes like Māori and local business use - not withstanding other Broader Outcomes that were included in our RFP (Request for Proposal).

17 D Questions regarding: when is the car sharing scheme looking to launch? How will we measure and report on emissions reduction for vehicle use?

It has not yet been decided and is still under consideration as we are still determining the replacement approach for the remainder of the light passenger fleet, and the number of vehicles rationalised will assist in our decision making. Any car sharing scheme would need to be able to provide EV/Hybrid models.

Any agreed solution or contract will include emissions reporting/reductions where possible – this is something we would negotiate with any preferred supplier. We are still working through our due diligence process on potential providers.

Do we still have the e- bikes for council staff?

There is an e-bike available for staff to use to go to offsite meetings during work hours. Alongside this Council has three e-bikes which can be borrowed by staff as a trial for a four-week period.

We have recently approved the purchase of another e-bike as part of the fleet for PSR.

Para 19. Is there any work being done to understand the benefits/ challenges of this service is bought back into council control?

A review into Council Waste Management is being conducted through the Waste Management and Minimisation Plan actions currently being workshopped by Council kaimahi.

How we signalling the zero-waste direction of council to enable the contractors to gear up for the changes? How are we assessing potential locally owned contractors as part of the contract review? How are we working with this organisation to reduce emissions for example - electric truck fleets etc?

Wider promotion of the Broader Outcomes and Te Atakura work that signals these outcomes, alongside others such as greater iwi and community partnerships, will form part of the publishing of the wider procurement documents as per the previous question. This is also emphasised through Council proactively attending and sharing with Construction Contractors NZ group, Amotai and others. Once finalised, Council intends on holding "open-days" with our categories/market to take them through this work.

Page 32. How are you working to incorporate the outcomes from the economic development strategy through our procurement work? Example support Circular economy initiatives and practice?

The Broader Outcomes Strategy was developed to specifically reference the Economic Wellbeing Strategy under one of the four target outcome areas "Ōhanga (economy): We pro-actively support a sustainable and diverse local ōhanga (economy) through partnering and collaborating with local Wellington businesses to ensure a thriving Capital city". Both teams who worked on these documents feed into each other's work. The procurement policy and procedures refresh underpin this strategy and the outcomes it endeavors to achieve.

2.4 Actions Tracking

Actions tracking report holds an action that spend targets will be set for the Te Upoko o Te Ika Māui Commitment. Were these contained in the report? I saw reports of actual spend to date but no targets for future spending?

Te Upoko o Te Ika Māui Commitment itself has a spend target of 5% for each Council that has signed the Commitment and there is potential to exceed this target through our sourcing activities.