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Ministry of Business Innovation and Employment

PO Box 1473

Wellington 6140

By email: procurement@mbie.govt.nz

OraTaiao Submission on MBIE 4th Edition Guidelines on Procurement

Thank you for the opportunity to have input on the proposed Government Procurement Rules 4th Edition. OraTaiao: New Zealand Climate & Health Council has about 650 health professional members. [Our Health Call to Action](#) on Climate Change is supported by [17 leading health professional organisations](#) including the New Zealand Medical Association, the New Zealand Nurses Organisation and the Public Health Association, as well as a number of Specialist Colleges and the leaders of both New Zealand's Faculties of Medical and Health Sciences. All New Zealand's climate change and health experts are members, including eminent international climate change and health experts.

Climate change is increasingly recognised as the biggest global health threat of the 21st Century,^{1,2} as well as the greatest opportunity to improve health.³ As senior doctors, nurses and other health professionals, we are advocating on behalf of our patients and communities. One of our strategic priorities is to: - "Demonstrate leadership in achieving a climate-resilient net zero emissions health sector".

OraTaiao is a politically non-partisan incorporated society, emphasising science, evidence, health, health and social equity, and resilience. We regard climate change adaptation and mitigation as New Zealand health priorities.

Procurement contracts are a powerful tool to leverage action on climate change and as New Zealand is a signatory to the Paris Agreement, the success of New Zealand's obligations will hinge on precisely such measures as government procurement rules. Presently, in countries similar to New Zealand, the health sector contributes 3-8%^{4,5,6} of total national greenhouse gas emissions. Procured

¹ Costello A, Abbas M, Allen A, et al. Managing the health effects of climate change: Lancet and University College London, Institute for Global Health Commission. Lancet 2009;373:1693–1733.

[http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60935-1/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60935-1/fulltext)

² World Medical Association. WMA Declaration of Delhi on Health and Climate Change, <https://www.wma.net/policies-post/wma-declaration-of-delhi-on-health-and-climate-change/>

³ Watts N, Adger WN, Agnolucci P, Blackstock J, et al., Montgomery H, Costello A, for The 2015 Lancet Commission on Health and Climate Change. Health and climate change: policy responses to protect public health. Lancet 2015. doi: 10.1016/S0140-6736(15)60854-6. <http://www.thelancet.com/commissions/climate-change-2015>

⁴ NHS, Public Health and Social Care. Carbon Footprint 2012 (January 2014)

⁵ Malik A, et al. The Carbon Footprint of Australian Healthcare. Lancet, Volume 2 Jan 2018.

⁶ Chung JW, Meltzer DO. Estimate of the carbon footprint of the US health care sector. JAMA: The Journal of the American Medical Association. 2009; 302(18): 1970.

goods and services make up as much as 58% of these greenhouse gas emissions.⁷ This figure is likely to be similar in New Zealand. Pharmac is currently responsible for procuring the two largest categories in terms of greenhouse gas emissions - pharmaceuticals and medical devices – and yet there is no requirement for Pharmac to include environmental sustainability criteria (greenhouse gas emissions and responsible waste management) in its Factors for Consideration (FFCs) decision-making framework. **Pharmac have advised they make procurement decisions in reference to the MBIE Government Guidelines for Procurement – so it is essential that the 4th edition is explicit about low-carbon and waste-minimisation criteria.**

Rule 16: Broader Outcomes

We agree with the addition of Rule 16. The Government’s use of its procurement power to leverage broader social and environmental outcomes is to be commended. The initial requirement for these broader outcomes to be included in designated contracts must be applied to all government procurement contracts. Specifically Rule 20 supporting a transition to a low emissions economy. At a minimum suppliers of goods and services must be asked the following questions as part of procurement tenders: -

1. What environmental accreditation/certification do you currently hold?
2. Does your organisation annually measure its carbon footprint?
3. Is this footprint being independently verified or audited?
4. Have you set a target for reducing your organisations carbon footprint?
5. What progress have you made towards this target to date?

These generic questions are applicable to the majority of procurement contracts, not just those designated (fleet vehicles and stationary heat). **It must be made mandatory that all government procurement of goods and services requires suppliers to answer what steps they are taking to transition to a “net zero emissions economy”.** This is essential to help meet New Zealand’s international commitments under the Paris Agreement. It must also be a requirement that answers to these questions are awarded points when scoring tender applications to supply goods and services.

As many organisations may not be at a stage where they have quantified the carbon footprint of their organisation or product, there should be a mechanism within procurement contracts requiring this to be undertaken within a set time frame (e.g. 12 months). Material steps to address this footprint must then be included as a requirement.

Rule 20: Supporting the Transition to a low emissions economy and designing waste out of the system

We agree with the addition of Rule 20. The Government’s use of its procurement power to support the transition to a low emissions economy is to be commended. **The initial requirement for this broader outcome to be assessed as mandatory only by specific agencies for designated contracts (stationary heat and fleet vehicles) must be applied more broadly to all government procurement contracts as per previous comments for Rule 16.** There are multiple examples of government contracts, outside of stationary heat and fleet vehicles, that could be used to leverage action on

⁷ <https://www.sduhealth.org.uk/policy-strategy/reporting.aspx>

climate change. A good example would be linen services contracts, whereby the contractor is asked what steps they are taking to measure and reduce the carbon footprint of their operations. Also in New Zealand is an example of an organisation that is already taking these steps.⁸

Specifically, as a significant contributor to national greenhouse gas emissions, the health sector has a number of areas that should be the focus of Rule 20 and must be included in the designated contracts. It is widely acknowledged that climate change is the most serious threat to global population health in the 21st century. It is crucial that the health sector takes a leading role in reducing its contribution to climate change.

1. **Pharmac must be required to assess the climate change impact of pharmaceuticals and medical devices as part of its procurement activity.** The Minister of Health’s letter of expectation for 2018/2019 clearly requires Pharmac to address climate and health. The health sector is estimated to be responsible for 3-8% of national greenhouse gas emissions. The majority (58%) of these health sector emissions are from procured goods and services (NHS England 2015). The two biggest categories of health sector procurement are pharmaceuticals and medical devices, which come under Pharmac’s control. **Pharmac, as a government agency, must be required to include a climate change impact assessment as part of its factors for consideration (FFCs) decision-making framework for pharmaceuticals and medical devices.**
2. There is strong evidence that hospitals built and accredited using an environmental certification (LEED, NZGBC) have lower greenhouse gas emissions as well as improved patient and staff health and wellbeing.^{9,10} **Therefore all government construction contracts for new hospital builds must require environmental certification as mandatory.**
3. After procurement, stationary heat for hospitals and other health care facilities, is the largest source of health sector greenhouse gas emissions. **All new stationary heat for government healthcare facilities must be low or zero greenhouse gas emissions.**
4. All new hospital fleet vehicle purchases must be Low Emission Vehicles (LEV), either plug in hybrid electric vehicles (PHEV) or electric vehicles (EV).
5. **NZ Health partnerships as a procurement agent for the health sector must be required to address the climate change impact of its service providers when contracts are up for renewal or new contracts being tendered for.** Of particular importance: -
 - a. Banking contracts must assess the banker on their policies on divestment from fossil fuels and on direct funding of the fossil fuel industry. The current contract is with Westpac, a bank that directly funds expansion in the fossil fuel industry. New Zealand banks TSB and Kiwibank currently do not support expansion of the fossil fuel industry. A contract for banking services with a New Zealand bank would also support broader outcome one – increasing access to government procurement contracts for New Zealand businesses.

⁸ <https://sustainable.org.nz/members/auckland/auckland/alsco-nz/>

⁹ MacNaughton P. Cao X. et al. Energy savings, emission reductions, and health co-benefits of the green building movement Journal of Exposure Science & Environmental Epidemiology. 30 January 2018

¹⁰ World Green Building Council – Doing Right by Planet and People “The Business Case for Health and Wellbeing in Green Building” – April 2018

- b. Food services through the choice of food they supply (meat-based versus plant-based) can contribute to climate change mitigation and health.¹¹ The transport of food over long distances (Compass contract with Southern DHB is an example of this) can also contribute to climate change. **Procurement contracts for food supplied to hospitals must include a climate change impact assessment.**
6. District Health Boards, in addition to procuring through Pharmac and NZ Health Partnerships Limited, still make a large number of procurement decisions outside of these agencies. They must also be required to procure using low-carbon and waste minimisation principles.

Conclusion

In conclusion, OraTaiao welcomes the opportunity to submit on the proposed Government Procurement Rules 4th edition. Procurement contracts are a powerful tool to leverage action on climate change. The addition of Rules 16 through 20 are to be commended. Climate change is the most serious threat to global population health in the 21st century, and the health sector makes a significant contribution to the problem of climate change through its procurement. **Therefore we strongly recommend Pharmac and other health sector procurement agencies are required to address their climate change impact as part of their procurement activities.**

Yours sincerely,



Dr Alex Macmillan
Co-convenor



Dr Rhys Jones
Co-convenor

Dr Matthew Jenks
Executive Board member

OraTaiao: The New Zealand Climate and Health Council

¹¹ Willett W, Rockstrom J, Loken B, Springmann M, Lang T, Vermeulen S, et al. Food in the Anthropocene: EAT – Lancet Commission on healthy diets from sustainable food systems. The Lancet Commissions, Volume 393, Issue 10170, P447-492, February 02, 2019.