



Australian Government

Department of Sustainability, Environment,  
Water, Population and Communities



# Sustainable Procurement in the Australian Government Report 2013

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## INTRODUCTION

The Australian, state, territory and local governments are working collaboratively on the *National Waste Policy: Less waste, more resources*, which sets the direction for national action on waste and resource recovery for the period to 2020. This includes producing less waste for disposal and managing waste as a resource to deliver economic, environmental and social benefits.

Sustainable procurement is a strategy under the National Waste Policy and governments have committed to embodying and promoting the principles of improved resource management within their own operations. Under the National Waste Policy Implementation Plan of July 2010, governments have also committed to supporting implementation and reporting on the uptake of sustainable procurement principles and practices from 2012.

In 2011–12, the Australian Government spent over \$41 billion on contracted goods and services.<sup>1</sup> As a large procurer, the Australian Government can take a leading role as a model purchaser by using its purchasing power to achieve environmental and social benefits throughout the supply chain and, at the same time, reduce its costs.

This report gives an overview of Australian Government procurement policies and operational activities that embody sustainable procurement principles and practices in 2010–11 and 2011–12. There is currently no formal whole-of-government mechanism or requirement for entities to report on the uptake of sustainable procurement. In the absence of a formal requirement, this report draws information from agency annual reports and survey data collected on agencies' activities under the Australian Packaging Covenant and ICT Sustainability Plan to give a snapshot of how sustainable procurement is undertaken within government operations. Actions taken by individual agencies will be highlighted in case studies to show the broad range of activities across agencies large and small.

Integrating sustainability into procurement decisions is an evolving practice in Australia and internationally. It is expected that over time, sustainable procurement procedures and practices will continue to evolve in line with community expectations, product development and expanding markets.

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<sup>1</sup> Department of Finance and Deregulation 2013, Statistics on Australian Government Procurement Contracts <http://www.finance.gov.au/publications/statistics-on-commonwealth-purchasing-contracts/index.html>

## WHAT IS SUSTAINABLE PROCUREMENT?

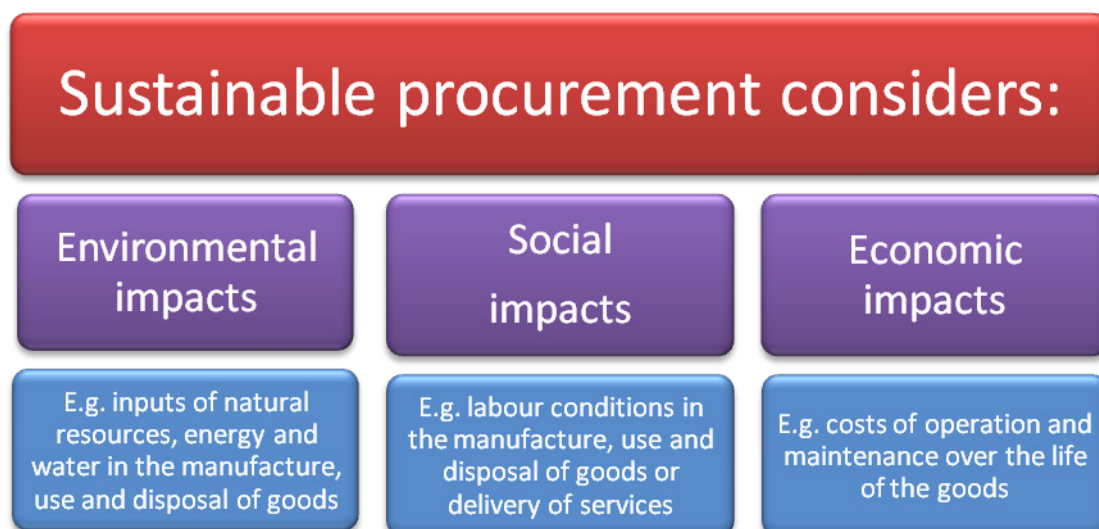
Sustainable procurement aims to reduce the adverse environmental, social and economic impacts of purchased products and services throughout their life. The definition of sustainable procurement used by the Australasian Procurement and Construction Council (APCC), the United Nations and the United Kingdom Government is:

*A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.*

*(APCC 2007, Australian and New Zealand Government Framework for Sustainable Procurement)*

Sustainable procurement aims to reduce the adverse environmental, social and economic impacts of purchased products and services throughout their life. The sustainable procurement process looks beyond the up-front cost to make purchasing decisions based on the entire life cycle of the goods and services, taking into account associated costs, environmental and social risks and benefits, and broader social and environmental implications.

**Figure 1: Examples of key considerations in sustainable procurement decisions**



Source: DSEWPAC, *Sustainable Procurement Guide for the Australian Government*

Important environmental considerations include:

- inputs of natural resources, energy and water in the manufacture, use and disposal of goods
- pollution produced from the manufacture, use and disposal of goods, such as the toxicity of the materials used and greenhouse gas emissions
- loss of flora and fauna resulting from the removal or alteration of natural resources.

Social considerations could include:

- labour conditions in the manufacture, use and disposal of goods or delivery of services
- impact on human health
- impact on fair working conditions
- promotion of social enterprise and impact on local communities
- abolition of compulsory labour and child labour.

While the up-front cost of a procurement is commonly a key consideration, the whole-of-life costing of a product or service can be overlooked. Whole-of-life costing (also known as life-cycle costing or total cost of ownership) is an important concept in sustainable procurement. It refers to the cost of:

- acquiring the product (including design and planning where applicable)
- installing or commissioning the product
- training others to use the product
- operating the product
- repairs and maintenance
- disposing of the product at the end of its life.

For some types of products, the lowest cost option up front may not be the cheapest over the life of the asset. This is typically the case for products that use power, water, fuel or other consumables, or have complexities associated with disposal (such as containing hazardous materials).

All government agencies have office-based operations and are required to procure a range of common items. These key decision points typically occur over different time scales from annual, in the case of office supplies, to longer term projects such as new buildings. The timescale of key procurement decisions is summarised in Figure 2.

**Figure 2 Summary of timescale of key procurement decisions in office based operations**



Source: ANAO, Public Sector Environmental Management Better Practice Guide, 2012

# SUSTAINABLE PROCUREMENT PRINCIPLES

## Overarching procurement framework and sustainability

The Australian Government's procurement framework is underpinned by the Commonwealth Procurement Rules (CPRs). The CPRs outline the rules for procurement and the requirements that procuring officials must undertake when conducting a procurement. In conjunction with the CPRs, legislation such as the *Financial Management and Accountability Act 1997 (FMA Act)* and the *Commonwealth Authorities and Companies Act 1997 (CAC Act)* contain mandatory requirements that Australian Government officials must adhere to.

Value for money is the core principle underpinning the Australian Government procurement framework. This means that relevant financial and non-financial costs and benefits should be taken into account over the entire life of the procurement to inform a value for money assessment.

Understanding the elements of sustainable procurement is a core consideration for procuring officials when conducting their value for money assessment. In addition, the CPRs have specific requirements for procuring goods and services. The CPRs state that factors to consider in assessing value for money include, but are not limited to:

- fitness for purpose
- a potential supplier's experience and performance history
- flexibility (including innovation and adaptability over the lifecycle of the procurement)
- environmental sustainability (such as energy efficiency and environmental impact)
- whole-of-life costs.

Sustainable procurement practices can be demonstrated by:

- including strategies that reduce demand or unnecessary consumption and end-of-life disposal
- considering future sustainability issues and policies in the planning process (such as higher energy costs and energy intensity targets)
- encouraging sustainable solutions and innovation in tenders
- measuring and improving sustainability throughout the life of the procurement.

Guidance on incorporating sustainability into procurement decisions can be found at:

[www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/policy-framework/incorporating-sustainability/principles.html](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/buying/policy-framework/incorporating-sustainability/principles.html)



## **Sustainable procurement provisions in environmental and social policies**

The Australian Government has a number of environmental and social policies that incorporate sustainable procurement principles. The procurement provisions within these policies are designed as a means to achieve intended environmental and social objectives whilst still adhering to the core principle of achieving value for money. Those policies specifically related to procurement are termed procurement connected policies, and the list of these policies is maintained by the Department of Finance and Deregulation (DoFD) and is available from: [www.finance.gov.au/procurement](http://www.finance.gov.au/procurement)

Procurement officers and Delegates should be aware of these policies and ensure that purchasing decisions by FMA agencies and prescribed CAC bodies are not inconsistent with these policy requirements. A summary of the relevant environmental and social policies are listed below.

Environmental policies with procurement requirements include:

- **Energy Efficiency in Government Operations**

The policy aims to improve energy efficiency and consequently reduce the whole-of-life cost and environmental impact of Australian Government operations and by so lead the community by example. The policy has a particular emphasis on building energy efficiency. It commits to a progressive improvement of overall agency energy performance through annual energy intensity reporting, the use of Green Lease Schedules, and minimum efficiency requirements. There is no minimum procurement threshold. This policy is administered by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

- **Australian Packaging Covenant**

The current Australian Packaging Covenant (APC) agreement was signed by the Australian Government in July 2010. It aims to reduce waste generation and environmental impacts of packaging.

The Australian Government's commitments under the APC are set out in the Action Plan 2010–15 and include: implementing the covenant's Sustainable Packaging Guidelines; implementing recovery systems and litter reduction measures for used packaging materials and paper in offices and other premises, including public spaces; purchasing packaging and paper products that include recycled materials; and facilitating nationally effective product stewardship policies and programs relating to packaging waste and litter. Australian Government agencies are also to develop a Chief Executive Instruction (where appropriate) or other Executive Direction on sustainable procurement. There is no minimum procurement threshold. This policy is administered by the Department of Sustainability, Environment, Water, Populations and Communities (DSEWPaC).

- **National Waste Policy**

The National Waste Policy aims to avoid the generation of waste; reduce the amount of waste (including hazardous waste) for disposal; manage waste as a resource, ensure that waste treatment, disposal, recovery and reuse is undertaken in a safe and environmentally sound manner; and contribute to broader economic, environmental and social goals. The Australian Government to report on the uptake of sustainable procurement. There is no minimum procurement threshold. This policy is administered by DSEWPaC.

- **ICT Sustainability Plan 2010–15**

The plan requires agencies to adopt mandatory environmental standards for ICT acquisitions and to strengthen management processes for environmental risks and issues such as managing ICT energy use, carbon emissions and waste. There are also agency performance measures and targets to drive environmental performance and sustainability improvement across the Australian Government. The policy applies to all ICT procurements. This policy is administered by DSEWPaC.

Social policies with procurement requirements include:

- **Workplace Gender Equality Agency – Contract Compliance Policy**

The Contract Compliance Policy promotes gender equality in the workplace by supporting the Workplace Gender Equality Agency to assist industry to comply with their obligations under the *Workplace Gender Equality Act 2012* which requires non-public sector employers with 100 or more employees to report against a standard set of gender equality indicators, focussing on outcomes. In 2012, the Act was reformed and at the time of publication, the procurement connected policy associated with the Act was being revised in line with these reforms. The new policy will be called the Workplace Gender Equality Procurement Principles and User Guide. The policy is administered by the Workplace Gender Equality Agency.

- **National Disability Strategy**

The National Disability Strategy 2010–2020 aims to drive change across all government policies, programs, services and infrastructure so that people with disability can fulfil their potential and participate in all facets of Australian life as equal citizens. This ten-year plan, endorsed by the Council of Australian Governments, represents a commitment by all levels of government, industry and the community to a unified, national approach to policy and program development. There is no minimum procurement threshold. This policy is administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

- **Indigenous Opportunities Policy**

Tenders, where the expenditure is over \$5 million (\$6 million for construction) in a region with a significant Indigenous population, are required to develop an Indigenous Training, Employment and Supplier Plan as part of their application. Agencies are required to consult with the Department of Education, Employment and Workplace Relations (DEEWR) when planning a procurement activity that exceeds the policy threshold. This policy is administered by DEEWR.

## **Incorporation of sustainable procurement requirements in whole-of-government panel arrangements**

DoFD has established a number of mandatory whole-of-government procurement arrangements. These arrangements incorporate sustainable procurement principles upfront to maximise the environmental and social benefits, and reduce the time taken for agencies to meet the government's requirements. Current whole-of-government arrangements include:

- telecommunications commodities, carriage and associated services
- telecommunications
- motor vehicle leasing and fleet management
- travel services
- major office machines
- desktop hardware
- data centre facilities and migration services
- stationery and office supplies.

Generally, these arrangements are mandatory for agencies subject to the *Financial Management and Accountability Act 1997* and optional for *Commonwealth Authorities and Companies Act 1997* entities. More information about whole-of-government procurement can be found at <http://www.finance.gov.au/procurement/wog-procurement/index.html>

An example of a whole-of-government arrangement that has looked closely at whole-of-life costs, a key consideration in sustainable procurement, is the Major Office Machines (MOM) Equipment and Support Panel and the Managed Print Services (MPS) panel. These panels were established in the first half of 2011 and cover items such as network printers, multifunction devices, scanners, provisions for maintenance support and consumables. The MPS panel provides for managed print services where the panellist is responsible for delivering a fully managed equipment and service solution.

The whole-of-life cost for the goods and services takes into consideration not just the upfront cost of the device but also the maintenance, consumables, servicing and disposal. The MOM Panel arrangement has undertaken analysis on the whole-of-life costs for office equipment such as printers and found that the purchase price of the device is a small component of the

total cost over the life of the device. This analysis is described in the case study below, in addition a summary of the panel's key functions.

#### **CASE STUDY: Major office machines and whole-of-life cycle assessments**

The Whole-of-Government MOM panels are structured to improve agencies' consideration of the total cost of life of devices, and encourage centralisation of the procurement and management of office equipment. This enables better reporting (about the cost of equipment and consumables) to assist agencies optimise capital use and control expenditure on major office machines. A limited range of devices are available from MOM panels to support agencies in achieving the Australian Government ICT Sustainability Plan 2010–2015 targets, such as the reduction in the ratio of desktops to printing devices. For example, there are no small inefficient inkjet printers available on the panel.

The MOM panels aim to maximise the benefits and savings to agencies by reducing whole-of-life costs. Consumables and maintenance under the panel are at very competitive rates, achieved by leveraging the whole-of-government purchasing power.

The purchase price of a printer can be as low as 10 per cent of the whole-of-life cost, with 90 per cent of the whole-of-life costs being for maintenance and consumables. For multi-function devices, the purchase price of the device is generally 25 per cent and maintenance and consumables are 75 per cent of the whole-of-life cost of the device. Substantial savings and efficiencies for agencies can be achieved by using the MOM panels as a result of DoFD's negotiated prices for impression charges for consumables and maintenance.

The devices under the MOM panels aim to deliver environmental efficiencies, increased security and improve functionality. Agencies are encouraged to consider their business processes and further ways in which to save and support sustainable procurement, such as through the introduction of printing solutions that require the end user to authorise the release of the print job at the device. Agencies adopting such print solutions are reporting reductions in printing of around 20 to 30 per cent, which means reduced wastage and lower paper, power and toner usage.

In agencies where the IT area purchase the equipment (capital) and the corporate/business areas pay for the supplies (operational), a coordinated approach to whole-of-life costs and sustainable procurement can also save money over the life of the contract.

Agencies with a regular program of reviewing existing office equipment arrangements are achieving savings and sustainable efficiencies by replacing high cost, high volume machines with MOM devices under impression charge arrangements for consumables and maintenance.

More information is available at:

[http://www.finance.gov.au/procurement/docs/Announcement\\_Factsheet.pdf](http://www.finance.gov.au/procurement/docs/Announcement_Factsheet.pdf)

## Guidance on sustainable procurement

DSEWPAC has recently published the *Sustainable Procurement Guide for the Australian Government*. The guide provides step by step guidance in how to include sustainability considerations in procurements and in value for money assessments. Guidance is also provided on how to avoid so-called 'greenwash'<sup>2</sup> and how to assess the sustainability performance of suppliers.

The first of these guides is the *Guide for sustainable procurement of services* which aims to assist purchasers to consider sustainability when procuring services such as financial or consulting services. General services accounts for a large amount of government expenditure however, there has been limited information about how to include sustainability considerations. This guide is intended to fill an important knowledge gap and available from: <http://www.environment.gov.au/wastepolicy/publications/sustainable-procurement-guide.html>

More detailed information about specific products and services is available through separate guides. These guides will provide information about the specific issues to consider when procuring the goods or services, minimum and best practice performance criteria that can be used in approaches to market and possible contract requirements. Guides for common purchases that are expected to be released in the future include:

- office furniture
- printing services
- whitegoods
- waste management services
- cleaning services.

### **Incorporate sustainability into procurement practices**

Assessing existing procurement practices against the principles of sustainable procurement is a useful starting point. The refinement of internal procurement guidance further reinforces the importance of incorporating sustainability considerations in procurement decisions. For example, it may be appropriate to highlight the particular environmental goals of an entity, such as energy efficiency considerations, in internal guidance for new procurements. The incorporation of environmental considerations into contracts, such as cleaning and building maintenance services, also reinforces an organisation's commitment to sustainable operations.

Source: ANAO, Public Sector Environmental Management, 2012

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<sup>2</sup> Greenwash is the practice of making false, misleading and/or deceptive claims about the environmental practices of a company or the environmental attributes of its goods and/or services.

## SUSTAINABLE PROCUREMENT PRACTICES

Many initiatives to improve the environmental sustainability of government operations are underpinned by sustainable procurement practices in conjunction with performance management initiatives such as user behaviour and awareness raising strategies. While the uptake of sustainable procurement is strongly linked to meeting requirements set out in the government's environmental and social policies, many agencies are going beyond these requirements and undertaking voluntary action to meet stated organisational sustainability goals.

### Internal policies

Agency internal policies or plans articulate procedures and processes, identify organisational priorities and provide specific guidance to agency staff. Chief Executive Instructions (CEI) are one way to provide guidance within agencies. The Australian Packaging Covenant survey for 2010–11 indicates that in the first year of reporting against the Action Plan 49 per cent of reporting agencies had a CEI on procurement outlining how to consider environmental impacts when procuring goods and services. An example from the Department of Veteran Affairs (DVA) is given below.

#### **Department of Veteran Affairs commitment to sustainable procurement**

- Our Chief Executive Instructions (CEIs) detail and encourage the procurement of environmental friendly products and services under the 'Procurement of Property and Services.' The CEIs detail environmental purchasing 'to purchase property or services that have less impact on the environment and human health than otherwise comparable property or services.' DVA's environmental commitment statement and Chief Executive Instructions relating to environmental purchasing all provide documentary evidence of our commitment to ecological sustainable development.
- DVA promotes environmental measures that lead to reduction of waste and emissions and the better use of resources through its procurement processes. All procurement requests include consideration of environmental issues. DVA promotes, through our office supplier Corporate Express, the procurement of a large variety of quality products made from recycled material and manufactured with environmental consideration in mind.

Source: Department of Veteran Affairs, Annual Report, 2010–11

The publication of these policies or plans establishes a public commitment to meet these objectives. An example of integrating sustainability into internal policies is described in the case studies below.

### **Corporate policies of the Department of Families, Housing, Community Services and Indigenous Affairs**

FaHCSIA publishes a number of corporate policies relating to the environment, workplace diversity, attraction and retention of Aboriginal and Torres Strait Islander people, and recruitment and retention of people with disability.

For example, the FaHCSIA Environmental Policy 2011–12 contains objectives and priorities including:

- upholding principles of ecologically sustainable development
- minimising energy and water consumption
- minimising the amount of waste to landfill generated by the department's operations
- reducing the department's carbon footprint
- communicating relevant environmental information.

Source: <http://www.fahcsia.gov.au/about-fahcsia/policies-legislation/departments-corporate-policies>

### **Documenting environmental considerations of purchasing decisions at DSEWPaC**

In 2011–12, DSEWPaC included details of the environmental considerations in the proposed procurement documentation. Departmental records show that a range of environmental considerations have been included in purchasing decisions. Common considerations include:

- reduced waste from the electronic provision of consultancy services
- tenders are required to demonstrate their environmental credentials
- reduced waste and ability to re-use components of the procured goods
- use of renewable energy in the operation of the procured services
- environmental ratings, such as the Green Vehicle Guide score
- minimal use of water
- compliance with environmental policies, in particular the ICT Sustainability Plan.

## Sustainable procurement of goods

Agency annual reports describe a wide range of examples of sustainable procurement decisions from paper and office stationery to cleaning products and office refurbishments.

### Procurement of paper and stationery

The ICT Sustainability Plan requires that all FMA agencies procure at least 50 per cent post-consumer recycled paper by 2012 and 100 per cent recycled content paper by July 2015. The Australian Packaging Covenant's survey of 2010–11 found that 78 per cent of reporting agencies purchase at least 50 per cent post-consumer recycled office paper, as required in the ICT Sustainability Plan. Some 37 per cent of reporting agencies have taken this one step further by purchasing 100 per cent post-consumer recycled office paper.

It is mandatory for all FMA Act agencies to use the whole-of-government stationery and office supplies panel. The panel was established in 2012 for an initial three-year period. CAC Act bodies may opt into the panel arrangements at any time.

A number of agencies have adopted strategies to optimise and effectively re-use stationery items within the office environment, as described in the case study below.

#### **Management of stationery at the Department of Health and Ageing**

The Department operates and encourages the use of an Excess Stationery Store. This encourages staff to recycle and reuse existing stationery before ordering new supplies. The store aims to reduce excess waste going to landfill and also helps to reduce the demand for natural resources and energy used in relation to the manufacturing process and environmental degradation associated with packaging and transport of goods.

Source: Department of Health and Ageing, Annual Report, 2011–12



## Procurement and energy savings

Across the Australian Government many entities have reported in annual reports the benefits gained by procuring more energy efficient lighting, office equipment, appliances and IT systems. These initiatives are helping agencies to meet the government's energy intensity targets for buildings and tenancies under the Energy Efficiency in Government Operations policy. It also assists meeting energy performance requirements for desktop devices as set out in the ICT Sustainability Plan. When implemented widely across the Australian Government, these initiatives can yield significant cost savings and reduced greenhouse gas emissions from energy production.

### Energy savings at the Department of Health and Ageing

Energy saving initiatives in the Department's lease property portfolio includes T5 and movement activated sensor lighting, double glazed windows and efficient heating, ventilation and air-conditioning systems. This ensures that National Australian Built Environment Rating System (NABERS) and Greenstar ratings are achieved. As part of its strategic accommodation plan, the Department previously relocated to a number of new buildings with improved energy efficiency.

The Department's Desktop Futures Program (DFP) was completed in 2012. The DFP replaced the Department's physical desktop computers with hosted virtual desktops. This results in significant energy savings for the Department. The Department is required to achieve targets of 400kWh per user, per annum by July 2012 and 250kWh per user, per annum by July 2015. Enabled by the changes brought about by the DFP, the Department met the July 2012 target by achieving a power usage of 390kWh per user, per annum. To achieve the 2015 target, the Department will implement a power saving policy for end user devices by ensuring they go on standby between 7pm and 7am which is anticipated to significantly reduce power consumption to 225kWh per user, per annum.

Source: Department of Health and Ageing, Annual Report 2011–12

As the renewable energy market expands, the procurement of electricity can now take into consideration a range of environmental factors, such as the source of renewable power and the carbon intensity its production. GreenPower is certified electricity generated from renewable sources, such as wind, solar, biomass and new hydro. In the Australian Capital Territory, a cooperative energy contract involving over fifty agencies has been established and is managed by the Department of Defence. This contract includes 10 per cent GreenPower, however, some agencies procure up to 100 per cent GreenPower at selected sites.

## **Procurement and water savings**

While there is currently no policy requirement or performance benchmark for water use in Australian Government buildings, the nation's climatic variability makes a strong case for adopting pragmatic water conservation strategies.

Australian Government entities have reported procuring more water efficient appliances such as low flow taps, shower heads, waterless urinals and the use of greywater to flush toilets. Procuring infrastructure to capture and use rainwater for watering garden areas has also been reported by Australian Government entities, as seen in the case study below.

### **Water savings at the Department of Prime Minister and Cabinet**

One National Circuit is highly water efficient and in 2011 the building received a NABERS 4.5 star efficiency rating for water. The building has a 70,000 litre water tank in the basement that services all the toilets and the gardens, as well as other water conservation initiatives such as dual-flush toilets, waterless urinals and low-flow showers.

Source: Department of Prime Minister and Cabinet, Annual Report 2011–12

The operation and cleaning of buildings and office accommodation represents an opportunity to minimise environmental impact by purchasing low toxicity and environmental friendly cleaning products. A number of agencies have reported the inclusion of environmental considerations in their choice of cleaning products and use of products certified to specific environmental standards. See case study below for details.

### **Environmentally friendly cleaning practices at the National Museum of Australia**

The Museum now uses toilet paper and paper hand towels made from 100 per cent recycled material. These products are Australian made and certified by Good Environmental Choice Australia (GECA). The Museum has also successfully implemented a new range of environmentally friendly cleaning products that feature readily biodegradable components, have very low or no toxicity, ultra-low volatile organic compounds, no phosphates or bleach, and concentrated formulas to reduce waste in both packaging and transport. As well as GECA certification, these products are also certified by the United States Environmental Protection Agency and EcoLogo, the Canadian Government's environmental standards and certification organisation.

The Museum has also introduced new, more environmentally friendly cleaning equipment, including a floor-scrubbing machine that uses less water and chemicals than previous machines for the scrubbing of hard floor surfaces. The new machine saves approximately 13,500 litres of water and 130 litres of chemicals each year.

Source: National Museum of Australia, Annual Report 2011–12

## Procurement and transport

The choice of vehicles to lease is another opportunity to consider environmental and sustainability issues. Many agencies have reported in annual reports that the decision to lease a vehicle is considered on a case by case basis with a preference for smaller vehicles, where possible. Agencies have also reported the uptake of vehicles with high Green Vehicle Guide (GVG) scores. The GVG rates vehicles in terms of fuel efficiency and production of carbon dioxide emissions. Further guidance on the environmental impact of vehicles can be found at [www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au).

Agencies are also reporting consideration of the Green Car Challenge, which states that by 2020 half of the Government's fleet of passenger vehicles will be Australian-made, demonstrate value for money and be environmentally friendly. This is described in the case study below.

### **Fleet and fuel usage at Department of Veteran Affairs**

We commenced the 2011–12 year with 57 leased vehicles. This included 17 vehicles used by the Office of Australian War Graves (OAWG) in maintaining commemorative sties. Of the 40 vehicles used by DVA, 31 (76 per cent) had a Green Vehicle Guide (GVG) rating above 10.5. This exceeds the government's Green Car Challenge of 50 per cent of passenger vehicles being environmentally friendly cars. Due to the specific nature of the work, and the type of commercial vehicles required, only five of the 17 OAWG vehicles (29 per cent) had a GVG rating above 10.5. During the year, 15 vehicles were either replaced or relinquished, 12 for DVA and three for OAWG.

Source: Department of Veteran Affairs, Annual Report 2011–12

The Department of Finance and Deregulation's Fleet Monitoring Body manages the whole-of-government fleet and can assist in choosing the most suitable vehicle for agency use. Further information can be found at: <http://www.finance.gov.au/vehicle-leasing-and-fleet-management/index.html>

Far from the common office environment, the Australian National Antarctic Research Expedition undertakes research in Antarctica using heavy duty snow vehicles. The case study below details how snow vehicles undergo periodic overhauls to extend their useable life.

## The repair of snow vehicles at the Australian National Antarctic Research Expedition



Hagglunds at Kingston: the old (right) and the 'reborn' during a total overhaul known as a 're-life' (left). (Photograph by M. Filipowski)

The Australian National Antarctic Research Expedition (ANARE) has used Swedish Haggglunds vehicles in Antarctica since 1983. These heavy duty, oversnow vehicles, designed for military use, are the most common people carrier in use at all our continental stations for both science support and general station use. Although Haggglunds are serviced and maintained on station by expeditioner mechanics, every seven years the vehicles are returned to the Australian Antarctic Division workshops at Kingston for a major overhaul, known as a 're-life'. Overhauls extend the life of the vehicle by two or three times longer than the original.

During an overhaul, the machine is completely stripped down to the last nut and bolt. The chassis is sandblasted back to bare metal and repainted with four coats of two pack paint, the fibreglass cabs are cut back and all structural damage repaired. In addition, the engine and transmission have been upgraded and modernised from the original Mercedes power plant to a new tier III Cummins electronic common rail engine matched to an electronic Allison transmission. This modernised power plant improves fuel efficiency, reduces exhaust emissions and provides smoother and quieter vehicle performance.

Some examples of improvements made in the past include the addition of 240 volt engine block heaters, which warm the engine while the vehicle is stationary to facilitate starting in cold Antarctic conditions; replacement of mild steel roof racks, prone to rust, to low maintenance stainless steel; drive lines and steering units being fitted with grease lubrication which lessens the wearing of joints, resulting in rust and eventually water ingress. This feature has extended the service life of the unit so successfully that it was adopted by the Swedish manufacturer of Haggglunds.

Source: Australian National Antarctic Research Expedition with DSEWPaC

## **Procurement and environmentally friendly office refurbishments**

Office refurbishments and new building projects present significant opportunities to reduce environmental impact through the careful consideration of procurement decisions and sustainability issues. The Australian Government has well established energy performance targets for new buildings set out in the Energy Efficiency in Government Operations policy and the environmental sustainability credentials of proposed refurbishment or building projects (valued over \$15 million) are examined by the Standing Parliamentary Public Works Committee.

In annual reports, many agencies are reporting an increased consideration of recycled content and low toxicity materials. The ability to re-use materials is also gaining increased attention, as described in the case studies below.

### **Environmental considerations in Export Finance and Insurance Corporation's refurbishments**

EFIC reported that in the refurbishment of their office space:

- Workstations, chairs, tables and flooring were selected based on environmental performance. A majority of furniture and flooring items are durable, designed for easy disassembly and re-use and contain eco-preferred content.
- Indoor pollutants are minimised by selecting paints, carpets, sealants and furniture with low levels of volatile organic compounds, which can have adverse health effects such as eye, nose and skin irritation, headaches and lethargy. Indoor plants will be situated on each new floor to assist air pollutant removal and further improve indoor air quality.

Source: Export Finance and Insurance Corporation, Annual Report, 2010–11.

### **Refurbishments at the Special Broadcasting Service (SBS)**

SBS acknowledges that its business activities, through the consumption of energy, the use of raw materials and the generation of waste, have an impact on the environment. SBS seeks to minimise these impacts where possible by adopting sustainable practices to minimise the use of resources. SBS achieves this through purchasing products made from recycled materials, recycling material wherever possible and re-using equipment, furniture and fittings where practical.

SBS refurbished approximately 2500 square meters of office space during 2011–12 and installed Building Code complaint lighting systems designed to reduce overall energy consumption by 70 per cent when compared to the 20-year-old lighting system they replaced. These refurbishment projects also used recycled material in pin boards and acoustic panelling as well as furniture that was made from recycled waste. All carpet used in these areas will be capable of being recycled when it reaches the end of its useful life.

Source: SBS Annual Report, 2011–12.

## Sustainable procurement of services

Australian Government agencies are increasingly considering sustainability issues when contracting services. Many agencies are expanding the scope of their waste management services to recycle organic waste, lamps containing mercury and electronic waste, along with printer toners and mobile phones, as seen in the case studies below.

### Resource efficiency and waste at the Department of Finance and Deregulation

In 2011–12 Finance continued to support recycling programs. We provide a number of recycling streams (including comingled recycling, cardboard recycling and paper recycling facilities) in all of our tenancies. A range of signage, intranet messages and induction content also encourages staff to sort waste appropriately in order to maximise recycling and minimise the department's disposal to waste to landfill.

In April 2012 a number of waste inspections identified that kitchen waste segregation could be improved to increase the amount to recycling. Using information from the waste inspections, new signage that conforms to the national standard (AS4123.7 2006 mobile waste containers) was introduced in conjunction with updated staff guidance material.

Finance continues to use a secure paper destruction contractor that uses a hydro-pulping process. The hydro-pulping process allows the securely destroyed product to be completely recycled and also begins the recycling process. This contrasts to other secure destruction methods that shred the paper fibres into fine particles, resulting in a more limited range of recycling options for the resulting by-product.

Source: Department of Finance and Deregulation, Annual Report 2011–12

### Australian Crime Commission procurement decisions

We ensure environmental considerations are part of normal procurement practice, consistent with traditional factors such as product safety, price, performance and availability. Procurement decisions are no longer confined to considerations of price and functionality, but also include whole-of-life assessment and consideration of environmental performance. Consequently, environmental performance provisions are included in procurement tenders and contracts.

Source: Australian Crime Commission, Annual Report, 2011–12

## Carbon accounting services

Some agencies purchase carbon offsets to counterbalance vehicle or building related emissions. The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education has established the National Carbon Offset Standard, which provides guidance on what is a genuine voluntary offset and sets minimum requirements for calculating, auditing and offsetting the carbon footprint of an organisation, product or event to achieve 'carbon neutrality'. For information about the standard can be found at <http://www.climatechange.gov.au/ncos>

A number of agencies are also calculating the carbon footprint of their operations annually and using this data to track trends over time and to target strategies to reduce consumption, as described in the case study below.

### Carbon footprint assessment at the Department of Prime Minister and Cabinet

We assess our carbon footprint in accordance to the National Greenhouse Account Factors issued by the (*then*) Department of Climate Change and Energy Efficiency in July 2010. Results from 2009–10, 2010–11 and 2011–12 are presented as tonnes of carbon dioxide equivalent and per item as a percentage of the total. In 2011–12:

- 51 per cent electricity
- 38 per cent air travel
- 6 per cent supply of electricity
- 3 per cent natural gas
- 2 per cent air conditioning.

Source: Department of Prime Minister and Cabinet, Annual Report 2011–12.

## **Conclusion—where to from here?**

The Australian Government has incorporated key principles of sustainable procurement into the overarching procurement framework that governs the spending of public money. A number of environmental and social policies include procurement requirements, which have been incorporated into mandatory whole-of-government panel arrangements. DSEWPaC has published guidance designed to support the Australian Government's uptake of sustainable procurement.

While there is currently no formal requirement to report on the uptake of sustainable procurement, a number of entities are reporting a wide range of sustainable procurement practices in annual reports. These practices cover all aspects of agency operation from stationery and paper procurements, to the choice of vehicles and major refurbishment projects.

The integration of sustainable procurement is an evolving practice in Australia and internationally. It is expected that over time, sustainable procurement procedures and practices will continue to evolve in line with community expectations, product development and expanding markets.



