



Supporting local economies through Te Honohono ki Tai

Auckland Transport's Matakana link road project

March 2024



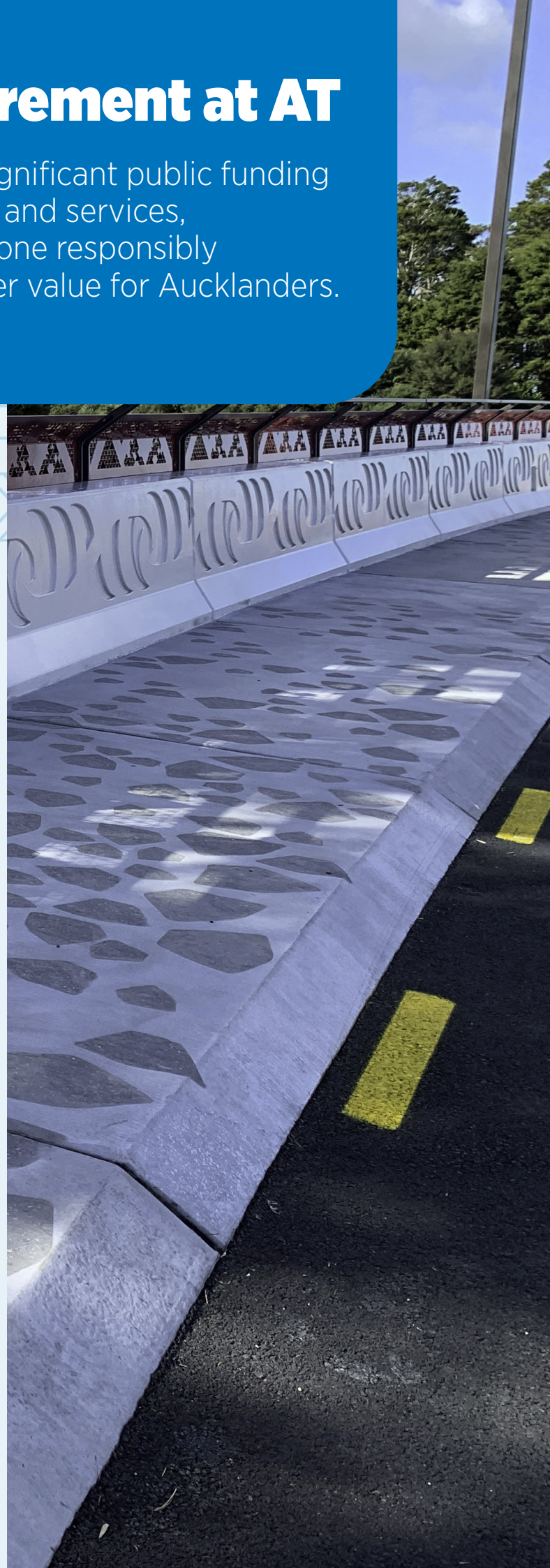
Sustainable procurement at AT

Auckland Transport (AT) spends significant public funding to deliver public transport projects and services, and recognises that this must be done responsibly and in a way that generates broader value for Aucklanders.

As it stands, indigenous Māori, Pasifika and local businesses are significantly under-represented in our AT supply chain and our supplier base is not adequately representative of the communities, geographies and demographics we serve.

Our AT Board and Auckland Council have given us clear direction to proactively and deliberately look to level the playing field for all suppliers and make meaningful progress in tackling inclusivity and diversity imbalances.

Implementation of AT's 2021-24 Sustainable Procurement Action Plan to embed Supplier Diversity and Inclusion into procurement systems, processes, culture and reporting gained significant traction between June 2022 and December 2023.



The story

The development of Te Honohono ki Tai – the Matakana link road project – significantly contributed to AT’s goal to make our supply base more equitable and inclusive. It is a new 1.35 kilometres long road and connects Matakana Road and State Highway 1 near Warkworth just north of Auckland. It features a bridge (stream crossing), walking and cycling facilities, three wetlands and landscaping elements. It also accommodates access and utility connections to new housing developments on both sides of the new road at two signalised intersections.



The AT team recognised that there was potential to realise the following benefits through Te Honohono ki Tai:

1

Support local small-to-medium civil construction sub-contractor partners, including Māori- and Pasifika-owned businesses, to build their track record on a public sector project - facilitating the development and growth of their businesses

2

Create meaningful employment opportunities for local people to work on the project - local, Māori and Pasifika businesses are more likely to hire staff from their own communities, start them on higher wages, and offer training to enable career progression.

3

Purchase materials, resources and services locally to further stimulate the local economy.

The AT procurement team worked with the project managers to incorporate diversity and inclusion outcomes into decision-making processes and, as a result, a partnership was established with local construction company Wharehine. Approximately 86% of the total contract value was spent with local business (including Wharehine itself, as well as local subcontractors). This strengthened local employment and economic resilience. 73% of the Wharehine employees working on the project were Māori and/or Pasifika and 11.6% of the total project value was with Māori and/or Pasifika-owned subcontractors (equating to \$3.7 million). The project acts as a great example of the positive impacts that sustainable procurement and supplier diversity initiatives can deliver at a local level.

Sustainable procurement approach

AT strives, through all our procurement activities, to generate equitable and inclusive access for Aucklanders to social and economic opportunity. Through our Sustainable Procurement Action Plan, we have clear objectives to increase our spend with indigenous Māori-owned businesses, Pasifika-owned businesses, women-owned businesses, social enterprises and other impact-driven organisations, and local SMEs. The Matakana Link Road (Te Honohono ki Tai) project is one of a number of examples of how AT is delivering the outcomes committed in the Action Plan.

The procurement process for Te Honohono ki Tai used a supplier panel delivery model to select the contractor partner. To become a member of AT's Physical Works Supplier Panels, contractors are required to demonstrate their commitment to and evidence of their ability to achieve Supplier Diversity and Inclusion outcomes. There is an expectation that the chosen supplier will partner on an ongoing basis with AT to deliver these goals and continue to improve Supplier Diversity and Inclusion practices.



Following the procurement process, local company, Wharehine Construction was awarded the contract in 2019 to build the new road. Wharehine is a 100% New Zealand owned and operated civil infrastructure business established over 65 years ago. The company is based in Wellsford and all 110 staff within the business live locally. As part of the tender, there were numerous environmental and social sustainability requirements that Wharehine had to pass in order to be awarded the contract. AT required that the successful supplier commit to spending approximately 5-7% (or more) of the contract supply chain value with local small-to-medium businesses, Māori-owned and/or Pasifika-owned businesses, and/or Social Enterprises that met the pre-set criteria.

To enable them to deliver on the Diversity and Inclusion requirements, Wharehine drew on partnerships with external organisations able to match their needs with the right businesses, people and skills for the job. AT and Wharehine both have long-standing partnerships with Amotai, an organisation which connects buyers with verified Māori and Pasifika-owned businesses and provides matchmaking support for buyers, such as AT and many of our large contractors. The Amotai national database holds over 1,800 Māori and Pasifika businesses who collectively employ 19,000 FTEs. The average size of the businesses are 10.5 FTE, and they range from creatives to construction and everything in between. One third of Amotai suppliers work in construction and infrastructure.



The construction of the project took just under three years to complete, allowing for Covid-19 pandemic and severe weather event interruptions, and the new road was finished and ready to open by June 2023. At the end of the project Wharehine was required to report to AT against Supplier Diversity KPIs and other social impact metrics.



The impacts

1 Supporting the local economy and diverse suppliers

Wharehine reported that approximately 86% of the total contract value was spent with local business (including Wharehine itself, as well as local subcontractors). 11.6% of the total project value was with Māori and/or Pasifika-owned subcontractors (equating to \$3.7 million).

2 Minimising transport emissions and waste

The development of a local supply chain minimised transport emissions, as suppliers were located within close proximity to the project site. For example, the concrete used aggregate sourced from a local quarry, which was transported to a local site to be blended into asphalt, retaining local spend and minimising fuel for transportation. Wharehine also worked with their local subcontractors to meet other environmental goals and helped to build their sustainability expertise within a collaborative environment; for example, in the early stages of the project, large amounts of materials needed to be cleared from the construction site and Wharehine worked alongside other projects in the area to find opportunities where waste could be repurposed - much of the unwanted clay was used within the construction of a nearby supermarket.

3 Creating local employment and education opportunities

Wharehine employs from the local community, and 75% of its staff worked on the project at various stages (73% of these employees were Māori and/or Pasifika). In 2022, representatives from Wharehine visited two local high schools to give a presentation about the project and what it intended to achieve. The students were then taken on a site visit to inspire those interested in pursuing engineering or geological science-related fields at a tertiary level. Some of these students are now at Wharehine on apprenticeships.

“Social and economic equity is a core tenet of the AT sustainability strategy. We recognise that the well-being of people and the planet are inextricably linked, and that a healthy environment and equitable, thriving societies are dependent on each other. Many Auckland businesses experience significant barriers to participate in public sector supply chains. Through AT’s procurement activities, we aim to level the playing field for a diversity of local businesses, facilitate economic development for Auckland’s communities, address systemic economic inequality, and directly improve people’s quality of life and living standards, including the life chances of children in low-income families. Matakana Link Road is one of a number of projects through which AT has delivered tangible Supplier Diversity and Inclusion outcomes in practice. The success of the project sets a precedent for our Science and Sustainability team and our Procurement team to continue to collaboratively build on in future.”

Cathy Bebelman

Head of Science & Sustainability
Auckland Transport



Lessons learnt

1 **Embed into the procurement a requirement for the successful contractor to report sustainability data to AT via the Sustainability Data Portal**

AT requires accurate and robust sustainability data from our contractors to support our performance framework and understand the impact of our construction projects. This data allows us to identify areas for improvement as we seek to reduce our infrastructure carbon footprint and deliver a positive social impact. We recognise that many of our contracting partners already collect sustainability data, so AT has developed a Sustainability Data Portal to make collating this information for AT contractors streamlined and more consistent. The portal is an online tool that our contractors can access directly. The data held by the portal is only accessible to us and the contractor who enters the

information. Monthly reports using Power BI can be made available to the contractor and tailored to meet internal reporting requirements.

The procurement and contract award for the Matakana Link Road was completed before AT had launched their Sustainability Data Portal. Therefore, keeping track of Supplier Diversity and Quality Employment outcomes for the project proved to be a challenge for AT. Going forward, we need to ensure that, through the procurement process, our suppliers, project managers and contract managers are aware that there is an easy way to feed this data back to AT on a regular basis through the Sustainability Data Portal.



2

Provide training and ongoing support through the contract management process to clarify the sustainability reporting process for suppliers

It is important for suppliers to be 100% clear on how to use the Sustainability Reporting Portal, what each of the fields mean, what specific data we need to be reported, how frequently we expect them to report and why we need the data. Consistency and accuracy of reporting across all contracts is essential to ensure our own organisational reporting is accurate. Resourcing is required from AT's side to support contractors to complete the reporting as required and to validate the data submitted. Supplier fears of reporting incorrectly may contribute to delays in AT receiving the data. The AT Sustainable Procurement team and the AT Science and Sustainability team are working to resolve issues and challenges in this space. All contractors required to report sustainability data as part of their contract will be onboarded by AT staff, and any questions and further clarification will be provided before the project commences, as well as throughout the duration of the contract.

Matakana link road hailed as major community triumph

Local Matters • July 13, 2020 11:00am • Reading Time 3 mins to read

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Community representatives celebrate success at the sod-turning ceremony for the Matakana link road.

Wharehine general manager Andy Booth, whose company was awarded the contract to build the \$62 million road, said the construction of the link road will involve more than 120 staff and the company is interested to hear from job applicants, especially those with experience in earthmoving and other specialist equipment.

"We pride ourselves on employing locally. This is a great opportunity for us to employ local young people and provide excellent training over a number of civil engineering disciplines," he said.

Meanwhile, all aggregate and concrete for bridge works, associated footpaths and cycleways will be sourced locally.