

Government Procurement Reform Programme

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Government Procurement Solutions

**Manage
Government
Procurement
Policy**

**Negotiate
Free Trade Agreements
with other countries**

**Execute
All-of-Government
Contracts**

Challenges

From Policy to Practice



Challenges

- Good policy, mixed practice
- 204 independent agencies
- Lack of investment
- Global Financial Crisis
- Term “procurement” misunderstood





Approach

Procurement Reform

Approach

- Government wide procurement reform:
 - Cost savings
 - Capacity and capability
 - Business participation
 - Governance, oversight, accountability
- 1 year trial to demonstrate success

Key actions

Making reform happen



Key actions

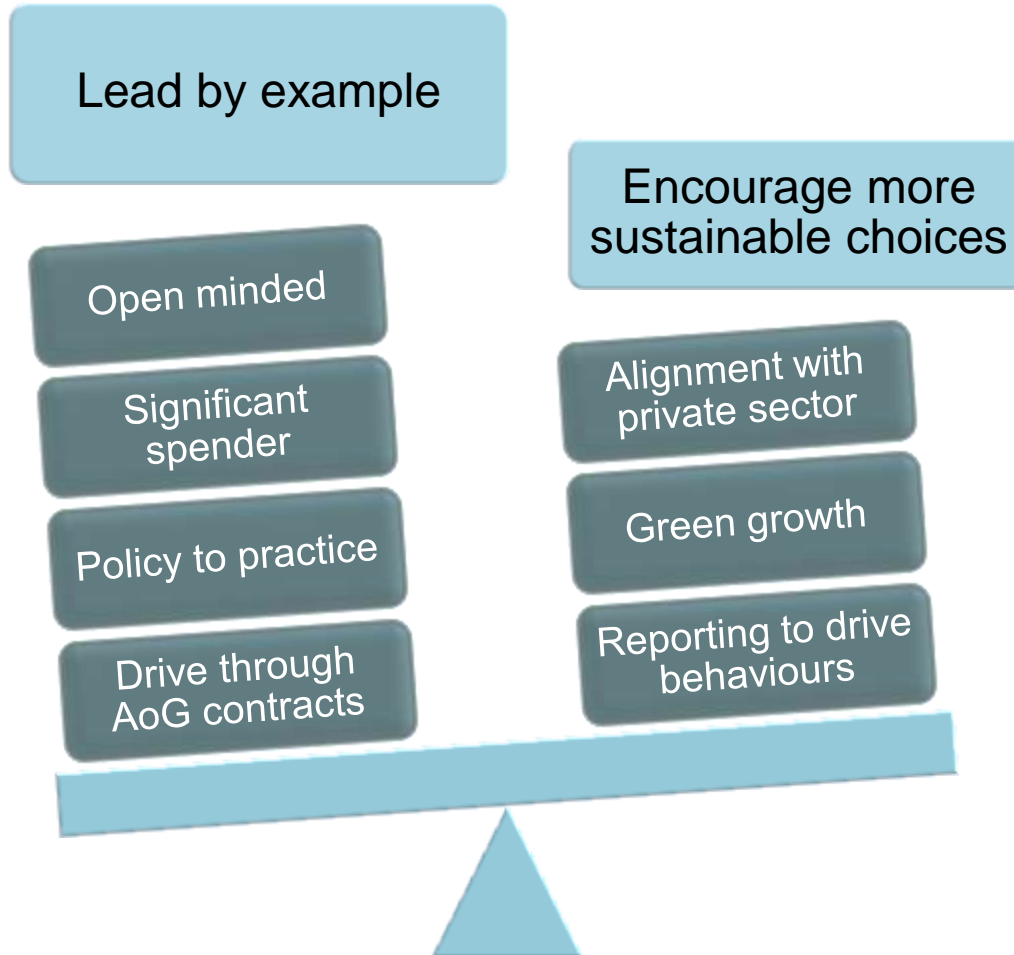
- Cabinet mandate to change
- Subsidised training/education
- Practical, plain English tools/support
- All-of-Government contracts
 - Cost savings
 - Improve sustainability
 - Target imported, common products



Sustainable Procurement



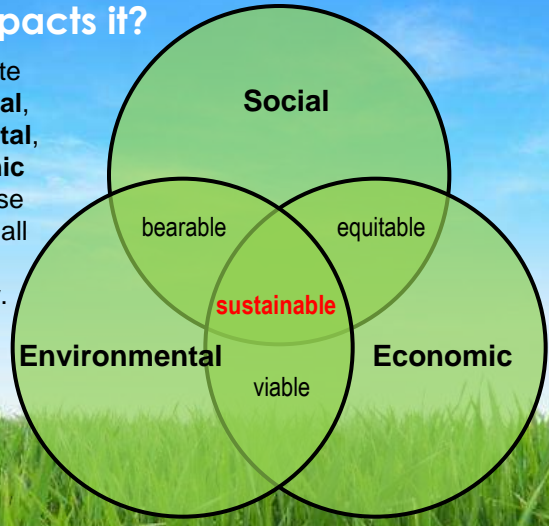
Sustainability and procurement



It's about meeting the needs of today, without compromising the ability of future generations to meet their needs.

What impacts it?

We all operate within a **social, environmental, and economic** context - these components all impact sustainability.



Issues we considered included:

- Minimise carbon measures
- Waste minimisation
- Reduce use of hazardous substances
- Optimising use of natural resources
- Health & safety compliance
- Job creation
- Equality of treatment
- Fair pay for suppliers' staff
- Economic regeneration
- Legal compliance
- Build & maintain sustainable markets
- Focus on supply chains

How we included sustainability within our All-of-Government contracts...

Our procurement strategies assess major risks and consider the major environmental, economic and social impacts of these new contracts.

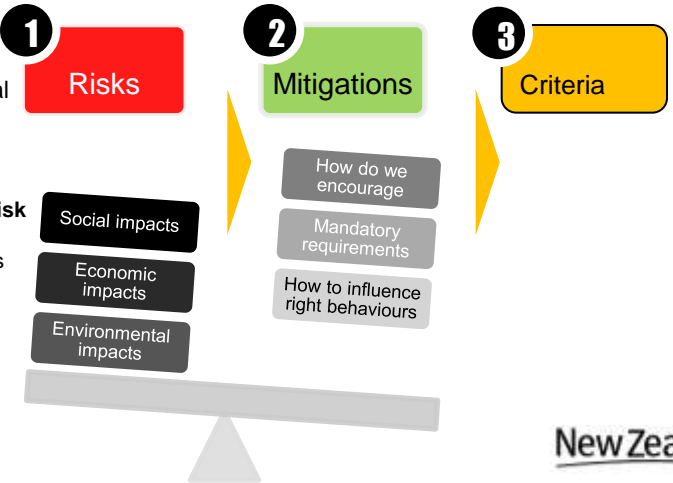
Step 1: Identify major risks

Step 2: Identify mitigations to each risk

For example: any behaviours that we should encourage or industry standards that should be required.

Step 3: Develop supplier criteria and measures to deliver sustainability improvements.

For example: deciding which are mandatory versus encouraged criteria.



What it looks like: what we've built into our contracts - sustainability criteria...



Passenger Vehicles contract

- Minimum emissions & safety standards (state sector)
- Fuel consumption (& emissions) factored into Total Cost of Ownership calculations
- Comparative data (safety & emissions) published
- Options in each category for increased safety standards
- Supports government's Safer Journey's 2020 Road safety Strategy



Office Consumables (Stationery) contract

- Ongoing management aimed at increasing 'green' items
- [Code of Practice for the Packaging of Consumer Goods](#)
- Total Cost of Ownership is an assessment of the costs of purchase, acquisition, operation & disposal.
- Mandatory use 3 star paper (minimum) – must meet 3 of the following 5 criteria:
 - ★ Mandatory – Documented evidence that all fibre used to make product was LEGALLY HARVESTED
 - ★ Bleaching by ECF, TCF or PCF – or unbleached (do not buy papers bleached with EC technology).
 - ★ Documented evidence that at least 70% of fibre used to make product was SUSTAINABLY GROWN AND HARVESTED.
 - ★ Paper life cycle impacts reduced at pulping and disposal stages by using at least 50% post-consumer RECYCLED fibre to make the product.
 - ★ Full paper life cycle impacts reduced and verified by an independent third party (Environmental Choice NZ or equivalent standards).



IT (Computers & Print Devices) contracts

- EPEAT certification – Electronic Product Environmental Assessment Tool
- Majority have Energy Star V5.0
- Decommissioning option for cradle-to-grave
- Compliance - International Labour Organisation standard
- Require suppliers to push measures through supply chains
- Ongoing engagement with agencies

Guides, tools & training

Sustainability guidance is included in our major training courses and provided in a series of specific guides.



What's next?

- Going to tender April - June 2011
- Utilities contract includes Energy Management Services to reduce consumption
- Air Travel contract, includes Travel Management Services to reduce need to travel and where essential look at alternate options





Overall Results

Staying in the Black!

Key results

- First four AoG contracts implemented
- Increased, in-built sustainability
- Support to reduce consumption
- \$115 million cost out (from \$860m base)
- Policy to practice
- 100 people studying, 500 people trained
- Procurement on the RADAR



Reflections

What did we learn?

Conclusions

- Needs to be part of wider reform
- \$ savings = attention
- Policy can be a weak tool
- Deals over \$100m grabs attention
- Use leverage to drive change
- Use reporting, but provide options
- Lifting of sustainability





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