



Auckland  
**LIGHT RAIL**  
Bringing us closer

Released under the Official Information Act 1982

**Delivering on Broader Outcomes**

DRAFT

6 October 2021



# Delivering on Broader Outcomes

---

## 1.1 INTRODUCTION & PURPOSE

The Auckland Light Rail Project will be one of the largest projects undertaken in the New Zealand market, which will provide a unique opportunity to make a significant and lasting impact on the domestic construction sector. Commensurate with the Government Procurement Rules (4th edition), the procurement will be structured to drive public value<sup>1</sup>.

The purpose of this Appendix is to:

- provide a high level overview of Broader Outcomes and the potential opportunity
- provide a high level overview of the different ways Broader Outcomes can be delivered
- outline how Broader Outcomes will be approached at the DBC stage

## 1.2 BROADER OUTCOMES

Under the Government Procurement Rules, agencies should use procurement to deliver Broader Outcomes, which are the secondary benefits that are generated from the procurement activity. These include environmental, social, economic and cultural benefits, and will deliver long-term public value for New Zealand<sup>2</sup>. The expectation is that the Delivery Entity, once established, will be a 'mandated agency', and therefore required to follow the Government Procurement Rules. Even if the Delivery Entity was not mandated, there is a shared commitment from Partner Organisations to deliver against the Broader Outcomes<sup>3</sup>.

An overview of the different elements of the Broader Outcomes is provided in the figure below.

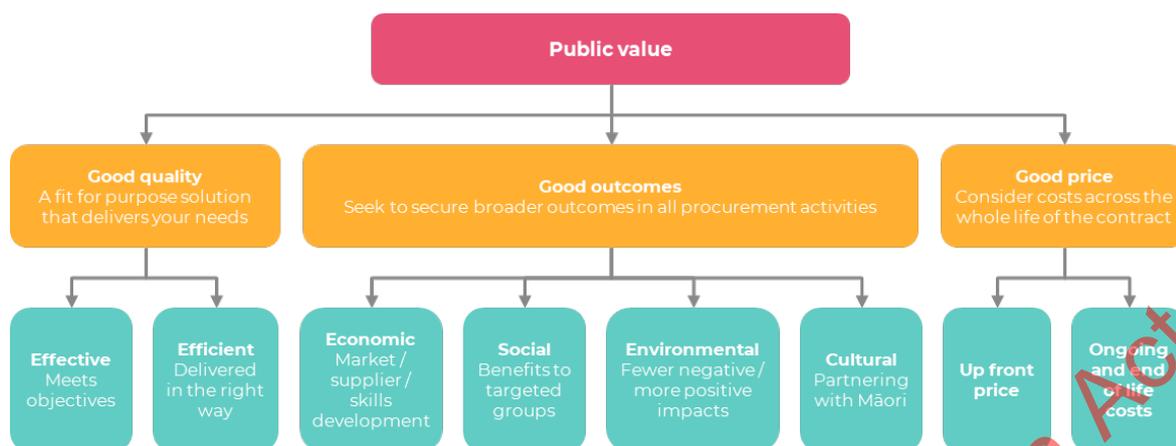
---

<sup>1</sup> Public value includes good quality, good price, and good outcomes. It is defined in the Government Procurement Rules as getting the best possible result from your procurement, using resources effectively, economically, and without waste, and taking into account the total costs and benefits, and its contribution to the results you are trying to achieve.

<sup>2</sup> <https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/planning-your-procurement/broader-outcomes/>

<sup>3</sup> City Rail Link, Waka Kotahi, and Auckland Transport have all developed and implemented sustainable procurement frameworks, which are designed to optimise public value and drive Broader Outcomes.

Figure 1: Public value and the Broader Outcomes



Source: New Zealand Government Procurement rules

Four priority outcomes were also outlined in the Government Procurement Rules, which are to:

- increase New Zealand businesses' access to government procurement (including Māori and Pasifika businesses)
- increase the size and skill level of the domestic construction sector workforce
- improve conditions for workers and future-proof the ability of New Zealand businesses to trade
- support the transition to a net zero emissions economy and assist the Government to meet its goal of significant reduction in waste.

The Delivery Entity will seek to deliver against all four priority outcomes to the extent it can through its procurement strategy. As the project will fall within the designated contract area<sup>4</sup> for construction, the Delivery Entity will have minimum requirements in relation to the second priority outcome (construction skills and training), which include:

- tender documentation must include questions on the skills development and training practices of the supplier (and its subcontractors)
- must give reasonable considerations to these responses when evaluating tender responses
- must include skills development and training as a weighted criterion, where a weighted evaluation model is used.

<sup>4</sup> Certain contract areas were identified for each of the priority outcomes in the Government Procurement Rules. These contract areas ('designated contract areas') have specific minimum requirements imposed under the Government Procurement Rules. Refer Government Procurement Rules - Broader Outcomes for further detail.

## 1.3 DELIVERING ON THE BROADER OUTCOMES

Delivering on the Broader Outcomes will require a commitment from the Delivery Entity and Partner Organisations throughout the procurement lifecycle (Plan-Source-Manage) model. To achieve the desired outcomes, a consistent approach to Broader Outcomes is required across the whole Project / Programme. This is likely to be best provided through the development and adoption of a Broader Outcomes Framework. To the extent Partner Organisations are responsible for procurement (e.g. Auckland Transport / Waka Kotahi for supporting transport investment), the expectation is that the respective frameworks for the Partner Organisations should be followed.

An overview of some of the key opportunities to imbed Broader Outcomes within the procurement approach and Delivery Entity is identified below, with further detail provided in Table 1.

### 1.3.1 Opportunities through procurement

- setting objectives and Key Performance Indicators (KPI) / Key Result Areas (KRAs) to incorporate into performance / payment regimes
- optimising the procurement strategy and tender design to support achievement of Broader Outcomes
- engaging proactively with contractors to understand their existing initiatives and innovative solutions they may have
- committing to ongoing monitoring, measuring, and reporting of performance against objectives and KPIs / KRAs.

### 1.3.2 Opportunities through Delivery Entity

- ensuring mana whenua are involved in the governance and management frameworks
- acquiring appropriate resource capability and capacity to implement and manage sustainable procurement initiatives
- internal training and development programmes for employees
- publishing of a Supplier Code of Conduct
- establishing partnerships with key organisations.

### 1.3.3 Wider opportunities

There are wider opportunities for the Project to support Broader Outcomes through the commercial model and arrangements, including:

- Implementing clear strategies for mitigating gentrification
- Delivering home ownership opportunities for Māori through urban development initiatives (as appropriate) and through partnering with Kāinga Ora.
- Considering commercial partnership opportunities with Māori (e.g. capital)
- Commercial model and fare structures designed to promote affordable access and equity for disadvantaged groups.

Further information on the opportunities to drive Broader Outcomes is outlined in below.



Table 1: Opportunities to drive sustainable procurement throughout the procurement lifecycle

Procurement phase	Description of potential opportunities
<p><b>Initiate project</b></p>	<ul style="list-style-type: none"> <li>• Work with partners to leverage shared understanding and expertise.</li> <li>• Establish partnerships with external enterprises and / or Subject Matter Experts (SME) to support delivery of Broader Outcomes (e.g. Amotai, Ministry of Social Development (MSD), Te Puna Kōkiri). The Delivery Entity can support the interface between international contractors, the domestic market, and target groups, delivering learning, employment, and supply chain opportunities.</li> <li>• Pre-procurement work to support training / licensing ahead of procurement. This may be supported through partnerships with tertiary providers (e.g. Manukau Institute of Technology). A key focus of the Māori Outcomes is connecting these facilities with marae, Kura Kaupapa Māori and Kōhanga Reo.</li> <li>• Partnership opportunities with mana whenua, matāwaka, and other Māori networks (e.g. rangatahi, pakihi Māori).</li> <li>• Have clear, usable, dual language resources</li> <li>• Understand the component parts for each package, and the opportunities and market capability to deliver against Broader Outcomes.</li> </ul>
<p><b>Identify needs and analyse the market</b></p>	<ul style="list-style-type: none"> <li>• Communicating and working with the NZ supply chain what potential opportunities will be, when the opportunities will be available, and how the NZ supply chain can be involved.</li> <li>• Establishment of a centralised registry for small and Māori businesses to connect with major contractors. Government agencies internationally have mandated that contractors post subcontract opportunities and connect with businesses that are registered.</li> <li>• Consider packaging solutions that provide better opportunities for local participation (e.g. extent of disaggregation). These will need to be balanced against other procurement objectives, and the ability to manage the resultant interface.</li> <li>• Consider the use of collaborative procurement models that may support the delivery of Broader Outcomes (e.g. health &amp; safety performance is typically higher under alliance contracts).</li> <li>• Procurement methodology developed to give effect to Broader Outcomes. (Note: Broader Outcomes were specifically included as an evaluation criterion for both the packaging and contracting evaluations in the Procurement Methodology Report).</li> <li>• Consider whether there are opportunities to utilise panel appointments / pre-clearance for minor packages (e.g. engaging geotechnical investigations).</li> </ul>
<p><b>Plan approach to market and evaluation</b> (Development of procurement strategy / plan)</p>	<ul style="list-style-type: none"> <li>• Providing the market with an opportunity to feed into design and the early phases to drive innovation. This could be through tendering design with construction activities, using ECI, etc.</li> <li>• Consider using performance / payment mechanisms to incentivise outcomes. Lessons learned indicate that while alliance / collaborative models may support the delivery of Broader Outcomes, financial penalties (i.e. through ‘painshare’ rather than ‘gainshare’ in the TOC) are key to driving behaviours.</li> <li>• Include Broader Outcomes in benefits realisation plan, risk management plan, risk register, etc.</li> <li>• Align the procurement strategy with the Mana Whenua Engagement Strategy. This may include engaging with mana whenua / matāwaka groups to enable them to have a role in the design and shaping of the sustainable procurement initiatives.</li> <li>• Consider what Broader Outcomes requirements should be incorporated into tender documentation and the evaluation framework, including: <ul style="list-style-type: none"> <li>○ past performance</li> <li>○ current internal diversity initiatives (including opportunities for progression within the organisation)</li> <li>○ plans for engaging with the NZ and Māori supply chain at all levels of the Project (e.g. materials, design expertise, Māori business supplying culturally harvested native plants, etc.)</li> </ul> </li> </ul>
<p><b>Approach the market and select supplier</b></p>	

Released under the Official Information Act 1982

Procurement phase	Description of potential opportunities
<p><b>Negotiate and award contract</b></p> <p><b>Manage contract, reporting and relationships</b></p> <p><b>Review</b></p>	<ul style="list-style-type: none"> <li>○ overview of perceived challenges and potential mitigations</li> <li>○ supplier diversity targets at all levels of employment (noting a strong preference from mana whenua and matāwaka groups to lift diversity targets to the Māori population ratio (~13%)).</li> <li>• Determine the Broader Outcomes drivers / strategies. Project specific targeted employment initiatives have been challenging due to a lack of necessary skills / training / licensing. Accordingly, imposing diversity/training requirements on the contractor at a more general level (i.e. expecting to see the contractor meet diversity targets, achieve minimum spends in the targeted supply chains, etc.) may be considered alongside/instead of project specific initiatives.</li> <li>• Ensure tender documentation is clear that the Delivery Entity is seeking innovative and effective solutions to Broader Outcomes.</li> <li>• Appropriate weight given to tenderer responses to the questions / requirements and ensure that the weighting and importance of Broader Outcomes is communicated to tenderers.</li> <li>• Sufficient weighting applied to criteria.</li> <li>• Use of EoI / market briefings to communicate the importance of Broader Outcomes and receive feedback / insight from the market on how Broader Outcomes could be achieved.</li> <li>• Providing detailed guidance to the market on what the Delivery Entity wants and how to respond to questions.</li> <li>• Use of ECI / IPAA to collaborate with the market on broader outcome opportunities.</li> <li>• Encourage tenderers to outline innovative solutions that they have, noting that Tier 1 contractors have demonstrated they can actually do this.</li> <li>• Potential to use an IPAA (or equivalent) phase to work with contractors on how to best achieve Broader Outcomes, co-development of sustainability plans, and design of KPIs / KRAs.</li> <li>• Joint development of sustainability management plans.</li> <li>• Mana whenua representation in procurement evaluation.</li> <li>• Ensure contract documentation delivers against desired Broader Outcomes (e.g. through payment mechanism, minimum targets, reporting obligations, etc.).</li> <li>• Establish a robust measurement, monitoring, and reporting framework.</li> <li>• Require contractors to regularly report on Broader Outcomes data / metrics. This information should be consolidated to enable project / programme wide monitoring.</li> <li>• Collect detailed Broader Outcomes data / metrics through the agreed framework.</li> <li>• Regular measurement at a package / contract and overall level.</li> <li>• Mana whenua representation on Project Alliance Board (PAB) (or equivalent).</li> <li>• Partnerships with mana whenua and matāwaka groups to specifically support contractors with dealing with sites of significance and wāhi tahi.</li> <li>• Skills, training, and apprentices partnerships leveraged to the greatest extent possible. This may involve establishing these specifically for this Project (as discussed earlier) or leveraging existing partner initiatives (e.g ConstructionPlus).</li> <li>• Ongoing regular reviews of the performance, impact and assessment of performance. This may include conducting sessions with suppliers, partners, and contractors throughout and / or after the project.</li> </ul>

Source: Waka Kotahi Broader Outcomes Procurement Strategy, Auckland Transport, Kāinga Ora.



#### 1.4 IMPLEMENTATION AND THE DETAILED BUSINESS CASE

The approach to broader outcomes will be developed through the next stage, as the procurement strategy and governance framework is refined. This will include:

- detailed consideration of how different packaging and contracting models support and drive Broader Outcomes
- agreeing the approach to Broader Outcomes, including identifying potential minimum requirements, tender questions, etc.
- determining the Market Engagement Strategy
- integrating social procurement with other workstreams (e.g. mana whenua engagement).

Released under the Official Information Act 1982