

# Auckland's Procurement Programme

**Annual Industry Event**  
**27<sup>th</sup> November 2013**

# Auckland's Procurement Programme

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## Introductions and Agenda

Dean Kimpton

Auckland Council COO and Forum Chair

# Auckland's Procurement Programme

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## We are:

- part of MBIE's Productivity Partnership,
- bringing together high-volume procurers,
- delivering outcomes around four Workstreams, :
  - 1/ Fwd Wk programme,
  - 2/ Raising Efficiencies
  - 3/ Procurement
  - 4/ Industry Engagement

## Aims:

- significantly to improving construction industry productivity by 2020 across the Auckland region.
- Working with a wider range of stakeholders,
- The Forum and today ....

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## Key Note

Procurement - Current International Comparisons for NZ

**Philip Healey - Senior Commercial Procurement,  
MBIE**



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI





# Auckland's Procurement Programme



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## Auckland Housing Forum Update

*Delivering the overall housing strategy to support the Auckland Plan objectives,*

**Ree Anderson, Project Director, Housing Project Office,  
Graham Wood, CIO, Watercare;  
Dirk De Jong, Group Supply Chain Manager, Vector**

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## Auckland Housing Forum Update

Ree Anderson,  
Project Director, Housing Project Office,

# Auckland Housing Accord – the new opportunities



- Council identifies Special Housing Areas; Unitary Plan applies immediately
- Optimise infrastructure investment
- Coordinate infrastructure delivery in the same place, at the same time
- Fast-track consenting & approvals, including for associated infrastructure

# What's happening now



- **11SHAs now legal entities**
- **11 more in second batch recommended to the Minister (announce pre-Xmas)**
- **Third batch: likely to be fewer, and larger (April 2014)**

# What's happening now



- **4198 new dwellings consented 2011/12; 26% more consented in 2012/13**
- **Increase in apartment buildings being consented**
- **Subdividers active**
- **SHAs allow adaptation to market change**

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## Auckland Housing Forum Update

Graham Wood,  
CIO, Watercare



# Special Housing Areas Working Together

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- Collaborated on a long list of proposed SHA's
- Tranche 1 released with full support of Watercare
- No issues on the second tranche
- Represent 25+ areas that can progress
- Clearly future SHA's may provide challenges

# Special Housing Areas

## What do we need?

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- Time to plan and provide strategic overlay
- Develop individual solutions
- Allow for the consenting process – for our assets
- Time to build solutions – ideally just in time!
  - reflecting staged development

# Special Housing Areas

## Key Growth Challenges

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- Servicing growth in locations where existing infrastructure is near or at capacity
  - Prioritise growth in areas with spare capacity
- Expanding system capacity in multiple locations concurrently
  - Regional development strategy which identifies and sequences growth areas over time based on infrastructure servicing capability
- Accommodating increases in intensification once infrastructure design is complete and construction is underway
  - Area structure plans which clearly define the allowable level of development – and not changed after approval

# Auckland Housing Forum Update

**Dirk De Jong,  
Group Supply Chain Manager, Vector**

# The Big Question



How will we ensure effective infrastructure is in place to meet the needs of a rapidly growing, changing city whilst maintaining value to Vector shareholders!?

# There is only one cheque book



- All infrastructure providers in Auckland have expansion plans
- All of which will need to be funded from one economic base
- Priorities:
  - Value-for-money
  - Innovation
  - Co-ordination



# Build programme

- From approval to commissioning  
~ 18 months
- If all long lead-time equipment is  
pre-ordered the project time  
would be halved
- Priorities:
  - Finding the right site
  - Standardisation of  
methodology
  - Control of supplier pool
  - Financial recovery



# Challenges

- Pre-Qualification of suppliers – consistency across the Principles
- Impose higher level of responsibility on 3<sup>rd</sup> party service providers:
  - Civil works
  - Consultancy
  - Electrical works



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## Akl. Council On line Consenting Initiative

*Implementing the Roll Out and the national context*

**Ian McCormick, Manager Building Control**

# Auckland's Procurement Programme



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**PROACTIVE ENGAGEMENT OF AUCKLAND'S  
BUILDING AND CONSTRUCTION INDUSTRY**

**Reducing Boom Bust, Raising Productivity and  
Increasing Value**

**Coffee Break 09:30 Hrs. – 10:00 Hrs.**

# Auckland's Procurement Programme

**Annual Industry Event  
The Forum's Work + Workstream Reports**

**Dr Kevin Doherty  
NZTA**

# Overview – The Auckland Forum



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- The **heart of the Programme**, with a three to five year plan to drive for more efficient procurement and project delivery working practises.
  - It aims to **contribute significantly** to improving construction industry productivity by 2020.
  - Working with **a wide range of stakeholders**, the Partnership is acting to bring this idea into reality through the Auckland Procurement Forum
  - Launched by **Minister Williamson and Auckland Mayor Len Brown** on 5th March 2012.

# Current Forum Members and associated Client Orgs.



Endorsement and support:



# The Forum – Looking Forward:

## Looking forward :

### We are:

- Finishing our second year,
- Third Industry Event,

### And now:

- in the delivery phase,
- beginning to deliver the expected outcomes,

### Looking to:

- broaden the Membership base,
- engage the supply side ,
- ask you to “step up” and demonstrate what they can bring to the Forum.



# The Forum's Work

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## The Auckland Procurement Programme 's four Workstreams:

1. Presenting Aucklands' Fwd Work Programme,
2. Raising efficiency through a modern Consenting process, lifting Client Skills and investment appropriate new Technologies,
3. Driving waste from Procurement,
4. Engagement with industry.

The Forum will create real value for the supply side through the Workstreams:

## Workstream 1 Report No.4

Goal	KRA	KPI	Threshold	"Traffic Light" score	Movement since last period	Comment	
Improve industries ability to develop reliable business plans through access to improve fwd spend data for the region.	1 – Provides useful, timely and robust data.	Completeness/accuracy			↔	On track	
		Extent/breadth across Client groups	20 Clients = Done. Private Sector Clients		↑	Need to broaden for next Report No.4	
		Pertinence for/to audience	Connection to historic trends			↓	StatsNZ data included – but difficult to connect into Report No.4
			Inclusion of Chch data				
		Industry sectors added			↔		
	GIS Spatial format				Planned for Report No.4		
	2 – Is used by industry.	Presented to industry	Event attendance > 120			↓	Need to get the invites out
		Copies printed/ E mailed	>150			↔	Circulation needs to verified
		Number of organisations using info. Inside business	TBC				Needs survey

## Workstream 3 - Procurement

Goal	KRA	KPI	Threshold	"Traffic Light" score	Movement since last period	Comment
Alignment + Unification of Client procurement process	Implement "Top 5" systems+ practises to align and unify towards better practices. e.g. ECI, Pre-qual, Panels or aggregated procurement.					On programme for 7 <sup>th</sup> Nov. event
	Reducing the cost of doing (\$+time + resources) business for supply chain					To follow
	Reducing the cost of doing (\$+time + resources) business for clients					To follow

## Work Stream No.1 – Report No.4

Tom Newson  
NZTA

# Workstream No.1 - Report No. 4

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## What you will hear today

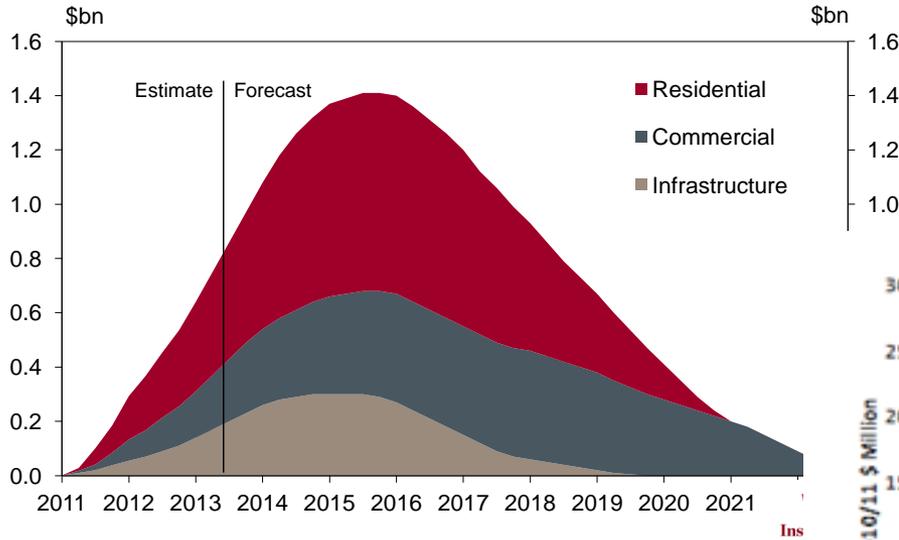
### Overview

- “The Wall of Work” for NZ and Akl. – Tom Newson,
- The Fwd Work Programme – Report No.4,  
Data and commentary – Tim Warren.

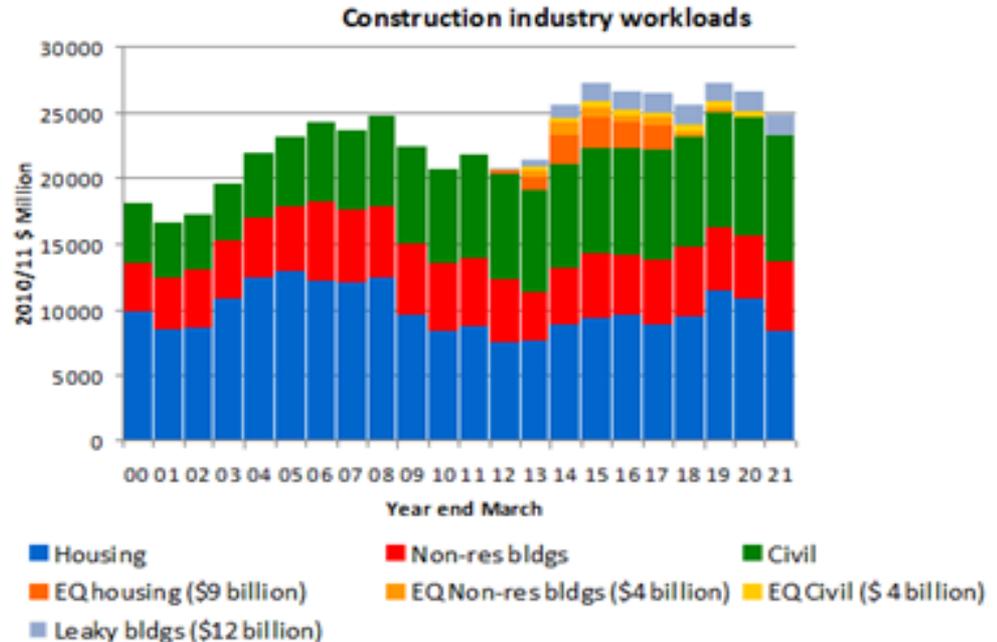
# The Wall of Work

Figure No.1 A and B

Fig. 1A - Quake-related construction activity in Canterbury (in 2012 dollars)



- Estimated \$33bn of quake-related work
- Repairs and rebuild spend estimated \$800m a quarter



# Workstream No.1 – Report No. 4

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## Purpose

- Industry Partners tool for better business planning
- Provide transparency on the “Pipeline” of projects (Strategic Investment).

## Format

- 20 + Clients with 3 years of forward planned expenditure
- Aligned with Statistics NZ report
- Covers public sector , SOE’s and some private sector Clients
- V. & H. non residential data - Akl. wide.

## Caveats

- Not a guarantee of spend – “best on the day”,
- Complex ..... and “due process” with the Forum,
- Totals only, with “trends” and “trade sector splits” to follow.



# Workstream No.1 – Report No. 4 Overview

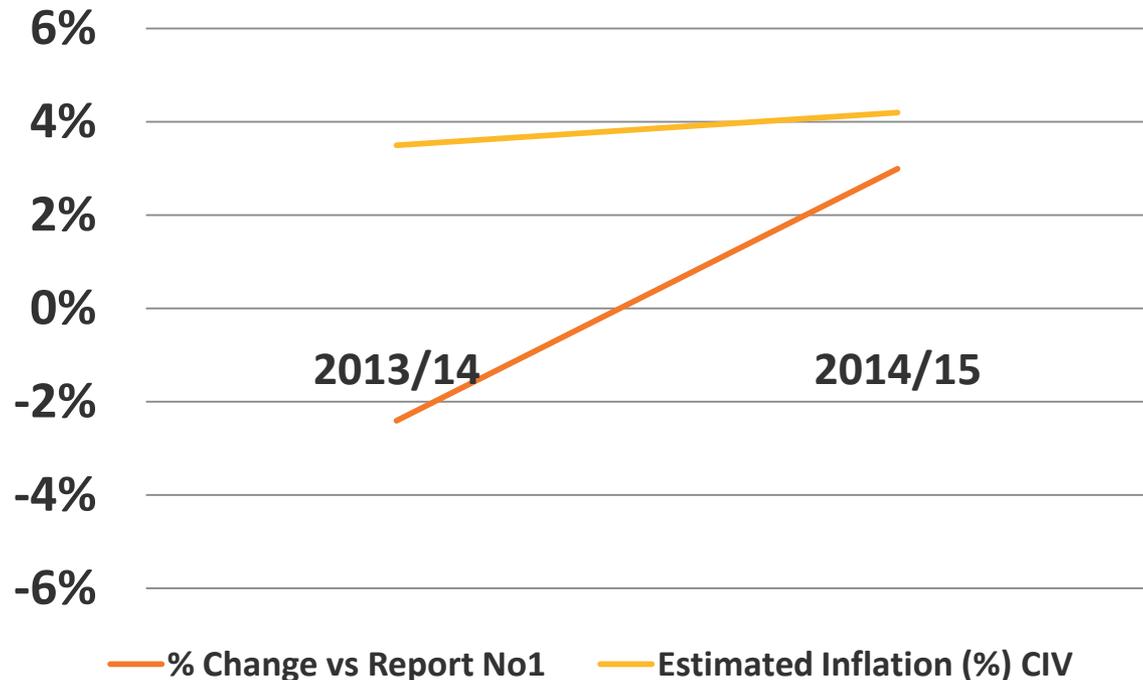
## Total Spend

Report No.4 \$M	2013/14 TOTAL	2014/15 TOTAL	2015/16 TOTAL	3 YEAR TOTAL
Horizontal Spend	1,948	1,802	1,681	5,431
Vertical Spend	379	723	529	1,632
Industry Spend	2,328	2,524	2,210	7,062

## Change in spending “like for like”

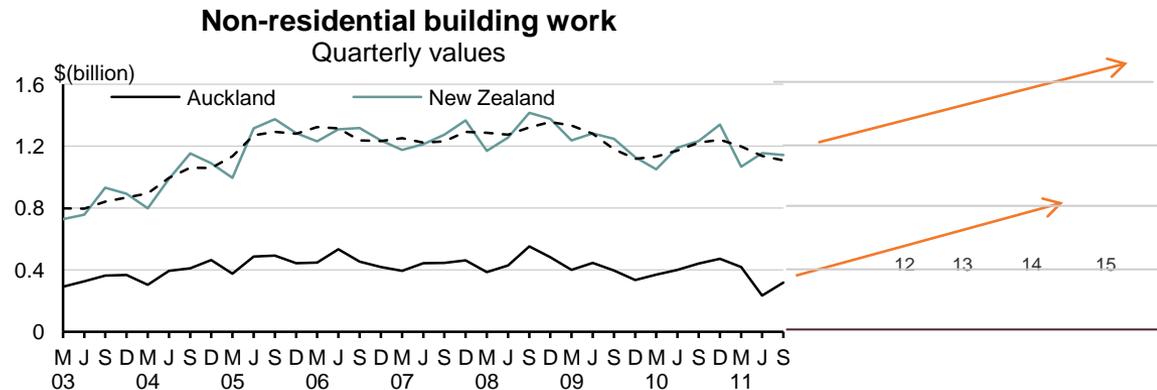
### 3 Points:

- The Wall of Work,
- Over promising
- Year 3 scatter



# Workstream No.1 – Report No.4

## Where Next .....



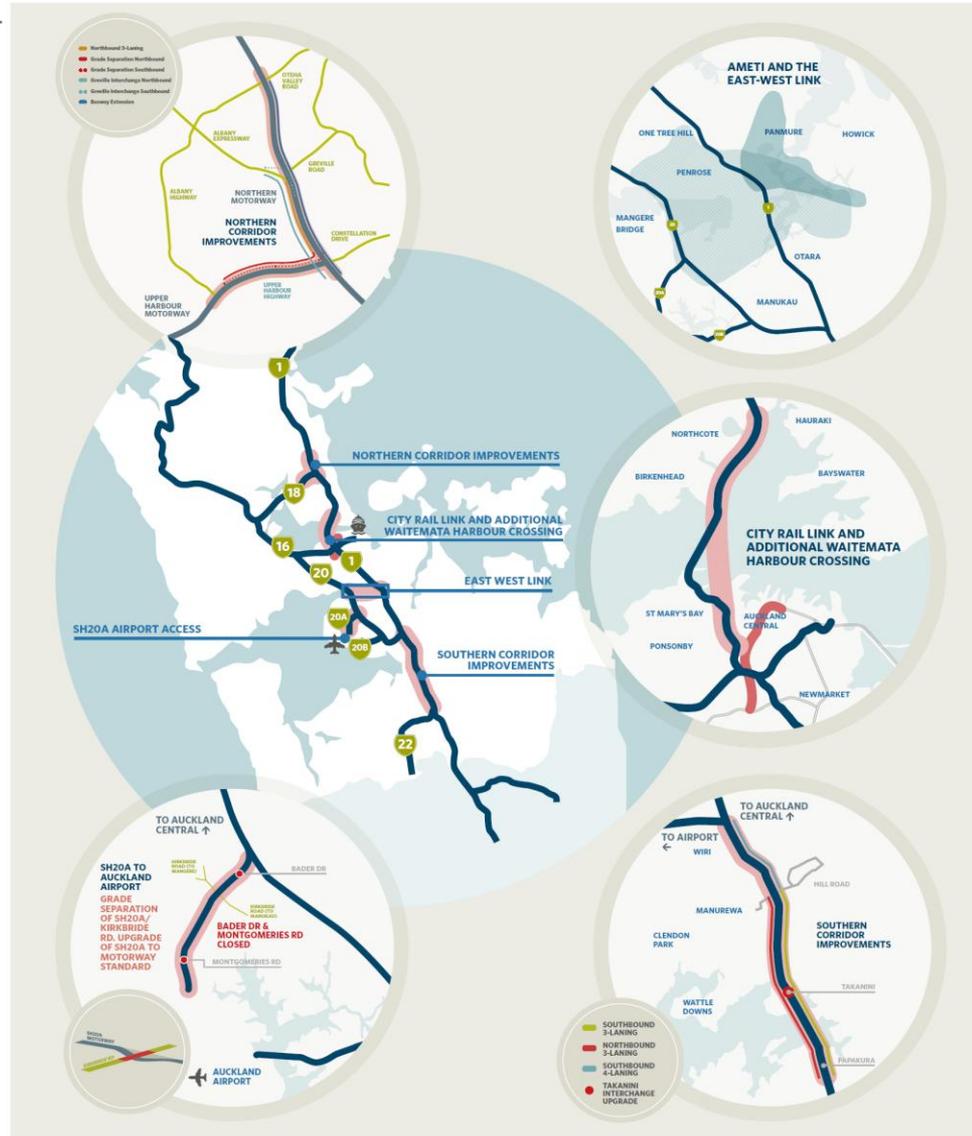
Source: Statistics New Zealand

- GIS – like AT and CERA,
- Connect to the National and Chch Fwd Wk Programmes,
- More Supply Side/Trade details,
- Tracking trends and ‘actual v’s reality’ ,
- Calculating work creation by supply chain sector – FTE demand.

# Transport Package

# GROWING AUCKLAND & CONNECTING NEW ZEALAND

- Existing Akl. pipeline
- ↑ Canterbury quake pipeline
- ↑ Transport related package
- ↑ Housing Accord



# The Procurement Workstream

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## Procurement Working Group

Sarah Sinclair

Auckland Council's Chief Engineer



## Closing Thoughts

Dean Kimpton  
Forum Chair

PROACTIVE ENGAGEMENT OF AUCKLAND'S BUILDING AND  
CONSTRUCTION INDUSTRY

Reducing Boom Bust, Raising Productivity and Increasing Value