

Government Procurement

Sustainable considerations in policy and practice

What I'm here to talk about:

- Sustainability through markets
- The role of Government
Procurement in promoting and achieving sustainable development
- Existing policy and current practice
- Future directions (Green growth)



Achieving sustainability through markets

1. Businesses are rarely obliged to pay for the toll their operations take on the world – (Fast ferry, coastal erosion; High-country farming, loss of tussock)
2. Impacts are hard to estimate, let alone assign to businesses with much accuracy or fairness. (Would you charge per square metre of coast eroded? Per tussock lost?)
3. But what if we *could* quantify and assign those costs? What if we could get to the point where the lowest-priced item was the one doing the least harm to the planet and society?
4. This would mean consumers (and procurers!) would choose products from businesses with practices that sustain a healthy and just world – and powerful market forces would act to support sustainable goals.
5. In a procurement sense this comes back to understanding the total cost of ownership for the things we're buying – as well as the total benefits and the total impacts (or costing these out as well). In other words we want to expand how we calculate “value” from a price basis to one that encompasses all of these things.





Sustainable procurement 2012

Prices

Capital

Standards



Role of government procurement

1. Creating direct improvements (economic, social, and environmental)
2. Influencing the market
3. Creating and protecting “public value” and setting a good example





Economic

- Paying on time
- Appetite for risk
- Innovation
- Increase productivity
- Working with SMEs



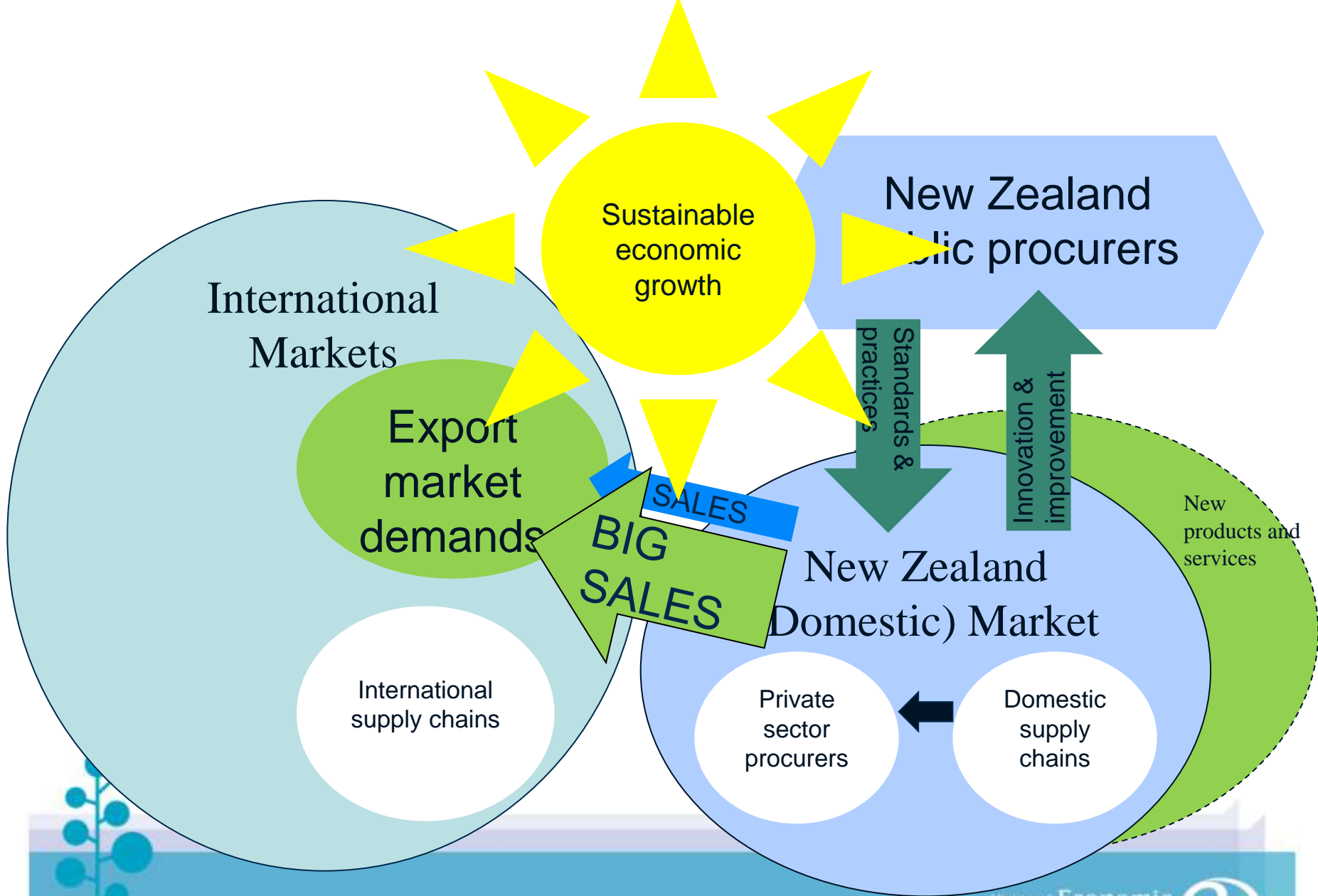
Environmental

- Water usage
- Emissions
- Waste
- Resource recovery
- Australia carbon tax



Social

- Youth employment
- Maori & Pacifica business
- Working conditions



Existing policy

The Government expects its departments, and encourages other public sector agencies, to be guided in their procurement by the following principles:

- ***requiring sustainably produced goods and services wherever possible, having regard to economic, environmental and social impacts over their life cycle.***

However MED is currently refreshing the Government Procurement Principles and the new one for sustainability is:

- ***Get the best deal for everyone – including the planet***



Existing practice

- Devolved and variable
- Basic procurement training course includes sustainability component
- No central (government) strategy, targets or measures
- AOG contracts are greener and agencies that join them are greener by default



For the future: Green Growth Report

- Advisory group set up to “*explore and report on three topics fundamental to New Zealand’s success in achieving greener and faster growth*”.
- Used OECD definition of green growth “*fostering economic growth and development while ensuring that the natural assets continue to provide the resources and environmental services on which our wellbeing relies*”.



Comments on public sector procurement

- Notes our large spend, approves of our sustainability principle but observes that “*there is considerable variation across government in terms of capability and practice*” – p 39
- Considers public sector procurement as a major opportunity for stimulating greener growth
- Notes the activities underway in the reform programme – particularly capability building



Green Growth Report – recommendations

- Government should accelerate [...] efforts to raise management capability [...] such that the sustainability principle is increasingly evident in practice.
- Government should designate construction and healthcare as “green growth sectors” and tie these more explicitly to the sustainability principle and a number of priority environmental factors.
- Government should establish an “invest-to-save fund” to provide interest-free loans to meet higher up-front costs (but secure financial gains in the long term)



Thoughts?
Comments?

