

CHAPTER 4: STATE GOVERNMENT GREEN PROCUREMENT IN AUSTRALIA

The States have direct responsibility for a large sector of public services and business development within their respective jurisdictions. The diversity of approaches of each jurisdiction allows for an assessment of which model of green procurement is most effective at this level of government. States have responsibilities for policing, health, infrastructure, transport and many industry development and investment initiatives within their borders. They are a major contributor to the nations economy and all spend billions of dollars in the procurement of goods and services.

The following review demonstrates that states are varied in their progress and in the policy frameworks they have chosen to commence the green procurement challenge. All have however committed to a process of institutionalising green procurement objectives. We can expect that these activities will grow to the point of having significant and direct environmental impacts in the next few years.

'Green procurement is the most effective way for any organisation to use its influence in the marketplace. Many organisations from large to small are moving towards procuring their requirements from major buildings to stationary items using green criteria as a requirement. Making suppliers aware of ecological and health requirements as part of tendering and quotation processes is an effective way of creating meaningful market change. The considerable wave of sustainable products reaching the market now can only grow as more manufactures hear the market asking for greener products via such processes.'

David Baggs CA FRAIA ABSA
2003/04 HIA GreenSmart Professional Of the Year
2004/05 HIA GreenSmart Partnership Award

"Behaviour is also influenced by the examples that governments themselves set. Do not underestimate consumers. We live in an increasingly transparent world. If consumers are asked to become more environment-friendly, and at the same time they see that their own government is only focusing on growth, new airports, savings in government spending, then the message will not be taken seriously. Of course governments must focus on growth and infrastructure, but at the same time they should take care of the environmental and the social consequences of their development decisions."

Juan Carlos Brandt: Director
UN Information Centre for Australia and the Pacific

AUSTRALIAN CAPITAL TERRITORY

It is estimated that the Australian Capital Territory spends around \$800 million on the acquisition of goods, services and works each year⁴⁷. The Procurement Policy unit of the Department of Treasury supports the ACT Government Procurement Board (established May 2001) in the development and implementation of whole of government procurement policies⁴⁸. These policies apply to all Territory entities, which includes all territory authorities, administrative units and public sector companies⁴⁹.

The ACT Government began a system of increasing green purchasing in 1998 with the development of a guideline titled *The Guideline for Environmentally Responsible Purchasing*⁵⁰, this was supported by a series of circulars including: *The Checklist for Purchasing Environmentally Responsible Products*⁵¹ and *The Energy Efficient (Office) Electrical Equipment Purchasing Circular*. The guidelines and circulars list a wide range of environmentally relevant factors aimed at assisting agencies to incorporate environmental considerations into their procurement processes⁵². It should be noted that these documents were published prior to the establishment of the ACT Procurement Board in 2001.

The Government Procurement (Principles) Guideline sets out 6 principles to apply to government procurement, two of which have environmental significance: value for money, and environmental sustainability⁵³.

⁴⁷ ACT Government Procurement Board Report 2002/2003 p.27

⁴⁸ ACT Government Buyers and Sellers Information Service website, accessed 20/04/04 at <http://www.basis.act.gov.au/>

⁴⁹ s.2 Auditor-General Act 1996 (ACT)

⁵⁰ ACT Government, (2002) *Guideline for Environmentally Responsible Purchasing (Procurement Principles)* (Vn 2) p. 4

⁵¹ ACT Contracts and Purchasing, Department of Urban Services (2002) *Checklist for Purchasing Environmentally Responsible Products*

⁵² ACT Contracts and Purchasing, Department of Urban Services (2002) *Checklist for Purchasing Environmentally Responsible Products*

⁵³ s.6 *Government Procurement (Principles) Guideline 2002* (no.2) (ACT)

Value for money is outlined in the guideline, and means achieving the best available procurement outcome, without reference to price alone. In assessing value for money, territory entities must assess all relevant risks, costs and benefits on a whole-of-life basis⁵⁴.

This package of documents outlined the environmentally responsible purchasing objectives of the ACT government as:

- maximising the purchase of environmentally responsible goods and services;
- providing leadership to the community and businesses by encouraging the use of environmentally responsible goods and services; and
- minimising the environmental impacts of ACT government purchasing.

Subsequently, the Procurement Board was established in 2001. Since the establishment of the Board, Procurement Solutions has undergone a process of reviewing and updating guidelines and circulars published previously.

In 2002 The Government Procurement (Principles) Guideline was published. This legislation sets out 7 principles to apply to government procurement, two of which have environmental significance: value for money, and environmental sustainability⁵⁵. The Procurement Principles Guideline states that Territory entities must consider environmental sustainability in the procurement of goods, services or works⁵⁶.

The guideline offers quite a comprehensive overview of ways in which these objectives can be pursued by government entities through their specification and evaluation, and requires entities to consider, for example:

- whole-of-life costing of purchases;
- eco-labelling requirements and energy efficiency rating of products and buildings;
- any restrictions or phase out programs under ACT Government and Commonwealth laws, particularly ozone depleting substances;

⁵⁴ s.7 *Government Procurement (Principles) Guideline 2002* (no.2) (ACT)

⁵⁵ s.6 *Government Procurement (Principles) Guideline 2002* (no.2) (ACT)

⁵⁶ s.6 *Government Procurement (Principles) Guideline 2002* (no.2) (ACT)

- the capability of local businesses and industry to produce environmentally responsible goods and services;
- the volume and nature of packaging – all packaging should be recyclable, biodegradable and non-toxic;
- minimise the use of non-renewable resources and products from threatened environments;
- applying the 5 Rs (Refuse, Reduce, Reuse, Recycle, Recover).

Purchasing entities are mandated to include statements in purchasing documentation outlining the ACT Government's preference for environmentally responsible goods and services and requiring suppliers to provide information on the environmental impacts of the goods and services being offered⁵⁷.

The guideline also makes specific provision for the application of the environmental responsible purchasing principle when the delivery of products and services are outsourced. All these environmental factors are to be considered within the wider 'value for money' context⁵⁸.

The ACT Government Procurement Board released a sustainable products procurement circular in July 2004 which provides guidance on implementation of clause 6(d) of the *Government Procurement (Principles) Guideline 2002 (No 2)* regarding the procurement of environmentally sustainable goods, works and services. This circular encourages agencies to set performance targets (eg with respect to materials, energy/water efficiency) and monitor implementation. Among other approaches to environmental procurement the circular provides guidance on the treatment of environmental information on products and services directing procurers to the ISO 14 020 series of standards and established ecolabelling programs as a tool in green procurement objectives.

A series of category specific procurement tools are under development in consultation with the ACT Office of Sustainability and Procurement Solutions. These will be released incrementally in the coming months, aiming to provide specific advice

⁵⁷ ACT Government, (2002) *Guideline for Environmentally Responsible Purchasing (Procurement Principles)* p. 9

⁵⁸ ACT Government, (2002) *Guideline for Environmentally Responsible Purchasing (Procurement Principles)* p. 4

regarding the inclusion of environmentally sustainable principles for several major categories of procurement by the ACT Government.

An additional impetus for environmental responsible purchasing is the ACT NOWaste Strategy⁵⁹. This strategy, a world first⁶⁰, aims to achieve a waste-free society by 2010. Part of the strategy, involves reviewing purchasing policies to identify opportunities to purchase recycled materials to reduce the use of raw materials, packaging and paper in its operations⁶¹.

All these policies have been reviewed with extensive consultation with the ACT Office of Sustainability and the Environment Commissioner⁶².

Implementation

The government procurement principles are a mandatory consideration for purchasing entities when preparing procurement plans. When reviewing procurement planning documentation Approved Procurement Units (APU) examine each plans' adherence to the procurement policies including the environmental sustainability procurement principle. Standard tender documentation and contracts also include brief statements listing government policies on environmental matters. This includes new government building design briefs and cleaning service contracts.

Outlined below are some examples of the ways that ACT Government agencies have addressed environmental matters within their procurement processes and working environments.

- The ACT Government has the highest proportion of electric-petrol hybrid vehicles in it's vehicle fleet of all States or Territory jurisdictions.

⁵⁹ ACT Government, (2002) *Guideline for Environmentally Responsible Purchasing (Procurement Principles)* p. 3

⁶⁰ ACT NOWaste, Department of Urban Services, "Implementing the No Waste Strategy"

⁶¹ ACT Department of Urban Services (2002) *No Waste by 2010 Action Report 2002* p.3

⁶² ACT Government Procurement Board *Annual Report 2002/2003* p.19

- The ACT Government has, for several years, been following a policy of replacing large six-cylinder fleet vehicles with smaller, four-cylinder vehicles.
- Approximately 19,000 trees will be planted annually to offset the greenhouse gas emissions of the ACT Government fleet.
- In 2004 the ACT Government has procured 42 new buses fuelled by compressed natural gas (CNG). CNG is one of the cleanest, most greenhouse friendly fuels available.

ACT Health reports that all electrical equipment in their offices (where available) now have energy save modes fitted, the purchase of recycled paper has been implemented where practical, and Health has acquired four cylinder vehicles where practical to reduce fuel usage, and a hybrid electric/petrol vehicle has been trialled⁶³. Anecdotal evidence suggests that limited resources and cost are the main hindrances to green purchasing⁶⁴.

Environmentally Responsible Purchasing has also been implemented through the extension of the ACT Government's Pre-qualification Scheme to include environmental management requirements, which took effect in Jan 2003. To obtain or maintain pre-qualification status, Construction Industry Suppliers, (head contractors, project managers and head consultants) in addition to existing requirements, are required to have second or third party certification⁶⁵. Mandatory third party certified EMS is required for pre-qualified construction industry suppliers

The Environment Protection Act 1997 requires a general ESD report from all agencies as part of their Annual Reports, of which purchasing is an optional component⁶⁶. These reports demonstrate development of green purchasing in a number of agencies, though reporting of specific quantitative progress data is not mandatory.

⁶³ ACT Health *Annual Report 2002/2003* p. 184

⁶⁵ ACT Government Procurement Board *Annual Report 2002/2003* p.18

⁶⁶ s.158A *Environment Protection Act 1997* (ACT)

The Department of Education, Youth and Family Services (DEYFS) reports on upgrades of heating and ventilation systems, which aim to decrease gas and electricity consumption, and the building of a new school, Amaroo School, which incorporated mandatory building requirements addressing sustainability issues⁶⁷. Cleaning and pest control contracts contain strict provisions in relation to chemical handling, use and storage, and all capital works programs are undertaken with strict reference to green purchasing issues including material source, "green" site management, power conservation etc. The DEYFS Annual report states that the positive environmental impact of more efficient energy use is often off-set by the increase in demand for IT equipment in schools. Further, while recycling programs are being implemented in ACT schools, the report makes no mention of increasing green purchasing of consumables within schools (ie purchasing of recycled content paper)⁶⁸.

The Department of Urban Services encourages the use of recycled paper in photocopiers and printers. It is estimated that 15% of paper currently purchased is at least 90% recycled content and 30% is 50% recycled content⁶⁹.

Procurement training of purchasing officers is the responsibility of the ACT Government Procurement Board, and the Board sees a widened scope and increased standards of procurement training as one of its key priorities for the near future⁷⁰. To date little specific environmental purchasing training has been given to purchasing officers, though general procurement training directs staff to the guidelines for environmental responsible purchasing.

There are currently no purchasing specific requirements to report on "green purchasing". Though the potential to incorporate such a requirement is being investigated via a number of avenues. These include annual reporting guidelines, sustainability legislation, strengthening the monitoring and reporting required for procurement decisions to account for decisions with respect to government policy and the procurement principles.

⁶⁷ Department of Education Youth and Family Services *Annual Report 2002/2003* p.194

⁶⁸ Department of Education Youth and Family Services *Annual Report 2002/2003* p.194.

⁷⁰ ACT Government Procurement Board *Annual Report 2002/2003* p.24

ACT Government officials have had difficulties encountered in implementing green purchasing including greenwash by potential suppliers, limited resources and skills in identifying green products. As purchasing in government is conducted at the business unit level, there is limited understanding of the products purchased by these units at a Departmental level, due to the limited reporting requirements. Further, this devolution of purchasing responsibilities makes it difficult to ensure the many officers involved in purchasing are able and willing to implement green purchasing practices.

NEW SOUTH WALES

The New South Wales Government injects \$17 billion into the State economy each year through its spending on goods and services (approx. \$10.5 billion) and capital works (approx. \$6.5 billion)⁷¹. This makes the New South Wales government, having adopted a whole-of-government approach to procurement⁷², one of the larger single purchasers of goods and services in South East Asia. The Policy Statement for New South Wales Government Procurement, adopted in 1999, applies to all public sector agencies (departments and statutory bodies)⁷³. State-owned corporations are also encouraged to adopt the policy framework.

Of the four key principles of the NSW Government Procurement Policy is “value for money” is the most environmentally relevant. Value for money is defined to include not only lowest price, but all factors relevant to a particular purpose, including whole of life costs, and goods and services’ ability to enhance government objectives including ecologically sustainable development⁷⁴. Strategy 12 of the Policy requires that products be assessed equally and impartially on their demonstrated comparative merits in terms of performance, cost and environmental impacts. Further, expert scientific opinion, where available, should form the basis for assessment, and service providers should be required to demonstrate their environmental performance capabilities⁷⁵.

The New South Wales Government Procurement Guidelines to Environmental Management, developed to support the central policy, states that the following

⁷¹ New South Wales Department of Commerce, Office of Government Procurement homepage www.dpws.nsw.gov.au/Government+Guidelines/Government+Guidelines.htm

⁷² New South Wales Department of Commerce, Government Contracts homepage accessed 20/04/04 at www.supply.dpws.nsw.gov.au/home.htm

⁷³ New South Wales Government, (1999)

Policy Statement: New South Wales Government Procurement White Paper p.8

⁷⁴ New South Wales Government (1999),

Policy Statement: New South Wales Government Procurement White Paper p.10

⁷⁵ New South Wales Government (1999),

Policy Statement: New South Wales Government Procurement White Paper, p.23

environmental aspects should be considered when developing procurement plans, specifications and selection criteria for tender assessments⁷⁶:

- highest possible recycled material content;
- waste avoidance;
- elimination of virgin material requirements;
- product re-useability;
- recyclability;
- energy efficiency;
- amount of energy used in manufacture as well as operation;
- nature and amount of emissions to air and water, and solid waste to landfill
- low maintenance;
- use of environmentally preferred product, and
- ultimate disposal.

The policy then sets out extensive guidelines for implementation, including an environmental procurement checklist. The Procurement Strategy’s environmental requirements essentially follow the broad principles outlined in two policies adopted by the NSW government, the Waste Reduction and Purchasing Policy (WRAPP), and the Government Energy Management Policy (GEMP).

The WRAPP policy, adopted in 1997, requires all agencies and all State-owned corporations to purchase low-waste products or products with a recycled content, where they are cost and performance competitive, in the following product groups⁷⁷:

- paper products
- office equipment and components
- vegetation materials
- construction and demolition and excavated materials

⁷⁶ New South Wales Government, Department of Public Works and Services (2000) *NSW Government Procurement Guidelines - Environmental Management*

⁷⁷ Environment Protection Authority (1997) *Waste Reduction and Purchasing Policy – A Guide for Agencies* p.7 / p.13; NSW Environmental Protection Agency *State of the Environment Report 2001* Ch2.6 “Waste management”,

Under WRAPP agencies are also required to review their purchasing practices, standards and specifications to identify and remove any impediments that may inadvertently discourage the purchase of recycled products and equipment⁷⁸. WRAPP notably makes no distinction between post- and pre-consumer recycled content in products, stating that products of equal recycled content, whatever its nature, should be considered equally, as they all divert waste from landfill⁷⁹.

The Government Energy Management Policy (GEMP) commits NSW government agencies to lower energy use and greenhouse gas emissions in its operations. The NSW Government's goal is to reduce total state-wide energy consumption of government buildings by 25% of the 1995 level by 2005⁸⁰, and ensure 6% of all Schedule 1 agencies' electricity purchases comprise at least 6% Green Power⁸¹.

Implementation

There are as yet no reporting requirements on the implementation of the environmental aspects of the State Procurement Policy at large. However, WRAPP and GEMP impose reporting requirements on agencies with regard to several aspects of green purchasing. Under WRAPP all agencies have been required to develop Waste Reduction and Purchasing Plans to be approved by the Department of Environment and Conservation (NSW). Biennial reports on the implementation of these plans have been required since 2001-2002, and the Department of Environment and Conservation (NSW) has also been required to report on overall progress in the NSW State of the Environment (SoE) Reports⁸². SoE 2001 states that a review of WRAPP in 131 State Government agencies showed significant progress in the recycling of paper and printer toner cartridges, and the purchase of paper with a recycled content⁸³. Annual reports by agencies in 2002/2003 indicate that sustainable procurement is progressing well, atleast with respect to the priorities of WRAPP and GEMP.

⁷⁸ Environment Protection Authority (1997) *Waste Reduction and Purchasing Policy – A Guide for Agencies* p.9

⁷⁹ Environment Protection Authority (1997) *Waste Reduction and Purchasing Policy – A Guide for Agencies* p.8

⁸⁰ NSW Government Sustainable Energy Development Agency, *Energy Smart Government*

⁸¹ Department of Energy, Utilities and Sustainability, *Government Energy Management Policy*,

⁸² NSW Government Waste Reduction and Purchasing Policy, Appendix 1, *Waste Reduction and Purchasing Policy – A Guide for Agencies* p.16

⁸³ NSW Environmental Protection Agency *State of the Environment Report 2001* Ch2.5 Waste management,

In response to the GEMP target, the Government Energy Efficiency Investment Program (GEEIP) has been developed by the Department of Energy, Utilities and Sustainability and NSW Treasury to help agencies invest in smaller energy efficiency projects. GEEIP allows budget-dependent agencies to borrow the upfront costs of efficiency upgrades and repay through energy savings. Energy Performance Contracting has also been established to help finance energy efficiency upgrades. These involve contractors guaranteeing certain energy savings to be made over the term of a contract – if these fall short, the contractor makes up the difference⁸⁴.

The Department of Commerce reports purchasing energy efficient photocopiers and facsimiles that can operate with recycled paper and recycled toner cartridges; the development of a preferred supplier agreement with one supplier securing better pricing for recycled paper; and an increase of recycled paper use within Commerce⁸⁵. Further, whole-of-government period contracts have been established for commercial waste recycling and removal, recycled photocopying paper, office equipment that uses recycled toner cartridges etc⁸⁶. As part of its energy management strategy, Commerce has developed several new tenancies as 'green sites' with energy-efficient lighting and air-conditioning systems installed⁸⁷.

The Roads and Traffic Authority (RTA) reports that the majority of landscape materials, concrete, asphalt and asphalt mixes purchased in 2002/2003 contained recycled content⁸⁸. A key development in the RTA's Environmental Management System in 2002/2003 was the review of environmental specifications used in construction and maintenance contracts. This resulted in a new requirement that contractors for maintenance works propose materials and products with recycled content where they are cost and performance competitive and environmentally preferable⁸⁹. Amendments were also made to specifications for geotextiles and heavily bound pavement course to permit the use of recycled content.

⁸⁴ NSW Government Sustainable Energy Development Agency, *Energy Smart Government*

⁸⁵ Department of Commerce *Annual Report 2002/ 2003* p.32

⁸⁶ NSW Department of Commerce *Annual Report 2002/2003*, p. 31

⁸⁷ Department of Commerce *Annual Report 2002/ 2003* p.33

⁸⁸ Roads and Traffic Authority *Annual Report 2002/2003* p.132

⁸⁹ Roads and Traffic Authority *Annual Report 2002/2003* p.131

Future challenges identified by the RTA include reducing the environmental impact of office purchasing, as recycled-content paper only makes up 6% of all paper purchased, and improving their data collection processes for WRAPP⁹⁰.

The NSW Department of Health reports implementing several Energy Performance Contracts to support the upgrade of several Health facilities. A \$6M gas-fired cogeneration system is currently being implemented in the Western Sydney Area Health Service, with annual guaranteed savings of over \$1M, and anticipated decrease in energy consumption of 4,500,000 mega joules per annum⁹¹. The Department's Annual Report for 2002/2003 details the implementation of WRAPP with an emphasis on waste management, with a WRAPP plan also provided in 1998 with progress reports in 2001 and 2003⁹².

The Department of Education and Training adopted a policy of using recycled content copy paper wherever possible in 2000-2001, which has resulted in over 23% of white copy paper purchases having a minimum of 50% recycled content⁹³. The School Communities Recycling All Paper Ltd Program (SCRAP) promotes recycling and purchasing of recycled products, and has attracted membership from a large number of NSW schools. SCRAP reports that the quantity of recycled toner / ink cartridges purchased by member schools is increasing⁹⁴. The Department now also ensures that all tenderers for capital works have corporate Environmental Management Systems which comply with NSW Government Environmental Management Systems Guidelines, and have implemented a number of strategies to improve energy efficiency in new and refurbished education facilities⁹⁵. A difficulty encountered by the Department has been the conflicting priorities between decreasing energy use and meeting educational standards set, which require equipping educational facilities with energy intensive air conditioning and IT resources⁹⁶.

⁹⁰ Roads and Traffic Authority *Annual Report 2002/2003* p. 69,

⁹¹ NSW Department of Health *Annual Report 2002/2003* p.165,

⁹² NSW Department of Health *Annual Report 2002/2003* p.166,

⁹³ Department of Education and Training *Annual Report 2002* p.211,

⁹⁴ Department of Education and Training *Annual Report 2002* p.213,

⁹⁵ Department of Education and Training *Annual Report 2002* p.213,

⁹⁶ Department of Education and Training *Annual Report 2002* p.214,

The Smarter Buying for Government strategy, introduced in 2002, was led by the NSW Government Procurement Council and identified Sustainable Procurement as one its four priorities to be advanced for 2003⁹⁷. A Sustainable Procurement Working Group was formed in 2003, which developed a number of checklists to assist purchasing officers in pursuing economically, socially, and environmentally sound procurement. However, due to governmental reforms in 2003, the Procurement Council was abolished, and the work of the Sustainable Procurement Working Party ceased before the checklist and accompanying guidelines could be fully integrated into the general procurement process⁹⁸.

The Environmental Services division of the Office of Government Procurement has developed LCAid, software intended to make Life Cycle Assessment (LCA) information more accessible to non-LCA practitioners in the building and construction industry.

Currently specific environmental procurement training delivered to purchasing officers has been limited, covered only as a small component of main procurement training⁹⁹. However the Department of Environment and Conservation (DEC) is developing a Green Purchasing Training Package in association with the Australian Institute of Purchasing and Materials Management to be released later this year¹⁰⁰. Further, the DEC is hosting the second National Buying Green Conference in Sydney in November this year, which promises to further knowledge and expertise in this field.

⁹⁷ Smarter Buying for Government Strategy *Terms of Reference for the Sustainable Procurement Working Party*,

⁹⁸ Oh C, Government Procurement Services, Department of Commerce (Personal communication, 26/05/04, 27/05/04)

⁹⁹ Pace P, Senior Planning and Project Officer, NSW Department of Health (Personal communication 27/04/04); Longmuir G, Allan R, Birdsey R, Department of Environment and Heritage (Personal communication 03/05/04)

¹⁰⁰ Longmuir G, Allan R, Birdsey R, Department of Environment and Heritage (Personal communication 03/05/04)

NORTHERN TERRITORY

The Northern Territory Government is the largest purchaser of good and services in the territory¹⁰¹. The Procurement Review Boards, located in Darwin, Katherine, Tennant Creek, Alice Springs and Nhulunbuy, with the support of the Procurement Reference Group, are responsible for the development, implementation and review of procurement policy¹⁰².

The NT Procurement Policy and Strategies, released in 2000, sets out the five fundamental principles of government purchasing, two of which are of environmental interest: Value for Money and Environmental Protection. The Value for Money principles requires consideration of a range of factors in purchasing including whole-of-life costs, and local support aspects¹⁰³. An interesting aspect is the definition of 'local support aspects' which requires 'assessment of wider benefits that may accrue NT Government objectives' in areas including environmental protection and energy conservation.

Environmental Protection is the second fundamental purchasing principle of interest here. The policy states that the NT government is committed to considering environmental issues in purchasing. The Environmental Protection Purchasing Policy is backed up by several Operational Strategies.

Operational Strategy 3.20¹⁰⁴ 'Environmental Protection' outlines the minimum practices which Accountable Officers need to follow in addressing the Environmental Protection principle in purchasing. These practices require officers to:

- Liaise with other appropriate agencies to advance the development of environmentally sensitive products and processes;
- Disseminate information on the governments environmental purchasing activities to industry, the business sector and the wider community;

¹⁰¹ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies"

¹⁰² Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.3

¹⁰³ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.8

¹⁰⁴ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.17

- Indicate that known and potential environmental impacts will be taken into account at the evaluation stage of procurement;
- Prevent discrimination without reason against environmentally sensitive products;
- Continue to review the market place for environmentally sensitive products and processes;
- Use life-cycle assessment for all purchases;
- Seek environmental information (impact of production, recycled content, energy ratings, tenderer's environmental management practices) in RTF documentation;
- Incorporate the policies and practices of the Environmental Protection principle into relevant workplace induction and training programs.

Operational Strategy 3.1 'Procurement Planning' requires the following environmental factors to be taken into account in procurement planning both at the corporate level and in relation to significant individual products:

- negotiation of warranty provisions that do not discriminate against the use of recycled products in maintenance or actual operation of equipment;
- minimising environmental impact from product design processes, construction projects and services.

Further, the strategy states that, subject to availability, only office machines that are energy star compliant should be purchased, and refrigerators, dishwashers and air conditioners should all be a minimum of 3-star energy rated¹⁰⁵.

The Environmental Protection Policy also lists a number of environmental issues the government will continue to consider within procurement as they develop, including¹⁰⁶:

- Conservation of resources, including energy;
- Minimisation of direct and indirect environmental impacts of procurement;
- Maximising environmentally friendly purchasing;
- Fostering development and production of low environmental impact industry in NT, Australia and New Zealand;

¹⁰⁵ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.10

¹⁰⁶ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.10

- Provision of leadership and incentive to business, industry and community by promoting the use of environmentally friendly supplies.

Another policy which is assisting the development of green purchasing within NT government is the Litter Abatement and Resource Recovery Strategy. Co-ordinated by the Office of Environment and Heritage, the strategy requires NT Government agencies to prepare plans outlining strategies and take action to reduce and recycle waste and promote environmentally friendly purchasing within 2003-2006¹⁰⁷. Agencies will also be expected to report by 2004 on their implementation of environmental standards for purchasing. Further, the government is to review and audit the current Government Procurement Guidelines ability to promote environmentally friendly purchasing and where necessary, strengthen these requirements¹⁰⁸.

Implementation

There is currently no obligation on agencies to report on their implementation of green purchasing practices¹⁰⁹. The annual reporting requirement to be introduced as part of the Litter Abatement and Resource Recovery Strategy is yet to be rolled out. As such, the following is based on anecdotal evidence.

The Department of Infrastructure Planning and Environment requires energy star efficiencies to be activated in all computers purchased, and significant work is being undertaken in improving the energy efficiencies of existing government buildings through building upgrades and incorporating environmental principles into new buildings¹¹⁰. Further the NT Government's property leasing unit:

- Asks building owners to comply with the NT Governments' guidelines for office buildings, which layout comprehensive efficiency strategies with respect to lighting, air conditioning, and water management¹¹¹.
- Have energy audits conducted on buildings prior to lease renewal negotiations
- A recent tender request for office space required energy efficiency to be a key component which had a noticeable influence on the efficiency of recent office buildings constructed in Darwin¹¹².

The standard NT conditions of contract always include environmental protection issues as one of the criteria to be used in the assessment of tenders, though it is quite a general requirement, and individual agencies need to consider how this requirement applies to their individual tenders. The building of new office space has involved, for example, energy efficient building requirements¹¹³.

The Office of Environment and Heritage (OEH) have adopted a Green Office Model as a prototype for implementing the Litter Abatement and Resource Recovery Strategy, and a working group is being formed with representatives from the OEH Policy and Greenhouse Units, Procurement (Treasury), and Energy Management Services to evolve a government wide network in this area¹¹⁴.

Difficulties identified by agencies in pursuing environmental purchasing include¹¹⁵:

- The resources required in developing and implementing strategies, and training staff, particularly as NT is a relatively small state government;
- The additional time and effort required at all levels to implement green purchasing practices, particularly in seeking out greener products;

¹⁰⁷ Department of Infrastructure, Planning and Environment (2003) "The Litter Abatement and Resource Recovery Strategy for the Northern Territory Implementation Plan 2003-2006" accessed 28/4 at http://www.lpe.nt.gov.au/enviro/litter/pdf/implementation_plan.pdf

¹⁰⁸ Department of Infrastructure, Planning and Environment (2003) "The Litter Abatement and Resource Recovery Strategy for the Northern Territory" p.3

¹⁰⁹ Kieboom J, Energy Management Services, Department of Infrastructure, Planning and Environment (Personal communication , 01/06/04); McCormick P, Assistant Director Contract and Procurement Services, Department of Corporate and Information Services (Personal communication 28/05/04)

¹¹⁰ Kieboom J, Energy Management Services, Department of Infrastructure, Planning and Environment (Personal communication , 01/06/04)

¹¹¹ Department of Infrastructure Planning and Environment (2002) *Northern Territory Government Energy Management Guidelines For Office Buildings*

¹¹² Kieboom J, Energy Management Services, Department of Infrastructure, Planning and Environment (Personal communication , 01/06/04)

¹¹³ McCormick P, Assistant Director Contract and Procurement Services, Department of Corporate and Information Services (Personal communication, 28/05/04)

¹¹⁴ Lewis S, Litter Abatement Office, Office of Environment and Heritage, Department of Infrastructure Planning and Environment (Personal communication, 31/05/04)

¹¹⁵ Kieboom J, Energy Management Services, Department of Infrastructure, Planning and Environment (Personal communication , 01/06/04); Lewis S, Litter Abatement Office, Office of Environment and Heritage, Department of Infrastructure Planning and Environment (Personal communication, 31/05/04)

- Lack of easily available, user friendly information on green purchasing options;
- Competition for government resources between green objectives and other 'core business' priorities
- Design consultant fee structures do not generally allow for the extra time required to find lowest life cycle cost solutions.

Under Operational Strategy 3.20, accountable officers of agencies are responsible for incorporating the principles and practice of the Environmental Protection principle into relevant workplace induction and training programs¹¹⁶. The Procurement Reference Group is responsible for facilitating the development of procurement training programs for public sector purchasing officers¹¹⁷, and finalisation and delivery of a fully accredited procurement training curriculum is one of its key priorities for 2003-04¹¹⁸. To date purchasing officers have not received specific green purchasing training, though some agencies identify a possible need for this¹¹⁹, and the Department of Infrastructure Planning and Environment aims to work to address this in the near future¹²⁰.

Given how recently NT has adopted various procurement reforms which incorporate inter alia "Environmental Protection" into the top five purchasing priorities, it is difficult to evaluate implementation to date, though it appears significant progress, particularly in training and awareness of green purchasing practices remains.

¹¹⁶ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.17

¹¹⁷ Northern Territory Treasury, (2003) "Northern Territory Procurement Policy and Strategies" p.3

¹¹⁸ Procurement Reference Group "Future Priorities"

¹¹⁹ McCormick P, Assistant Director Contract and Procurement Services, Department of Corporate and Information Services (Personal communication 28/05/04).

¹²⁰ Kieboom J, Energy Management Services, Department of Infrastructure, Planning and Environment (Personal communication , 01/06/04)

QUEENSLAND

Queensland Government spends over \$6 billion on goods and services per annum¹²¹. The State Purchasing Policy (SPP) 2000 applied to purchasing by all government agencies and most government owned corporations as of July 2001¹²². The SPP sets out three equally ranking objectives to be advanced through government procurement, two of which have environmental significance.

Firstly, purchasing must 'Advance Government Objectives¹²³', which are set out in Schedule C of the Policy, and include 'Valuing the Environment'. The Better Purchasing Guide to Environmentally Friendly Purchasing, one of the first such guides issued by the Department of Public Works, aims to help agencies and suppliers better understand how environmental considerations can be factored into purchasing¹²⁴.

The guide states that environmentally friendly purchasing involves having regard to purchasing practices that conserve resources, save energy, minimise waste, protect human health and public amenity and maintain environmental quality and safety. The guideline requires that the following factors be considered in the selection of goods and services, and where appropriate should be included in the evaluation criteria:

- Product content – Preference for products produced sustainably and which contain reconditioned components or recycled materials.
- Preference for products able to be reused or recycled.
- Environmental performance of product – Preference for energy efficient products.
- Environmental performance of supplier – Preference for suppliers with certified environmental management systems.

¹²¹ Department of Public Works, Queensland Government, State Purchasing Policy

¹²² Department of Public Works (2000) *State Purchasing Policy* Sched C, Sched D

¹²³ Department of Public Works (2000) *State Purchasing Policy* p.4

¹²⁴ Originally the 'Quick Guide to Environmentally Friendly Purchasing', the guide was one of the 6 initially published to support agencies developing purchasing plans.

- Undesirable purchasing – products and services that cause significant environmental damage or use excessive energy during manufacture, use, storage and disposal should be avoided.

The second government purchasing objective of environmental significance is Value for Money¹²⁵. This concept is not restricted to purchasing price alone, but also requires consideration of:

- How the purchase contributes to the advancement of Government priorities (ie Valuing the Environment), and,
- Cost related factors including whole-of-life costs. This encompasses energy efficiency, maintenance, and disposal requirements of goods and services.

A significant portion of Queensland purchasing is conducted at the agency level. As such, the government objectives outlined in the State Purchasing Policy need to be incorporated into agency corporate procurement plans. Agencies are required to analyse their purchasing patterns in the drafting of these plans, and identify opportunities for advancing government priorities. While 'valuing the environment' should be considered at all levels, the guidelines highlight that the greatest scope for advancing this objective is likely to arise where purchases are relatively high in value and for which it is relatively easy to secure supply¹²⁶. Examples of these types of goods will vary for each agency, however are likely to include supplies such as stationary, office equipment, and other readily accessible, bigger ticket items.

Implementation

There is currently no specific requirement for agencies to report on their progress in implementing green purchasing¹²⁷. Agencies are however required to report to Cabinet on how they achieved the objectives in the State Purchasing Policy, including advancing the government priorities and hence 'valuing the environment'. Furthermore, agencies are required to address energy and waste management within the Annual Reports, which may assist in ascertaining the progress of green purchasing to date.

¹²⁵ Department of Public Works (2000) *State Purchasing Policy* p.7

¹²⁶ Department of Public Works (2000) *State Purchasing Policy* p.21

¹²⁷ While all agencies are required to report on procurement practices annually, this report, compiled by the Department of Public Works, is delivered by the Minister to cabinet and is not available to the public.

Queensland Transport (QT) reports undertaking significant work to identify, collate and analyse environmentally related products and services that have the potential to be shared across QT and Main Roads' departments¹²⁸. Further, waste management plans are currently being implemented¹²⁹. Forthcoming data will hopefully assist in identifying improved waste management opportunities. Presumably this may include buying greener products such as recyclables, and/or those with reduced packaging and greater durability.

The Department of Communities reports increased use of energy star compliant equipment and the utilisation of water saving devices¹³⁰. Queensland Health reports replacing coal-fired boilers with efficient, on-site generation of electricity from natural gas in a number of hospitals¹³¹. The Department of Education appears to have focussed considerable efforts on environmental education, and less on developing green purchasing practices. One example of green purchasing, however, is the 'Solar Schools Project' which has involved installing solar panel systems in 17 schools¹³².

The Department of Public Works reports that the principles of ESD are incorporated into the design of new buildings to reduce energy consumption over the life of the building. QFleet has become the largest subscriber to Greenfleet, and continues to increase the number of four-cylinder (as opposed to six-cylinder) fleet vehicles¹³³. SDS introduced a new delivery system using metal cages that reduced reliance on shrink-wrapping methods by 90%¹³⁴. Of the 76.6GWh of electricity consumed or managed by the Department of Public Works, 21.3GWh comprised "Green power"¹³⁵.

¹²⁸ Queensland Transport *Annual Report 2002/2003* p.80

¹²⁹ Queensland Transport *Annual Report 2002/2003* p.83

¹³⁰ Department of Communities *Annual Report 2002/2003* p.100

¹³¹ Queensland Health *Annual Report 2002/2003*

¹³² Department of Education *Annual Report 2002/2003* 11

¹³³ Department of Public Works *Annual Report 2002/2003* p.19

¹³⁴ Department of Public Works *Annual Report 2002/2003* p.19

¹³⁵ Department of Public Works *Annual Report 2002/2003* p.19

While departmental annual reports suggest that progress is being made within green purchasing, the reports are not required to specifically address green purchasing, and as such it makes it difficult to ascertain the breadth of progress actually being made. Anecdotal evidence suggests that the following difficulties are being encountered by agencies attempting to implement the policy:

- while procurement officers in most agencies are aware of the environmental objective, they find the need to procure at low cost, and advancing other government objectives such as regional development often more pressing¹³⁶, particularly as the impacts of government purchasing maybe have more immediate effects (unemployment)¹³⁷.
- It appears to be that some purchasing officers are presented with very few or no environmental alternatives when purchasing, showing that there is a lack of training in being able to effectively source this information from the market.
- In some sectors, government is only a small-time buyer, and as such is unable to influence suppliers and the development of greener products and services¹³⁸.
- While most significant purchases now incorporate environmental considerations, there are limited resources and training to extend this to all minor purchasing.
- Greenwash is a major issue; there is a lack of reliable, widely accepted external ecolabels that could assist in increasing confidence and efficiency in green purchasing¹³⁹.
- Long-term considerations involved in life-cycle assessment are sometimes difficult to implement within short government terms¹⁴⁰.
- Each department has different priorities, and environmental objectives are not always considered 'core business' by all of them¹⁴¹.
- Highly devolved purchasing means that most low-level purchasing is undertaken by a larger number of lower-level officers as only a small part of their job, which makes comprehensive training of all purchasers difficult and expensive¹⁴².

¹³⁶ Forrest M, Department of Main Roads (Personal communication, 23/04/05); Orchard B, Queensland Purchasing, Department of Public Works (Personal communication, 23/04/05); Muir P, Environmental Protection Agency (Personal communication 23/04/04); Clark G, Principle Advisor (Logistics Policy) Department of Main Roads (Personal communication, 04/05/04)

¹³⁷ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹³⁸ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹³⁹ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹⁴⁰ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹⁴¹ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

While Queensland Purchasing conducts extensive procurement training for purchasing officers, the 'valuing the environment' component is only addressed in the context of wider procurement process, and is not the topic of specific training¹⁴³. It appears that specific green purchasing training has not yet been delivered by agencies either¹⁴⁴.

The Department of Public Works is currently working on a new Ethical Purchasing Guide that intends to clarify Government's expectations concerning suppliers' compliance with labour and environmental laws¹⁴⁵. This should provide further impetus for the implementation of green purchasing within Queensland government. The current Better Purchasing Guide to Environmentally Friendly Purchasing is being reviewed by Queensland Purchasing and the Environmental Protection Agency this year¹⁴⁶ and will be followed up with training of purchasing officers.

It has been suggested by government that implementation of green purchasing will inevitably take time, as the introduction of State Purchasing Policy involves a 'cultural shift' within purchasing across government, from lowest price to more strategic, whole-of-life purchasing,¹⁴⁷.

¹⁴² Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹⁴³ Fairman A, Orchard B, Dears A, Queensland Purchasing (Personal communication, 30/04/04)

¹⁴⁴ Clark G, Principle Advisor (Logistics Policy) Department of Main Roads (Personal communication, 04/05/04)

¹⁴⁵ Queensland Purchasing, Department of Public Works *Purchasing Update* Vol.55 March 2004 p.2

¹⁴⁶ Queensland Purchasing, Department of Public Works *Purchasing Update* Vol.55 March 2004 p.2

¹⁴⁷ Jutsum M, Office for Hon. Robert Swarten, Minister of Public Works (Personal communication, 23/04/04).

SOUTH AUSTRALIA

The South Australian State Supply Board (SSB) is responsible for undertaking, making arrangements for and controlling the supply operations of South Australian public authorities, and developing policies and guidelines relating to these responsibilities¹⁴⁸. Actual purchasing is largely devolved to the agency level, and agency Chief Executive's are charged with implementing SSB policies within their agencies.

The SSB Policies set out that the primary objective of SA Government procurement is achieving Value for Money¹⁴⁹. Value for Money involves applying cost-effective purchasing to deliver best overall results for money spent, and requires purchasers to base purchasing decisions on "whole-of-life" costing, which takes into account all aspects of cost over time, including capital, maintenance, management, disposal and operating costs¹⁵⁰. The SSB's Environmental Impact policy requires that agency Chief Executives contribute to maintenance of environmental quality and safety, and minimisation of waste through a preference for environmentally sound products, within the Value for Money framework¹⁵¹. Specifically, preference is to be given, within this framework, to:

- Recycled and recyclable goods;
- Equipment which can use recycled/ recyclable consumables;
- Energy efficient goods.

Further:

- Products involving the use of ozone depleting substances are to be avoided;
- Purchasers are to seek information from suppliers regarding the involvement of controlled substances in products; and
- Energy efficient use of goods is to be promoted.

¹⁴⁸ State Supply Board *About the State Supply Board*

¹⁴⁹ Government of South Australia (1998) *Supply Board Policies No.1* p.7

¹⁵⁰ Government of South Australia (1998) *Supply Board Policies No.1*

¹⁵¹ Government of South Australia (1999) *Supply Board Policies No.10 – Environmental Impact*

The Environmental Impact Policy also includes the following purchasing preference for recycled products which was adopted by the South Australian Cabinet in 1990:

- 1) Preference is to be given to the purchase of products containing 50% or more of recycled material, provided the product is fit for purpose and is comparable in price to new material alternatives
- 2) Purchasing preference will be extended to recycled products whose prices are up to 5% higher than their new material alternative for six months after the date the user first elects to buy that product.

It should be noted that while recent procurement reforms have extended the State Supply Board's responsibilities to include the supply of services, the Environmental Impact policy still appears limited to the purchase of goods at this stage¹⁵².

Another strategy which will contribute to the development of green purchasing in South Australia is the Greening of Government (GOGO) Framework. Launched across the Public Sector in late 2003, the GOGO focuses on eight key priority areas for greening government activities, of which Objective #6 is Green Procurement. The objectives of the Green Procurement priority area are:

- To reduce energy use and greenhouse gas emissions in public sector operations through the procurement of equipment with lower energy consumption and through the effective utilisation of energy efficient office equipment.
- To reduce resource consumption, waste, greenhouse gas emissions, environmental, health and financial risks, and costs;
- To be environmentally, socially and economically sustainable¹⁵³.

¹⁵² Government of South Australia (1999) *Supply Board Policies No.10 – Environmental Impact*

¹⁵³ Department of Environment and Heritage (2004), *Greening of Government Operations Framework 2004* p.9 Pers. Comm. Mark Lusic.

The existing Government Energy Efficiency Action Plan is proposed as the foundation program for this priority area, together with the reform of the State Supply Act 1985 into a proposed Procurement Act, and to:

- Procure office equipment to comply with US EPA ENERGY STAR or Power Management features and must be supplied in its enabled state where technically feasible.
- Energy consumption and potential operating costs are to be identified for equipment prior to purchasing, wherever energy costs will impact on life cycle costs.
- Evaluate potential procurement of goods and services as outlined in DAIS Contract Services Environmental Guidelines;
- Comply with Australia's international trade obligations, purchase products and services that meet environmental specifications whenever possible, and consider full life-cycle costs;
- Establish a program of green procurement training, to officers with purchasing authority to improve decision making¹⁵⁴.

Reporting on the implementation of the GOGO through Agency Annual reporting is to commence in 2004/05. With the trend towards triple bottom line reporting growing, the SA Government is considering expanding the range of measures on which it is reporting, to quantify aspects of its environmental performance. Suggested indicators will focus on waste management, water conservation and wastewater management, green procurement (initiatives to encourage use of environmentally friendly products and services) and biodiversity management¹⁵⁵. Energy management (including building performance and vehicles) is already reported on in SA as part of the Energy Efficient Action Plan¹⁵⁶.

¹⁵⁴ Department of Environment and Heritage (2004), *Greening of Government Operations Framework 2004* p.9 Pers. Comm. Mark Lusic.

¹⁵⁵ Lusic M, Principal Adviser, Built Environment, Office of Sustainability (Personal communication, 31/05/05)

¹⁵⁶ SA Government (2002) *Energy Efficient Action Plan* accessed

Implementation

As the broader reporting requirements under the Greening of Government Operations framework are yet to commence, official reporting to date has mainly concentrated on progress in energy management. The Department of Human Services reports undertaking energy audits of their operations, with the intention of increasing energy efficiencies through better energy use and implementing energy efficient technologies such as lighting upgrades and modifications to air conditioning systems¹⁵⁷. The Department of Transport and Urban Planning has implemented a pilot Energy Performance Contract for the Walkerville Building which consumes 3500 MWH per annum at a cost of \$451 000 and is currently undertaking a traffic signal lantern upgrade which will install LED technology predicted to reduce energy usage by 80%¹⁵⁸. In addition to capital investment in energy saving lighting devices, Primary Industries and Resources SA reports that consideration is being given to identifying 'preferred' suppliers with certified environmental practices as part of their procurement process¹⁵⁹.

The following assessment of green purchasing's wider implementation in SA, based on anecdotal evidence, suggests a range of green purchasing initiatives are being introduced across government. For example, feasibility investigations and subsequent purchasing of recycled office paper and other paper products has taken place and solar power stations constructed in remote regions. Fleet SA has been progressively increasing the number of fleet vehicles converted to dual fuel (petrol/ LPG) and has also purchased some Toyota Prius hybrid cars with extended lease arrangement to make them more financially attractive to agencies. Environmental considerations are also built into specifications for larger government tender processes¹⁶⁰.

As for the purchasing preference for products containing 50% or more recycled materials, anecdotal evidence suggests that it has rarely been applied by agencies. It appears likely this preference will be phased out when the policy is next reviewed as it

¹⁵⁷ Department of Human Services *Annual Report 2002/2003* p.53 accessed

¹⁵⁸ Department of Transport and Urban Planning *Annual Report 2002/2003* p.80,

¹⁵⁹ Primary Industries and Resources SA *Annual Report 2002/2003* p.16

¹⁶⁰ Fishburn A, Manager, Procurement Policy, State Supply Board (Personal Communication 24/04/04); Thomas P, Project Services Manager, Department of Transport and Urban Planning (Personal communication, 24/04/04); Adams G, Program Manager, Greening, Environment and Conservation, Office of Sustainability (Personal Communication 24/04/04).

is difficult to implement, and does not properly balance other government objectives¹⁶¹.

Some agencies claim to be able to balance environmental considerations with other government objectives quite successfully¹⁶². However other agencies have expressed difficulty in accommodating seemingly conflicting government objectives, such as the perceived or real additional cost of 'green' factors within tight budgetary frameworks¹⁶³. Other difficulties in implementing green purchasing include:

- Integrating life-cycle assessment/ whole-of-life costing into annual or even three-year budgets. Eg. the pressure for short term returns on purchases of higher initial costs, such as energy efficient goods and services.
- Ongoing debate and limited solid science on the application of life-cycle assessment in purchasing makes it difficult for non-LCA experts to implement this process¹⁶⁴.
- Limited training of purchasing officers to be able to adequately assess the environmental soundness of products¹⁶⁵.
- Extensive greenwash of products and services which confuse all but the most skilled green procurement officers, and also fosters purchaser distrust in green purchasing¹⁶⁶.
- Limited guidelines and instructions for purchasing officers on how to incorporate greening criteria into the product evaluation process¹⁶⁷.

¹⁶¹ Fishburn A, Manager, Procurement Policy, State Supply Board (Personal communication 24/04/04)

¹⁶² Thomas P, Project Services Manager, Department of Transport and Urban Planning (Personal communication, 24/04/04)

¹⁶³ Fishburn A, Manager, Procurement Policy, State Supply Board (Personal communication 24/04/04); Adams G, Program Manager, Greening, Environment and Conservation, Office of Sustainability (Personal communication 24/04/04).

¹⁶⁴ Fishburn A, Manager, Procurement Policy, State Supply Board (Personal communication 24/04/04)

¹⁶⁵ Adams G, Program Manager, Greening, Environment and Conservation, Office of Sustainability (Personal communication 24/04/04).

¹⁶⁶ Adams G, Program Manager, Greening, Environment and Conservation, Office of Sustainability (Personal communication 24/04/04)

¹⁶⁷ Hawkes C, Procurement Manager, Department for Environment and Heritage (Personal communication 03/05/04)

- Concerns that 'endorsing' goods and services on environmental grounds to streamline green procurement undertaken by diverse purchasing officers may expose government to criticism, and possibly litigation¹⁶⁸.

A Procurement of Greener Governments forum was held in late 2003 with the aim of bringing together procurement and environmental professionals from the three spheres of government to exchange information and knowledge regarding green purchasing¹⁶⁹. Many of the difficulties identified in the anecdotal evidence above – lack of information, tools and capacity – were also identified by the forum participants. Opportunities were identified to enhance green purchasing through:

- Training and capacity building of procurement staff and senior management;
- Joint purchasing to increase market influence and purchasing prices; and
- Development and promotion of tools to assist implementation of green purchasing.

While specific training in environmental procurement across government appears limited to date¹⁷⁰, the developments following the Procurement of Greener Governments forum and implementation of the GOGO framework, which identifies training as one of the key strategies, can be expected to deliver broader environmental training for procurement professionals in 2004/2005¹⁷¹. The coming year promises a number of developments in green purchasing in SA, in addition to the implementation of the GOGO Framework. A Business of Sustainability Expo, with strong focus on environmental purchasing, is to be hosted in Adelaide in late June 2004, and the State Procurement Bill 2003 proposes an amendment to the composition of the State Procurement Board to include at least one member with environmental management expertise¹⁷².

¹⁶⁸ Adams G, Program Manager, Greening, Environment and Conservation, Office of Sustainability (Personal communication 24/04/04)

¹⁶⁹ Office of Sustainability *Procurement for Greener Governments: Aligning Agendas Across Government Spheres Forum Outcomes Report, October 2003*

¹⁷⁰ Phillips K, Manager, Major Contracts, Strategic Procurement Unit, Department of Human Services (Personal communication, 28/05/04); Lusic M, Principal Adviser, Built Environment, Office of Sustainability (Personal communication, 31/05/05)

¹⁷¹ Lusic M, Principal Adviser, Built Environment, Office of Sustainability (Personal communication, 31/05/05)

¹⁷² s.7 State Procurement Bill 2003 (SA)

TASMANIA

The Department of Treasury and Finance is the lead agency for Tasmanian government procurement, responsible for providing procurement policy and procedure advice to agencies and the Government¹⁷³. The Government's central purchasing policies only apply to purchasing by inner-budget government agencies, and do not extend to government business enterprises, state-owned companies and statutory authorities¹⁷⁴.

Tasmanian government purchasing has been largely devolved to individual agencies, with limited common-use contracts still in place. While some agencies have dedicated purchasing units, most agency purchasing is undertaken by a cross-section of staff¹⁷⁵. Each agency has a Tender Review Committee which is responsible for reviewing the tender and selection processes for all purchases over \$50,000 and ensuring applicable Government procurement policy is adhered to¹⁷⁶.

Tasmanian procurement policy is based on four purchasing principles. The first of these, Value for Money, is of environmental relevance as it aims to achieve the best overall value for money spent. The Handbook for Government Procurement advises that achieving best value encompasses assessing a purchase's contribution to pursuing policy objectives such as environmental protection, sustainable development and energy conservation¹⁷⁷.

The Department of Treasury and Finance has also released Environmental Policies which assert the Tasmanian government's broad commitment to giving preference, where possible, to environmentally sound products consistent with the Value for Money framework. The policy also outlines the following specific commitments by government:

- Ozone depleting substances shall not be purchased, unless no practical alternatives are available;
- Recycled and recyclable products, and equipment that can use such products, are to be given preference within the Value for Money framework;
- Energy efficient goods are to be given preference within the Value for Money framework.

The Policy provides further guidance to agencies by listing examples of products that may be considered within each of the above categories. These Environmental Policies however, only apply to the purchasing of goods; there is no equivalent policy applicable to the purchase of services¹⁷⁸. While Government purchasing policies apply to contractors and consultants purchasing goods on behalf of government¹⁷⁹, there is no policy direction giving preference to service providers with strong environmental credentials, for example service providers who have environmental management systems in place. While this aspect of the policy may need reform to properly encompass services, purchasing of services is still subject to the Value for Money framework which includes broad reference to pursuing energy conservation and environmental protection in purchasing.

Implementation

As yet there are no requirements on agencies to report on the implementation of these environmental policies, and thus little data on implementation is available¹⁸⁰. Anecdotal evidence suggests that agencies are considering environmental issues for purchases such as recycled toner cartridges for photocopiers, fax machines and laser printers, cleaning contracts, where products used need to be biodegradable and recycled paper for bathroom supplies¹⁸¹, though the uptake of these products is in some instances still fairly low¹⁸². Environmental considerations are also being

¹⁷³ Department of Treasury and Finance *Buying for Government – Purchasing Participants*

¹⁷⁴ Department of Treasury and Finance (2001) *Purchasing Goods and Services: A guide for Government Buyers*

¹⁷⁵ Department of Treasury and Finance *Winning Government Business - Who are Government Buyers?*

¹⁷⁶ Department of Treasury and Finance *Buying for Government – Purchasing Participants*

¹⁷⁷ Department of Treasury and Finance (2002) *Handbook for Government Procurement* p.2

¹⁷⁸ Department of Treasury and Finance (2002) *Handbook for Government Procurement* Holding B, Dept of Treasury and Finance (Personal communication, 29/04/04)

¹⁷⁹ Department of Treasury and Finance (2001) *Purchasing Goods and Services: A Guide for Government Buyers*

¹⁸⁰ Department of Treasury and Finance, *Treasurer's Instruction No.701 – Contents of Reports* (v.1)

¹⁸¹ Holding B, Senior Policy Analyst, Procurement and Property, Department of Treasury and Finance (Personal communication, 29/04/04)

¹⁸² Lette R, Manager, Grants Contracts & Purchasing, Department of Health and Human Services (Personal communication 30/04/04); Teague B, Department of Education (Personal communication, 30/04/04).

factored into larger contracting processes¹⁸³. Difficulties identified by agencies in implementing the green purchasing policies include:

- While a readiness to apply 'whole-of-life costing' in evaluating products against the Value for Money principle (thus enhancing the competitiveness of energy efficient products) is apparent, difficulties arise in factoring in and weighting environmental benefits of purchases where there is no concomitant economic benefit to the agency (ie recycled products)¹⁸⁴.
- Green products are often still more expensive than alternatives, or at least perceived as such¹⁸⁵.
- Some purchases present difficulties as they involve very specific requirements with limited suppliers, (eg. hospital equipment), which make incorporating environmental considerations very difficult.¹⁸⁶
- Some purchasing officers are presented with very few products marketed by suppliers on their green credentials, with price remaining the dominant sales feature¹⁸⁷.

There are no plans to review the environmental procurement policies in the immediate future¹⁸⁸.

While Treasurer's Instruction No.902 states that appropriate training and educational standards are required of all authorised buyers¹⁸⁹, anecdotal evidence suggests that there has been little or no training of purchasing officers in the implementation of

environmental procurement¹⁹⁰. Environmental issues appear to be briefly covered in training within the broad context of advancing government objectives within the principle of value for money. In the words of one purchasing officer "Implementation continues..."¹⁹¹.

¹⁸³ Oakford M, Coordinator, Facilities, Department of Infrastructure, Energy and Resources (Personal Communication 03/05/04).

¹⁸⁴ Buza C, Manager, Corporate Marketing Unit, Department of Primary Industries, Water and the Environment (Personal communication, 27/04/04); Oakford M, Coordinator, Facilities, Department of Infrastructure, Energy and Resources (Personal Communication 03/05/04).

¹⁸⁵ Teague B, Department of Education (Personal communication, 30/04/04)

¹⁸⁶ Lette R, Manager, Grants Contracts & Purchasing, Department of Health and Human Services (Personal communication 30/04/04)

¹⁸⁷ Teague B, Department of Education (Personal communication, 30/04/04)

¹⁸⁸ Holding B, Senior Policy Analyst, Procurement and Property, Department of Treasury and Finance (Personal communication, 29/04/04)

¹⁸⁹ Department of Treasury and Finance, *Treasurer's Instruction No.902 – Procurement (v.2)*

¹⁹⁰ Buza C, Manager, Corporate Marketing Unit, Department of Primary Industries, Water and the Environment (Personal communication, 27/04/04); Holding B, Senior Policy Analyst, Procurement and Property, Department of Treasury and Finance (Personal communication, 29/04/04); Lette R, Manager, Grants Contracts & Purchasing, Department of Health and Human Services (Personal communication 30/04/04); Teague B, Department of Education (Personal communication, 30/04/04); Oakford M, Coordinator, Facilities, Department of Infrastructure, Energy and Resources (Personal Communication 03/05/04).

¹⁹¹ Oakford M, Coordinator, Facilities, Department of Infrastructure, Energy and Resources (Personal Communication 03/05/04).

VICTORIA

The Victorian Government accounts for approximately 12% of all activity in the Victorian economy, and recognises its procurement as an opportunity to further government objectives¹⁹². The Victorian Government Procurement Board (the Board) is responsible for developing, implementing and reviewing purchasing policies and practices¹⁹³ for the procurement of goods and services (but not works)¹⁹⁴. These policies are mandatory for all government departments and most agencies, but do not extend to purchasing by government business enterprises¹⁹⁵.

The Board's Procurement Policies set out that 'Value for Money' is one of the five principles upon which departmental purchasing must be based. Value for money is determined on a whole of procurement life cycle basis¹⁹⁶.

The Board's Procurement Policies also set out a specific Environmental Purchasing Policy which has as its goal the minimisation, to the extent practicable, of the environmental impacts that result through the choices made in the purchase of goods and services¹⁹⁷. It requires environmental considerations to be factored into procurement planning and tendering procedures, and purchasing through Whole of Government Contracts and Open Standing Offer Agreements. While referring to green purchasing as part of a number of wider green government strategies, the policy gives limited guidance to departments on how it is to be implemented, referring only to the Federal Government's Environmental Purchasing Guide, which is still in draft form. As yet no Environmental Purchasing Guideline has been issued by the Government Procurement Board.

¹⁹² Minister for Finance (2001) "Victorian Government Purchasing – The Way Forward Policy Statement" 7/5/2001

¹⁹³ s.54B *Financial Management Act 1994* (Vic)

¹⁹⁴ Victorian Government Purchasing Board (2001) *Procurement Policies* p.1

¹⁹⁵ Victorian Government Purchasing Board (2001) *Procurement Policies* p.1

¹⁹⁶ Victorian Government Purchasing Board (2001) *Procurement Policies* p.15

¹⁹⁷ Victorian Government Purchasing Board (2001) *Procurement Policies* p.17

The Financial Reporting Direction (FRD) #24, "Reporting of Office Based Environmental Impacts by Government Departments", was introduced in 2002 and also promotes green purchasing within the Victorian government. This FRD requires all departments to report on a number of resource use issues as part of their Annual Reports. Departments are required to disclose information on office-based consumption of water, energy, paper and transportation, waste production and environmental purchasing practices¹⁹⁸. The environmental purchasing criterion requires that departments report on how their office-based purchasing activities are environmentally responsible and support the objectives of the Government's Environmental Purchasing Policy. Reporting requirements, as with all requirements under FRD#24 apply only to office-based activities. This means environmental impacts of operational activities such as field-work, schools, hospitals and prisons are excluded¹⁹⁹. These reporting requirements took effect on 1 July 2003, and thus will be addressed in Departmental Annual Reports for 2003/2004. These reports will be audited by an environmental auditor appointed under the Environmental Protection Act 1970.

Implementation

Currently there are no reporting requirements on green purchasing across all departmental activities. Reports on office-based environmental performance by departments, including environmental purchasing, as required by FRD #24, will first become available from most departments later this year. The Department of Treasury and Finance however, chose to begin reporting on its environmental performance a year ahead of the mandatory introduction. Thus their Annual Report 2002/2003 outlined a number of environmental developments within the Department, including the delivery of an employee awareness program promoting the purchase of recycled paper and energy efficient office equipment. While the report contained no specific discussion on the extent to which the Department's purchasing has been environmentally responsible, the development of a Departmental green purchasing

¹⁹⁸ Department of Treasury and Finance, *Reporting of Office Based Environmental Impacts by Government Departments – Guidance to Financial Reporting Direction FRD 24*, p.1,2

¹⁹⁹ Department of Treasury and Finance, *Reporting of Office Based Environmental Impacts by Government Departments – Guidance to Financial Reporting Direction FRD 24*, p.3

policy that complies with the Government's Environmental Purchasing policy is earmarked as a key activity for 2003-2004²⁰⁰.

All departments currently have at least one person working on implementation of their EMS and the FRD #24 implementation and reporting program²⁰¹. FRD#24's reporting requirements have prompted the creation of the 'Environmental Purchasing Policy Task Group' in which most departments are represented²⁰². The Task Group has identified one difficulty in implementing green purchasing as the lack of definite Green Purchasing Guidelines specific to Victoria. FRD#24 simply refers departments back to the Environmental Purchasing Policy²⁰³, which in turn refers departments to the draft Federal Government guidelines. To this end the Task Group plans to review the current policy, and develop green purchasing guidelines and checklists, with the support of the Government Procurement Board²⁰⁴. To date, a number of draft checklists have been created.

The Task Group is also exploring the possibility of having whole of government contracts for green products and services established, thus simplifying decisions for purchasing officers²⁰⁵.

While reporting on green purchasing is currently only required for office-based purchasing, anecdotal evidence suggests some progress is being made in green purchasing across the broader ambit of government activity. For example, most new buildings incorporate energy and water efficiency technologies in construction, though older buildings are rarely retrofitted with such features unless part of other

reconstruction works, as it is considered too expensive to retrofit on environmental grounds alone²⁰⁶.

While several brands of copier paper are available to departments within a number of whole-of-government stationary contracts, evidence suggests the volume of recycled paper purchased equates to less than one percent of total copier paper sales²⁰⁷.

Anecdotal evidence suggests the following difficulties are being encountered by parties implementing the various green purchasing requirements:

- Determining what is green. The science behind the environmental qualities of products is often complex, and nearly always debated. The Task Force hopes to assist in making these decisions easier for purchasing officers²⁰⁸.
- Greenwash poses a significant problem in identifying environmentally sound products, as does the various labelling types.
- Conflicting government objectives, even within green purchasing make identifying the best choice difficult. For example does one prioritise energy efficiency or water saving features; 100% recycled chlorine bleached paper or 50% recycled non-bleached paper?
- Ascertaining environmental impact of purchases takes time and effort – often purchasers don't have time to follow up suppliers' 'green' claims.

The Board is responsible for providing advice and training to government departments in implementing procurement policy²⁰⁹.

The EPA trained all department in EMS in 2002, and in the implementation of FRD#24²¹⁰ though it is unclear to what extent green purchasing was covered by this training, beyond alerting officers of the green purchasing requirements.

²⁰⁰ Department of Treasury and Finance (2003) *Annual Report 2002-03* p.123

²⁰¹ Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰² Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰³ Department of Treasury and Finance, *Reporting of Office Based Environmental Impacts by Government Departments – Guidance to Financial Reporting Direction FRD 24*,

²⁰⁴ Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰⁵ Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰⁶ Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰⁷ Bremner P, Commercial Sales Manager, Boise Office Solutions (Personal communication, 28/04/04)

²⁰⁸ Wills S, Project Manager, Environment Management and Reporting Systems Project, Department of Human Services (Personal communication, 28/04/04)

²⁰⁹ s.54B *Financial Management Act 1994* (Vic)

²¹⁰ Environment Protection Authority *Victorian Government EMS: Victorian Government EMS Training Course*

WESTERN AUSTRALIA

Of the approximately \$5 billion spent annually by the Western Australian government on the procurement of goods, services, and construction and building related services, 80% is spent on services²¹¹. This spending is regulated through the State Supply Commission established as a statutory body in 1991 to coordinate state government purchasing through policies and guidelines²¹². Purchasing is devolved to public authorities within limits with many common use contracts and larger purchases controlled by the Department of Treasury and Finance or the Department of Housing and Works²¹³.

The State Supply Commission's 'Policy and Guidelines Manual' includes three policy areas that contain provisions which consider the environment. The first is the "Value for Money Policy" which requires public authorities to consider the whole of life cycle costs of goods and services purchased²¹⁴. In addition, the environment is to be taken into account within the "Supporting Other Government Policies and Initiatives" policy which requires that, where a public authority is intending to purchase a good:

- and a recycled/recyclable option has been offered, consideration shall be given to that option during the evaluation process;
- that involves the use of non-renewable energy during its term of use, consideration shall be given to the energy efficiency of that good; and
- that is known to involve the use of chlorofluorocarbons (CFCs), either in the good itself or in the manufacturing process, the good shall not be purchased, unless there is no practicable alternative good or process available.²¹⁵

²¹¹ State Supply Commission, *Annual Report 2002/03* p.13

²¹² State Supply Commission Website, accessed 21/04/04 at www.ssc.wa.gov.au

²¹³ State Supply Commission Website, accessed 21/04/04 at www.ssc.wa.gov.au

²¹⁴ State Supply Commission, 2001, *Policies and Guidelines Manual - Value for Money Policy*, 2001

²¹⁵ State Supply Commission, 2002, *Policies and Guidelines Manual - Supporting Other Government Policies and Initiatives*,

The WA "Supporting Other Government Policies and Initiatives" policy appears limited to the purchase of goods. Noting that 80% of procurement is spent on services, the environmental impact of service delivery at this time appears a shortcoming of this policy direction.

This policy is to be considered within the Value for Money framework. The final avenue for consideration of the environment is the "Buy Locally Policy" which, also considered within the Value for Money framework, requires the consideration of:

- Whole of life cycle costs;
- Socio-economic impacts including environmental impacts; and
- Environmental management supplies of recycled/recyclable products and waste reduction²¹⁶.

Green procurement in Western Australian is currently in a state of transition. In September 2003 the Western Australian State Sustainability Strategy was released. In the lead up to the strategy's release the Premier established an Interdepartmental Committee on Sustainability Procurement in 2001 to develop a comprehensive approach to sustainability procurement in government²¹⁷. Released in September 2003, the strategy includes provisions for development of a State Sustainability Purchasing Policy which:

- Makes Directors General accountable for ensuring agency purchasing supports sustainability.
- Provides guidelines and checklists for sustainability purchasing
- Includes an implementation plan supporting training and awareness of parties involved in procurement²¹⁸.

It has since been decided that while current policies create an appropriate foundation for the pursuit of social and economic sustainability, a separate 'Environment Procurement Policy' is needed, and this is being developed with release expected early in the 2004/2005 financial year²¹⁹.

²¹⁶ State Supply Commission, 2004, *Buy Local Policy*

²¹⁷ State Supply Commission, *Annual Report 2002/03*

²¹⁸ Government of Western Australia, 2003, *Hope for the Future - The Western Australian State Sustainability Strategy*.

²¹⁹ Richards C, State Supply Commission (Personal communication, 27/04/04)

Implementation

While there is currently no requirement that agencies report specifically on their green purchasing activities, annual reports' general coverage of environmental issues does give an idea of progress to date. The Department of Education and Training (DET) reports that sustainability was a major factor in the design of South Atwell Primary School, which intended to minimise resource use by being built with materials created by low energy consumption processes, and features innovations intended to reduce heating and water demand²²⁰. In general, however, DET's environmental effort appears to have focused on environmental education initiatives, reduced energy usage, and recycling, with no general green purchasing being reported.

The Department of Infrastructure and Planning reports a number of relevant initiatives being undertaken²²¹. The Sustainable Transport Energy Program has initiated a series of fuel trials, research projects and a program to reduce the use of fossil fuels. This program includes increased use of four-cylinder vehicles within the Planning and Infrastructure portfolio, and the inclusion of 20 hybrid electric cars in the Department's fleet. Planning is under way for the first major trial of hydrogen fuel cell buses in the southern hemisphere. In 2004, three Daimler-Chrysler hydrogen fuel cell buses will begin a two-year trial on normal Perth service routes. A bio-fuel trial has also been initiated involving 12 Transperth buses. Bio-fuel is extracted entirely from plant material and a successful trial could see bio-fuel gaining greater acceptability and more widespread use.

The Department of Industries and Resources reports that approval has been sought from the Office of Energy for assistance with the cost of targeted energy auditing. Specifications have been developed for a full-scale lighting upgrade trial in Mineral House North, and for audit work on the Mineral House air conditioning control system, and a full energy audit of the Chemistry Centre (WA)²²². These developments will assist in identifying energy saving mechanisms, and potentially green purchasing opportunities in the near future.

²²⁰ Department of Education and Training *Annual Report 2002/2003* p. 171

²²¹ The Department of Infrastructure and Planning *Annual Report 2002/2003* p.16

²²² Department of Industries and Resources *Annual Report 2002/2003* p.74

Energy management and paper recycling initiatives are the main focus of the environmental aspects in the Department of Health's Annual Report. The Department noted that there are few opportunities for further energy savings without large capital investment to replace or alter buildings. The Department also identified short (unrealistic) timeframes for large projects as another difficulty in pursuing environmental sustainability²²³.

In April 2000 the Department of Environmental Protection launched an Eco-Office Program²²⁴. The program has continued and from April 2004 the Department appointed a full time employee to oversee the project previously run through monthly committee meetings²²⁵. The program concentrates on:

1. Paper use, recycling and disposal;
2. Energy use;
3. Waste generation and disposal;
4. Purchasing policy;
5. Vehicle use; and
6. Environmental awareness and practices of staff²²⁶.

Other public authorities have requested assistance from the Eco Office coordinators to set up their own programs and guidelines for doing so are available on the Waste Wise website²²⁷. A number of public authorities have begun their own Eco-Office Programs or integrated these ideas into comprehensive environmental management plans. Where such initiatives have been put into place they are at various stages of implementation. It is expected that the Environmental Procurement Policy will more effectively integrate daily procurement procedures with existing initiatives aiming for best practice in green procurement²²⁸

²²³ Department of Health Annual Report 2002/2003 p.98

²²⁴ Waller, S (2002), "Walking the Walk" – *Workplace Sustainability Policy, Program and Actions within the State Government of Western Australia*, Discussion Paper for the State Sustainability Strategy, Sustainability Policy Unit, Department of Premier and Cabinet,

²²⁵ Makinnon D, Department of Environmental Protection, (Personal communication, 23/04/04)

²²⁶ Department of Environmental Protection, 2000 *Eco-Office Program*

²²⁷ Makinnon D, Department of Environmental Protection, (Personal communication, 23/04/04)

²²⁸ Richards C, State Supply Commission (Personal communication, 27/04/04)