

CHAPTER 3: LOCAL GOVERNMENT GREEN PROCUREMENT IN AUSTRALIA

LOCAL GOVERNMENT

Local government in Australia is composed of over 600 separate authorities with specific responsibility for their community. The Australian Local Government Association is the national peak body representing local government in Australia. During financial year 2002-2003, Australian local government spent \$7 billion on materials and contracts.

Unfortunately a review of their work agenda demonstrates that the peak body has not to date developed a policy objective or any particular infrastructure to support individual councils in delivering green procurement.

The progress in green procurement is currently coming from individual councils and state municipal associations. The leading organisation in Australia appears to be the ECO-Buy program of the Municipal Association of Victoria.

ECO-BUY

ECO-Buy is Victoria's local government green purchasing program. The program works primarily with Victorian councils to increase their purchasing of recycled, greenhouse friendly, water saving, non-toxic and other green products.

The program is a joint initiative of the Municipal Association of Victoria, EcoRecycle Victoria and the Department of Sustainability - Victorian Greenhouse Strategy. ECO-Buy is an expansion of the Local Government Buy Recycled Alliance (LGBRA), which was established in April 2000. The change of name occurred late in 2002 to reflect the expanded focus of the program brought about by the additional funds provided through the Victorian Greenhouse Strategy. LGBRA focused solely on purchasing products with recycled content. ECO-Buy has expanded this focus to include all green products. ECO-Buy defines green products as those that have less

"It is always important for procurement officers to consider the overall environmental impacts from product conception to consumption and then disposal as opposed to just considering a single environmental attribute. Only then can we expect strong environmental outcomes from green procurement programs and industry market innovation."

Alan Green
Brand Manager – Hygenex

"Green procurement programs must have recognition of the need for and challenges to technology change. Change is hard. Technology change is harder. There must be a direct recognition at all levels that we are talking about technology change. This being the case, the question then becomes - what is the role of government to stimulate technology change?"

Tim Edwards
Managing Director - Ecoflex Australia

effect on human health and the environment than competing products and services that serve the same purpose. This comparison may consider the source of raw materials, production, manufacturing, packaging, distribution, potential for reuse and recycling, operation, maintenance or disposal of the product.

Victorian Local Government Membership

All Victorian councils are eligible for this membership. Also eligible are Victorian Regional Waste Management Groups and Resort Management Boards due to their intrinsic relationships with local government in their region.

Victorian local government membership is ECO-Buy's primary and most important membership category. There are currently 75 members of ECO-Buy comprising 58 Victorian councils (73%), 16 Regional Waste Management Groups (100%) and 1 Resort Management Board. To become a member of ECO-Buy, councils need to make a formal commitment to developing and implementing the ECO-Buy program.

Formal commitment by local governments is made by Councillors passing a resolution and the CEO signing a Memorandum of Understanding with ECO-Buy. The resolution and MoU commits the council to:

1. Implementing the five-step ECO-buy program that includes:

- a. Developing, adopting and implementing a green purchasing policy.*
- b. Establishing an ECO-Buy Working Group.*
- c. Developing and implementing an ECO-Buy Action Plan.*
- d. Establishing a tracking system to monitor purchasing of green products.*
- e. Providing a written report to ECO-Buy every 12 months.*

2. Becoming part of a network of councils willing to share their knowledge, experiences and achievements.

3. Participating in seminars and forums that will educate staff about the use and application of green products.

4. Utilising the ECO-Buy logo to promote council's commitment to the program.

5. Nominating a staff member to co-ordinate the development and implementation of the ECO-Buy program.

6. Providing resources to implement the ECO-Buy program.

ECO- Alliance Membership

The formation of the ECO-Alliance – a national alliance of local government associations committed to establishing their own green purchasing program – was endorsed by formal resolution at Australia's first environmental purchasing conference – Buying Green 2003, held in Melbourne May 2003 and convened by ECO-Buy.

ECO-Buy has taken a leadership role in establishing the ECO-Alliance and has invited all state local government associations and the ACT government to become members. The ECO-Alliance aims to support and partner other states and territories in the establishment of their own green purchasing programs.

Current ECO-Alliance Members

- Municipal Association of Victoria
- West Australian Local Government Association
- Local Government Association of Queensland
- Chief Ministers Department - ACT
- Local Government & Shires Associations of NSW
- NSW Buy Recycled Alliance
- New Zealand Ministry for the Environment

ECO- Associate Membership

ECO-Associate membership of ECO-Buy is open to organisations interested in green purchasing. This level of membership is an excellent way to become part of a network of organisations interested in pursuing green purchasing. It does not provide direct, hands-on support to assist organisations in developing a green purchasing program, rather provides them with the information and resources they will find invaluable when developing their own program.

Current Associate Members

- Zoological Parks Board of NSW
- City of Charles Sturt - SA
- City of Onkaparinga - SA
- Department of Sustainability & Environment - VIC
- CityWide - VIC
- Fremantle City Council - WA
- North East Catchment Committee - WA
- Parks Victoria - VIC
- City of Joondalup - WA
- City of West Torrens – SA
- Gold Coast City Council - QLD
- Department of Infrastructure – VIC

Potential Market for Green Products within Victorian Local Government

Local government spends considerable amounts of money on a diverse range of products including office supplies, building and construction, road and footpath maintenance and construction, cleaning supplies, white goods, gardening products, outdoor furniture, IT equipment, cars, trucks, indoor and outdoor furniture, toilet tissue, waste management products, playground equipment, clothes, soft furnishings, signage, traffic management - the list is almost endless. In each of these categories green alternatives can be chosen in preference over products that are more damaging to the environment. Victorian local government spent \$1.5 billion on materials and contracts in the 2002-03 financial year. During this same period members of ECO-

Buy spent \$33.5 million on green products, representing 2.19% of the total amount Victorian councils spent on materials and contracts. The previous financial year ECO-Buy members' expenditure on green products was 1.05% of their total expenditure on materials and contracts. This is an increase of more than 100%, which indicates that Victorian local government are choosing to spend increasing amounts of their annual material and contract expenditure on green alternatives.

Expenditure on materials/contracts

		2002	2003
Vic. local govt	Total	\$1.4 billion	\$1.5 billion
	Green	\$15.3 million	\$33.5 million
	% Total	1.05%	2.19%

If this sector were spending an equivalent percentage on green products as Victorian councils, it would represent a potential market for green products of approximately \$153 million.

Green Procurement Achievements

Amount spent on green products.

2001*	2002*	2003
\$5.9 mil	\$15.3 mil	\$33.5 mil

* 2001 & 2002 recorded recycled content products only

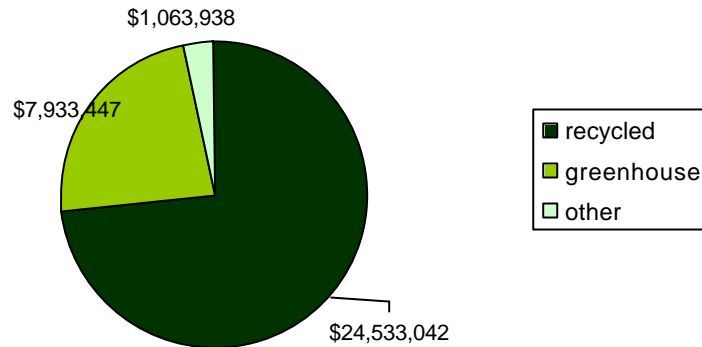
Range of green products purchased

2001*	2002*	2003
76	112	223

* 2001 & 2002 recorded recycled content products

ECO-Buy Members Expenditure

- Members spent a total of \$33,530,428 on green products during FY 2003.
- \$24,533,042 was spent on recycled content products.
- \$7,933,447 was spent on greenhouse friendly products.
- \$1,063,938 was spent on 'other' green products.



Amount spent on green products

RECYCLED	*all figures for FY 2002-03
Compost & mulch	\$1,456,945.40
Parks & gardens	\$591,074.51
Playground equipment	\$364,397.00
Office products	\$252,130.45
Paper	\$2,210,100.23
Waste management	\$11,253,978.01
Roads & footpaths	\$7,462,574.16
Traffic management	\$461,287.56
Building & construction	\$246,354.00
Fleet management	\$221,653.82
Miscellaneous	\$12,547.70
Sub total	\$24,533,042.84
GREENHOUSE	
Energy star equipment	\$1,172,702.05
Energy rated equipment	\$63,056.00

Gas energy rated	\$38,892.00
Lighting	\$499,417.12
Hot water saving	\$57,569.79
Vehicles	\$5,116,610.00
Building & construction	\$581,200.00
Greenhouse friendly certified	\$0.00
Sub total	\$7,933,447.22
'OTHER' GREEN	
Indoor	\$15,702.00
Outdoor	\$276,360.00
Building & construction	\$420,000.00
Water saving	\$238,821.00
Cleaning	\$53,055.46
Miscellaneous	\$60,000.00
Sub Total	\$1,063,938.46
TOTAL	\$33,530,428.52

The ECO-Buy Model

The ECO-Buy model is a structured program that all members are required to commit to in order to become members of ECO-Buy. It requires members to complete the following stages of program implementation.

Commitment

To become a member of ECO-Buy, councils must make a firm and genuine commitment to develop and implement a green purchasing program. To ensure that all council members are aware of and committed to the task of developing and implementing the ECO-Buy program, they must have council pass a Resolution and the CEO sign a Memorandum of Understanding with ECO-Buy. Councils must also commit to appointing an ECO-Buy Coordinator to manage the program and to providing the resources necessary to successfully implement the ECO-Buy program. ECO-Buy provides a model Resolution and Memorandum of Understanding for councils to use.

Working Group

Once council has formally committed to membership of ECO-Buy and has appointed their ECO-Buy Coordinator, they are then required to establish a Working Group. The role of the Working Group is to manage the development and implementation of the ECO-Buy program and to ensure that all requirements detailed in the resolution and memorandum of understanding are fulfilled. ECO-Buy provides draft Terms of Reference for the Working Group and suggests which departments should be represented on the group. The Working Group also plays a major role in advocating green purchasing throughout council and encouraging council staff to become actively involved with the ECO-Buy program.

Purchasing Policy

It is the role of the Working Group to have their council adopt a green purchasing policy. ECO-Buy provides a model green purchasing policy for councils to use. The Working Group adapts the model policy to suit their specific needs and then ensures that all appropriate procedures are followed so that council adopts a policy that gives preference to green products. The green purchasing policy may be a stand-alone policy or it may be incorporated into existing purchasing policies.

Action Plan

ECO-Buy members are required to complete an annual Action Plan which details the actions that will be taken to develop, implement and extend their green purchasing initiatives. ECO-Buy provides all members with an Action Plan template which the Working Group uses to plan out their green purchasing actions for the next twelve months. ECO-Buy's Resource Officer is available to work with members to develop their Action Plans.

Tracking

In order to measure progress in developing and implementing the ECO-Buy program, members are required to track and record purchasing of green products. Members need to track what green products were purchased and how much was spent on green products. This tends to be quite an onerous task for members, so they are provided with advice, support and training on how to incorporate tracking and recording of green products into their current purchasing systems.

Reporting

Members are required to submit an annual report to ECO-Buy, the results of which are compiled into an annual report produced by ECO-Buy, which provides detailed statistics and information on members' progress in implementing the ECO-Buy program. The annual report collects both quantitative and qualitative data and provides members with detailed information on their progress in implementing green purchasing.

ECO-Buy can be found at: <http://www.mav.asn.au/ecobuy>

NSW BUY RECYCLED ALLIANCE

The Aim of the Local Government Buy Recycled Alliance is to encourage and assist local government to 'close the loop' by purchasing products containing recycled material. It is a joint undertaking by the Local Government Association of NSW and Shires Association of NSW together with the Department of Environment and Conservation (NSW).

The Alliance has sent letters to over 200 suppliers of recycled content products in NSW and other states with a view to building a database of products to give to members of the alliance. The Alliance aims to set up a web site with the tools necessary for a council to become a member of the Alliance as well as the supplier and product database. The website will also have links to the environmentally preferable suppliers mentioned earlier, other like-minded organisations, and to other sites on the web relevant to the purchase of recycled content products.

One of the intended functions of the Alliance is that pricing will be negotiated directly by the Local Government and Shires Association to take advantage of bulk purchasing power in order to help offset the price differential between virgin material products and the recycled content ones.

The Alliance commenced in July 2004, and is free for councils to join. Some 25 distinct councils and their representative networks are currently members. Those participating member councils will need to, amongst other things:

- Adopt a policy on purchasing of recycled content products

- Sign a Memorandum of Understanding
- Develop an action plan
- Set, monitor and measure proposed targets and objectives, and
- Report outcomes and achievements every six months.

The formation of the NSW Buy Recycled Alliance was founded on the leadership of the Victorian ECO-Buy program. The in-principle objectives is for NSW Councils to have access to a network of suppliers, a database containing a wide variety of products and services, be seen by the community as a whole as leading the way in supporting environmental initiatives, and helping to conserve our natural resources.

ADVISORY AND SUPPORTIVE ORGANISATION AND INITIATIVES FOR LOCAL GOVERNMENT

INTERNATIONAL COUNCIL FOR LOCAL ENVIRONMENTAL INITIATIVES – AUSTRALIA/NEW ZEALAND

ICLEI is an international not-for-profit, membership organisation of local governments and their associations. During 2002-2003 ICLEI-A/NZ undertook the Green Purchasing Pilot Project (GPPP) with ten councils from across Australia. The objective of the pilot project was to scope current local government green purchasing implementation and work with the small number of councils and stakeholders to operationalise green purchasing policies and goals.

Baseline information and recommendations

ICLEI-A/NZ surveyed council staff and suppliers, and audited council policies and procedures. This allowed the production of council specific recommendations for improvement, providing the direction for councils to accelerate green purchasing implementation and the development of resources during the pilot project.

Resources developed as part of the GPPP include:

- Supplier Environmental Accountability and Commodity Group Questionnaire which calculates the results of data from supplier's questionnaires to provide council staff with a simple but robust decision-making tool.
- Life Cycle Costing Tool to enable council staff to assess 'like' products based on the true financial cost to council, rather than simply the up-front purchase cost.
- Model green purchasing intranet resource which councils can adapt and incorporate into their own systems, to act as a central resource for information regarding green purchasing activities across council.

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|------------------|---|
| New South Wales: | <ul style="list-style-type: none"> • Hornsby Shire Council |
| South Australia: | <ul style="list-style-type: none"> • City Of Adelaide • City Of Marion • City Of Burnside • City Of Onkaparinga • City Of West Torrens |
| Queensland: | <ul style="list-style-type: none"> • Brisbane City Council • Maroochy Shire Council |
| Victoria: | <ul style="list-style-type: none"> • City Of Melbourne • City Of Whittlesea |
| Stakeholders: | <ul style="list-style-type: none"> • The South Australian Office Of Sustainability • The Maps Group Pty Ltd |

Figure 11: The above councils and stakeholders participated in the ICLEI pilot project:

In October 2003, ICLEI-A/NZ convened the 'Procurement for Greener Governments – Aligning Agendas Across Government Spheres' forum in Adelaide. The forum was unique in bringing together procurement and environment professionals from across the three spheres of government, and resulted in a vibrant exchange of information and knowledge regarding green purchasing implementation, and ideas for extension and innovation.

Outcomes involved steps towards capacity-building for staff, joint purchasing with environmental specifications, and tools required to assist implementation. Forum funding partners included the Federal Department of the Environment and Heritage, the South Australian Office of Sustainability and the City of Adelaide.

Sustainable Procurement

Since 2002 ICLEI-A/NZ has been progressive in the area of Triple Bottom Line (TBL). ICLEI-A/NZ's current approach to council procurement is to build on the expertise gained in the GPPP with the intention of expanding the principles and learning into a broader sustainable procurement approach through a TBL framework.

ICLEI Sustainable Procurement Campaign

The ICLEI European Secretariat is involved in a number of green procurement activities, including piloting a Sustainable Procurement Campaign (Procura+), calculating the environmental potential of green purchasing, and linking green purchasing and environmental management systems. The outcomes of these projects will be incorporated into the future sustainable procurement work by ICLEI in Australia and New Zealand.

For further information: <http://www.iclei-europe.org/index.php?procurement>

CO-OPERATIVE PURCHASING SERVICES LTD

Co-operative Purchasing Services Ltd (CPS) provides a collaborative joint purchasing framework for Councils and other organisations. CPS offers members over 65 different product and service categories, ranging from stationery products to temporary recruitment and fuel. These products and services are subjected to a

publicly-advertised tender process, and contracts are awarded for a 3-year period with options for extension. The Victorian Local Government Code of Tendering is followed when CPS conducts its tender process.

CPS Tender Documentation encourages suppliers to develop and implement environmentally responsible initiatives in their manufacturing processes and packaging. Specific questions are asked of **all** potential providers including:

- Whether they have a company environmental policy or statement?
- Do they have a formal Environmental Management System?
- Do they appraise the environmental performance of their suppliers/sub-contractors?
- Are their products made from recycled, re-manufactured or re-refined materials?
- Ability to reuse the product at the end of its useful life?
- Is their product packaging made from recycled materials?
- Do they have a policy of packaging reduction?

CPS conducted a member survey during 1993 where it was highlighted that their members wanted increased availability of recycled and environmentally preferable products and services. In response to this CPS, with the assistance from ECO-Buy, advertised a tender for The Provision of Environmentally Preferable 'Green' Products & Services.

As a result providers were appointed for the following:

- Recycled stationery products;
- Collection of fax, printer and photocopier bottles and cartridges for re-manufacturing;
- Graffiti removal;
- Re-manufactured laser, printer and fax consumables;
- 100% recycled plastic traffic control, signage and outdoor furniture products; and
- Biodegradable, recycled and recyclable re-vegetation, erosion control and tree planting materials.

THE MAPS GROUP

Maps Group is a buying group offering collective purchasing power. It provides publicly-tendered contracts for use by its members, many of which include local councils. Green purchasing options have been progressively introduced into the Maps Group suite of contracts.

Currently they include:

- Electricity (metered sites and public lighting)
- Office requisites (including copy paper, toner cartridges, envelopes and the full earthsaver range through Corporate Express)
- Outdoor furniture
- Cleaning supplies
- Appliances (water and energy rated)
- Playground equipment
- Mobile garbage bins
- Landscape products
- Recycled concrete
- Motor vehicles (Toyota Prius)
- Alternative fuels (low sulphur diesel, aqua diesel and LPG)

Current initiatives:

- Maps Group will modify its Contract Information System (CIS) to make green products easier to find.

Continued update of tender specifications to reflect current green purchasing initiatives.

- Innovative new products will be introduced through a simple and streamlined process.

Further information at their website: www.mapsgroup.com.au