



File No. 1920-0135

Barry Garrick

[fyi-request-10820-cbcb2bbd@requests.fyi.org.nz](mailto:fyi-request-10820-cbcb2bbd@requests.fyi.org.nz)

Dear Barry Garrick

Thank you for your email of 26 July 2019 requesting the following under the Official Information Act 1982 (the Act):

*I would like any advice, memories, notes, or reports given to the Minister of Economic Development on lowering emissions in the Government fleet from 20/12/2016 to 26/10/2017.*

*I would also like to request any advice, memories, notes, or reports on the uptake of electric vehicles/EVs/electric cars in the Government fleet 20/12/2016 to 26/10/2017.*

The Ministry of Business, Innovation and Employment has identified five documents in scope:

- 1) Excerpt from Six-Monthly Performance Report to Ministers, December 2016 - Economic Development
- 2) Aide Memoire - Electric Vehicles – draft letter to Government agency chief executives, 25 January 2017
- 3) All-of-Government Electric Vehicles Procurement, 24 April 2017
- 4) Aide Memoire - Procurement of Electric Vehicles, 21 June 2017
- 5) Briefing - Leveraging public procurement to achieve broader goals, 28 June 2017

Some information within these documents has been withheld under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(b)(i), to protect information where the making available of the information would disclose a trade secret;
- 9(2)(b)(ii), to protect information where the making available of the information would likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information ;
- 9(2)(ba)(i), to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; and
- 6(a), if the making available of that information would be likely to prejudice the security or defence of New Zealand or the international relations of the Government of New Zealand.



In terms of section 9(1) of the Act, I am satisfied that, in the circumstances, the withholding of this information is not outweighed by other considerations that render it desirable to make the information available in the public interest.

You have the right to seek an investigation and review by the Ombudsman of my decision to withhold information relating to this request, in accordance with section 28(3) of the Act. The relevant details can be found at: [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Ivil', written in a cursive style.

**John Ivil**

General Manager

New Zealand Government Procurement and Property



**To:** Ken Ng – Private Secretary (Transport)  
Richard Lee – Private Secretary (Economic Development)

**From:** Brent Lewers (Ministry of Transport)  
Glenn Crafts (Ministry of Business, Innovation and Employment)

**Date:** 25 January 2017

**Subject:** Electric Vehicles – draft letter to Government agency chief executives

Ministry of Transport OC Number	MBIE Tracking number
OC04750-AM00233	2105 16-17

**Purpose of this aide memoire**

1. This Aide Memoire attaches a draft letter, intended to be sent by the Minister of Economic Development to the Chief Executives of:
  - All Departments/Ministries
  - All Crown entities (including DHBs)
  - All SOEs (including Mixed Ownership companies)
  - New Zealand Defence Force
  - New Zealand Police
 This has been prepared in response to your email request of 17 January 2016.
2. The draft letter notes the new availability of electric vehicles and the two options for purchase, either from the catalogue at the prices already set out, or by participating in an aggregated demand process. MBIE contact details are included.
3. It also notes the benefits to the agencies of EVs – lower running costs, including the 30 cents per litre petrol equivalent, and the opportunity for the agency to show environmental leadership.

**Ministry of Transport contact:**  
Brent Lewers, Principal Adviser, People & Environment

**Ministry of Business, Innovation and Employment contact:**  
Glenn Crafts, AOG Procurement Manager,  
New Zealand Government Procurement  
Phone: 04 901 1627

Dear

### **New opportunities to buy electric vehicles**

I am writing to encourage you to consider whether some of your fleet vehicles could be transitioned to electric vehicles (EVs). This is an opportunity for your agency to show environmental leadership, as well as benefiting from the lower running costs of EVs—calculated to be equivalent to buying petrol for 30 cents per litre.

The Electric Vehicle Programme, announced by me in May 2016, introduces a range of initiatives to encourage the uptake of EVs in New Zealand with the aim of helping New Zealand's vehicle fleet move towards a lower carbon future.

With 80% of New Zealand's electricity generated by renewable resources, a move from petrol and diesel to low emission transport is a natural evolution. Last year 30 of New Zealand's leading businesses, including Air New Zealand, Mercury, and Westpac, committed to converting 30% of their fleet to EVs by the end of 2019. The cheapest new EV on the market has an estimated range on a single charge of 200 kilometres.

EVs offer a way to leverage greater value from New Zealand's renewable electricity supply and reduce transport greenhouse gas emissions, without compromising individual mobility or economic growth. EVs include both motor vehicles powered solely by electric batteries as well as plug-in hybrid electric vehicles that operate on a combination of externally charged batteries, along with a petrol or diesel motor (PHEVs).

The package of measures approved by Cabinet includes:

- A national target of 2% of the vehicle fleet being electric by the end of 2021.
- Road User Charges exemptions – for both light electric vehicles and heavy electric vehicles, until EVs reach 2% of those categories.
- A contestable fund of up to \$6 million per year to support innovative private and local government sector projects which will encourage the uptake of electric vehicles. You may have seen recent media coverage showing how some of the successful applicants are changing their fleets to electric vehicles.
- The Government is also working to address the financial, infrastructure and regulatory barriers to electric vehicle ownership, and clarifying the regulations for vehicle charging infrastructure.

To support these initiatives New Zealand Government Procurement has:

- Made 15 models of electric vehicles available on the All-of-Government (AoG) catalogue. This significantly expands the number of electric vehicles models which government agencies can purchase.

- Extended the existing All-of-Government (AoG) Vehicle Agreement to provide for an open panel of EV providers. This means that as additional models of EVs become available, agencies can access them through the AoG contract.

The AoG Vehicles contract secures EVs for agencies at discounted prices. Even lower prices are expected to be achieved when public sector and private sector demand is periodically aggregated. The first aggregated tranche is being assembled in 2017.

Agencies already participating in the AoG Vehicles contract can access catalogue information and current pricing on the [New Zealand Government Procurement website](#). For information on how to sign up to the contract, access the catalogue of EVs, or participate in the forthcoming aggregated tranche, contact [vehicles.coe@mbie.govt.nz](mailto:vehicles.coe@mbie.govt.nz).

These options give you a tangible and achievable way for your agency to show leadership in this important change to the New Zealand vehicle fleet.

Yours sincerely

Hon Simon Bridges

Minister for Economic Development

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## AIDE MEMOIRE

### All-of-Government Electric Vehicles Procurement

<b>Date:</b>	24 April 2017	<b>Priority:</b>	Medium
<b>Security Classification:</b>	In Confidence	<b>Tracker number:</b>	3300 16-17

<b>Information for Minister(s)</b>	
Hon Simon Bridges	
Minister for Economic Development	

<b>Contact for telephone discussion (if required)</b>			
Name	Position	Telephone	1st contact
Angela Xygalas	(Acting) General Manager, NZ Government Procurement and Property	04 901 9846	s 9(2)(a) ✓
Glenn Crafts	AoG Procurement Manager, NZ Government Procurement and Property	04 901 1627	s 9(2)(a)

<b>The following departments/agencies have been consulted [double click box &amp; click 'checked']</b>					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input checked="" type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:		N/A or [Insert agency]; [Insert agency]			

**Minister's office to complete:**

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

**Comments:**

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## AIDE MEMOIRE

### All-of-Government Electric Vehicles Procurement

Date:	24 April 2017	Priority:	Medium
Security Classification:	In Confidence	Tracker number:	3300 16-17

#### Purpose

This aide memoire responds to your request for a general update, including progress and uptake, on the All-of-Government Electric Vehicle Panel since its establishment in December 2016.

Angela Xygalas  
(Acting) General Manager, Government Procurement and Property  
T: s 9(2)(a)

Ministry of Business, Innovation and Employment

24.4.2017

#### Background

1. You requested that the Ministry provide you with a general update, including progress and uptake, on the All-of-Government (AoG) Electric Vehicle Panel since its establishment in December 2016. You have also requested that Ministry officials discuss this update with you at your next officials meeting on Monday 1 May 2017.

#### Establishment and benefits of the AoG Electric Vehicle Panel

2. In order to accelerate the uptake of Electric Vehicles (EVs) in New Zealand, the Ministry established the All-of-Government (AoG) Electric Vehicle Panel in December 2016. The panel currently includes 14 variants of EVs from Audi, BMW, Hyundai, Mercedes, Mitsubishi and Renault (see Annex one for a full list). The panel is an open arrangement, meaning new suppliers and models can be added if certain criteria is met.
3. The panel allows private and public organisations to join together and purchase batches of vehicles through a competitive 'light-touch' secondary procurement process. By leveraging the purchasing power of both the private and public sectors, the panel has helped to bring new models to the country and produce better pricing.

## Uptake of Electric Vehicles

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4. Between April 2016 and 31 March 2017, a total of 20 EVs have been purchased via the AoG Vehicles contract. This includes 17 s 9(2)(b)(ii) Plugin Hybrid Electric Vehicles, two s 9(2)(b)(ii) Battery Electric Vehicles (BEV) and one s 9(2)(b)(ii) BEV. These EVs have been purchased through the AoG panel without the use of any coordinated secondary procurement process. There are indications that some agencies are waiting for the secondary processes before making any purchases.
5. The number of EVs in the government fleet is higher than the AoG reported sales of 20 as many purchases are outside of AoG and not included in the reporting. Parallel imports are proving popular with a number of agencies that are purchasing near new/second hand models such as the s 9(2)(b)(ii) s 9(2)(b)(ii) and the s 9(2)(b)(ii). The imported vehicles from the U.K. have significantly lower prices which are being achieved through using the U.K. Government Subsidies and VAT exemptions. NZTA is improving the motor vehicle register which will help to identify and capture reporting of these vehicles. s 9(2)(b)(ii) is investigating a way to be able to offer a similar deal via AoG.

## Update on the secondary procurement process

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6. The Ministry has been working on a secondary procurement process (SPP) to aggregate public and private sector demand for EVs. The purpose of the SPP is to see whether aggregated purchasing can generate improvements on the AoG pricing that is already offered.
7. The Ministry is continuing engagement with public sector agencies to discuss participation in the SPP. The Ministry has focused on 30 agencies based on their level of interest after initial engagement in 2016.
8. Agency and supplier feedback is that most fleet managers are not willing to make large purchases of EVs for fleet replacement, but rather their intention is to purchase one or two EVs for initial trials.
9. To date, agencies have indicated a requirement for a total of 16 EVs with interest from ACC (3), Department of Corrections (3), MBIE (1), NZ Fire Service (1) and NZTA (8). Discussions continue with Auckland Council, Auckland Transport, District Health Boards, Auckland University of Technology, Department of Internal Affairs (DIA), KiwiRail and others. Christchurch City Council (CCC) is unlikely to participate given their lead role in the delivery of a shared fleet scheme which will include a pool of approximately 100 EVs. The CCC scheme is set to launch in September 2017.
10. Following engagement with stakeholders, it appears that s 9(2)(b)(i) OIA than what is being offered s 9(2)(b)(i) OIA. Aggregated demand s 9(2)(b)(i) OIA on the s 9(2)(b)(i) OIA s 9(2)(b)(i) OIA however, it may s 9(2)(b)(i) OIA pricing s 9(2)(b)(i) OIA.
11. Engagement with the private sector is being maintained through weekly meetings with Sustainable Business Council and Sustainable Business Network who are aggregating the private sector demand. Sustainable Business Network and Sustainable Business Council are unable, at this stage, to provide the Ministry with indicative demand from their members.
12. Draft documentation inviting the public and private sectors to participate in the EV secondary procurement process has been produced. The documentation provides an overview of a process and lists the available vehicles. Separate documents have been produced for the public and private sectors as the process does differ slightly. The documentation also includes an EV Purchase Intent spreadsheet and an Information Pack that was requested from government fleet managers in particular to address concerns about charging infrastructure and business case development.

### The secondary procurement process paradox

13. The production and socialisation of the proposed SPP strategy has highlighted a paradox with the approach. Buyers will generally only commit to the purchase of EVs once pricing is confirmed, yet suppliers require a volume commitment prior to setting prices.
14. There are two main approaches that are being tested to try to mitigate the risk of the public sector not committing to a purchase, and the suppliers not seeing sufficient demand to warrant offering improved pricing:
  - a. seek price breaks from suppliers based on uncommitted volumes; or



- b. seek indicative demand from the public and private sector and then submit the demand as part of a Request for Quotation.
15. Without qualified commitment the pricing offered to date is either equal to or, in the case of the Private Sector, lower than AoG.
  16. The current strategy is being finalised to deliver the best pricing outcome and generate the highest demand for vehicles.
  17. The key risk of each approach is that the pilot tranche will not deliver on one or more key expectations, namely, sufficient aggregated demand, or supplier offers that are significantly better than those available through the AoG Vehicles contract. Buyers in the private sector that are "fishing" represent a considerable risk to the panel suppliers and the interest needs to be qualified.
  18. The Ministry is designing the approach to market to best mitigate these risks and will measure critical success factors at each stage of the secondary procurement process.

## General Supporting Activities

19. The AoG panel was established as an open panel so that new models and additional suppliers of EVs can be added as they are introduced into the New Zealand market. To improve the number of models offered, the Ministry:
  - a. Has been actively working with suppliers, such as <sup>section 9(2)(ba)</sup> [redacted] and <sup>section 9(2)(ba)(i) OIA</sup> [redacted] to assess their suitability to further expand the variety of vehicles available. <sup>section 9(2)(ba)(i) OIA</sup> [redacted] have submitted initial information on their <sup>section 9(2)(ba)(i) OIA</sup> [redacted] which they are interested in submitting for inclusion on the AoG catalogue.
  - b. <sup>s 9(2)(b)(i)</sup> [redacted] manufacturer, has approached the Ministry and indicated an interest in adding their <sup>s 9(2)(b)(i)</sup> [redacted] model to the panel. However, it is unlikely that the required safety ratings will be met at this stage.
  - c. <sup>s 9(2)(ba)(i)</sup> [redacted] information in relation to warranties, current & planned technological advances, supplier motivations and the behaviours resulting from incentive programmes should provide valuable support to the EV Programme.
  - d. Is working with Australasian New Car Assessment Program (ANCAP), New Zealand Transport Agency (NZTA) and <sup>section 9(2)(ba)(i) OIA</sup> [redacted] to gain ANCAP 5 equivalent status for the <sup>section 9(2)(ba)(i) OIA</sup> [redacted]. ANCAP do not test second hand vehicles so obtaining an equivalent ANCAP 5 has required the Ministry to create a new process. The safety of the <sup>section 9(2)(ba)(i) OIA</sup> [redacted] has been supported in writing by ANCAP and has been given ANCAP 5 equivalent status by NZTA. The Ministry is currently altering the AoG agreement with <sup>section 9(2)(ba)(i) OIA</sup> [redacted] which will allow the first second hand vehicle to be sold to government through the panel once <sup>section 9(2)(ba)(i) OIA</sup> [redacted] confirm pricing and supply.
  - e. Will continue to liaise with non-panel suppliers that have Electric Vehicle models, to maintain awareness of their intentions and encourage participation in the New Zealand market. This includes supplier such as <sup>section 9(2)(ba)(i) OIA</sup> [redacted]
20. It is anticipated that the initiatives outlined above will result in new models being added to the panel, improving the options for purchasers and increasing uptake. AoG panel suppliers have advised that the <sup>s 9(2)(ba)(i)</sup> [redacted] Plug in Hybrid, the <sup>section 9(2)(ba)(i) OIA</sup> [redacted] are likely to be submitted for inclusion this calendar year.
21. In addition to working with suppliers, the Ministry has also been working with government agencies to improve uptake. For example, the <sup>s 9(2)(ba)(i)</sup> [redacted] have been working to promote the use of EVs <sup>s 9(2)(ba)(i)</sup> [redacted]. In January 2017, <sup>s 9(2)(ba)(i)</sup> [redacted] plug-in hybrid electric vehicle which is currently going through a six-month trial to assess its suitability <sup>s 9(2)(ba)(i)</sup> [redacted]. The information sheet provided in the vehicle has been included as Annex Two.

## Next steps

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22. The Ministry will incorporate feedback received from NZTA, EECA, Ministry of Transport, suppliers and the private sector organisations into the invitation to participate documentation. The final approach will balance the risk and likely level of success against the effort versus return.
23. The Commerce Commission will also be informed of the proposed process to enable them to raise any concerns.
24. Once finalised, the Ministry will provide you with an update before the documentation is released to the market.

## Annexes

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Annex One: AoG Catalogue Electric Vehicles

s 9(2)(ba)(i)



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## Annex One: AoG Catalogue Electric Vehicles

Make	Model	Sub-Class	Electric Vehicle Type
<b>Audi</b>	A3 Sportback e-tron Jan17	Compact	Hybrid Petrol (PHEV)
	Q7 e-tron	AWD/SUV Large	Hybrid Diesel (PHEV)
<b>BMW</b>	i3 with (94Ah battery) - IZ62	Compact	Battery Electric (BEV)
	i3 with Rex (60Ah battery) - IZ42	Compact	Hybrid Petrol (PHEV)
	i3 with Rex (94Ah battery) - IZ82	Compact	Hybrid Petrol (PHEV)
	225xe	Compact	Hybrid Petrol (PHEV)
<b>Hyundai</b>	Ioniq EV	Medium	Battery Electric (BEV)
	C350e - Sedan	Medium	Hybrid Petrol (PHEV)
<b>Mercedes</b>	C350e - Station Wagon	Medium	Hybrid Petrol (PHEV)
	GLE500e	AWD/SUV Large	Hybrid Petrol (PHEV)
<b>Mitsubishi</b>	Outlander PHeV XLS	AWD/SUV Large	Hybrid Petrol (PHEV)
	Zoe Intens Z.E 40	Compact	Battery Electric (BEV)
<b>Renault</b>	Kangoo Maxi 2 Seater	Medium Cargo Van	Battery Electric (BEV)
	Kangoo Maxi 5 seater	Medium Cargo Van	Battery Electric (BEV)

Note: The number of EVs on the AoG Catalogue has reduced by one as a Renault model is no longer being produced.

s 9(2)(ba)(i) - Editor's note: Pages 8 and 9 have been withheld in full under s 9(2)(ba)(i).

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## BRIEFING

### Leveraging public procurement to achieve broader goals

<b>Date:</b>	28 June 2017	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3779 16-17

Action sought		Deadline
<b>Hon Simon Bridges</b> Minister for Economic Development	<p><b>Action sought</b></p> <p><b>Note</b> that governments internationally are leveraging their public procurement to achieve broader goals in order to increase the value derived from public spending.</p> <p><b>Note</b> MBIE is undertaking work to encourage government agencies to increase the use of procurement as a lever to achieve broader government goals.</p> <p><b>Agree</b> MBIE investigate the opportunities for taking a coordinated approach to leveraging training and employment opportunities through a suite of public construction projects.</p> <p><b>Forward</b> a copy of this brief to the Minister for Tertiary Education, Skills and Employment and the Minister for Māori Development, for their information.</p>	10 July

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Johnivil	General Manager, NZ Government Procurement and Property	(04) 495 1266	s 9(2)(a)
Claire Mortimer	Principal Advisor, Strategic Policy	(09) 909 3942	s 9(2)(a) ✓

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> MSD	<input checked="" type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input checked="" type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
		<input checked="" type="checkbox"/> Other:	NZTA		

Minister's office to complete:

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| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |





# BRIEFING

## Leveraging public procurement to achieve broader goals

Date:	28 June 2017	Priority:	Medium
Security classification:	In Confidence	Tracking number:	3779 16-17

### Purpose

1. This briefing informs you that New Zealand Government Procurement is undertaking work to encourage government agencies to achieve broader government goals through public procurement. It also seeks your agreement that MBIE investigates the potential for a coordinated and targeted approach to delivering training and employment opportunities for economically disadvantaged groups and areas from specific public construction projects.

### Executive summary

2. The New Zealand public sector<sup>1</sup> spends \$41 billion annually on public procurement. Considerable work has been undertaken to lift public procurement performance across the public sector in order to maximise results, create an environment where New Zealand businesses can succeed, and unlock cost savings for the Government.
3. MBIE undertook a review which identified that internationally, governments are strategically using procurement to achieve economic, social and environmental goals including waste and greenhouse gas reductions, promote innovation, and increasingly to leverage training and employment opportunities from construction projects. The review identified that some goals and approaches provide more benefits and less risk than others and some studies showed these goals were met at no additional direct cost to the procuring agency.
4. The research identified that leveraging broader goals from procurement needs to be targeted and undertaken in a way that does not reduce open competition or add significant costs.  
section 6(a) OIA
5. New Zealand's public procurement settings already enable this practice and while there are some good examples of procurement seeking wider government goals, there is a case for it to be considered more often.
6. To encourage agencies to use procurement to achieve economic, social and environmental benefits, New Zealand Government Procurement is undertaking work to provide agencies with greater clarity on appropriate approaches, including when and how this approach should be undertaken.
7. There are likely to be efficiency gains by targeting specific goals across government agency procurements. As an initial focus, MBIE would like to investigate a cross agency approach to leverage training and job opportunities from the pipeline of public infrastructure investments in order to:
  - a. improve the skills base of the construction sector labour force
  - b. increase training and job opportunities for disadvantaged groups and for people living in economically disadvantaged areas.
8. Reasons for targeting a cross agency focus on these goals include:

<sup>1</sup> Across central government, State-owned enterprises, and local authorities

- skill shortages and demand for construction workers for a sustained period of time;
  - concern that training has declined within the construction sector;
  - section 6(a) OIA [REDACTED]
  - the ability for unskilled people to enter construction based occupations and then train on the job; and
  - a number of public sector infrastructure projects are located in areas with high NEET (youth not in employment, education and training) and unemployment rates. These projects have the potential to support the delivery of the Regional Growth Programme (e.g. the Opotiki Harbour Development), HKKAR, and Better Public Services Result 1 (e.g. The City Rail Link)
9. MBIE would work with NZTA, TEC and MSD to undertake a more detailed review of best practice and the potential risks and opportunities of this approach and provide you with a report back. International experience identifies that skills training and transition to work programmes need to be well aligned to capital projects to work.

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## Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a. **Note** that governments internationally are using public procurement as a lever to achieve broader economic, social and environmental goals;

*Noted*

- b. **Note** that New Zealand's government procurement policy allows for government agencies to seek broader goals from government procurement but to encourage increased uptake, New Zealand Government Procurement is providing greater clarity in the government procurement policy framework on when and how this approach is best undertaken;

*Noted*

- c. **Agree** MBIE investigate the opportunities for taking a coordinated approach to leveraging training and employment opportunities through a suite of public construction projects.

*Agree / Disagree*

- d. **Forward** a copy of this paper to the Minister for Tertiary Education, Skills and Employment and the Minister for Māori Development, for their information

*Agree / Disagree*



John Ivil

**General Manager, New Zealand  
Government Procurement and Property**

MBIE

28 / 6 / 17

Hon Simon Bridges

**Minister for Economic Development**

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## Background

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10. Internationally, public procurement represents on average 15-20 per cent of a nation's gross domestic product (GDP). In New Zealand, it represents 18 per cent of GDP, or \$41 billion annually.
11. Public procurement policy in New Zealand consists of a combination of principles, rules and good practice guidance. It is a flexible framework that enables government agencies undertaking procurement to achieve value for money from public funds. Open competitive processes are key to achieving this, and to opening government markets of our trade partners.
12. The Ministry has undertaken a review of international policy and practice in the use of procurement as a strategic lever to achieve economic, social and environmental goals. This review focussed primarily on Australia, Canada, US, UK, Scotland, Northern Ireland, other member states of the European Union and New Zealand.

## International review findings


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### Use of procurement to achieve a variety of broader goals

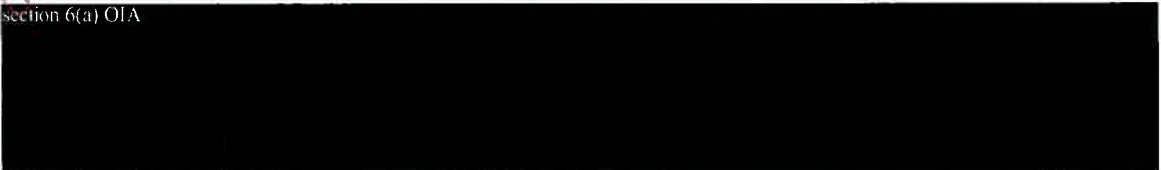
13. Leveraging broader goals from procurement is increasingly being seen as an opportunity for governments to leverage more value from their investments. For example, in 2015 the Organisation for Economic Cooperation and Development (OECD) released the Recommendation of the Council on Public Procurement to encourage a balanced approach to the use of public procurement to achieve secondary policy objectives in addition to economy and efficiency objectives. This replaces the previous recommendation that focussed largely on integrity in procurement.
14. This strategic approach to procurement is a widespread and growing practice, particularly following the Global Financial Crisis as governments seek to do more with less. Thirty OECD countries have developed strategies or policies to leverage broader goals.
15. Governments commonly use procurement to pursue the following goals:
  - a. provide economic opportunities for disadvantaged groups and in economically disadvantaged towns and regions. Benefits sought typically include work place training, local employment and sub-contracting to small-to-medium enterprises (SMEs).
  - b. improve the environment, reducing waste, energy use and greenhouse gas emissions and stimulating green business growth.
  - c. stimulate innovation in goods, services and works; through, for example, the government providing R&D funding linked to a public procurement requirement.
  - d. promote competitive markets by supporting SME participation in procurement processes.
16. Countries focus on different strategic goals. The US, UK, Canada and Australia have adopted procurement policies to support SMEs, disadvantaged groups and geographic areas, while green procurement is prevalent in the EU and Japan. For example, a 2013 study found 25 percent of the value of all public procurement in 10 EU nations sought to leverage additional environmental goals from contracts.
17. Governments have procurement policies which range from enabling frameworks that allow agencies to voluntarily leverage additional goals through to mandatory requirements to either consider or to pursue certain specified additional outcomes. Mandatory requirements are generally targeted at specific goals and types of investments.
18. The Ministry's review finds evidence that the strategic use of procurement by other governments has successfully supported targeted groups into training and jobs, reduced



environmental harm, supported disadvantaged groups and stimulated innovation. A number of studies showed these goals were met at no additional direct cost to the procuring agency particularly in the case of green procurement. Annex 1 provides examples of evaluations internationally.

19. However, studies also found that while leveraging procurement contracts can provide impetus for existing government programmes (e.g. getting unemployed youth into work), those programmes must be well aligned to the procurement contracts to be successful. For example, ambitious targets to provide ongoing employment for long term unemployed in the construction of the London Olympic Village were not fully met due to delays in aligning government employment programmes and funding to construction timelines.
20. The World Trade Organisation (WTO) and European Union (EU) have provided greater clarification on how public procurement can be leveraged to support additional benefits without agencies breaking trade agreements. In 2012 the WTO Committee on Government Procurement clarified that signatories to the WTO Government Procurement Agreement<sup>2</sup> (GPA) can apply technical specifications in procurements to promote the conservation of natural resources and the environment so long as they do not create unnecessary obstacles to trade. In 2014, the EU passed Public Procurement Directives which provide more enabling rules for EU member states to consider the participation of disadvantaged people in the award of public contracts and provide a life-cycle costing approach which includes assessing externalities in determining 'best value for money'.
21. In contrast, the review identified that some procuring agencies, often at the state level, appear to be using public procurement in ways that create trade barriers. This is particularly the case when procuring agencies give preferential treatment for domestic firms or firms within a particular state or impose criteria or conditions that disadvantage foreign suppliers when procuring a tradeable good or service (i.e. one that can be produced and supplied from another country).  
section 6(a) OIA  


### **There is a growing practice in leveraging training and employment opportunities**

22. In recent years government agencies in other countries have increasingly leveraged training, employment, and broader benefits for communities from construction projects being undertaken in their locality. These benefits are commonly targeted at economically disadvantaged groups e.g. NEET, the long term unemployed, indigenous people and in economically disadvantaged areas (e.g. rural regions or urban centres with high social deprivation). Examples are provided in more detail in Annex 2.
23. Large scale construction procurements are most commonly used to leverage jobs and training as:
  - a. section 6(a) OIA  

  - b. *Construction projects are suitable for training and employment opportunities.*  
Large scale projects provide the scale and longevity to leverage sustainable workplace training. The construction sector also includes occupations which people can enter

<sup>2</sup> The WTO Government Procurement Agreement (GPA) is a plurilateral agreement under which members gain access to government contracts covered by the agreement on a non-discriminatory basis. Members also agree to rules for tendering that support fairness and transparency. NZ joined this agreement in 2015.



without qualifications and then train on the job. This provides better job opportunities for groups commonly targeted e.g. NEETs and unemployed.

- c. *Local jobs can reduce negative impacts and local opposition to construction projects.*

Jobs and other community benefits can increase local community support for contentious infrastructure projects. In addition, sourcing a proportion of labour from the existing community can reduce the potential for housing shocks that can arise from a large influx of outside workers.

24. The UK, Scotland, Northern Ireland, Australia, Canada and the US have all adopted procurement policies at the central and/or state government levels to leverage employment and/or training. Three examples are:

- a. **UK: Supporting apprenticeships and skills through public procurement policy, 2015.** All Central Government Departments must determine whether apprenticeships and skills development are relevant to their construction and infrastructure projects, and if so, they must be included in the requirements for the contract.

- b. **Northern Ireland: Buy Social model 2015** has a mandatory requirement for construction contracts above £2 million and civil engineering contracts above £4 million to provide a proportion of the total weeks of employment created, to people with no substantial work experience including school leavers and long-term unemployed.

- c. **Victoria Major Projects Skills Guarantee, Australia.** Skills Guarantee is a Victoria State policy that aims to create job opportunities and promote a strong sustained vocational training culture within the building and construction industry. All publicly funded works contracts with a pre-tender estimated value at or in excess of \$20 million are required to utilise Victorian registered apprentices, trainees or engineering cadets for at least 10 percent of the contract works' total estimated labour hours.

25. Some national or state procurement policies target indigenous people. For example Australia's Commonwealth Indigenous Opportunities Policy 2015 requires tenderers to submit and have an approved Indigenous Training, Employment and Supplier Plan for Indigenous people and for the use of Indigenous suppliers for all government contracted projects of \$5 million (or \$6 million for construction) in regions with significant indigenous populations.

## **Current and emerging practice in New Zealand**

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26. The New Zealand public procurement settings enable scope for agencies to leverage broader goals. The Five Principles of Government Procurement and Government Rules of Sourcing support the consideration of social, environmental, and economic effects of a procurement when assessing value for money, including the costs and benefits over the life time of goods or services. While the frameworks are in place, there is no explicit direction or incentive to agencies to strategically leverage additional goals, or consequences for not doing so.

27. New Zealand has not adopted policies or implemented this procurement approach as extensively or explicitly as many of the countries reviewed, particularly at the central government level. There is a modest level of practice being carried out by different government agencies. Examples include:

- a. *The EV programme:* Work is underway that (among other things) seeks to increase the supply of electric vehicles (EVs) in New Zealand and accelerate their uptake by government agencies with the aim of helping New Zealand's vehicle fleet move towards a lower carbon future. This initiative supports the Government's goal of 64,000 registered EVs by the end of 2021. Currently, 14 EV and Plug-in Hybrid EVs models are available through the All-of-Government Procurement Catalogue, which is an open arrangement, meaning new suppliers and models can be added if certain criteria are

met. Work is underway to promote uptake through a coordinated private and public sector approach.

- b. *Innovation*: A number of government agencies have used specific approaches to generate innovative solutions to their procurement requirements. For example, Inland Revenue ran a competition to design a new mobile application.
- c. *Skills and employment*: Local councils, most notably Auckland Council, are increasingly building training, employment and wider local community benefits requirements into their construction contracts. In Auckland these include South Auckland transport projects and the Tāmaki Regeneration project. At this stage, local government agencies are not required to apply the Government Rules of Sourcing, except with respect to transport projects undertaken by some local authorities and funded by the National Land Transport Fund. New Zealand projects leveraging skills and employment are outlined in Annex 2.

28. While there are some examples of government agencies making strategic use of procurement to achieve broader government goals, there is an opportunity to increase its use across government procurement activities.

### **MBIE's suggested approach**

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29. MBIE plans to undertake further work to:

- a. encourage and support agencies to use their procurement to achieve wider government goals including providing stronger direction to agencies and developing clear guidance; and
- b. investigate the potential for taking a coordinated and targeted approach to leveraging training and job opportunities in government construction and civil works investments.

### **Encourage and support agencies to leverage broader goals from significant procurements**

30. Our initial assessment indicates that no substantive changes would be required to the Rules to encourage government agencies to adopt this approach. We will, however, seek to embed into the policy framework, including the Rules, more specific information and direction that would encourage these types of goals in appropriate cases. We will make expectations clear, including confirmation that strategic procurement is permitted and how it can be achieved.
31. To take this forward, New Zealand Government Procurement will engage with government agencies and suppliers to government to test the proposed approach and understand the implications for procurement practices. We also anticipate that a programme of training and capability development will be necessary to ensure that policy changes are put into practice.
32. This work would supplement a number of initiatives already underway to increase government adoption of strategic procurement. For example, consideration of wider benefits is being included in the model Request for Proposal guidance and the Social Sector Procurement Guide. Treasury has also agreed to build "triggers" in the updated Investment Management and Better Business Case guidelines to encourage agencies to identify any wider benefits from major investments and build these considerations into Strategic, Economic and Commercial business cases.

### **Investigate a coordinated and targeted approach to leveraging training and job opportunities in government construction and civil works investments**

33. The Government's thirty-year Infrastructure Plan 2015 forecasts approximately \$110 billion of infrastructure over the next 10 years along with an increased demand for construction related occupations to at least 2021. There is increased interest from central government agencies

including NZTA, MBIE and MSD to leverage training and job opportunities to meet policy goals. There is an opportunity to take a coordinated approach across these agencies to target a suite of appropriate projects to:

- a. improve the skills base of the construction sector labour force; and
- b. increase training and job opportunities for disadvantaged groups and for people living in economically disadvantaged regions.

34. Reasons for adopting a cross agency focus on this area include:

- a. *Identified skill shortages along with reduced commitment to training in the construction and civil works sectors.* In order to fulfil the rising levels of Government-funded construction investment, an expanded skilled domestic workforce will be crucial. MBIE has observed an increase in the use of temporary migrants and reduction in beneficiary hires while NZTA is concerned their procurement focus on price may be encouraging companies to further reduce workforce training in order to remain competitive. The public sector is a major customer of construction and civil works and can have a significant positive or negative influence on the sector through its procurement requirements. Encouraging a certain level of local employment and training via the procurement process could help create a level playing field for contractors to ensure medium-term skills needs are developed by an industry that is fragmented and highly competitive on price.
- b. *A number of public sector infrastructure projects are located in areas with high NEET and unemployment rates.* Leveraging training and targeted recruitment in the procurement of these projects has the potential to support the delivery of He kai kei aku ringa (HKKAR), the Regional Growth Programme and Better Public Services Result 1.
- c. *Large scale construction projects provide the scale and longevity to leverage sustainable workplace training and employment.* They also require trade occupations which people can enter without qualifications and then train on the job providing better job opportunities for groups commonly targeted.
- d. *Efficiencies could be gained by relevant government agencies working together to align training and employment support programmes to a suite of infrastructure and civil works projects.* International experience identifies that support programmes (e.g. skill and employment hubs) need to be well aligned to capital projects to work.

35. Several government initiatives that aim to increase skills and employment of disadvantaged areas and groups are either considering or have begun to leverage public construction projects to support their objectives.

- a. **Better Public Services Result 1 (BPS1);** Last year, MSD briefed Minister Tolley on maximising employment opportunities and broader social goals using capital investment processes. This included highlighting additional opportunities for agencies to work together, e.g. updating research on the construction sector's labour market dynamics, and partnering with industry to develop infrastructure and workforce sustainability tools. Minister Tolley agreed that these additional opportunities be explored.
- b. **The Regional Growth Programme and Action Plans;** The Opotiki Harbour Development, which forms part of the Bay of Plenty Action Plan, has built local training and employment benefits into its construction contracts. Officials are assessing opportunities to leverage employment and training from planned construction projects in other growth programme regions and in the Kaikoura earthquake recovery.
- c. **He kai kei aku ringa (HKKAR);** Exploring employment outcomes through the strategic use of procurement is identified as one of the priority initiatives to be undertaken over the next four years to support HKKAR (CAB-17-MIN-0228). Targeting geographic areas of economic disadvantage (e.g. through the regional growth programme) can



often target disadvantaged groups, for example, Māori in Northland and East Coast regions and Māori and Pacific people in South Auckland. However further investigation could look at how Māori and Pacific people could be more specifically targeted. By way of example, the City Rail Link (CRL) project has undertaken a work force needs analysis and Auckland Council will target its upcoming Māori and Pasifika Trades Training (MPTT) to reflect those needs in order to provide a pipeline to employment and for MPPT graduates.

- d. **Supporting the Sector Workforce Engagement Programme (SWEP), in its construction sector engagements.** SWEP works with the construction industry to improve employers' access to appropriately skilled staff, whilst giving priority to domestic job seekers including beneficiaries. In Auckland, SWEP has worked with industry partners to establish three jobs and skills hubs (Ara, at Auckland Airport; the CBD Jobs and Skills Hub, and the Tamaki Jobs and Skills Hub) to connect employers with local jobseekers and support onsite training. Two of these Hubs have benefitted from private sector procurement in motivating industry to support local employment and training. The intention would be for SWEP to work with public construction contracts in a similar way.

Cabinet recently considered early learnings from Ara, the Auckland Airport Jobs and Skills hub, and a report-back to Skilled and Safe Workplaces Ministers is due later in 2017 on how aspects of the model may inform wider system settings and how it could be replicated in other areas. This would be considered alongside the work proposed in this paper.

36. These four initiatives overlap in terms of targeted groups and geographic areas and efficiencies could be gained through collective planning. The Ministry's review found that training and employment goals are more likely to be met when planning starts well before the tender process, to analyse workforce needs and align existing training and funding programmes to support targeted groups into job opportunities.
37. MBIE could work with MSD, NZTA, TEC and relevant local councils to identify:
- best practice approaches to leveraging training and employment throughout the procurement process (from early market engagement through to monitoring contract performance)
  - a suite of suitable upcoming publicly funded construction projects (where for example the demand for skilled labourers and high NEET and unemployment exists)
  - how the large suite of existing government initiatives that support training and targeted recruitment could be best aligned to those projects.

## **Risks and constraints**

38. The Ministry's review identifies two potential risks which we believe can be minimised. Further work would be done on risk mitigation.
- Potential to impact trade commitments and negotiations.** Policies and approaches that create unreasonable barriers to trade are proscribed under New Zealand's trade commitments; however, they are less likely to be of concern in construction works as much of the workforce must be situated in the locality of the project.
  - Potential for increased costs.** Costs associated with workplace training and employment of youth and unemployed may be passed on by suppliers to procurers and therefore increase the overall direct construction costs. However there are already a number of government initiatives that fund, and/or coordinate training and pastoral care of the targeted groups that could be utilised. In addition the Ministry's review identified that requiring tenderers to outline what training and employment opportunities they

would provide in the tender process as opposed to specifying training and employment quotas in RFxs<sup>3</sup> allows greater flexibility in how they meet training requirements.

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OFFICIAL INFORMATION ACT

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<sup>3</sup> For example the Queensland Government Building and Construction Training Policy requires a minimum of 10 percent of the total labour hours on eligible state government projects be undertaken by apprentices and/or trainees



## Annex 1: International evaluation examples

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A 2016 international review of the use of procurement to leverage broader goals found that, compared to the number of sustainable public procurement programmes being undertaken, there are far fewer examples of published data on the outcomes of these programmes. In addition there were many methodological and organisational challenges that hamper organizations from measuring results.

Despite these limitations, evaluations have been undertaken across all areas of strategic procurement and there is evidence of successful outcomes often achieved without additional costs to contracts. It is more difficult to assess whether using procurement is the most effective way of achieving an outcomes versus other policy tools in any specific context. Agencies often lack the data or methodologies to assess this and procurement is often used in association with other policies making it hard to attribute outcomes to a single policy.

Evaluation case studies are summarised below.

### Local community benefits

**Ireland:** A 2006 pilot project carried out in Northern Ireland introduced a requirement for contractors to include an employment plan to utilise registered unemployed people. The pilot led to the recruitment of 51 people who were previously unemployed across the 5 projects involved. These jobs were created with little additional direct cost, and the overall "project cost per job created" during the evaluation period was slightly lower than the construction industry benchmark.

**Scotland:** An evaluation report of the performance of Public Procurement Reform Programme between 2006 and 2016 details the impacts of community benefits clauses in 24 public construction projects in Scotland over the last 10 years. Community benefits clauses require bidders who tender for works to undertake forms of 'social benefit' as part of the contractual agreement. These clauses are aimed at tackling issues such as low skills, unemployment and worklessness. The research found that, due to community benefit clauses in public procurement:

- more than 1,000 people have been employed, with community benefit clauses thought to contribute 38 percent of this;
- 200 apprenticeships were created, with community benefit clauses thought to contribute 78 percent of this;
- Over 650 people gained work experience, with community benefit clauses thought to contribute 72 percent of this; and
- over 6 700 people accessed training, with community benefit clauses thought to contribute 31 percent of this.

**England:** Birmingham City Council introduced its Public Procurement Framework for Jobs and Skills in 2010. Within the first year of implementing the policy, procurement to the value of £5.1 billion secured a commitment for up to 5,400 jobs for priority residents.

**Canada:** A number of evaluation studies found that the federal government programme to increase opportunities for aboriginal firms in government procurement has been successful. For example, Government business with aboriginal suppliers increased from CAD\$76.5 million in 1997 at the inception of the policy to CAD\$262.6 million in 2001. However the papers identify a number of challenges including the complexity of the procurement process, inadequate skills of aboriginal businesses to qualify for government contracts, and concerns around coercion required to implement the strategy and ineffective implementation of the policy.

**France:** Procurement of recycled toner cartridges for the Ministry of Education. Sustainability was incorporated into the French public procurement code in 2006 as a result of EU-wide legislation. The request for tender was divided into two lots, and one lot was required to be provided by businesses employing mainly disabled people and producing recycled cartridges. Overall the Ministry saved money when compared with previous procurement strategies.

## **Environmental benefits**

**UK:** 70 individual procurements from different public agencies with an estimated lifetime contract value of £5.3 billion were supported by the Waste & Resources Action Programme (WRAP). The savings over the lifetime of these contracts are estimated to be approximately £39 million as a result of preventing 125kt of waste and by saving 13.5 million kWh of energy and 15,000m<sup>3</sup> of water.

**New Zealand:** The Govt3 programme was in place in New Zealand from 2002 to 2009. It combined green procurement with the adoption of resource efficiency practices by government agencies. Mandated cross-agency evaluation showed a \$4.6 million of procurement savings for fiscal year 2007/08 attributable to Govt3 participation along with reductions in waste, energy use and CO<sub>2</sub> emissions.

**Hong Kong:** Procurement regulations were amended to require government departments to consider environmental sustainability. By creating a competitive tendering environment with a focus on sustainability, it became feasible for suppliers to produce environmentally-friendly products (LED road traffic signals) for relatively low cost.

**International Studies:** Despite the potential for cost savings as well as environmental benefits, a number of studies indicate that green procurement practice is relatively patchy. A number of barriers to green procurement adoption are identified in an international study that included public agency respondents from 62 countries. One significant barrier is a lack of technical expertise within procuring agencies in evaluating environmental information on products and services, and verifying claims from suppliers. These evaluations are also resource intensive. To counter this some countries have created specific centralised teams to provide technical support to procuring agencies and/or developing national product guidelines or criteria (UNEP, 2013).

## **Innovation**

An OECD report (2016) found that 28 countries surveyed had undertaken public procurement to generate innovation and nearly half of these had experienced improved effectiveness or efficiency, or increased user satisfaction. The main challenges to implementation of this procurement approach were: risk aversion, management, personnel and skills capacity, political support, resistance to change and legal and regulatory frameworks.

## **Annex 2: Examples of leveraging employment and training**

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### *International examples*

#### **Barangaroo, Sydney Harbour Redevelopment:**

Barangaroo South is a AU\$6 billion urban regeneration project located on the western edge of Sydney's central business district. Training and employment opportunities were built into the tender process where tenderers were asked to outline strategies for promotion of social inclusion in the construction phase. In addition, contracts at Barangaroo mandate that 20 percent of all trade work must be undertaken by apprentices. The Barangaroo Skills Exchange (BSX) was established in 2012 to centrally coordinate, deliver and report on all aspects of skilling, training and evaluation during construction. In addition to construction related training, a Workplace English Language, Literacy and Numeracy (LLN) programme was established. LLN teachers are on-site 5 days per week to support workers who need assistance either as a "drop in" or in a class setting. The project has also set a target of engaging 500 indigenous workers over its life. Indigenous workers are supported through the BSX (including a dedicated Indigenous Apprentice mentor) and the Indigenous Hub which is co-located onsite with the BSX. Although the BSX work has focused on the needs of construction workers, training has been provided in areas such as management, supervision, and training. The first two and a half years of the project delivered over:

- 500 apprentices;
- 16,000 accredited training outcomes ranging from short courses through to Advanced Diplomas;
- 4,000 workers assessed for language literacy and numeracy with 1 on 1 or class based support being provided to more than half of them;
- 9,000 social and awareness outcomes (suicide awareness, drug and alcohol awareness, skin checks etc.); and 100 leaders trained as part of the Barangaroo Leaders Safety programme.

#### **UK - Birmingham City Council:**

The Birmingham City Council introduced its Public Procurement Framework for Jobs and Skills in 2010 to improve skills and create training and employment opportunities for local people particularly those living in deprived areas. The Framework requires that all Council contracts above 200,000 pounds per annum leverage community benefits, either through contract clauses, voluntary agreements or a charter. Weighted criteria for targeted training and recruitment is used, with weightings ranging from 5–20 percent. The Framework also requires council procurement teams and successful contractors to engage with the Council's Employment and Skills Service. The Service supports procurement teams in devising appropriate contract clauses, evaluating tenders and monitoring outcomes and assigns a dedicated official to major contracts to act as a project manager for leveraging skills and employment opportunities through a coordinated multi-agency response. The Framework has been implemented across a number of large-scale projects to date.

#### **London Olympic Village:**

The project (from construction through to the games itself) set ambitious targets that included:

- promoting sustainable employment opportunities and boost skills levels locally and across the UK;
  - encouraging contractors to pay the London Living Wage;
  - delivering a construction workforce of at least 10–15 per cent from the five Host Boroughs;
  - ensuring at least 7 per cent of the workforce was made up of previously unemployed before working on London 2012;
  - placing at least 2,250 people into trainee, apprenticeships and work placements; and
  - increasing opportunities for women and disabled people.
- At the end of the project, 20 per cent of the cumulative workforce employed on the Park was from the local area, with 15 per cent black, Asian or minority ethnic. Three per cent were



women and 1.5 per cent were disabled people and an estimated 70,000 workless London residents were provided with employment. Evaluation also identified a number of challenges. For example, there were delays in aligning government employment programmes and funding to construction timelines, programmes could have been better targeted to the intended groups and creating sustained employment for long term unemployed after the project was completed proved more difficult especially during the depressed economic climate.

### New Zealand examples

**South Auckland:** Auckland Council's Southern Initiative (TSI) created a pathway to apprenticeships and employment for their Māori and Pasifika Trades Training (MPTT) graduates in South Auckland through procurement requirements in several Council transport projects in South Auckland. The RFP clearly stated the additional goals the Council was seeking (based on positive local area impacts) and more specifically, tenderers were asked to provide a targeted recruitment plan that included how they could provide employment and training opportunities to MPTT graduates (versus specifying a set number of graduates to employ). Local impact contributions were allocated a five percent weighting in the awards criteria. After the contracts were awarded TSI staffwork with employers to provide pastoral care to increase the graduate's likelihood of sustained employment. In the case of the Manukau Bus exchange, eight MPTT graduates were employed on a TSI negotiated hourly wage of \$20. Note that less skilled labourers contracted out from labour pools cost approximately \$28 per hour.

**Tāmaki, Auckland:** The Tāmaki Regeneration Company (TRC) is responsible for the construction of 7500 homes over a 10-15 year period in East Auckland. For large scale developments, it is mandatory that contractors utilise the TRC Employment Hub in the first instance for sourcing their local workforce. Tenderers are required to outline how they intend to utilise the Hub in their EOI. Awards weighting is applied to this response and the final RFP will incorporate their signalled intentions into more binding clauses. TRC is jointly owned by the Government and Auckland Council and is not required to apply the Government Rules of Sourcing.

**The City Rail Link:** The newly established City Rail Link Agency is planning on building social clauses into contracts including leveraging training and employment opportunities to targeted groups including NEETs and unemployed. Their work force planning estimates there will be about 600 general construction jobs over the six years which can provide employment opportunities for new and low skilled entrants into the construction industry. They are working with training providers (e.g. the Council's MPTT programme) to align trades training with skills and labour needs in the CRL project.

**Auckland Council Oakley Creek redevelopment:** The \$25 million stormwater and park redevelopment leveraged training and employment opportunities for local youth. There was a mandatory requirement that, in the first instance, the successful contractor provide a minimum of five apprenticeship opportunities to local candidates from the pool of trained construction students provided by the Council working in partnership with nominated training providers, at no cost to the Council. The minimum of five apprentices had to be retained by the contractor (and their subcontractors) throughout the duration of the contract to achieve a goal of sustainable employment. Tenderers were also encouraged to submit additional social initiatives if any, to this minimum requirement, at no cost to the Principal under the tendered price.

**Opotiki Harbour Development:** A five percent awards criteria weighting on proposed contributions to training and employment has been included in the awards process. Opotiki District Council is the procurer and is and is not required to apply the Government Rules of Sourcing.



## AIDE MEMOIRE

### Procurement of Electric Vehicles

<b>Date:</b>	21 June 2017	<b>Priority:</b>	Low
<b>Security Classification:</b>	<b>Unclassified</b>	<b>Tracker number:</b>	4045 16-17

#### Information for Minister(s)

**Hon Simon Bridges**

Minister for Economic Development

#### Contact for telephone discussion (if required)

Name	Position	Telephone		1st contact
Neville Johnson	Programme Director (Acting), NZGPP	04 901 3884	s 9(2)(a)	
Glenn Crafts	AoG Procurement Manager, Corporate and Support Services, NZGPP	04 901 1627	s 9(2)(a)	✓

#### The following departments/agencies have been consulted [double click box & click 'checked']

<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:		N/A or [Insert agency]; [Insert agency]			

**Minister's office to complete:**

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

**Comments:**





# AIDE MEMOIRE

## Procurement of Electric Vehicles

<b>Date:</b>	21 June 2017	<b>Priority:</b>	Low
<b>Security Classification:</b>	Unclassified	<b>Tracker number:</b>	4045 16-17

### Purpose

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Update on the progress of the Electric Vehicles secondary procurement process and agency engagement being undertaken by New Zealand Government Procurement and Property (NZGPP).

Mark Richards

Acting General Manager, NZGPP

T: s 9(2)(a)

Ministry of Business, Innovation and Employment

21 June 2017

## Procurement of Electric Vehicles

### Aggregating public/private demand

1. Last week NZGPP released the Secondary Procurement Process (SPP) documentation for the inaugural aggregated demand process for the purchasing of EVs.
2. 155 agencies have been invited to take part in the SPP. Agencies who confirmed that they do not have a vehicle fleet were not invited to participate.
3. The Sustainable Business Network and Sustainable Business Council also circulated the documents to approximately 140 of their members.
4. As at 19 June 2017 we have received the following responses:
  - a. One agency has submitted a request for four vehicles.
  - b. Two Private Sector entities have requested a total of six vehicles.
  - c. A number of agencies advise they are working on their submissions for an estimated total of 25 vehicles.
  - d. Two private agencies have advised that they will submit their requirements and are working on numbers and their strategy to reach their targeted 30% by 2019.
5. Requests to purchase vehicles in this SPP are due by 30 June.
6. We are following up with agencies to ensure they received the SPP documentation and to encourage them to participate.

### EV letter to agency Chief Executives

7. To date we have received 34 responses to the Electric Vehicles letter sent to agency Chief Executives in May.
8. The deadline for responses is 23 June.

### Agency responses to SPP:

Agency	Purchasing intentions
Watercare	Request received (4 vehicles)
Bay of Plenty District Health Board	Immediately
Department of Conservation	Immediately
South Canterbury District Health Board	Immediately
Transpower New Zealand Ltd	Immediately
Whanganui District Health Board	Immediately
Education Review Office	Within the next 12 months
Hutt District Health Board	Within the next 12 months
New Zealand Defence Force	Within the next 12 months
New Zealand Police	Within the next 12 months
Parliamentary Corporation	Within the next 12 months
Waitemata District Health Board	Within the next 12 months
Southern District Health Board	Within the next 12 months

Inland Revenue Department	Within the next 12-24 months
Ministry for Primary Industries	Within the next 12-24 months
New Zealand Antarctic Institute	Within the next 12-24 months
AgResearch Limited	Not in the next 24 months
Civil Aviation Authority of New Zealand	Not in the next 24 months
Commerce Commission	Not in the next 24 months
Land Information New Zealand	Not in the next 24 months
Ministry of Social Development	Not in the next 24 months
Public Trust	Not in the next 24 months
Wairarapa District Health Board	Not in the next 24 months

**Agencies without a vehicle fleet:**

Arts Council of New Zealand Toi Aotearoa (Creative NZ)  
Electricity Authority  
Energy Efficiency and Conservation Authority  
External Reporting Board  
Families Commission  
Human Rights Commission  
Independent Police Conduct Authority  
Ministry for Culture and Heritage  
Ministry for Women  
New Zealand Artificial Limb Service  
Otakaro Limited  
Research and Education Advanced Network New Zealand Limited  
Takeovers Panel

**Next steps**

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9. NZGPP will continue to follow up directly with agencies, to remind them to send in their responses to the letter and to encourage their participation in the secondary procurement process.
10. NZGPP will collate the aggregated demand for the RFQ to Suppliers.
11. NZGPP will continue to provide you with updates on progress.



NEW ZEALAND  
GOVERNMENT PROCUREMENT

## DOIA 1920-0135

Barry Garrick

In addition to the accompanying documents, the below paragraph features in the Economic Development Six-Monthly Report for December 2016, on page 9 of 20 (refer briefing 2090 16-17 and MAKO-64756406).

“Fifteen new electric vehicle models were added to the All-of-Government (AoG) vehicles contract in December, as part of an initiative to drive the uptake of electric vehicles within New Zealand. As a result, agencies now have the option of choosing electric vehicles over conventional petrol or diesel cars, helping achieve New Zealand’s goal of a low emission future. For the first time ever, the AoG contract provides for the supply of near-new used electric vehicles as they become available, which will enhance the affordability of electric vehicles for agencies. The panel of electric vehicle suppliers is open, which means car manufacturers can apply to join when they have new, or near new, electric vehicles available to supply the New Zealand market.”