

## Capital procurement for horizontal infrastructure, buildings and design

[00:09] - George Joseph

Auckland Council has a capital investment of approximately \$500 million. Our category team leads the construction and technical services procurement covering the spend. The three main subcategories under the spend are: horizontal or flat infrastructure, covering streetscape and public spaces, stormwater related network, open space and parks-related works like playground, pathways, board walks. The second category is vertical or building-related works, which covers renewals or new builds. And the third category is technical services procurements, which is covering the design and engineering services related to the construction.

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Through category management and category strategies, we look at the Forward Works program. We analyse the spend categories, we work closely with the business and suppliers to identify smarter ways of procurement. We share our Forward Works pipeline to the market. We have early supplier briefing sessions. We have early supplier contractor engagement for designs. We set up specialised panels, and we bundle projects for program delivery.

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The category strategy work helps both Auckland Council and the suppliers because of the collaboration and early information-sharing. Sharing Forward Works programme to the market helps the market to know what is coming in the pipeline and prepare themselves, and also it gives the client organisation to understand what's available in the market.

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Bundling of similar projects to be delivered as a programme and tendered together saves a lot of time in tendering multiple times. For example, if you have a number of sports fields or playgrounds, we don't have to repeat the tender over and over, if we bundle it together as a program to be delivered.

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Based on the strategy development, we will approach the market or we'll do a selection process whereby we establish suitable supply panels or put a programme delivery framework in place. This helps to run closed tenders rather than multiple open tenders. It also helps to deliver efficiencies through delivering same or similar work by similar suppliers.

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We also segment and manage our suppliers based on the spend and risk, as part of our supplier relationship management.

Procurement leads the supplier relationship, which helps to manage performance, drive sustainable outcomes, identify risks of delivery, identify price escalation risks, and understand supply capacity. Understanding the price escalation risks through the supply relationship management helps to plan ahead and procure early certain materials where the prices are expected to go up. Working closely with the key suppliers, we can identify opportunities like supply capacity availability, manage performance issues, encourage innovation, and we can drive sustainable outcomes and social outcomes.