



The Environmental Purchasing Reportcard

**An evaluation of procurement of *Environmental Choice* products
by Government Ministries and Departments 2005/06**

Dr Russel Norman

Co-Leader, Green Party of Aotearoa New Zealand

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Abstract

The Government established the Govt³ programme under the auspices of the Ministry for the Environment to help central government agencies become more sustainable. This programme has had a lot of publicity but the question remains as *to what extent government agencies are actually changing their behaviour rather than just the rhetoric?*

We set out to answer this question looking at one dimension of sustainability – procurement, or purchasing. The great advantage of the Government following sustainable procurement policies is that, not only does the Government become more sustainable, but that by their purchasing behaviour they create a market in sustainable products and hence support green businesses.

The Government has established an ecolabel in 1992, Environmental Choice New Zealand, administered by an independent trust, to guide government agencies in making sustainable purchasing decisions. This report analyses the procurement behaviour of a number of government agencies to establish what proportion of government's total procurement spending has been on Environmental Choice products in the 2005–2006 fiscal year, where such products are available.

The results show that while there is a degree of environmental *awareness* in many of the Government agencies we examined, this has failed to translate into environmentally aware purchasing decisions in most agencies. In many cases agencies do not even monitor whether their purchasing is sustainable and asked the Green Party to pay for the work to determine whether they were implementing the Govt³ programme!

Introduction

When the government introduced the Govt³ programme, it was intended as a way to improve the environmental consciousness of core central agencies, departments, and ministries. The programme's four primary focus points are recycling and waste minimisation, buildings, transport, and office consumables and equipment. A central part of the Govt³ initiative is the sustainable procurement of products and services, which is realised in part through the use of Environmental Choice New Zealand labelling.

The Environmental Choice programme went into effect in 1992 as a subsidiary of Govt³, endorsed and financially supported by the government. The programme is intended to improve the quality of the environment by ensuring that agencies choose to purchase products that have a reduced effect on the environment during their life cycle. Over time, a wide range of products with the Environmental Choice tick have become available in many different areas, including supplies for office, sanitation, building, and cleaning. Because of this, the programme has been called a "key plank" to Govt³'s sustainable procurement goals.

Since its adoption, 47 agencies have become involved in Govt³ to work toward a more sustainable future. In October of this year at the Govt³ awards ceremony, Environment Minister David Benson-Pope stated that the government was finally "walking the talk" in achieving sustainability through Govt³. It is no doubt true that many ministries, departments, and other agencies have made concerted efforts to improve sustainability in New Zealand. However, while many steps forward have been made in environmental awareness, some elements of Govt³ appear to have been left behind in the process.

Research Design

Over the last few months, the Green Party has conducted a study into the procurement practices of 25 government departments and ministries in order to determine whether they were actually procuring Environmental Choice products where they were available. The study sought to determine the proportion of spending on Environmental Choice products in the 2005–2006 financial year in 11 different categories where Environmental Choice

products were available¹. It was our belief that if the government endorses and financially supports Environmental Choice, they should “walk the talk” in their procurement practices. A further goal of this study has been to consider whether a cross section of the recipients of awards from the recent Govt³ Awards 2006 ceremony have been environmentally conscious in their procurement practices in addition to their achievements in the areas noted at the awards ceremony. A copy of the letter sent to each agency is included in the Appendix.

¹ These categories are Paper (Office/Printing), Sanitary Paper Products, Copiers, Printers, Cleaners and Detergents, Recycled Plastic Products, Paints, Flooring, Laminate Wood Panel, Thermal Building Insulation, and Mulch Mats.

Results

- Six (24%) of the ministries or departments surveyed requested under section 15 of the Official Information Act that the Green Party pay to receive the information at the level of detail originally requested. These agencies are as follows:

- Ministry of Health
- Inland Revenue Department
- Department of the Prime Minister and Cabinet
- Ministry for the Environment
- Ministry of Education
- Ministry of Foreign Affairs and Trade

- Out of the 25 agencies surveyed, nine (36%) kept no separate record of products purchased and could not provide even an estimated amount spent on Environmental Choice products. Several of these agencies state that while they could not provide any information about specifically purchased Environmental Choice products, they are making efforts to become more environmentally friendly in the upcoming financial year. Nonetheless, it seems that many of these agencies are still “talking the talk”, but have yet to “walk the walk”. The nine agencies that did not provide information are as follows:

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|----------------------------------|------------|--|
| • Department of Conservation | Department | • Department of the Prime Minister and Cabinet |
| • Department of Internal Affairs | Department | • Housing New Zealand Corporation |
| • Department of Labour | Department | • Ministry of Defence |
| • Department of Health | Department | • Department of Corrections |

- Department of Justice

- Three (12%) of the agencies surveyed had some detailed knowledge of their procurement spending, but had not spent any money on Environmental Choice products, nor did they indicate any serious intention to procure these products in the future. These agencies are as follows:

- Ministry of Foreign Affairs and Trade
- Ministry of Research, Science and Technology
- Ministry of Transport

- The remaining 13 agencies' procurement of Environmental Choice products in the 11 categories with Environmental Choice products available averaged between approximately 11 and 21 percent of their total spending. These agencies are as follows:

- | | |
|--|--------------------------------------|
| • Department of Building and Housing | • Ministry of Economic Development |
| • Department of Inland Revenue | • Ministry of Education |
| • Department of Lands and Survey | • Ministry of Fisheries |
| • Ministry of Social Development | • Ministry of Pacific Island Affairs |
| • Ministry for Culture and Heritage | • Te Puni Kokiri |
| • Ministry for the Environment | • Ministry of Women's Affairs |
| • Ministry of Agriculture and Forestry | |

- Seven of the 13 ministries, departments, and agencies winning awards at the Govt³ Awards 2006 ceremony were asked to provide information on procurement spending of Environmental Choice products. Of these 7 agencies, 4 did not provide any information about their procurement spending in the categories requested, stating that they did not record that information at the level of detail requested. The three agencies that did provide this information ranked third, fifth, and 11th out of 16 on the approximate proportion of total procurement spending on Environmental Choice approved products. The three agencies given Govt³ awards who provided information on procurement spending were as follows:

- Ministry of Social Development (third)

- Department of Inland Revenue (fifth)
- Ministry of Fisheries (11th)

More detailed, agency by agency, results are provided in the Environmental Purchasing Reportcard at the end of this report.

Conclusions

The results show that, despite the government's claim that they are now "walking the talk" in environmental practices, this is overwhelmingly not the case. Over half the departments and ministries surveyed either do not invest any effort in determining whether their products meet the Environmental Choice standards, or, if they do keep separate records of these standards, have not attempted to meet them.

Despite this fact, many of the government departments and ministries have made strong efforts toward sustainability or claim that they intend to do so in the future. However, it is important that efforts be made not just to support the somewhat abstract goal of a "sustainable future", but that in supporting this goal, agencies actively participate in the government programmes like Environmental Choice that are established to make concrete changes. If the government's ministries and departments do not participate in its own environmental programmes, there is little prospect that other businesses or individuals will do so.

Core Crown expenses are over \$50 billion per year which gives the Government a great opportunity to leverage some of that expenditure to move our government and economy in a sustainable direction. At this stage, it is clear that Government agencies are not taking advantage of that opportunity and the commitment to sustainability remains largely, but not entirely, rhetorical.

The Environmental Purchasing Reportcard

Grades and summary of responses by each government department or ministry surveyed with respect to Environmental Choice procurement

Grades for the agencies are listed next to their title and are determined as follows:

- A - knows the amount spent on Environmental Choice products, has spent a *substantial* amount on them, and is making efforts to improve performance.
- B - does not know actual amounts spent on Environmental Choice products, but knows what Environmental Choice products it has purchased, has an approximate idea that it has purchased a *substantial* amount of them, and is making efforts to improve performance. ***OR*** does know actual amounts spent on Environmental Choice products, but has only purchased a *moderate* amount of them, but is nonetheless making efforts to improve performance.
- C - does not know actual amounts spent on Environmental Choice products, but knows what Environmental Choice products it has purchased, has an approximate idea that it has purchased a *moderate* amount of them, and is making efforts to improve performance. ***OR*** does know actual amounts spent on Environmental Choice products, but has purchased *few* of them, but is nonetheless making efforts to improve performance.
- D - does not know actual amounts spent on Environmental Choice products, nor does the agency know what Environmental Choice products it has purchased, but says it is making efforts to improve future performance. ***OR*** does know actual amounts spent on Environmental Choice products, but has purchased *very few, if any* of them, but is nonetheless making efforts to improve performance.

- F - provides no information on Environmental Choice procurement spending, nor discusses any efforts to improve performance in the future.

Ministry for the Environment: B+

- This ministry has purchased Environmental Choice products in 9 of the 10 areas where any purchases were made. In at least four of these areas, Environmental Choice approved products were the only products purchased.
- The ministry states that while not all of their purchases are Environmental Choice approved, where products are available to be purchased and "relevant to its core business", they make an effort to purchase them.

Ministry for Culture and Heritage: B

- The ministry purchases a relatively large amount of Environmental Choice products. It is estimated that their procurement spending of Environmental Choice products totalled between 30 and 40 percent of their total spending in the categories requested.

- The ministry further states that they have made other efforts to be environmentally friendly and aware.

Ministry of Social Development: B

- This ministry has made a number of purchases of environmentally friendly products, some of which have been approved by Environmental Choice.
- The ministry further states that they have made efforts to improve environmentally conscious behaviour among staff.
- The ministry also was highly commended at the Govt³ 2006 Awards for change in behaviour of staff. They ranked third out of 16 agencies on the approximate proportion of total procurement spending on Environmental Choice approved products.

Te Puni Kokiri: B

- No more than 17 percent of the ministry's purchases in the categories requested were Environmental Choice approved products. However, the ministry claims that almost all of its purchases had some other environmentally friendly seal of approval.

Ministry of Economic Development: B-

- This ministry has purchased products approved by Environmental Choice in three of the 8 categories where any purchases were made.
- The ministry states that the reason for this is that the products they have purchased have other environmental accreditations that, allegedly, work toward higher environmental standards on a global level.

Inland Revenue: C+

- This department has spent a substantial amount on Environmental Choice products. While no percentage can be precisely calculated, they have made some efforts to participate in the government's Environmental Choice programme.
- The department won the Govt³ 2006 award for sustainable transport, change in behaviour of staff, and overall leadership on Govt³. They ranked fifth out of 16 agencies on the approximate proportion of total procurement spending on Environmental Choice approved products.

Department of Land and Survey: C+

- The department purchases Environmental Choice products in two of the 11 categories. The amount of Environmental Choice products purchased in these two categories is, however, very small.
- The department says that they have begun to investigate more environmentally friendly options and although only a few of their purchases are Environmental Choice approved, they buy many products deemed "environmentally friendly" by other groups.

Ministry of Agriculture and Forestry: C

- This ministry has purchased products approved by Environmental Choice in four of the 11 areas requested. They do not provide any information of the monetary amounts of their purchases.

Department of Building and Housing: C

- The average spending on Environmental Choice products for the department was 9.69 percent of their total documented spending.
- Many companies hired by the department allegedly use environmentally friendly products, but not necessarily products approved by Environmental Choice.

Ministry of Education: C

- The ministry has purchased Environmental Choice products in six of the eight areas where information was available.
- The ministry states that it adheres to certain standards when considering what products are to be purchased, which includes awareness of and progress toward sustainable purchases.

Ministry of Fisheries: C

- This ministry has only purchased Environmental Choice products in one of the nine areas where any purchases were made.
- Nonetheless, the ministry claims to be environmentally conscious, and many items the ministry has purchased do have some sort of environmental seal of approval, though not the Environmental Choice tick of approval.

- The ministry was highly commended at the Govt³ 2006 Awards in four categories, despite being ranked 11th out of 16 agencies on the approximate proportion of total procurement spending on Environmental Choice approved products. The areas in which they received high commendation were sustainable building/fit-outs, sustainable procurement practice, sustainable improvement in energy efficiency, and leadership on Govt³.

Ministry of Pacific Island Affairs: C

- No more than five percent of the ministry's purchases had Environmental Choice approval.
- The ministry states, however, that they are in the process of changing their policies to better align with Govt³.

Ministry of Women's Affairs: C

- Approximately 14.93 percent of the ministry's procurement spending is on Environmental Choice approved products.

Department of Conservation: D

- The department provides no information on total or Environmental Choice product spending, although they state they are making efforts to be environmentally aware.
- The department won the Govt³ 2006 award for sustainable buildings/fit-outs.

Department of Corrections: D

- The department provides no information on total or Environmental Choice product spending as it does not record this information at the requested level of detail. They do, however, state that they are in the process of implementing a more environmentally friendly procurement policy.
- The department won the Govt³ award for sustainable improvement in energy efficiency

Ministry of Defence: D

- The ministry is unable to provide information on specific Environmental Choice products purchased, although the ministry insists that they are attempting to support Govt³ regulations in all areas where possible.

Ministry of Health: D

- The department provides no information on total or Environmental Choice product spending as it does not record these specifics. They do, however, state that they intend to make more of an effort in the 2006–2007 financial year to implement policy to procure more Environmental Choice products.

Housing New Zealand Corporation: D

- The agency is unable to provide information on specific Environmental Choice products purchased.
- However, the agency states that they have been trying to "exhibit a sense of environmental responsibility" since 2001.

Department of Justice: D

- The department provides no information on total or Environmental Choice product spending as it does not record this information at the requested level of detail. They do, however, state that they encourage environmentally conscious behaviour on the part of their staff.

Department of Labour: D

- The department provides no information on total or Environmental Choice product spending as it does not record this information at the requested level of detail. They do, however, state that they are in the process of implementing a more environmentally friendly procurement policy.

Department of the Prime Minister and Cabinet: D

- The department provides no information on total or Environmental Choice product spending as it does not record these details. The department further states that they do not expect that their level of procurement spending is very high in any of the Environmental Choice categories, but that they hope to see these numbers improve over time.
- The department won the Govt³ 2006 award for office consumables and equipment.

Ministry of Foreign Affairs and Trade: F

- The ministry has not made any Environmental Choice purchases in the 2005–2006 financial year, nor do they make efforts to discuss future improvements in procurement behaviour.

Department of Internal Affairs: F

- The department provides no information on total or Environmental Choice product spending because it does not record this information at the requested level of detail.

Ministry of Research, Science and Technology: F

- The ministry has made no Environmental Choice approved purchases.
- The ministry states that this is due to the fact that their supplier does not currently stock them, but may do so in the future.

Ministry of Transport: F

- The ministry has made no Environmental Choice approved purchases, nor do they make any efforts to discuss future changes in their behaviour.

Appendix – Letter sent to each agency seeking information

29 September 2006

[Address]

Dear [CEO]

The purpose of this letter is to request under the Official Information Act information regarding the [Agency's] spending on products in several different categories. Our concern is to establish how much of the department's procurement spending has been on Govt3 Environmental Choice products and how much of this spending has been on products and services without Environmental Choice approval.

Thus, we are seeking the total spending of the [Agency] in the 2005–2006 fiscal year on products in each of the categories listed below. Further, we are seeking information as to how much of this spending was on *specifically approved* Govt3 Environmental Choice products. If information on the specific products purchased in each of these categories is available, a record of this information would also be appreciated.

Thank you for your assistance in this matter.

Kind regards,

Russel Norman

Green Party Co-Leader

The categories of products and services are as follows:

Paper (Office/Printing), Sanitary Paper Products, Copiers, Printers, Cleaners and Detergents, Recycled Plastic Products, Paints, Flooring, Laminate Wool Panel, Thermal Building Insulation, and Mulch Mats.

A comprehensive list of products and services with Environmental Choice approval is available on the ECNZ website at www.environmentalchoice.org.nz/licensed_products.html.