

CHAPTER 6: AUSTRALIAN PARTICIPATION IN INTERNATIONAL ARRANGEMENTS ON SUSTAINABLE PURCHASING AND GREEN PROCUREMENT

INTRODUCTION TO INTERNATIONAL DEVELOPMENTS IN THE AREA OF GREEN PROCUREMENT

In 2002 world leaders met in Johannesburg for the World Summit on Sustainable Development. The purpose of the meeting was to review progress towards, and reaffirm global commitment to, the goals contained in Agenda 21, the blueprint for sustainable development agreed at the Earth Summit, held in Rio de Janeiro in 1992.

Among the most pressing issues identified at both summits was sustainable consumption. According to Agenda 21 the major cause of the deterioration of the global environment is unsustainable consumption and production, particularly in the industrialised countries.

According to the Ecological Footprint Sustainability Measure, an independent measure based on UN statistics, if everybody on Earth were to live like an average person in a high-income country such as Australia, we would need an additional 2.6 planets to support us all.

The Plan of Implementation of the World Summit on Sustainable Development calls for “a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production patterns that will promote social and economic development within the carrying capacity of ecosystems.”

The potential of public spending in fostering sustainable development extends itself to the full sustainability concept. A wider context to green procurement has been coined by the United Nations Environmental Program (UNEP) under the title of sustainable procurement.

What, then, are the chances of our society making a successful transition to ecological sustainability? Will the reform process proceed quickly enough to prevent massive degradation of the life supporting systems of our planet?

I suggest there are some grounds of cautious optimism. Humans have amazing ingenuity, when motivated. I emphasize the words when motivated. Thermonuclear weapons, computer technology and the elimination of smallpox are among countless recent manifestations of this fact. I believe it is well within the capacity of humankind to bring the ecologically destructive processes under control. Indeed, a lot of progress has already been made in some areas – for example, in research on clean sources of energy and in the recycling of certain materials. But so far, the overall effect of these developments has been minimal.

Stephen Boyden
Biohistorian

It must also be stressed that there is no blueprint for sustainable consumption and production for all countries. It has to be built from national and regional initiatives.

For us, at the global level, in the UN family, we are looking at how to support these activities. Where do we focus our limited resources? Information exchange, training, demonstration projects?

Developing countries and countries with economies in transition in particular deserve our special attention. We need to help them with know-how, technology, and finance. For many the priority is fighting poverty and raising the quality of life of their people.

In the developed world the story is different. Developed countries must take the lead and break the link between economic growth and resource degradation. The tools that are developed can then be transferred, as appropriate, to the developing world, so that their projected—and needed—increase in consumption can be sustainably realised.

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

This is when an organization uses its own buying power to give a signal to the market in favour of sustainability and bases its choice of goods and services on:

1. Economic considerations: best value for money, price, quality, availability, functionality, etc.;
2. Environmental aspects: (“green procurement”) the effects on the environment that the product and/or service has over its whole lifecycle, from cradle to the grave;
3. Social aspects: information and transparency, training, labour conditions, human rights.

UN agencies in partnership with the private sector and civil society organizations, under the leadership of UNEP established an international sustainable consumption and sustainable procurement framework to ensure its success. Last year, meetings in Latin America and the Asia-Pacific Region—in Yogyakarta, Indonesia—and a global meeting in Marrakech, Morocco, showed that governments all over the world are willing to implement sustainable consumption policies.

The findings of this meeting show that there are now a large number of initiatives in place internationally that have attracted the active proponents of sustainable procurement and which seek to:

1. Foster information exchange to have a wide number of organisations benefit from the experience of the forerunners;
2. Facilitate global consensus on the integration of sustainable development considerations in procurement at all levels;
3. Provide practical tools to translate these principles to a reality.

This global effort has now evolved into a number of intergovernmental, industry and civil society instruments which focus specifically on sustainable consumption and green (sustainable) procurement mandates.

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

Australia belongs to the OECD process and has been an important contributor to this international dialogue. The OECD represents 30 member countries, and acts as an international meeting and dialogue forum for issues of national government priority. National environmental directions, policy perspectives and government priorities are often implemented into Australia on the basis of this international dialogue. The policy directions agreed by Australia in the OECD are usually more direct and more easily and frequently adapted within the Australian government policy dialogue than many other international forums.

In their Paris meeting in May 2001 OECD Environment Ministers, in an OECD declaration cited concrete steps that governments should take to "Improve the Environmental Performance of Public Procurement". The declaration outlines a commitment to a series of environmentally preferable practices in the context of public procurement policies outlined in the OECD's Environmental Strategy for the First Decade of the 21st Century.

OECD environment ministers endorsed the following recommendations: that Member countries take greater account of environmental considerations in public procurement of products and services (including, but not limited to, consumables, capital goods, infrastructure, construction and public works), in order to improve the environmental performance of public procurement, and thereby promote continuous improvement in the environmental performance of products and services.

THE OECD ENVIRONMENTAL MINISTERS COUNCIL RECOMMENDS to this effect that Member countries should:

i) develop greener public purchasing policies in ways which are consistent with Member countries' competition and other relevant national policies, and with their international obligations and commitments;

ii) take the following concrete steps to ensure the incorporation of environmental criteria into public procurement of products and services including, where appropriate, environmental impacts throughout

the lifecycle, while ensuring that transparency, non-discrimination and competition are preserved: (a) provide the appropriate policy framework to incorporate environmental criteria into public procurement of products and services, along with price and performance criteria;

(b) introduce financial, budgeting, and accounting measures to ensure that public procurement policies and practices consider the environmental costs of products and services;

(c) provide information, training and technical assistance to officials involved in the public procurement and use chain, including those who set the performance criteria of products and services, those who are responsible for procurement, and those who use the products and services;

(d) make information and tools that facilitate greener public purchasing available to all levels of government;

(e) disseminate the information needed to facilitate and encourage greener public purchasing decisions, as well as the results and benefits derived from their adoption;

(f) establish procedures for the identification of products and services which meet the objectives of greener public purchasing policies;

(g) encourage the development of indicators to measure and monitor progress made in greener public purchasing;

(h) assess and evaluate greener public purchasing policies in order to ensure that they are economically efficient and environmentally effective.²³⁴

Australian interests were represented by the then Commonwealth Minister for the Environment The Hon. Robert Hill. On behalf of the Commonwealth he confirmed Australia's resolve in this consensus based OECD Ministerial declaration. This undertake led in due course to the implementation of Commonwealth efforts in the area of green procurement which were covered in Chapter 3. To date unfortunately

²³⁴ OECD Recommendation of the Council on Improving the Environmental Performance of Public Procurement – 23rd January 2002

the implementation of these principles is well below the above objectives with very limited funding or activity dedicated to the majority of the above principles. The common practice of OECD programs to revisit progress on declarations such as these means that as long as the agenda continues to be supported within the OECD we can expect ongoing progress on these principles at the Commonwealth level.

THE UNITED NATIONS GUIDELINES FOR CONSUMER PROTECTION (AMMENDED 1999)

Australia is a signatory to the UN Guidelines for consumer protection having made a commitment to their effective implementation in Australia.

The objectives of these international guidelines are to protect and enhance the interests and needs of consumers in all countries, as well as the right to promote just, equitable and sustainable economic and social development and environmental protection. The guidelines for consumer protection have a range of objectives including ***promotion of sustainable consumption***.

This review of the guidelines is presented in accordance with this objective. The context of the global priority for sustainable consumption and instruments such as green procurement are outlined in the introductory notes to the guidelines.

Sustainable consumption includes meeting the needs of present and future generations for goods and services in ways that are economically, socially and environmentally sustainable. Responsibility for sustainable consumption is shared by all members and organizations of society. Informed consumers, government, businesses, labour organizations, consumer and environmental organizations play particularly important roles.

Informed consumers have an essential role in promoting consumption that is environmentally, economically and socially sustainable, including through the effects of their choices on products.

Governments should promote the development and implementation of policies for sustainable consumption and the integration of those policies with other public

policies. Government policy-making should be conducted in consultation with business, consumer and environmental organizations, and other concerned groups. Business has a responsibility for promoting sustainable consumption through the design, production and distribution of goods and services. Consumer and environmental organizations have a responsibility for promoting public participation and debate on sustainable consumption, for informing consumers, and for working with Government and business towards sustainable consumption.

The specific guidelines:

- Governments, in partnership with business and relevant organizations of civil society, should develop and implement strategies that promote sustainable consumption through a mix of policies that could include regulations; economic and social instruments; sectoral policies in such areas as land use, transport, energy and housing; information programmes to raise awareness of the impact of consumption patterns; removal of subsidies that promote unsustainable patterns of consumption and production; and promotion of sector-specific environmental-management best practices.
- Governments should encourage the design, development and use of products and services that are safe and energy and resource efficient, considering their full life-cycle impacts. Governments should encourage recycling programmes that encourage consumers to both recycle wastes and purchase recycled products.
- Governments should promote the development and use of national and international environmental health and safety standards for products and services; such standards should not result in disguised barriers to trade.
- Governments should encourage impartial environmental testing of products.
- Governments should safely manage environmentally harmful uses of substances and encourage the development of environmentally sound alternatives for such uses. New potentially hazardous substances should be evaluated on a scientific basis for their long-term environmental impact prior to distribution.
- Governments should promote awareness of the health-related benefits of sustainable consumption and production patterns, bearing in mind both direct effects on individual health and collective effects through environmental protection.
- Governments, in partnership with the private sector and other relevant organizations, should encourage the transformation of unsustainable consumption patterns through the development and use of new environmentally sound products and services and new technologies, including information and communication technologies, that can meet consumer needs while reducing pollution and depletion of natural resources.
- Governments are encouraged to create or strengthen effective regulatory mechanisms for the protection of consumers, including aspects of sustainable consumption.
- Governments should consider a range of economic instruments, such as fiscal instruments and internalization of environmental costs, to promote sustainable consumption, taking into account social needs, the need for disincentives for unsustainable practices and incentives for more sustainable practices, while avoiding potential negative effects for market access, in particular for developing countries.
- Governments, in cooperation with business and other relevant groups, should develop indicators, methodologies and databases for measuring progress towards sustainable consumption at all levels. This information should be publicly available.
- Governments and international agencies should take the lead in introducing sustainable practices in their own operations, in particular through their procurement policies. Government procurement, as appropriate, should encourage development and use of environmentally sound products and services.

- Governments and other relevant organizations should promote research on consumer behaviour related to environmental damage in order to identify ways to make consumption patterns more sustainable.

The confirmation of this declaration has not to date led to any new policy at the Commonwealth level of the implementation of new programs. The Commonwealth Department of Treasury is responsible for consumer rights and interests however to date no new public announcements have been made. The lack institutional inertia and the United Nations character of this agreement may not lead to any concrete results in Australia even though this was a major initiative of the United Nations.

THE JOHANNESBURG PLAN OF IMPLEMENTATION AND THE MARRAKECH PROCESS

The Johannesburg Summit on Environmental and Development in 2002 sought to review and progress the global sustainability dialogue. Australia was an active participant and all summit resolutions were concluded by agreement of Australia.

The Summit declared a 10 year framework on sustainable consumption with direct reference to green procurement:

The Johannesburg Plan of Implementation 2002

Chapter 3: Changing Unsustainable Patterns of Consumption and Production.

Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. All countries should promote sustainable consumption and production patterns, with the developed countries taking the lead and with all countries benefiting from the process, taking into account the Rio principles, including, inter alia, the principle of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development. Governments, relevant international organizations, the private sector and all major groups should play an active role in changing unsustainable consumption and production patterns.

Encourage and promote the development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production to promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, delinking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes and reducing resource degradation, pollution and waste. All countries should take action, with developed countries taking the lead, taking into account the development needs and capabilities of developing countries, through mobilization, from all sources, of financial and technical assistance and capacity-building for developing countries. This would require actions at all levels to:

Chapter 3 Section 19 c Promote public procurement policies that encourage development and diffusion of environmentally sound goods and services;

The plan of implementation has now been progressed with a series of regional and expert international meetings making more specific and developed approaches for implementation of declaration by member states.

The first international expert meeting was held 16-19 June 2003 in Marrakech, Morocco, to take first steps towards developing a 10-year framework of programmes. The meeting identified a number of key priorities, including the development of policies for sustainable consumption and production, and the integration of economic, environmental and social aspects of sustainable consumption. Participants agreed that strategies for sustainable consumption and production should include a mix of regulations, economic incentives and communication tools, and involve partnerships between government agencies, international organizations, private enterprises and public interest organizations.

The findings of this progress meeting demonstrate that green procurement is widely accepted as one of the best instruments available to governments, industry and civil society in implementing the goals of the Johannesburg agreement.

The Marrakech Findings

1. Exchange of experiences at national level

147. Several activities at the national level were reported, and it was felt that sustainable procurement was a useful channel for product innovation, bringing sustainable products from niche markets to mainstream markets, creating economies of scale and reducing prices.

148. *Cost savings from sustainable procurement were reported by some participants, while others felt that sustainable procurement activities would be expensive. Some participants noted existing legislation as an obstacle to progress.*

149. *Some felt that sustainable procurement policies in developing countries would lead to higher costs and the need to import products, since national suppliers would not be able to meet the product standards. Some participants noted that implementation would be affected by the ongoing negotiations in the WTO on related elements such as transparency. A participant noted that developing countries receive donations, for instance hospital equipment and computers, which do not always meet the standards.*

150. *It was noted that sustainable procurement policies also address environmental management systems (good housekeeping). It was also observed that these activities were not restricted to public organizations, but were conducted by other institutional consumers (hospitals, schools) and businesses as well.*

151. *It was also noted that sustainable institutional procurement could also be used to reduce poverty and to promote social inclusion. The educational and awareness-raising potential of work place assessments was noted, since these are participatory and can lead to direct benefits from savings on, for instance, water and electricity. Such projects have been carried out in various countries and in various industries and were appreciated by workers, which also lead to sustainable behaviour in their domestic life.*

The meeting delivered priorities for future work at the national level which are of relevance to Australia. These included decisions that **best practices of sustainable institutional procurement activities** should be widely disseminated, including opportunities for cost savings and that **regulatory frameworks** also need to be developed in order to support this activity.

The Commonwealth's activities in this area are only preliminary and it is unclear whether any programs have arisen as a result of this international process in Australia. No specific announcements have been made on the basis of the Marrakech meetings to date.