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Green Procurement by Local Government: A Review of Sustainability Criteria

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Heather Zeppel

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Green Procurement by Local Government: A Review of Sustainability Criteria

Heather Zeppel

This report assesses the green or sustainable procurement practices implemented by local government, and environmental sustainability criteria in procurement policies of councils. Data is based on a desk top review of green procurement programs implemented by local government associations, procurement agencies, and councils. Based on this information, the report recommends key guidelines, standards and specifications for green procurement by South Australian (SA) councils. Green evaluation criteria assist councils to assess products and tenderers based on environmentally preferable factors and whole of life costing.

This review of green procurement was undertaken for LGA Procurement (LGAP), the purchasing division of the Local Government Association of South Australia (LGASA). Procurement staff from six SA councils (large and small, metropolitan and rural councils) also guided the project. This evaluation of green procurement practices contributes to LGA Procurement's development of sustainable procurement guidelines, building on LGASA's '2012 Year of Procurement' and a *Procurement Handbook* for best practice in purchasing.

1. Introduction

This report assesses green purchasing practices by local government agencies and councils. Purchasing is a part of the overall procurement process, which also includes business planning, sourcing supplies and suppliers, tendering, and contract management.

'Procurement encompasses the whole process of acquiring property, goods, works or services' (LGASA, 2012a: 4) It is 'All activities involved in acquiring goods or services either outright or by lease (including disposal and lease termination)' (DLG, 2009: 66). Local councils manage their own procurement, setting their own rules for expenditure above and/or below a set amount; utilise demand aggregators (e.g. LGAP); participate in regional clusters of councils for shared procurement of goods and works; and access consolidated procurement for local government by one body such as energy providers or the National Procurement Network. Strategic procurement practices enable lower costs, improve services from suppliers, increase transparency, and integrate 'responsiveness to environmental and sustainability issues' including the environmental certification and

practices of suppliers (DPCD, 2008: 8). In South Australia, 'Councils spend more than \$720 million a year on materials and contracts' (LGAP, 2012a: 2). However, there has been limited assessment and analysis of green procurement practices and their adoption by SA councils. The *Local Government Act 1999 (SA)* includes ecological sustainability, while the *LGA Strategic Plan 2011-2015* suggests adopting 'targets relating to environmental issues of key concern to LG and communities' (LGASA, 2011a). Current LGA Procurement guidelines focus on the procurement process, value for money, effective use of resources, accountability, and fit for purpose, with limited consideration of environmental factors in the criteria used to assess suppliers. However, LGAP (2013a) 'promote(s) excellence in policy integration such as sustainable procurement.' Their *Procurement Handbook* (LGAP, 2012a) 'supports environmentally safe and sustainable procurement' (5.4.3) and 'If appropriate, incorporate requirements in specifications that help achieve the Council's economic, social and environmental objectives' (3.3). It further recommends in 10.6 Environmental: 'Are there any environmental factors which need to be considered or any standards which need to be complied with?' This report assesses relevant green procurement practices for SA councils.

This project on green procurement by SA local government was funded by LGASA's Local Government Research and Development Scheme (#2013.38). Previous environmental projects funded by this Scheme focused on climate change, energy, water and waste management by SA councils but not green procurement. This project addresses the 2013 priorities for this Scheme and the LGASA Local Excellence Program for two main themes: *Service Provision and Effectiveness: Local Government Corporate Services Review - Procurement*, and *Governance: Best Practice Procurement*. Developing green standards or criteria for councils to assess suppliers/tenderers relates to 'Benchmarking and Performance Assessment Methodology.' It aims to build council capacity in green procurement of environmentally preferable goods and services that reduce impacts and foster net benefits.

The benefits of green procurement for SA councils can be measured by identifying:

- **Green standards/evaluation criteria adopted in local council procurement**
- **Benchmarking green procurement practices by SA councils (e.g. green procurement policies, environmental evaluation criteria, types of environmental goods and services purchased etc)**
- **Percentage (%) of procurement spend covered by sustainability assessment**
- **Increased demand for green procurement services from LGA Procurement**

This report reviews local government guidelines and standards for green procurement. Council benefits include: cost savings, reducing environmental impacts/risks, energy and water saving targets, greenhouse and waste reduction strategies, and community service.

1.2 Methodology

This study involved a desk top review of green procurement programs by local government associations, procurement agencies, and the Australian government. It reviewed key reports, documents, websites, and case studies of local government engagement with green procurement in each Australian state and territory. A review of national and international best practice in green purchasing by procurement groups and other key local government agencies (e.g. ICLEI) was also conducted. This report examines local government adoption of sustainability criteria and standards for assessing products and services; green purchasing programs (e.g. Eco-Buy, Sustainable Choice); and carbon reduction practices (Hine, 2009).

The reference group for this study comprised representatives of LGA Procurement (LGAP), and procurement staff from six SA councils (large & small, metropolitan & rural councils). These representatives provided additional information on sustainability criteria and procurement practices at SA councils. This report reviews guidelines and specifications for green procurement of relevance to LGA Procurement and South Australian councils. The next stage will involve interviews with key personnel at LG associations and procurement agencies. A survey of procurement managers and officers at South Australian councils will also assess current green purchasing policies, sustainability criteria, demand and practices. This survey is based on the Eco-Buy categories of green products and recycled materials (Eco-Buy, 2011), and a NSW sustainable procurement survey (Sustainable Choice, 2013d).

2. Green Procurement

This report adopts the definition of green public procurement as the purchase of ***'goods, services and works with a reduced environmental impact throughout their life cycle'*** (European Union, 2011: 4). Green procurement includes the purchase of sustainable technologies, products and services for energy, water, waste, and materials efficiency (i.e. recycling), in council buildings, offices, facilities, works, and fleet. This study examines green procurement by local government as a sustainability strategy by ***'choosing to buy products***

and services that are less damaging to the environment and health' (Eco-Buy, 2013c).

Green procurement considers the environmental impacts, materials, and eco-efficiency of goods and services. Key criteria for environmentally friendly/alternative green products are:

- **Bio-based, Biodegradable, Compostable, (Rapidly) renewable materials, Recyclable, Recycled content, Reduced packaging**
- **Carcinogen-free, Chlorofluorocarbon (CFC)-free, Lead-free, Less hazardous, Low volatile organic compound (VOC) content, Low toxicity, Mercury-free, Persistent bioaccumulative (PBT) toxics free**
- **Durable, Energy efficient, Locally managed, Reduced greenhouse gas emissions, Refurbished, Resource efficient, Upgradeable, Water efficient (CSA, 2010).**

Green procurement thus generates environmental value as part of purchasing goods, services and works. This is mainly done through including environmental benefit requirements and clauses in contracts and tenders. Value-added green procurement sets environmental standards for suppliers, their products and services, and assesses how suppliers (and supply chains) manage their environmental impacts and emissions. Green or environmentally preferable procurement aims to 'mitigate environmental impacts such as greenhouse gases, toxicity, waste generation, excessive resource use etc' (Reeve Consulting, 2013: 5). Another aim is to 'contribute to carbon reduction calculations across the supply chain, using data from suppliers' (CIPS, 2012). Green purchasing is also part of triple bottom line (TBL) outcomes (environmental, social, & economic) in sustainable procurement.

'Green purchasing and environmentally preferable purchasing relate to the consideration of environmental impacts and costs in the procurement of goods and services, whereas sustainable procurement considers the social, environmental and economic implications of procurement' (Eco-Buy, 2013a: 10). Green procurement reinforces environmental benefits.

The environmental, economic and social benefits of green or sustainable procurement are:

For the Environment:

- Reduce greenhouse gas emissions:** purchase low carbon products
- Save energy, Save water:** purchase energy/water saving products
- Reduce waste:** purchase products with recycled content
- Improve indoor air quality:** purchase non-toxic products

For Organisations:

- Demonstrate leadership:** 'walk the talk' on sustainability
- Meet expectations of staff, community & suppliers:** for improved environmental performance
- Reduce costs and improve efficiency:** on energy, water and waste
- Gain formal recognition:** through certificates, awards, and publicity

For Local Community and Economies:

Develop and support markets: for local green suppliers

Contribute to green jobs by supporting sustainable industries

Support local communities: groups, schools and businesses that are buying green products

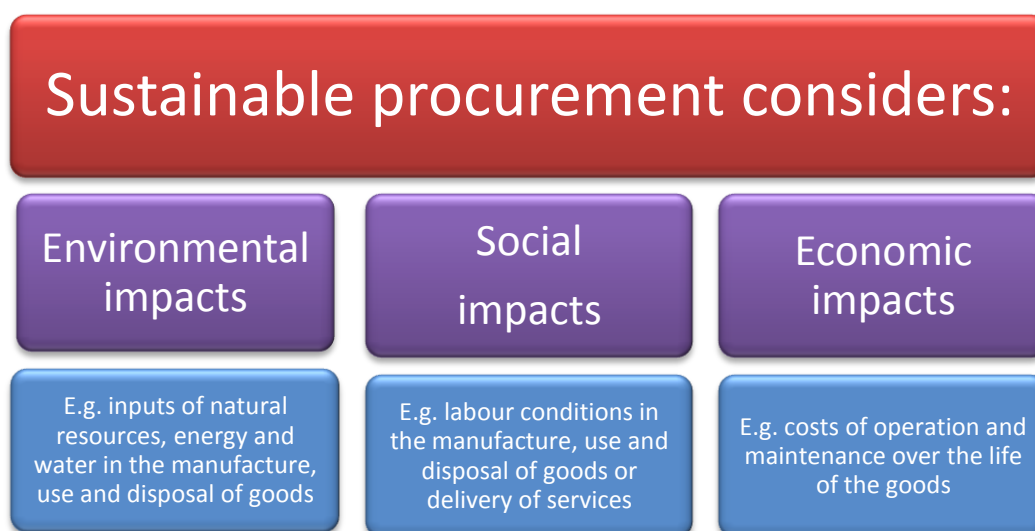
(Eco-Buy, 2013c).

Green public procurement (GPP) is concerned with the environmental impacts of purchasing while sustainable (public) procurement (SP) also considers social and economic factors (Figure 1). This includes reducing environmental impacts or emissions and enhancing social outcomes by supporting local suppliers/jobs, or community enterprises providing services.

'Sustainable procurement refers to the environmental and social features that are incorporated into the procurement process, including the development of appropriate specifications and the evaluation of suppliers against these requirements' (SPB, 2013: 18).

'Sustainable procurement considers the environmental, social and economic consequences of design, materials used, manufacturing methods, logistics and disposal' (Alder & Gooch, 2013: 3).

Figure 1: Key considerations in sustainable procurement decisions



Source: *Sustainable Procurement Guide* (Australian Government, 2013a)

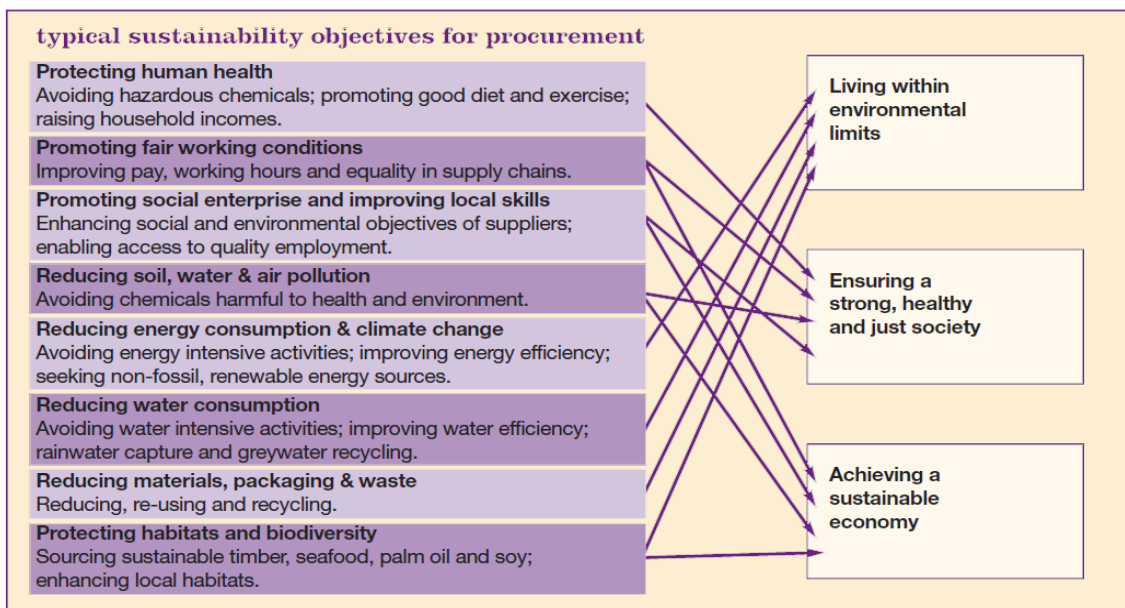
SP practices include strategies that: reduce demand/avoidable consumption/end-of-life disposal; assess future sustainability issues (e.g. energy intensity/costs); support sustainability innovation in tenders; and measure and improve sustainability outcomes (DESWPC, 2013). SP 'is when municipalities evaluate products based on their price, lifecycle, quality, and sustainability features rather than on just unit cost alone' (Reeve Consulting 2013: 5). SP includes green or environmentally-friendly procurement, ethical procurement, and social procurement activities.

This report mainly focuses on the green procurement of goods, services and works with a reduced environmental impact by local government. It also considers the social or local economic benefits of using green criteria or green suppliers in sustainable procurement (SP). Key objectives of SP outline environmentally and socially preferable outcomes (Figure 2).

‘Sustainable procurement means only purchasing goods that are really needed and buying items or services whose production, use and disposal both minimises negative impacts and encourage positive outcomes for the environment, economy and society’
 (Eco-Buy/CIPS in ANZSOG, 2012)

Sustainable procurement considers the economic, social/labour and environmental impacts of ‘design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers’ capabilities to address these consequences throughout the supply chain’ (DEFRA, 2006). Key criteria for assessing green products includes: a reduction in materials and energy intensity (i.e. low carbon), improved recyclability, greater durability, and greater use of renewable resources.

Figure 2: Sustainability objectives for procurement



Source: *Buying a Better World: Sustainable Public Procurement* (Forum for the Future, 2007: 8)

Integrating sustainability into procurement planning involves analysing demand, sustainability impacts, and supply markets, then incorporating key sustainability criteria into prequalification, specification, evaluation, negotiation, and contract management stages (DHPW, 2014).

Green procurement involves 1) **technical specifications** (products, services); 2) **statements of requirements** (suppliers, tenderers, community enterprises); and 3) **evaluation methodologies** (e.g. life-cycle costing, % green spend, cost savings, carbon, water or waste reduction etc).

Green procurement policies need to include targets related to purchasing activities (% spend on green products, energy efficient goods etc) and operational support measures such as staff training, and including standard environmental criteria in tenders for select products (EC, 2008).

Green or sustainable procurement criteria deliver cost benefits and savings for councils by adopting a whole-of-life costing (WLC) or life-cycle analysis (LCA), assessing the environmental impacts of suppliers/supply chains, and by embedding sustainability criteria in purchasing. Sustainability criteria are a part of the 'value-for-money' approach, assessing how suppliers manage environmental impacts, and life-cycle costing (purchase, operation, upkeep, waste disposal). It secures 'the best mix of quality and effectiveness for the least outlay over the whole lifetime of the goods or services, from purchase through to disposal' (DEFRA, 2011: 16). This includes assessing energy and costs associated with production, transport and use of goods (Ekodoma, 2009; EarthCheck, 2012). With growing consideration of life-cycle impacts, there is a trend towards service-based leasing contracts from product-based buying (Green Procurement Code, 2012). In North America, a self-assessment tool rated green purchasing policies, practices and procedures (NAGPI, 2004). The integration of green criteria in local government procurement thus provides opportunities for: improved efficiency, reduced resource use, cost savings, reducing environmental impacts, and enhanced environmental and social outcomes.

One study suggests 'only 25% of staff always specify environmental products when purchasing products for work' (Village Hive, 2013). Guidelines on green purchasing by businesses and public agencies include steps to follow in green procurement and key questions related to purchasing:

- **Investigate 3 or 4 products which the organisation is a large consumer of. It may be stationary, travel, IT equipment.**
- **Discuss with appropriate team what is currently being undertaken to look at the sustainable procurement of those items.**
- **Investigate alternatives-Look for eco labels on products but make sure the company can substantiate the claim.**
- **Work with appropriate team to collaboratively develop a sustainable procurement policy and procedures.**
- **Be collaborative..bring the procurement department on the journey and they will soon see the benefits.**
- **Test the products and gather feedback from those involved in the process including the purchasers and the user.**

- Start to collate/document alternative and more sustainable products for each team to use as preferred suppliers and product lists.
- Let staff know about the sustainability of the products being purchased.

Ask the following questions prior to purchase:

- Do you really need the product or is there an alternative solution?
- Is the product recycled and recyclable?
- Is the product energy and water efficient?
- How far has the product had to travel to reach you?
- How much packaging does the product come in? Can it be recycled, reused or returned to the supplier? (Village Hive, 2013).

To implement sustainable procurement practices, local councils need to engage with asset, fleet, finance and environmental managers; procurement agencies; tenderers and suppliers.

2.1 International Green Procurement

Australian initiatives are aligned with the international policy setting for green procurement (van Asselt et al., 2006; UNEP, 2008, 2011). ***'Green Public Procurement (GPP) is a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle'*** (European Commission, 2010; European Union, 2011: 4). The European Union set a target for 50% of public tendering to be 'green' by 2010. There are EU guidelines for energy efficient office IT equipment, vehicles, and buildings, with standard GPP criteria for 18 product and service categories. (EU, 2011). The European Commission (2008) produced a GPP training toolkit including a model GPP policy. Local council procurement is half of all European government spending (Clement et al, 2003); and US\$80 billion or about 25% of total UK public sector spending (Cram, 2012).

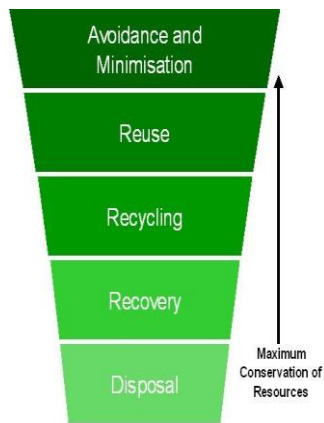
In Canada, the Municipal Collaboration for Sustainable Procurement, established in 2010, is a group of 18 cities that share tools and best practice in green purchasing (Reeve Consulting, 2013). It self-assessed municipal progress in ten best practice areas: strategy & action plan; green purchasing policy; supplier code of conduct; additional sustainability commitments; dedicated staffing & resources; procurement tools & procedures; training & communication; supplier engagement; measurement & reporting; and leadership & collaboration. The City of Vancouver has an energy efficiency purchasing policy (VCC, 2004) based on Energy Star rating of appliances, and a procurement policy based on sustainable and ethical (SE) criteria such as an eco-label and environmental or social benefits of the goods/services (VCC, 2012). Other Canadian initiatives include resources on SP by the BuySmart network (2013), a SP

guide (Strandberg & Robinson, 2007), and a report on green purchasing trends and drivers (Robinson & Strandberg, 2008). A *Social Enterprise Purchasing Toolkit* integrates social values in purchasing, with a database of social enterprises goods and services (SEC, 2010).

In the USA, a *Local Government Green Procurement Guide* (CSA, 2010) outlines eight key steps for green purchasing, with case study examples from US municipalities. These steps include a green purchasing team; baseline inventory; desired environmental criteria; green bid specifications; partnership opportunities; a green policy; education; and review. Green procurement policies by US cities support recycled products (City of Pittsburgh, 2007); environmentally friendly (City of Berkeley, 2004) or sustainable purchasing (City of Seattle, 2003). The U.S. and State of California have environmentally preferable purchasing (EPP) programs and procurement guidelines on recycled content products. The Alameda County area of California has developed an EPP model policy and implementation guide, *A Guide to Green Maintenance & Operations* for buildings (StopWaste, 2013), a list of compostable and recycled content products, and other resources on green purchasing, including SP by the City of Portland, Oregon (StopWaste, 2012a, b, c, d). The City of San Francisco has a policy for safer alternatives to toxic chemicals in municipal contracts (Raphael & Geiger, 2011).

In New Zealand, procurement actions for zero waste in Auckland Council's Low Carbon Action Plan include waste minimisation and waste-to energy, reduced emissions, and including social enterprise, community or Maori groups (AC, 2014). Advocacy actions on product stewardship and recycling/reuse/recovery led by Auckland Council are included.

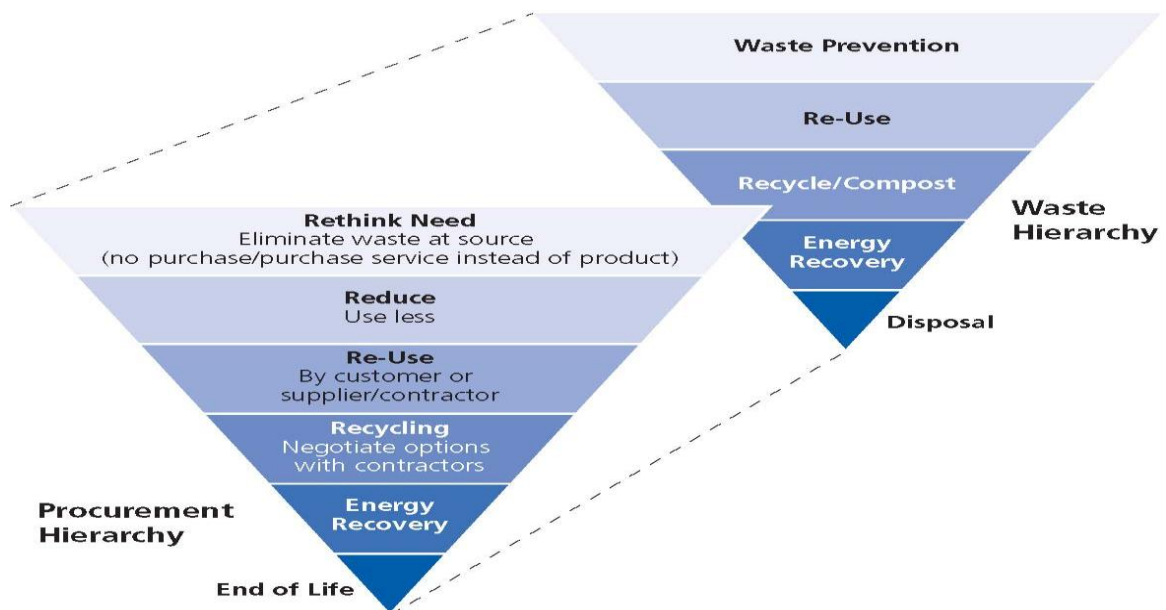
The UK Government aimed to be a leader in sustainable procurement in the EU by 2009, developing a Sustainable Procurement National Action Plan to reduce waste; improve resource efficiency; support environmentally-friendly technologies; and to increase market demand for sustainable goods and services (DEFRA, 2006; SDC, 2004). It adopted a procurement hierarchy for guiding SP decisions based on the waste hierarchy (Figure 3):



Rethink Need: eliminate waste at source: no purchase/ purchase service instead of product
Reduce: use less
Re-use: by customer or supplier/contractor
Recycling: Negotiate options with contractors
Energy Recovery
End of Life: negotiate end-of-life management options with suppliers/contractors

The UK action plan utilised a **Sustainable Procurement Flexible Framework** (DEFRA, 2011a, b), based on five levels (Foundation, Embed, Practice, Enhance and Lead) across five key areas (i.e. people, policy, procurement process, engaging suppliers, measurement and results). Sustainability impacts, risks and criteria are prioritised against overall spending and key policy or priority areas. Key contracts to include green criteria are those with high sustainability impacts, high cost, or long-term agreements. Sustainability impacts are a part of contract management, with green or environmental targets set for suppliers. Reporting of sustainability outcomes is based on efficiency savings (e.g. \$, CO₂, fuel, waste, water), with weighting of longer-term sustainability impacts, costs and opportunities. The framework benchmarks current practice and improvements in SP (Forum for the Future, 2007).

Figure 3: Sustainable procurement hierarchy



Source: *Procuring the Future: Sustainable Procurement National Action Plan* (DEFRA, 2006: 13)

The British Standard, **BS 8903: 2010 Principles and framework for procuring sustainably** (BSI, 2010), outlines how sustainable procurement (SP) practices can be developed within an organisation and its supply chains. It suggested clauses on SP policy and strategy, integrating sustainability within the procurement process, sustainability risk assessment and prioritisation, and identifying high sustainability impact suppliers (Berry, 2011). A new ISO standard for sustainable purchasing is in process, based on BS8903 (McCarthy, 2013, 2014).

The **Mayor of London's Green Procurement Code** supports markets for recycled products. The Code 'provides advice on procuring all types of green products and services, in addition to monitoring waste, water and energy savings, benchmarks an organisation's procurement process and helps them to develop policies, engage suppliers and develop procurement specifications' (Green Procurement Code 2012, 2013). In 2011-12, some 88 London-based businesses and agencies were members of the Code. Eco-Buy's Sustainable Procurement Assessment Tool is based on the Mayor of London's Green Procurement Code. The Code underpins the sustainable procurement policy of Greater London (GLA, 2009).

Procurement Process in the UK Sustainable Procurement Framework (DEFRA, 2011a)

Foundation: Level 1

Expenditure analysis undertaken and key sustainability impacts identified

Key contracts start to include general sustainability criteria

Contracts awarded on the basis of value-for money, not lowest price

Procurers adopt government buying standards

Embed: Level 2

Detailed expenditure analysis undertaken, key sustainability risks assessed and prioritised

Sustainability is considered at an early stage in the procurement process of most contracts

Whole Life Costing analysis adopted

Practice: Level 3

All contracts are assessed for general sustainability risks and management actions identified

Risks managed throughout all stages of the procurement process

Targets to improve sustainability are agreed with suppliers

Enhance: Level 4

Detailed sustainability risks assessed for high impact contracts

Project/contract sustainability governance is in place

A Life-Cycle approach to cost/impact assessment is supplied

Lead: Level 5

Life-Cycle analysis has been undertaken for key commodity areas

Sustainability KPIs agreed with key suppliers

Progress is rewarded or penalised based on performance

Barriers to sustainable procurement have been removed

Best practice shared with other organisations

A European report outlines key criteria to monitor the level of procurement of greener products by public agencies (Querol & Schaefer, 2013). These include assessing the environmental criteria in tender documents, actual purchase of green products, or both. Key indicators to measure progress include the total and/or percentage of green tenders, or products purchased (\$ value or units), within overall expenditure. 'Units' flag environmental benefits; however, green criteria may apply to only some products or services in a tender. Green targets (% , year) can be specified for overall procurement, product/service categories (% , year, ecolabel), and operational, such as training staff in green procurement (EU, 2011).

Purchase of outsourced green services (e.g. cleaning, leasing office equipment etc) requires contractors to report on environmental criteria and benefits of greener products or services. Monitoring usually focuses on a group of prioritised products, based on policy, standardised green criteria, significance (environmental impact, \$ value, frequency), or reporting system. It also involves tracking single or multiple agreed 'green' criteria such as recycled content, water efficiency, energy efficiency, low carbon emissions, non-toxic, ecolabels etc. Other areas that affect priority include local environmental issues, market availability, life-cycle cost, existing green criteria or expertise, visibility, and contract conditions (EU, 2011).

ICLEI-Local Governments for Sustainability represents 1,200 local councils in 68 countries. ICLEI commenced an Eco-Procurement initiative in 1996, with a 'Buy it Green' network (BIG-Net) for cities (Gunther & Scheibe, 2006), a Green purchasing guide (2000,) and an online Sustainable Procurement Resource Centre (ICLEI Europe, 2013a). In 2004, ICLEI established the **Procura+**, sustainable procurement campaign in Europe, with a manual and website resources (ICLEI Europe, 2013b, c). The Procura+ manual outlines Procura+ Milestones for SPP and green purchasing criteria in tendering for six main product groups: buses, cleaning products, electricity, IT products, food/catering, and building (ICLEI Europe, 2007). ICLEI also developed a GPP training toolkit for the European Commission (2008), and compiled the European handbook on *Buying Green*. This specified environmental criteria for contracts, suppliers and service providers, and in awarding tenders (Day, 2005; EU, 2011).

Globally, key cities have adopted green procurement programs (ICLEI Europe: 2013b):

- **City of Vienna, Austria: EcoBuy programme (2004-07) saved €44.4 million**
- **City of Barcelona, Spain: Spent €43 million on green products and €92 million on**

'greened' services (i.e. lighting, maintenance) in 2010

- **City of Reykjavik, Iceland: 2009 Green Cleaning Programme for eco-friendly chemical cleaners increased their ecolabel share from 10-50%**
- **City of Cape Town, South Africa: Green Procurement Information and Guideline**
- **Falkirk Council, UK: 'What Wood You Choose': recycled, sustainable timber products.**

This is mainly due to the energy efficiency regulations set by the EU (de Leonardis, 2011).

2.2 Green Procurement by UK Councils

In the UK, Calderdale Council developed a ***Calderdale Sustainable Procurement Strategy 2011-2014*** to support local businesses, and reduce environmental impacts. Key outcomes were to embed SP as a standard, deliver real value for money, build a sustainable supply chain, and minimising the environmental impacts of contracts. Contract procedure rules now include environmental protection and sustainable objectives in specifications, utilise whole life costing (i.e. acquisition, operating, maintenance and disposal costs), and audit environmental suppliers (Calderdale Council, 2011). The council consulted suppliers at the scoping stage to include local objectives for economic, environmental and social criteria.

The sustainable procurement policy guidelines for suppliers to council required them to:

- **provide evidence of good environmental management practices,**
- **demonstrate that products or services minimise whole life costs to the council**
- **include other information related to sustainable procurement objectives in tender submissions and pre-qualification information**
- **demonstrate that your organisation has a sustainable procurement policy and that suppliers are required to comply with it, and**
- **have an equality and diversity policy (Calderdale Council, 2011).**

Also in the UK, ***Bristol City Council*** (BCC) measured the carbon footprint of emissions associated with council procurement, which contributed to 75% of BCC's total footprint (GHD, 2011; Lungley, 2011). A computer model calculated council supply chain emissions based on financial expenditure and carbon intensity of activities. This analysis identified the top 15 structural paths for contractors used by BCC, emissions from the top 20 commodity categories, and the top 20 current suppliers to BCC. The eight main areas of energy use and consumption by BCC arising from procurement (55%) were: construction, sewage and refuse disposal, social work activities, banking and financing, health care, land transport, other service activities, and agricultural products and services (Lungley, 2011). This data highlighted the priority areas for reducing the carbon footprint of council procurement.

The **London Borough of Lewisham** produced a *Guide to Green Procurement* that specifies environmental criteria for greener products and services (Lewisham Council, 2008). For each type of good, it outlines council policy; eco-labels; environmental significance (impacts, law) and preference selection (best practice); tender inclusions; cost implications; and recycling. Other Lewisham policies relate to purchasing sustainable timber and furniture, and energy. Local government has a key role in the procurement of environmentally preferable products and services, through local purchasing power and by supporting markets for green products.

3. Green Procurement by Australian Local Government

This section reviews green procurement by local government associations in Australia. It evaluates and compares the varied green procurement criteria and standards (or policies) adopted by state and territory local government associations. Procurement divisions within these associations organise and deliver contracts and services for their local councils, including:

- LGA Procurement (SA)
- Local Government Association of the Northern Territory (LGANT)
- Local Government Association of Tasmania (LGAT)
- Local Government Procurement (NSW)
- MAV Procurement (Victoria)
- WALGA Procurement (WA)
- Local Buy (Queensland)
- National Procurement Network (NPN)

3.1 South Australia: LGA Procurement

SA Councils 'commit an estimated \$1.5 billion annually to support their operations through a range of procurement processes' (LGASA, 2012a: 4). **LGA Procurement** (LGAP) is owned by the Local Government Association of South Australia (LGASA). It delivers cost savings for SA councils through bulk purchasing, negotiated contracts, and e-commerce. LGAP offered 41 contracts for key goods and services acquired by SA councils, with three electricity contracts (above & below 160MWh, 12/24 unmetered) offered as a Black (standard) or as a Green Power Product (LGAP, 2014). Previously negotiated electricity supply contracts for SA councils included green energy from wind power (LGASA, 2006). LGAP uses federal government information on sustainable procurement guidelines for suppliers such as ICT equipment (ANAO, 2012). Sustainability criteria are being considered in new LGAP contracts

for products and services. LGASA/LGAP provides administrative support for a Network for Procurement Professionals comprising an interest group of procurement staff from a few SA councils; provides procurement training; and supports a Procurement Roadmap program. The *Local Government Act 1999 (SA)* includes ecological sustainability in the functions (7e) and objectives (8f) of a council; a new sub-section 49 (a1) approved in 2011 required SA councils to develop procurement policies and procedures. In 2009, LGASA developed a model contracts and tendering toolkit for SA councils in waste and recycling services (updated in 2011 and in January 2014) outlining key specifications for contractors including: ‘to maximise and preserve the resource integrity and value of recoverable and reusable materials within the waste stream’ (LGASA, 2011b). As a signatory to the Australian Packaging Covenant, LGASA is committed to ‘lifecycle management of packaging and paper’ with an action plan 2011-13 to incorporate ‘Sustainable Packaging Guidelines into LGA and Local Government purchasing decisions’ (LGASA, 2011c, 2014). LGASA also supports local manufacturing using recycled materials to reduce transport and costs (EnviroInfo, 2014).

LGAP’s ‘2012 Year of Procurement’ focused on improved performance, best value for money, and probity through best practice documents, procurement training, and three forums for SA councils (Strategic Procurement Opportunity; Triple Bottom Line; and ‘The New Era’). LGAP also developed a *Procurement Handbook* (LGASA, 2012a), a policy for the acquisition of goods and services (LGAP, 2012b; LGASA, 2011d, e), a *LGA Guide Procurement Policy* (LGASA, nd), and model template documents for SA councils covering procurement, contract comparisons, and ‘Approach to Market Response Schedules.’ In the model procurement policies (LGAP, 2012b; LGASA, nd), ‘Obtaining value for money’ included assessing ‘whole of life costs’ and the ‘value of any associated environmental benefits.’ Competitive procurement from local business and industry was also encouraged.

Environmental protection was also included as a key procurement principle for SA councils. This covered: conserving natural resources, aligning procurement with ecological sustainability, fostering products with low environmental impact, and leadership in using environmentally friendly goods and services (LGAP, 2012b; LGASA, nd). The current *Guide Procurement Policy* includes two more principles: purchasing recycled and environmentally preferred products, and integrating waste minimisation and energy reduction (LGAP, nd).

Some 51 (of 68) SA councils have a procurement policy including environmental purchasing principles, based on criteria in LGAP's acquisitions or procurement policy (Appendix 1).

LGAP's '2012 Year of Procurement' event focused on the key areas of performance, value, and probity. A Triple Bottom Line (TBL) Procurement forum was held by LGAP in September 2012 to assist SA councils with meeting social, environmental and economic objectives through purchasing. Speakers at the TBL Forum addressed strategic and social procurement, carbon in the supply chain, sustainable procurement, and social outcomes. Advice on TBL procurement is a priority area for many SA councils (LGASA, 2012b). A Procurement Roadmap Program includes achieving TBL objectives through purchasing (LGASA, 2012c). Specific actions for SA councils involved in this Roadmap program for 2014 include: strengthen integration of TBL objectives into procurement practice, and to identify opportunities to incorporate TBL objectives into practice including social procurement. LGASA (2010) developed a *Model ethical purchasing policy for consideration by councils*, to ensure goods are purchased from suppliers/manufacturers with ethical labour practices.

Environmental factors are one of eight suggested performances measures to assess council procurement projects (LGASA, 2013b). A survey of procurement costs for waste and recycling services at SA councils focused on bundled services and cost savings but not sustainability criteria in contracts (LGASA, 2013c). Prior guidelines addressed standard environmental specifications in council contracts, to influence major suppliers in construction and public works projects (LGASA, 2003). Life cycle costs are included in financial information for councils on: costing principles (LGASA, 2013d); infrastructure and asset management (LGASA, 2012d), plus environmental considerations for asset disposal.

Current LGA Procurement guidelines focus on the procurement process, value for money, effective use of resources, accountability, and efficiencies (LGAP, 2012a). However, LGAP also aims to 'Promote excellence in policy integration such as sustainable procurement' (LGASA, 2013a). Their *Procurement Handbook* 'supports environmentally safe and sustainable procurement' (5.4.3). It recommends in 3.3: 'If appropriate, incorporate requirements in specifications that help achieve the Council's economic, social and environmental objectives,' and in 10.6 Environmental: 'Are there any environmental factors which need to be considered or any standards which need to be complied with?' It also

noted: 'Individual Councils will have their own environmental policies to take into account.' In 2014, LGAP is developing sustainable procurement guidelines for SA councils to utilise.

The **City of Norwood Payneham & St Peters** in metropolitan Adelaide has an environmental sustainability policy, and became certified with ISO 14001: 2004 EMS in 2005. Their tenders and contracts policy includes whole of life cost, environmentally friendly purchasing, use of recycled materials and sustainability principles such as 'the ecological consequences of the procurement decisions' in council purchasing (CNPSP, 2012: 5). A *Green Purchasing Guide* outlines key principles, green rating labels, and product specifications for staff (CNPSP, nd). The **City of Mt Gambier** (2014) used a TBL process to tender for a new biomass boiler at an aquatic centre as carbon neutral, it utilised woodchips and supported local forestry jobs.

Council Solutions (2014) is a local government purchasing group, managing 65 contracts valued at over \$50 million, with clients including half of SA councils. It is a regional purchasing authority set up as a joint initiative by six Adelaide city councils (Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully), formerly known as the G6 Procurement Group (CTTG, 2012). Their contract for stationery includes green products. The main focus is collaborative procurement to secure best value and cost savings for councils.

The **Eastern Region Alliance** of seven Adelaide councils has audited group procurement by reviewing supply arrangements and contract specifications to identify cost savings. Key areas are: block pavers, footpath grinding, plant and fleet. A review of asset life and unit rates or costs for activities assisted with financial planning for council assets (ERA, 2013).

Government agencies in SA are required to address sustainability criteria in the public procurement of goods and services. A *Sustainable Procurement Guideline* by SA's **State Procurement Board** (2010) listed sustainability considerations in acquisition planning, specification, evaluation and selection, contract management, and disposal. A sustainability impact analysis tool outlined key criteria/questions and rated the benefits of green purchasing. A *Supplier Selection Guideline* suggested factors in assessing value for money included whole of life costs, along with environmental and sustainability issues (SPB, 2013). The SA state government has set a weighting of 10% for local suppliers and employment in large tenders (Hemsley & Bajkowski, 2014); SA councils already preference local suppliers.

3.2 Northern Territory

The **LGA of the Northern Territory** (LGANT) does not have specific guidelines for sustainable procurement as such. However, 2013 policy statements by the LGANT refer to principles of ESD (7.1); encouraging energy conservation and alternative energy use; along with energy efficiency guidelines for housing (2.2) and the built environment (7.3) to reduce energy use and emissions:

‘the implementation of the Building Code of Australia Minimum Energy Performance Requirements for Schedule J for buildings of class 3,4,5,6,7,8 and 9 in the (NT) to increase reductions in energy use and the associated greenhouse gas emissions,’ (LGANT, 2013).

LGANT policies on waste management refer to industry responsibilities (7.8) along with recycling and separation (7.9), and using recycled products: *‘The development of domestic and export markets for recycled products and recovered materials,’* and *‘Internal purchasing policies which maximise the use of responsibly packaged and recycled goods’* (LGANT, 2013).

3.3 Tasmania

The **Local Government Association of Tasmania** (LGAT) recommends local councils purchase goods (i.e. vehicles, equipment, fuels, stationary and apparel) through NPN partners, Local Buy (Qld) and the Municipal Association of Victoria (MAV), from Tasmanian suppliers (LGAT, nd). LGAT focuses on strategic purchasing with some environmental criteria in waste management. The LGAT endorses waste reduction actions in Australia’s National Packaging Covenant such as: using life-cycle accounting for waste management costs, supporting waste recycling schemes and materials re-use, and by promoting and marketing recycled products. Key actions are sustainable packaging guidelines included in council procurement practices, and including a ‘buy recycled’ component in LGAT’s procurement policy. LGAT influenced a public lighting tender by Aurora Energy to include ‘sustainability rating/emissions output for each lighting type,’ with the inclusion of LED lighting options favoured by councils (LGAT, 2013: 14) . Sustainability indicators for asset management by councils, however, did not include environmental criteria (DPC, 2011).

3.4 Victoria: MAV Procurement

MAV Procurement is a not for profit unit of the Municipal Association of Victoria (MAV), delivering products and services and procurement training for Victorian councils. It has contracts with providers across 32 key areas, including electricity (green power) and energy-

efficient street lighting. MAV Procurement worked with an energy consultant, Ironbark Sustainability, to assist Victorian councils with bulk contracts for switching to energy-efficient street lighting (MAVP, 2012). By reducing costs, the unit aims to deliver ‘sustainable outcomes for communities.’ It provides contract management guidelines along with a procurement strategy, policy and guidelines. Victoria’s *Local Government Procurement Strategy* included ‘responsiveness to environmental and sustainability issues’ as part of effective procurement practices, with social responsibility a key dimension where ‘Procurement is integrated into council’s social and environmental objectives’ (DPCD, 2008: 9, 10). This strategy focused on demand aggregation: only the vehicles category listed green criteria (fuel efficiency/carbon) in key enablers. Revised best practice procurement guidelines include sustainable (and social) procurement focusing on extrinsic costs and longer-term net benefits for communities, such as local suppliers, and ‘minimising council’s environmental footprint by purchasing goods and services with less harmful impacts on the environment’ (DPCD, 2013: 16). The guidelines suggested councils adopt principles in the national framework for sustainable procurement (APCC, 2007) such as reducing consumption, life-cycle costing, growing green markets, and supporting ethical suppliers. The *Model Procurement Policy* ‘encourages sustainability’ specifications in tenders; and council sustainability measures (i.e. waste, recycling, energy, water, emissions, green building, and procurement); green spend data; and green suppliers (MAVP, 2011). Ten MAVP guidelines for green procurement (MAVP, 2011) cover transport, emissions, environmental performance, life cycle analysis, resource use, ethical source, local suppliers, specifications, legislation, and training staff:

- **Taking into account the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services**
- **Taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured**
- **Considering the environmental performance of all suppliers and contractors, and encouraging them to conduct their operations in an environmentally sensitive manner**
- **Considering the basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products**
- **Selecting products/services that have minimal effect on the depletion of natural resources and biodiversity**
- **Giving a preference to Fairtrade, or equivalent, and ethically sourced and produced goods and services**
- **Working more effectively with local suppliers to ensure they are encouraged to bid for the Council’s business in line with the Procurement Policy**
- **Ensuring all relevant procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured**

- **Comply with all Australian regulations and legislation and ensuring our suppliers do the same**
- **Training all Council staff on sustainability considerations within the procurement process**

A supplier's guide (MAVP, nd) lists environmental sustainability as a seventh factor considered in council procurement, with bonus points in tenders allocated for sustainability criteria such as:

- **A green product and/or service**
- **Low environmental impact**
- **Responsible waste disposal**
- **Sustainable methods of production/service.**

A social procurement guide outlines the benefits of councils supporting community enterprises and local suppliers in tenders and contracts (DPCD, 2010; Social Traders, 2013). Social procurement and community benefits are also considered in council tenders (MAVP, nd), while contract management guidelines include environmental social benefits as good practice. MAVP has a web link to Eco-Buy, the dedicated sustainable procurement program for Victorian councils, supported since 2002 and funded by EcoRecycle Victoria and the Victorian Greenhouse Strategy. EcoRecycle Victoria also funded a Buy Recycled Program for Local Government (Chaplin, 2000). A survey of 70 Victorian councils found green purchasing had increased from 22% in 2008 to 51% in 2010, and was a key aspect of sustainable resource use, along with WasteWise programs (MAV, 2011). Other business guidelines addressed resource efficiency, reducing waste and recycling by Victorian enterprises (EPA, 2008a, b).

The **City of Whittlesea** adopted an Environmental Purchasing Policy in 2003 with green criteria:

- 1. The purpose of this Policy is to provide a purchasing framework that will advance the sustainable use of resources within this municipality.**
- 2. The City of Whittlesea will demonstrate to the community that purchasing decisions can improve markets for recycled products, enhance environmental quality and be resource responsible.**
- 3. The purchase of local recycled and environmentally preferable products will be encouraged whenever they perform satisfactorily and are available at a reasonable price.**
- 4. Wherever possible, the City of Whittlesea will aspire to the following goals and adhere to the specified principles when purchasing products, materials and services.**
 - **Zero Waste**
 - **Zero Climate Damage**
 - **Zero Habitat Destruction**
 - **Zero Pollution**
 - **Zero Soil Degradation**

5. Where possible, products, services and materials should be sourced from companies that demonstrate commitment to sustainability.

The *City of Yarra*'s policy on sustainable procurement (2012a, b) set a price premium of 10% for green products and a 10% minimum weighting for environmental criteria in tenders. A social procurement policy saw a street cleaning contract awarded to a social enterprise, employing seven local residents from refugee or unemployed backgrounds (SPS, 2013).

3.5 New South Wales: LG Procurement

Local Government Procurement (LGP) is the purchasing division of Local Government NSW. It provides procurement, contract and tendering management support for NSW councils, with 25 contracts and four electricity contracts. NSW councils spend \$7 billion per annum on procuring goods, services and works, with \$291 million spent on LGP contracts in 2012. LGP also provides procurement training, leadership and mentoring programs for councils, and an LGP network. Some 40 NSW councils participated in LGP's Procurement Roadmap program in 2012-13. This LGP training focused on administrative best practice and did not address sustainability criteria. LGP also commenced a Procurement Leadership Program in 2013 to improve performance in reducing costs, transparency, and meeting triple bottom line (TBL) objectives at NSW councils. Business requirements to be a LGP contractor include corporate responsibility and community initiatives but not environmental sustainability, and 'delivering best value to local government.' Evaluation criteria in *Tendering guidelines for NSW local government* include whole-of-life costs, and the 'Tenderer's environmental management practices and performance,' while functional and performance specifications in tenders should aim to 'encourage improved environmental performance, products or solutions' (DLG, 2009: 28, 31). A Local Government Buy Recycled Alliance was initiated in 2003, replaced by the Sustainable Choice program. It encouraged and assisted NSW Councils to purchase products containing recycled material. The LG Excellence in the Environment Awards includes a sustainable procurement category, won by Lismore City Council in 2012 with green actions by their Sustainable Innovations Group. The LGP website does not provide a link to the Sustainable Choice program for NSW councils.

Four north shore Sydney councils spend over \$18 million on joint procurement of operational services, including environmental sustainability reporting (SHOROC, 2014). Eight regional councils in NSW have been granted authorisation to jointly tender for waste collection, recycling

and green waste services (Hemsley, 2014). The **Byron Shire Council** has resolved to be chemical-free in high-use public spaces in five years, using steam weeding machines (*Byron Shire News*, 2014; Lovejoy, 2014). The **Tweed Shire Council** also has higher weighting areas in sustainability. Their fleet manager identified SP as a key issue, by 'sourcing fleet and plant from suppliers that take their environmental responsibilities seriously and can provide measurable results, on request, for their impact on carbon emissions reduction from the manufacturing process of the equipment right through to recyclability plan at end of useful life of equipment' (Brayley, 2014).

Social procurement guidelines in NSW focus on the social and community value of purchasing goods and services from social benefit suppliers that provide local jobs and training (Newman & Burkett-Knode, 2012). These include community contracts for waste, e-waste, recycling, and bush regeneration. **Western Sydney Regional Organisation of Councils** now incorporates social benefit criteria in all of its contracts, while **Parramatta City Council** implements 16 TBL projects. The **Lismore City Council** invited three local social enterprises supporting people with disabilities to tender for services sorting recyclable items at their Materials Recovery Facility (Dowell, 2014).

3.6 Western Australia: WALGA Procurement

The **Western Australian Local Government Association** (WALGA) operates a procurement network and consultancy service for WA councils, including eQuotes (WALGA, 2013a). Road building supplies and heavy equipment (trucks, plant) were the most requested panels. WA councils spend over \$1 billion a year, with \$200 million expended through WALGA's preferred supply panels and services. In 2010, a WALGA green procurement project included sustainability assessment and 'whole of life' costing of products and services for councils (ALGA, 2010). In 2012, WALGA launched two new preferred supplier panels for environmental consulting and sustainability services (e.g. climate change, water, engineering, law), and sustainable energy infrastructure (e.g. solar PV panels, wind turbines, demand management, waste to energy). A 2014 model purchasing policy for WA councils included SP principles (i.e. energy, water & fuel efficiency, recyclable, renewable energy etc), and inviting tenders from WA Disability Enterprises (WALGA, 2014). SP provisions were included in Green Power options for energy contracts (WALGA, 2013b), and in LED lighting to 'promote sustainable leadership and clean energy solutions through procurement' (WALGA, 2013c). Sustainability criteria were not mentioned in 42 out of 46 WALGA preferred supplier panels for general products. However,

WALGA supports the Australian Packaging Covenant and initiated 'Plastic Free July' on reducing consumption of single-use plastic products (WALGA, 2013d). Other eco-initiatives endorsed by WALGA include WaterWise councils and the Green Stamp eco-label for printing and sign writing.

In WA, the **City of Fremantle's** climate change procurement policy includes sustainability provisions such as: lifespan impacts, resource use, minimising emissions, and suppliers assessing climate risks. A key principle is to 'Make procurement decisions that minimise greenhouse gas emissions relating to the purchase' (City of Fremantle, 2011: 34). Purchasing guidelines for general supply cover necessity, available resources, life cycle costs, usage/maintenance costs, and durability. Price premiums for climate sensitive goods included carbon neutral (10%), low carbon products (5%), and environmental accreditation (3%). Preferred products are certified as Green Fleet, Energy Star, WELS, and FSC (Forestry Stewardship Council) for paper. Tender scoring and clauses for carbon and resource intensity of products are specified in agreements.

3.7 Queensland: Local Buy

Local Buy is a procurement services company owned by the Local Government Association of Queensland (LGAQ). It manages contracts and tenders, including the online LG tender box, with preferred suppliers listed for 35 products and services commonly purchased by Queensland councils. Local Buy contracts comply with the *Local Government Act 2009*, which stipulates environmental protection as one factor in sound contracting principles. The Act also specifies 'sustainable development and management of assets and infrastructure' as one of five key local government principles. Local Buy contracts focusing on resource use include: Electricity to Street lights (energy efficiency, audits) and Environmental Consulting Services (waste, water, sewage, air quality, carbon, sustainability). The bulk fuels contract lists ethanol and biodiesel fuel options (E10, B5/B10/B20/B1000 Diesel). Sustainability criteria are not listed in these contracts, except for Mobile Garbage Bins: '*Recycling or buy-back program for damaged or used goods*'; Oils and Lubricants: '*AdBlue (a key component in Euro5 emission control for trucks fitted with SCR technology)*' (Local Buy, 2013). A reThink Business Waste Equipment rebate for the contract on eligible bins and other goods was deferred by the State government. Local Buy staff stated environmental criteria are specified for some suppliers. Local Buy's Energy Manager also conducts energy audits of electricity usage. A prior report evaluated the feasibility of a sustainable purchasing program for Queensland

local government, based on the Eco-Buy program, but was not implemented (LGAQ, 2005). In 2008, LGAQ sponsored a National Sustainable Procurement Conference in Brisbane. Local Buy is assessing options for a centralised sustainable procurement program (LGAQ, 2013).

The **Far North Queensland Regional Organisation of Councils** employs a procurement coordinator to facilitate cost savings and resource sharing in regional purchasing by member councils, with recycling opportunities identified for waste tyres, steel and green waste (FNQROC, 2012, 2013). The FNQROC Procurement Group has developed a regional database for collective procurement that does not compete with local suppliers or Local Buy. It has negotiated a service level agreement with Ergon Energy for street light bulb replacement.

Local Government Regulation 2012 requires all Qld councils to adopt a procurement policy. The corporate procurement policy for **Redland City Council** (2013) considers 'sustainable supply of goods and services' and 'whole-of-life cost.' It supports 'environmental purchasing guidelines to ensure that environmentally preferable products are purchased wherever practicable.' The policy also supports social procurement and social enterprise to deliver goods and services to Council, and consideration of 'local preference' and 'fair trade.' The social procurement policy of **Brisbane City Council** also supports social enterprises (SE), with an internal list of SE suppliers, offering smaller parts of larger contracts to SE, and 'social tenders' in larger contracts that foster collaboration or completion among SE suppliers (DPCD, 2010b). Brisbane Council engages with SE through its supply chain and tendering processes with a \$1 million spend on procurement from social enterprises (BCC, 2013a).

Environmental protection is one of five key principles for purchasing at Brisbane City Council (BCC, 2013b), with their *Annual Procurement Policy and Contracting Plan* recognising the value and longer term benefits of sustainable practices. The environmental procurement objectives and 2013/14 targets for Brisbane City Council are:

- **Utilisation of recovered material in construction program (i.e. glass/tyres/crushed concrete/scalping)**
- **Maintain Council's spend on 100% GreenPower**
- **Specify & purchase only minimum 4 star energy and water ratings for appliances**
- **ICT vendors required to demonstrate conformance to Council's e-waste minimisation conditions**
- **25% of the vehicles in the Corporate Car Pool are to be hybrid and electric vehicles**

- **Incorporate clean air objectives into the Council vehicle & bus procurement process**
- **Establish a framework that encourages vendors to demonstrate responsible environmental performance**
- **Require operators of Council owned and badged community facilities (i.e. swimming pools) to source electricity from 100% GreenPower**
- **GHG emissions reduced or avoided by procurement activity (i.e. weighted criteria)**
- **100% use of FSC timbers in Council controlled construction & maintenance services**
- **When assessing products/services consideration is given to reuse, recycling and safe disposal of the product (i.e. weighted criteria)**
- **Increase the number of procurement activities that include a sustainable procurement outcome (i.e. review, update & implement a revised Sustainable Procurement Policy) (BCC, 2013a)**

The **City of Gold Coast** has a ‘buy local’ procurement policy and is the first Queensland council pledging support for the Australian Made campaign (Australian Made, 2014). Their evaluation criteria for tenders apportioned a 15% weighting criteria (15% Gold Coast, 5-6% branch office, 4% regional, 2% Queensland, 1% interstate), and a 15% pricing advantage to Gold Coast businesses for contracts under \$300,000. Other purchasing prerequisites include SP, environmentally friendly/recycled products, and social procurement (CoGC, 2014).

3.8 National Procurement Network

The **National Procurement Network** (NPN), established in 2005, is a purchasing consortium for local government associations (WA, NT, and Tasmania) and their procurement divisions (NSW, Qld, SA, and Victoria). It delivers aggregated contracts and cost savings of 10% to 30% for 350-400 Australian local councils in vehicles, heavy moving and park maintenance equipment, and apparel. Local Buy (Qld) is managing a new vehicles tender (including EVs and hybrids) in four states, and a tender for bins and compactors in five states (including SA), on behalf of the NPN. The NPN through its partners, Local Buy (Qld) and the Municipal Association of Victoria (MAV) manage tendering services for councils in Tasmania. Some partner agencies in the NPN utilise sustainability criteria in tenders for selected goods.

4. Green Procurement Programs for Local Government

Two dedicated green procurement programs for local government in Australia include Eco-Buy (Victoria & SA), and Sustainable Choice (NSW). Both operate as membership-based programs available to local councils that choose to implement sustainable procurement. Eco-Buy reports

on the state of local government green purchasing by members in Victoria (Eco-Buy, 2011), while Sustainable Choice (2013) reports on green procurement data from NSW local councils. Both programs have expanded green procurement training, tools and products for councils.

4.1 Eco-Buy

Eco-Buy was established in 2000 as a green procurement program and support service for Victorian councils, funded by EcoRecycle Victoria and the Victorian Greenhouse Strategy, then by the Department of Sustainability and Environment and Sustainability Victoria. It arose out of a Buy Recycled Program for Local Government, funded by EcoRecycle Victoria (Chaplin, 2000). Eco-Buy operates as a not for profit Centre of Excellence in Environmental Purchasing. It aims 'to increase the demand and use of green products and services', to support and grow markets for environmentally preferable products, and 'to embed green purchasing practices, principles and processes' into agencies, thus developing sustainable procurement as standard business practice. Eco-Buy has developed a *Sustainable Procurement Guide* (2013a, b) and a Sustainable Procurement Assessment Tool (2013c), based on the UK Flexible Framework and Mayor of London's Green Procurement Code (2012, 2013), to benchmark council progress in green purchasing such as sustainable procurement policies, action plans, working groups, and green specifications in contracts. In 2010-11, 55 Victorian councils were members of the Eco-Buy Local Government program. Current local government members include 40 Victorian councils, and two South Australian councils (Salisbury City, and Unley City).

Eco-Buy supports membership services with on-call advice and tools on green purchasing, training and workshops, an Eco-Find online directory of verified green products and suppliers, provides consulting services, and acts as a link between suppliers and purchasers of green products. Eco-Buy now offers three levels of membership and services to agencies:

- Eco-Buy Lite (\$1,000)
- Eco-Buy Standard (\$2,500)
- Eco-Buy Premium (\$7,500)

The 'Lite' membership, with online resources, targets small regional local governments. The standard and premium membership includes on-call support and advice, webinars and discounts to training, while premium services include in-house training and spend analysis. The previous Eco-Buy membership options, in 2012/13, were at 'Base' and 'Accelerator' levels.

In December 2012, Eco-Buy merged with Net Balance, a sustainability advisory firm, with a goal of promoting Eco-Buy membership and tools at an expanded national level. Eco-Buy delivers procurement training on sustainable products, environmentally and socially preferable procurement, assessing supply chains, and embedding sustainability in operations (Redmond-Neal, 2013). A green contracts and tenders course covers life cycle impacts and evaluation criteria for environmental and social sustainability in procurement planning.

The Eco-Find directory lists green products and suppliers, independently assessed by Eco-Buy as meeting at least one key criteria of: recycled content, energy or water saving, low toxicity, and reduced impact on biodiversity and human health. Some 18 key product categories are listed on Eco-Find's online directory, including fleet, waste management, lighting, recycled content, office goods, buildings, parks and gardens, and events. Recycled content lists 60 suppliers of products covering paper, plastic, concrete and others; cleaning and maintenance lists 23 suppliers; and lighting lists 7 suppliers. The annual listing fee for green suppliers is \$220. These green products are mainly Victoria-based businesses, with green suppliers in other states yet to be listed. Other green product databases listed by Eco-Buy include Good Environmental Choice Australia (GECA), Ecospecifier, EcoDirectory, Social Enterprise Finder, and Sustainable Choice (NSW).

Eco-Buy focuses on sustainable procurement, with green purchasing of environmentally preferable goods and services a key goal. Publications for members include specifications and templates on sustainable procurement. Free Eco-Buy resources for public use include:

- Summary Guide to BS8903: British Standard on Sustainable Procurement
- Sustainable Procurement Assessment Tool
- Social Procurement Toolkit
- Recycled Mixed Plastic Purchasing Toolkit
- Deciphering Greenwash and Green Credentials, and
- Case Studies of Eco-Buy award winners.

Eco-Buy (2011) produced a State of Victorian Local Government Green Purchasing report. A key requirement of Eco-Buy's Local Government program is reporting annual expenditure or 'green spend' on sustainable products in six key areas, against specified green criteria.

- **Recycled – Products with 10% or higher recycled content**
- **Greenhouse Friendly – 4 stars or higher rating (energy, gas, water) for equipment, products, and vehicles (Green Vehicle Guide, downsized)**
- **Other Green – non/low toxic, water saving, renewable resources, compostable,**

biodegradable, certified organic

- **Refurbished or Second Hand**
- **Green Power – and Renewable Energy Certificates (RECs)**
- **Green Services – printing, cleaning and accommodation**

The green services category was added in 2010-11 to recognise improved environmental practices in energy and water use and waste management, by service providers (Eco-Buy, 2011).

A 2010-11 report on green spending by 26 Victorian councils in the Eco-Buy program found the average expenditure on recycled products grew by 11% to 46%, with a 49% increase in spending on second hand and refurbished products. Compared to 2009-10, there was decreased spending on recycled, greenhouse friendly and water saving products due to one-off purchases (Eco-Buy, 2011). A broader survey of 70 Victorian councils found green purchasing increased from 22% in 2008 to 51% in 2010, and was a key part of sustainable resource use, along with WasteWise programs for councils (*Glen Eira News*, 2010; MAV, 2011). In Victoria, green expenditure by Eco-Buy members increased from \$5 million in 2000 to \$58.7 million in 2010-11, while the number of green products purchased has grown from 80 to over 399. During 2000-11, over \$582 million was spent by councils on buying green products in Victoria (Eco-Buy, 2011).

Eco-Buy member councils track and report their green purchasing outcomes. In 2008-09, green expenditure by **Glen Eira City Council** increased by 46% to \$4.5 million, double the average expenditure of other Melbourne metropolitan councils on environmentally preferable products. This green purchasing was driven by council's Eco-Buy membership since 2002-03, a council Eco-Buy committee, a council procurement policy that considered environmental purchasing, and improved reporting of green spending. Green goods purchased by Glen Eira City Council included recycled concrete, recycled rock, recycled tree pruning mulch, energy and water saving products, office supplies, and Green Power (*Glen Eira News*, 2010). At the **City of Yarra** (2012a), policy objectives for sustainable procurement include life-cycle costing; reduce, reuse and recycle; buy recycled; and greening the supply chain. There is a 10% price preference for greener products, and at least 10% environmental criteria in tenders (City of Yarra, 2012b).

4.2 Sustainable Choice

Sustainable Choice is a free program about local government purchasing for sustainability, funded by the NSW Office of Environment and Heritage. Some 85 councils (more than half

of all NSW councils) are members of the Sustainable Choice program operated as a division of Local Government NSW (formerly the Local Government and Shires Association of NSW). The Sustainable Choice program began in December 2006, and evolved out of a Local Government Buy Recycled Alliance (2003-2006) that emphasised the use of recycled products. The expanded program assists NSW councils by providing information on sustainable products and suppliers, holding green forums, and practical support in transitioning to sustainable procurement practices. The program includes quadruple bottom line considerations in sustainable procurement: environmental, social, financial, and governance or civic leadership. 'Councils become members by passing a resolution for their commitment to sustainable procurement (SP)' (Local Government NSW, 2013). Membership requirements for Sustainable Choice include the council resolution on SP; written acceptance of membership; an email to all council staff; establishing a SP council team; incorporating SP principles into council purchasing policies; engaging in free staff education; mainstreaming SP; and annual green spend reporting (Sustainable Choice, 2013a, nd).

The Sustainable Choice website lists the sustainable purchasing policies of 14 NSW councils; sustainable event management policies of ten NSW councils, and fleet management policies of three councils. Templates of Sustainable Choice membership documents for councils to commit to sustainable purchasing include: council resolution, all staff email, media release, and a briefing paper (Sustainable Choice, 2013b). Other Sustainable Choice resources for NSW councils to utilise include: sustainable tendering guidelines; a sustainable shopping list; case studies; fact sheets; and a database of green products, the Sustainable Choice Products and Services website. The supplier database lists NSW green businesses for 17 key categories subdivided into the main types of products commonly purchased by councils: building and construction; cleaning; energy and lighting; fleet management; garden organics; office equipment/consumables/stationery; traffic management; roads and footpath construction; water products; waste management; parks and gardens; papers, publications; playground equipment; and miscellaneous. An interactive search option allows NSW councils to list a location and set specific distance(s) to source local suppliers.

The Sustainable Choice program (2013c) specifies the information that suppliers need to provide to verify or support their environmental or sustainability claims, for ten key indicators:

- environmental leadership
- ethical leadership
- Australian made/manufactured
- contains recycled content
- energy efficient content
- water efficient content
- low carbon
- non toxic content
- minimal environmental impact, and
- Sustainable Choice champion.

Icons for relevant green indicators are attached to a company or its products on the NSW supplier database of Sustainable Choice products and services. Recommended environmental certification of green products includes: AAA rating, energy star rating, Energy Allstars, Good Environmental Choice Australia (GECA), Forest Stewardship Council (FSC), and Fair Trade.

Sustainable Choice conducts an annual survey of sustainable procurement (SP) practices by NSW member councils, producing an annual data report (2010, 2011, and 2012) and individual scorecards for councils. The 2011 survey found over 50% of member councils had a sustainable procurement working group (up from 32% in 2010); 88% of member councils had a SP policy or clauses in an existing policy; and 25% of member councils had systems in place to track sustainable purchasing, up from 8% in 2010 (Sustainable Choice, 2011, 2013d). Successful SP teams were formally recognised, met regularly, and included a range of council staff. **Hurstville City Council** (2014) trained 52 staff in SP, introduced jute library bags, and set fuel consumption targets: however, environmental performance of vehicles was a minor consideration for staff. At **Willoughby City Council**, a key challenge is ‘to get all staff who purchase items for council to see sustainable purchasing as being part of their role,’ not just the environment division. **North Sydney Council** (nd) integrated its green purchasing and procurement policies for consistency.

Green purchasing by **Lismore City Council**, a sustainable procurement award winner, includes: ‘Nearly a 50% decrease in the paper purchased; 10KW solar panels installed; Light fleet rationalisation to 4-cylinder petrol and diesel engines; 90% of the light fleet use E10 unleaded fuel; and B20 biodiesel used in plant and equipment in works area’ (Sustainable Choice, 2012). **Penrith City Council** quantified CO₂ reductions through green procurement of: hybrid/smaller vehicles/E10 fuel, solar panels, Greentrac software on staff computers, and energy efficient lighting, along with 25% reused/recycled construction materials, and recycled water on fields.

5. Green Procurement Guidelines by Industry Groups

Other procurement or purchasing groups with guidelines relevant to local councils include:

- Australasian Procurement and Construction Council (APCC)
- Australian Association of Procurement & Contract Management (AAPCM)
- Chartered Institute of Purchasing and Supply (CIPS)
- Procurement Australia (SE Australia), and
- Industry Capability Network (NSW, National).

5.1 Australasian Procurement and Construction Council

The ***Australasian Procurement and Construction Council*** (APCC) develops policies on procurement, construction, and asset management adopted by federal and state governments. It focuses on building procurement capability including e-commerce and sustainable procurement (SP). APCC guidelines on sustainable procurement by public agencies include:

- *Australian and New Zealand Government Framework for Sustainable Procurement* (APCC, 2007)
- *Assessing a Supplier's Sustainability Credentials* (APCC, 2010)
- *Sustainable Procurement Practice Note* (APCC, 2013a)
- *Sample Templates for Sustainable Procurement Processes* (APCC, 2013b).

The ***Australian and New Zealand Government Framework for Sustainable Procurement*** (APCC, 2007) outlines four key principles for councils to minimise environmental impacts, benefit communities and reduce costs. These include: strategies to manage demand and avoid unnecessary consumption; assessing life-cycle impacts of products and services; fostering markets for sustainable products and services; and supporting ethical suppliers. The SA State Procurement Board and Victorian government adopt this APCC Framework.

APCC green criteria to assess the sustainability commitment and performance of suppliers address: systems for environmental management; employment practices; CSR; greenhouse gas emissions; commitment to sustainability and demonstrated sustainability improvements; packaging; transport and logistics; and 'green' product reporting (APCC, 2010). The practice note provides advice on integrating sustainability in to the procurement process, for multi-function devices (MFDs). Tables list targets, KPIs and sustainability criteria to rate the environmental, CSR, and TBL requirements by suppliers (APCC, 2013a). Templates cover carbon emissions; demand analysis; sustainability impact assessment; and a supplier questionnaire (APCC, 2013b).

5.2 Australasian Association of Procurement & Contract Management

The ***Australian Association of Procurement & Contract Management*** (AAPCM) focuses on the support and development of procurement professionals in government, local government and private enterprise. It provides procurement training and professional certification for members. Their 'Procurement Blogger' includes a review of key principles and state government guidelines on sustainable procurement (AAPCM, 2013a), and carbon tax impacts on procurement activities for contracts and suppliers, or how to assess the value of low carbon products (AAPCM, 2013b).

5.3 Chartered Institute of Purchasing and Supply

The ***Chartered Institute of Purchasing and Supply*** (CIPS) is the main international body representing purchasing and supply management professionals. It has a global membership of over 94,000 people in 150 countries, with a CIPS branch office in Australia. CIPS promotes excellence in procurement practices and supply chain management, including ethical issues. CIPS has an online tool auditing the TBL impacts of purchasing by organisations, in a sustainable procurement review designed around the UK's Flexible Framework and BS 8903 (CIPS, 2013a). A CIPS review of key trends (CIPS, 2012) highlighted CSR-related targets in procurement (e.g. % of spend covered by sustainability assessment, carbon reductions across the supply chain etc). A new guide on *Ethical and sustainable procurement* (CIPS, 2013b) addresses human slavery in the global supply chain along with environmental and social impacts arising from global purchasing. It suggests buyers specify environmental and social criteria that reduce waste and pollution to minimise harmful impacts from the materials used and production process, packaging, transport, and disposal. Other fair trade criteria also need to benefit producers or workers. The City of Lille in France awards 20% to sustainable development performance data in all tenders.

In 2011, CIPS co-founded a UK Partnership for Public Procurement (CIPS & NIGP, 2013a), covering procurement practices (CIPS & NIGP, 2013b), waste reduction, and a free online evaluation tool. A sustainable procurement guide addressed leadership, key drivers, policy and processes, engaging suppliers (i.e. KPIs and targets), and measuring results (CIPS & NGIP, 2012).

5.4 Procurement Australia

Procurement Australia (PA) is one of the largest buying groups in Australia, with over 600 members including local government and public agencies across four states (Victoria, NSW, SA and Tasmania). It was established in 1985 to 'aggregate the buying power of local government entities in Victoria' (PA, 2009). PA has 45 current contracts covering a wide range of goods and services commonly purchased by local councils and public agencies. PA also uses aggregated buying power to deliver committed volume contracts for the provision of electricity, public lighting and natural gas. In 2013, PA finalised a milestone energy contract with tariff reductions ranging from 18% for GreenPower, 31.3% for Public Lighting, and 23-37% at key sites with AGL providing energy consumption and carbon impact data (PA, 2013). Specific sustainability guidelines in contracts or for suppliers were not mentioned on the PA website. PA hosts an intelligent procurement conference and annual Excellence Awards, including a sustainable procurement award recognising policies and processes by members that reduce emissions, conserve energy and water, reduce waste, enhance biodiversity and provide community benefits. Melton City Council won this award in 2013; and Glen Eira City Council in 2012.

5.5 Industry Capability Network

The **Industry Capability Network** (ICN), established in 1984, is a government-funded business network with offices in each state and territory, and New Zealand. ICN identifies procurement opportunities and supply chain options for local industry in major projects. Over 29 years, ICN has helped local suppliers to secure over \$20 billion in contracts (ICN, 2013a). Their online tool, ICN Regional Gateway, assists local governments to connect with local suppliers on upcoming projects. It lists more than 70,000 suppliers. A keyword search of 'environmental' on this Regional Gateway yielded a list of 1,353 suppliers; 'sustainable' derived a list of 1,158 suppliers; while 'green' generated a list of 485 suppliers covering energy, water and waste efficiency products and services. Suppliers can be searched by Industry (e.g. clean energy), state (e.g. SA) and region for local businesses (ICN, 2013b). The ICN Regional Gateway allows local councils to generate reports based on responses by suppliers to prequalification questions (Quarmby, 2012), including sustainability criteria.

6. Green Procurement Guides by the Australian Government

Federal government guidelines address life cycle costing and environmental best practice for procurement in the public sector (ANAO, 2001, 2012; APCC, 2007a, b). These include:

- *Public Sector Environmental Management* (ANAO, 2012)
- *Sustainable Procurement Guide* (AG, 2013a)
- *Guide for Sustainable Procurement of Services* (AG, 2013b)
- *Sustainable procurement in the Australian Government* (DSEWPC, 2013)

The Australian Government spends over \$40 billion on procurement of goods and services. The ***Public Sector Environmental Management Better Practice Guide*** focuses on reducing the office-based impacts of public entities (ANAO, 2012). It reviewed federal environmental requirements in key policies (e.g. waste, ICT, energy efficiency) and key practices to improve environmental management in the operational areas of energy, ICT, waste, water, travel, and property. Strategies addressed energy and water efficiency, waste management and sustainable procurement practices assessing life cycle costs. Environmental goals of agencies and sustainability criteria need to be specified in contracts (e.g. energy efficiency, office items, maintenance services) to reduce costs and consumption. This includes buying recycled-content products through to longer-term asset management. The National Waste Policy requires all governments to report on sustainable procurement practices and address goals in the Australian Packaging Covenant on packaging design, recycling and product stewardship. LGASA is a signatory to the Australian Packaging Covenant (LGASA, 2014).

The ***Sustainable Procurement Guide*** (AG, 2013a) outlines sustainability considerations including waste minimisation; whole-of-life costing (purchase price, maintenance, operating and disposal costs) (ANAO, 2001); assessing product life-cycle impacts based on ISO 14040 (raw materials, transport, manufacturing, use and end of life impacts) ; the environmental practices and certification (ISO 14001) of suppliers or manufacturers; and eco-labelled products (e.g. Fair Trade, Energy Rating, Green Tag, Good Environmental Choice Australia). A sample sustainability questionnaire for suppliers focused on environmental practices such as sustainability commitment, environmental performance, social impacts, and supply chain. Suppliers need to address federal requirements for waste minimisation, while the *National*

Waste Policy (COAG, 2010), and Australian Packaging Covenant and Product Stewardship laws (TVs & computers, tyres), commit all levels of government to reuse and recycling.

The ***Guide for Sustainable Procurement of Services*** (AG, 2013b) lists key questions to assess the sustainability actions of suppliers, and in contracts (for both minimum, and better practice performance). Sustainable procurement criteria for tenders include: a green/sustainable purchasing policy, sustainable purchasing guidelines for choosing suppliers, and purchasing 80% recycled paper. A report outlines SP practices by federal government agencies, with environmental criteria (reduced waste, energy, water; reuse; renewable energy; environmental credentials/ratings) included in departmental policies and purchasing (DSEWPC, 2013).

These guides provide useful information on sustainable procurement policies and practices for public agencies. There is a focus on energy efficiency and waste reduction in office operations. However, it is not known whether staff at local councils know about, or utilise, these SP guides.

7. Research on Green Procurement by Local Government

7.1 Australia

Previous research includes a report on *'Procurement as an opportunity to progress sustainability and innovation'* (ANZOG, 2012) with council examples of green purchasing.

Brief case studies reviewed green procurement practices adopted by six Australian councils:

- **Alpine Shire Council - Green Purchasing Policy, 5% cost weighting green products, (Victoria) sustainability in procurement policy, over 10% green spend**
- **Cardinia Shire Council – 10% cost weighting green products, sustainability criteria (Victoria) in Finance One IT system (energy rating, recycled content), Sustainability Purchasing Policy, in contracts and tenders**
- **City of Whitehorse (Victoria) - 10% cost weighting green products, green criteria in procurement and tender policy, green spend data in Financial System (100%/partial/non-green products)**
- **Waverly Council (NSW) - Environmental Action Plan, sustainability checklist for purchases under \$40,000, suppliers' sustainability assessment questionnaire, preferred green suppliers**
- **Willoughby Council (NSW) - Sustainable Purchasing Policy and guidelines, SP group, carbon impacts of contractors/supply chain**
- **City of Fremantle (WA) - 10% cost weighting green products, sustainability in all contracts and tenders over \$100,000, IT carbon ledger.**

Key aspects included a sustainable purchasing policy, a 5-10% cost weighting for green products, tracking green spend, and sustainability criteria added to contracts and tenders. Councils adopted small scale, low risk green products or trialled recycled alternatives. Staff across council areas provided feedback on green criteria or suggested greener products.

The Eco-Buy program reported that Victorian councils are ahead of SA councils in adopting sustainable procurement policies (84% to 16%), sustainable contracts and tenders (62% to 20%) and green spend tracking and reporting (68% to unknown in SA) (Wareham, 2012).

A 2012 survey of carbon actions by 32 Queensland councils found four councils (Mackay and Toowoomba Regional Council, Logan and Townsville City Council) had adopted a green purchasing policy, choosing suppliers taking action to reduce emissions. This ranked seventh in behaviour change actions by mainly larger councils (Zeppel & James-Overheu, 2012).

There are limited in-depth studies of green procurement practices by Australian local government. The ACELG report on *Innovation, Ingenuity and Initiative* (Howard, 2012) included short case studies of council innovations in asset management, water and sewerage, and waste, but not for procurement. Other ACELG reports such as *Local Action for a Low Carbon Future* (Storey et al, 2012) did not address green procurement. To date, apart from data in the Eco-Buy (Victoria) and Sustainable Choice (NSW) programs, there has been limited assessment of the sustainability criteria or standards used by local government associations or councils to evaluate green products/suppliers and green criterion in tenders.

7.2 UK and Europe

In the UK, local government spends £40 billion each year on procuring goods and services, three times the amount (£13 billion) spent by central government (Preuss, 2007). A UK *Local Government Sustainable Procurement Strategy* (LGA, 2007) is supported by legislation, information, and a SP national action plan (DEFRA, 2006). A review of SP practices by five UK councils found environmental performance criteria were specified for suppliers and in contracts (e.g. EMS, recyclable, energy use, packaging, transport etc). While they had green procurement policies, adherence was usually voluntary, except for electricity and paper. Barriers to green procurement were a low priority at senior levels, cost, and a lack of guidance. Councils required more data on life cycle costs and longer-term sustainability

benefits to justify green purchasing decisions (Thomson & Jackson, 2007). Other interviews with 16 UK councils found a range of environmental initiatives in green procurement. These included recycled content in paper, office equipment and furniture; recycled aggregates in road construction; energy efficient equipment; FSC-certified timber; and life-cycle analysis of construction contracts (energy efficiency) and vehicle procurement. There was minimal council expenditure on FairTrade products, and most were not prepared to pay more for recycled paper and alternative fuels. Few UK councils collected or analysed supplier information on their environmental and social performance standards (Preuss, 2007, 2009), but emphasised buying from local suppliers (Preuss, 2009; Walker & Brammer, 2007). A 1999 survey of green purchasing activities by 410 local councils in England and Wales found environmental criteria mainly influenced the purchase of paper, timber, grounds maintenance materials and energy. While 18% of councils had a formal EMS in place, only 10% of surveyed councils had a requirement for contractors to have an EMS standard. Cost was the main deciding factor for procurement (80%), with increased costs for greener products a barrier, while environmental aspects (12%) ranked fifth (Warner & Ryall, 2001).

The role of local government procurement in fostering innovation such as market initiation, escalation and consolidation has been examined, with reference to Greater Manchester (Uyarra, 2010). This included improving processes and services (i.e. efficient or smarter procurement), product innovations, and local councils shaping markets for products, such as sustainable technologies and services. Experimental procurement of new technical solutions included a 'slipper' lighting column and glass recycling facility initiated by Tameside Council. Technological procurement of complex technical solutions included a waste management plant in Greater Manchester assessing whole life cost and risk factors (Uyarra, 2010). Key aspects were consulting with suppliers and companies to develop contract specifications.

The Public Procurement Act in Norway requires all official bodies to consider the environmental performance of products in purchasing. A 2007 web-based survey of 111 municipalities and counties in Norway evaluated their green purchasing practices. It found 74.3% of agencies included environmental criteria in tenders, like suppliers having an EMS, explicit environmental knowledge, eco-labels and standards (Michelsen & de Boer, 2009). Environmental demands to suppliers were mainly proposed by larger municipalities, those with a purchasing department, and having a purchasing strategy. Only half of the surveyed

municipalities stated they used green criteria in the final selection of suppliers, and suppliers stated they were rarely asked to provide environmental data (56.3%) or an EMS (60.5%). Only 5.6% of municipalities felt competent in environmental aspects and wanted national templates for green procurement with standard environmental demands or specifications. A stronger weighting of environmental criteria was needed by councils in selecting suppliers. A survey of 93 Swedish municipalities on procurement of building design services found only 30% included an EMS as a criterion and only 11% used life cycle costing as a criterion. While over half of the municipalities had a procurement policy with sustainability criteria, it was not always applied in procuring construction services (Sporrong & Brochner, 2009).

Key success factors in six European cities implementing green procurement included: initiatives by enthusiasts; cooperation between environmental and purchasing divisions; a written green purchasing strategy; and centralised procurement (Clement et al, 2003). Conversely, obstacles or hurdles to green purchasing decisions by key staff in municipalities were: no aims for green procurement, no incentives and sanctions system, a lack of knowledge, information not available, and no regulations (Gunther & Scheibe, 2006). An online questionnaire tool was used to identify barriers and generate solutions to improve green procurement by key stakeholders in municipalities (e.g. market, state, executives, specialists, procurement, environment and finance departments, and users). Key factors were providing information or testing alternative green products and services, and targets. A survey of 56 cities and towns in Germany found a lack of tools, skills and know-how such as life cycle costing were barriers to adopting sustainable procurement (ICLEI Europe, 2014). Psychological barriers included individual (cognition, skills, motivation); and organisational factors (priorities, local context, commitment, rules, culture); adaptation by groups and in the organisation (peer behaviour, decision-making, coordination) (Preuss & Walker, 2011). Structural factors inhibit adoption of SP practices in public agencies (Guenther et al., 2013).

7.3 USA and Canada

A 2010 survey of sustainability activities by 2,176 local governments in the USA found while 68.2% supported 'local production and green purchasing', only 12.9% had adopted a green product purchasing policy. This item was the fifth-ranked activity, after recycling, improved

transportation, and reducing energy use in buildings and public lighting (Svara et al, 2011).

Sustainability initiatives related to green procurement by US local councils were:

- **Increased the purchase of fuel efficient vehicles (44.4%)**
- **Purchased hybrid electric vehicles (23.7%)**
- **Established policy to only purchase Energy Star equipment when available (17.4%)**
- **Green product purchasing policy in local government (12.9%)**
- **Require all new government construction projects to be LEED or Energy Star certified (12.3%)**
- **Restriction on purchase of bottled water by the local government (10.6%)**
- **Require minimum of 30% post-consumer recycled content for everyday office paper use (9.2%)**
- **To use locally grown produce (8.8%)**
- **Purchased vehicles that operate on compressed natural gas (CNG) (8.5%)**
- **To use locally produced material or products (8.5%)**
- **Require all retrofit government projects to be LEED or Energy Star certified (7.5%)**

These actions related to fuel efficiency in vehicles; energy efficiency in buildings and equipment; 30% recycled content for paper; using local material and produce; and not buying bottled water.

Leadership in green procurement by local government influences developers and suppliers. In the U.S.A., the LEED (Leadership in Energy and Environmental Design) standard for sustainable buildings has been adopted twice as quickly by private-sector developers in U.S. municipalities with green building procurement policies, and their neighbouring cities (Simcoe & Toffel, 2012). Green city policies stimulated demand for LEED-professionals and suppliers hired by developers. Environmental standards adopted by local government shape the supply of goods and services.

A U.S. workshop discussed the integration of sustainability criteria into green purchasing tools. The tools currently used in sustainable procurement included: 'databases for ecolabels and standards, codes, or regulations; calculators that track environmental footprints; software for traceability of materials; and life-cycle assessment (LCA) software' (Brose & Millett, 2012: 2). Other key areas were rating systems; materials or product indexes; integrating procurement systems with financial systems; and using green tools earlier in the overall procurement process. Best value contracting by American cities now includes fair wages and benefits, environmental conformance, waste disposal plans, and local businesses (Rogers & Rhodes-Conway, 2014). Social and environmental criteria are needed in procurement as the average American city pays contractors to perform 23 of 65 municipal services (Rogers & Rhodes-Conway, 2014).

In Canada, 18 cities mainly purchased readily available green products (e.g. recycled copy paper/office supplies, IT equipment, cleaning supplies, and green vehicles), but few had

dedicated staff in this area or lacked documented procedures on using sustainable procurement tools in bids, sole sourcing and un-managed spends (Reeve, 2012; Reeves Consulting, 2013). A North American survey of green purchasing found environmental and social considerations ranked 5th and 6th after product features; sustainable office-related products were mainly purchased; and key drivers were human health and toxics, energy conservation, water pollution, recycling, air quality/pollution, sustainability, recycled content, water conservation, and greenhouse gas emissions (Robinson & Strandberg, 2008) (Appendix 2). International research provides an overview of workforce training to implement sustainable procurement policies and practices within state and local government (Conway, 2012).

8. Best Practice Green Procurement by Local Government

Local government has a key role in green public procurement. This report assessed green procurement practices to recommend guidelines on green purchasing for SA local councils. It identified a range of tools, guidelines, policies and standards for green or sustainable procurement utilised by local government agencies, procurement groups, and councils. Best practice international guidelines, adopted or followed within Australia, include the UK's *Sustainable Procurement Flexible Framework*, the British standard BS 8903: 2010, the Mayor of London's Green Procurement Code, and the ICLEI *Procura+* campaign. The *Calderdale Sustainable Procurement Strategy 2011-2014* specifies green criteria for suppliers to meet. These tools outline sustainability aims, targets, and specifications for green purchasing of environmentally preferable, socially preferable, and locally beneficial products and services.

Within Australia, varied green procurement criteria and standards are adopted by state and territory local government associations, and selected councils. In South Australia, the State Procurement Board and LGA Procurement supports sustainable procurement with environmental factors one performance measure for SA councils to assess purchasing. A guide procurement policy for councils includes environmental protection as a key principle. Some 50 SA councils include environmental criteria in their procurement or contracts policy.

The LGA Northern Territory has policies on energy efficiency guidelines for housing and the built environment, and waste management (recycled products/goods, responsible packaging). The LGA of Tasmania includes sustainable packaging guidelines and a 'buy recycled' element in its

procurement policy, based on directives in the National Packaging Covenant. In Victoria, a MAVP *Model Procurement Policy* encourages sustainability specifications in tenders; sustainability measures in procurement; green spend data; and green suppliers. MAVP guidelines for green procurement by councils covers ten key areas including transport, emissions, environmental performance, life cycle analysis, resource use, and local suppliers. Bonus points are allocated in tenders for sustainability criteria, and for community benefits. The City of Whittlesea's Environmental Purchasing Policy outlines five key green principles.

Tendering Guidelines for NSW Local Government included whole-of-life costs, along with the environmental management practices and performance of tenderers. Social procurement guidelines in NSW address local benefits of buying goods and services from social enterprises. The West Australian LGA includes sustainable procurement provisions in Green Power options for energy contracts, and in LED lighting, but not for 42 other preferred supplier panels. In Queensland, sustainability criteria are not listed in Local Buy contracts or supplier panels except for one factor each in Mobile Garbage Bins; Oils and Lubricants; and Bulk Fuels. Redland City Council's corporate procurement policy considers the 'sustainable supply of goods and services' and 'whole-of-life cost' through environmental purchasing guidelines. Brisbane City Council has set environmental procurement objectives and 2013/14 targets for green purchasing for 12 key areas, and key goals for social procurement of services (BCC, 2013a).

Sustainable procurement guidelines by industry agencies relevant to councils include: the *Australian and New Zealand Government Framework for Sustainable Procurement* (APCC, 2007), along with a practice note, sample templates, and assessing suppliers; and an *Ethical and Sustainable Procurement* guide (CIPS, 2013b). Other government guides on sustainable procurement cover resource efficiency and whole of life costing for goods and services (ANAO, 2012; AG, 2013a, b). These guidelines mainly focus on office and IT equipment.

Two dedicated sustainable procurement programs for local government in Australia include Eco-Buy (Victoria), and Sustainable Choice (NSW). Eco-Buy has three levels of paid membership (Lite, Standard and Premium) while Sustainable Choice is a free program for NSW councils. They both provide a searchable online database of verified green products and services and other resources, case studies, or templates to support councils in implementing green procurement. These free green procurement resources would assist SA councils to adopt green purchasing.

There are few in-depth studies of green procurement practices adopted by local councils. A review of Australian and international research identified success factors (i.e. enthusiasts, departmental cooperation; a GP strategy; targets; centralised procurement; providing information; and testing alternative green products) or hurdles (i.e. no aims, incentives or sanctions, limited knowledge/information, a lack of tools, skills and know-how) to green purchasing by key stakeholders in local government procurement. The next step in this study is interviewing staff at local government agencies about green purchasing, and a survey of green procurement practices and standards adopted by SA councils. This will inform the recommendations on sustainability criteria and green procurement guidelines.

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Appendix 1: Environmental Principles in Procurement Policies of SA Councils

Council	Policy	Date Adopted/ Last Reviewed	Environmental Principles
Adelaide City Council	Purchasing	December 2010	Env, Soc, Econ Sust
Campbelltown City Council	Procurement	2 April 2013	EC
City of Burnside	Procurement <i>Tendering Suppliers Guide</i>	24 April 2012 10 December 2012	Soc, Econ, Env Sust Evaluation and Negotiation
City of Charles Sturt	Procurement <i>Tendering Guide</i>	December 2012 January 2013	ES Evaluation criteria
City of Holdfast Bay	Procurement (Contracts & tendering)	1 August 2011	ES
City of Marion	Procurement	27 November 2008	EM & S
City of Mitcham	Contracts & Tenders	28 July 2009	EM & S
City of Mt Gambier	Competitive Tendering, contracting, purchasing	November 2010	Best Value Test
City of Norwood Payneham & St Peters^	Tenders & Contracts <i>Green Purchasing Guide</i>	2 August 2004 2012	Pre-tendered,principles EnvPurch
City of Onkaparinga	Contracts, Tenders & Purchasing	11 January 2011	ES
City of Playford	Procurement	22 June 2009	Soc, Env, Econ Sust
City of Port Adelaide Enfield	Contracts & Tendering	12 February 2013	General Tender Conditions
Port Augusta City Council	Purchasing, Contracts & Tendering	30 September 2013	EnvPurch
City of Port Lincoln	Contracts, Tenders, Purchasing & Disposal	2 September 2013	EP
City of Prospect	Procurement	26 October 2010	EnvProcure
City of Salisbury	Procurement	25 July 2013	Envntl preference
City of Tea Tree Gully	Environmental Sustainability	21 March 2012	
City of Unley	Tenders & Contracts Procurement Environmental	12 February 2013 28 May 2012 22 October 2012	Procurement approach ES Leadership
City of Victor Harbor	Procurement	26 September 2011	EP, Value for money
City of West Torrens	Purchasing, Tendering Fleet Management	6 March 2012 5 November 2013	ES
City of Whyalla	Procurement and Disposal	May 2013	Buy local/Australian/ES
Rural City of Murray Bridge	Procurement	15 October 2012	Soc, Econ, Env Sust
Town of Gawler	Procurement	March 2013	EP
Town of Walkerville	Contracts and Tenders	18 November 2013	EP
Adelaide Hills Council	Procurement & Purchasing	28 May 2013	Policy Objectives Responsibility
Barossa Council	Procurement	31 October 2012	EP
Flinders Ranges Council	Procurement and Disposal	July 2013	EnvPurch
Kangaroo Island Council	Procurement	12 June 2013	EC
Light Regional Council	Environmental Sustainability Motor Vehicle Management	20 October 2009 27 November 2012	Reduce what we take
Northern Areas Council	Procurement	19 March 2013	Buy local/Australian/ ES
Renmark Paringa	Motor Vehicle	June 2013	EC

Council	Procurement		
Wattle Range Council	Contracts & Tenders - Purchasing	15 January 2013	ES
DC of Ceduna	Tenders & Purchasing	18 January 2012	EnvPurch
DC of Cleve	Procurement (inc. Contracts & Tenders)	May 2013	EP
DC of Coober Pedy	Procurement	20 November 2012	EP
DC of Coorong	Acquisition of Goods and Services	February 2012	EP
DC of Copper Coast	Procurement	5 December 2012	EP
RC of Goyder	Procurement	19 November 2013	EP
DC of Grant	Procurement & Tender	3 April 2013	EP
Kingston DC	Contracts & Tenders	April 2011	ES
DC of Mt Barker	Procurement	6 May 2013	EP
DC of Mt Remarkable	Draft Procurement	12 November 2013	EP
DC of Orroroo/Carrieton	Contract and Tender	8 July 2008	Purchase methods & requirements
DC of Peterborough	Purchasing	17 June 2013	EP
DC of Robe	Contracts, Tenders, Purchasing	8 January 2013	EP
Southern Mallee DC	Procurement	13 March 2013	EP
DC of Streaky Bay	Procurement	December 2012	ES
Tatiara DC	Procurement & Tenders	4 June 2013	EP, Value for money, Evaluation of tenders
DC of Tumby Bay	Contracts and Tenders	15 March 2012	EP
DC of Yankalilla	Acquisition	12 December 2013	EP

Notes: DC = District Council, EP = Environmental Protection, ES = Environmental Sustainability, EMS = Environmental Management & Sustainability, EnvPurch = Environmental Purchasing, EnvProcure = Environmental Procurement, Soc = Social, Env = Environmental, Econ = Economic, Sust = Sustainability, EC = Environmental Considerations; RC = Regional Council

Environmental sustainability principles not included or addressed in procurement/purchasing/contracts & tendering policies by: Alexandrina Council, Berri Barmera Council, Clare & Gilbert Valleys Council, *Light RC ('whole-of-life cost'), Mid Murray Council, Naracoorte Lucindale Council, Renmark Paringa Council, Port Pirie RC, *City of Tea Tree Gully ('whole-of-life cost'), DC of Barunga West, DC of Elliston ('total life-cycle costs'), DC of Franklin Harbour, DC of Karoonda East Murray, DC of Kimba, DC of Lower Eyre Peninsula, DC of Loxton Waikerie, DC of Mallala, Wudinna DC, Wakefield RC, DC of Yorke Peninsula

* Sustainable procurement principles in Environmental Policy: City of Tea Tree Gully, City of Unley, Light Regional Council
 ^The City of Norwood Payneham & St Peters has had ISO 14001 EMS accreditation since 2005, & was recertified in 2013

Some 51 (of 68) SA councils have a procurement policy including environmental purchasing principles, based on environmental criteria in LGAP's acquisitions or procurement policy.

The *Policy for the Acquisition of Goods and Services* (LGAP, 2012b) lists four criteria for the procurement principle of environmental protection:

'Council promotes environmental protection through its purchasing procedures. In undertaking any purchasing activities Council will:

1. promote the purchase of environmentally friendly goods and services that satisfy value for money criteria
2. foster the development of products and processes of low environmental and climatic impact
3. provide an example to business, industry and the community by promoting the use of climatically and environmentally friendly goods and services; and
4. encourage environmentally responsible activities.'

The procurement policies of eight SA Councils include these four green criteria: Coorong DC,

DC of Grant; Barossa Council; DC of Robe; Southern Mallee DC; DC of Streaky Bay; Tatiara DC; and DC of Yankalilla. The City of Victor Harbor's policy included just one criterion (No. 1).

The *Guide Procurement Policy* (LGAP, nd) includes six criteria for the procurement principle of environmental protection:

'Council will seek to:

1. adopt purchasing practices which conserve natural resources;
2. align the Council's procurement activities with principles of ecological sustainability;
3. purchase recycled and environmentally preferred products where possible;
4. integrate relevant principles of waste minimisation and energy (reduction);
5. foster the development of products and services which have a low environmental impact;
6. provide leadership to business, industry and the community in promoting the use of environmentally sensitive goods and services.'

This policy includes two additional principles: purchasing recycled and environmentally preferable products, and integrating waste minimisation and energy reduction (LGAP, nd).

The procurement policies of 12 SA Councils include all six of these environmental criteria: DC of Cleve; DC of Coober Pedy; DC of Copper Coast; Town of Gawler; RC of Goyder; DC of Mt Barker; DC of Mt Remarkable; DC of Peterborough; Port Augusta City Council; City of Port Lincoln; DC of Tumby Bay; Town of Walkerville. The City of Unley excludes one criterion (No. 5) but aligns purchasing 'with the Council's Environmental Policy COU 118.' Four green criteria (i.e. 1, 3, 4, & 6) are included in procurement policies for the City of Burnside, and the City of Holdfast Bay which aligns their purchasing 'with Council's climate change policy.'

Other Council procurement policies include brief statements about environmental sustainability in purchasing (City of Mt Gambier; City of Port Adelaide Enfield; Wattle Range Council) such as: conserve natural resources, minimise waste, energy efficiency (Roxby Downs), and buy recycled/environmentally preferable/responsible products (Adelaide Hills Council; City of Charles Sturt; City of Holdfast Bay; City of Marion; City of Mitcham; City of Norwood Payneham & St Peters; City of Playford; City of Prospect; City of Salisbury); reduce packaging, emissions (City of Onkaparinga); and minimal negative environmental impact (City of Norwood Payneham & St Peters; Rural City of Murray Bridge). Some Council policies outline key principles for environmental purchasing based on buying recycling products, and recycling materials (DC of Ceduna; Flinders Ranges Council; Kangaroo Island Council). Light Regional Council includes sustainable procurement principles in their Environmental Sustainability Policy, but these criteria are not included in their procurement policy.

The City of Victor Harbor's procurement policy includes a principle to 'increase awareness about the range and quality of sustainable products and contribute to the combined purchasing power of local government to stimulate demand for sustainable products.' The specifications for a tender on concrete footpath construction by the Roxby Downs Council included sustainability criteria such as minimising greenhouse gas emissions and waste. A 2012 tender for waste collection, disposal and management by three Riverland councils

(Berri Barmera, Loxton Waikerie, & Renmark Paringa) includes recyclable material and green waste, and companies providing 'environmental solutions to reduce waste to landfill.'

The Renmark Paringa Council's *Motor Vehicle Procurement Policy* for light vehicles includes environmental considerations such as fuel efficiency and emission performance, and 'the opportunities and benefits of using alternative fuel' in purchasing plant and motor vehicles. The Light Regional Council's Motor Vehicle Management Policy aims to purchase 'vehicles that offer the cleanest and most fuel efficient operations' to reduce fleet emissions. The City of West Torrens Fleet Management Policy specifies star ratings for all light fleet vehicles.

Few procurement policies by SA councils specify the type or amount of green products to be purchased, or outline the environmental practices or credentials to be met by suppliers. Some policies by SA councils specify a preference in environmental purchasing for:

- 'purchase of products containing 50% or more of recycled material from Australian waste' (DC of Ceduna; Flinders Ranges Council);
- 'those products which minimise waste/and or contain recycled raw materials' (DC of Orroroo/Carrieton);
- 'is the product recycled or can it be reused at the end of its life' (Adelaide Hills Council)
- 'environmentally friendly products (renewable, recycled) and services' and 'low impact materials' in building and construction (Light Regional Council)
- suppliers that 'support environmental sustainability through waste minimisation, conservation of resources, energy and the environment' (City of West Torrens);
- 'products made wholly or largely of recycled materials (and) products which are efficient in their use of energy' (City of Norwood Payneham & St Peters);
- 'development of local products and processes of low environmental impact including recycled materials' (City of Whyalla; Northern Areas Council); and
- 'products and services that offer environmentally sustainable solutions' (City of Mt Gambier)
- 'use of renewable resources' (and) 'purchasing sustainable goods' (City of Unley)

The evaluation criteria for 'Quality Systems' in the Tendering Guides for two city councils includes the environmental policies of suppliers (City of Burnside & City of Charles Sturt). Two Council fleet policies outline a specific environmental target for green procurement:

- 'an **average across the fleet of 200 g/km greenhouse gas emissions** ... and have at least a **three (3) star** Green Vehicle Guide rating' (Light Regional Council).
- **2.5 stars** (trade vehicles), **3.5 stars** (passenger cars)-Green Vehicle Guide; and **50% 4 cylinder vehicles** in passenger and light commercial fleet (City of West Torrens).

Some Councils have resource efficiency goals based on 'minimising Council's demand on natural resources' (City of Tea Tree Gully), and by 'reducing the consumption of goods and materials across the organisation' (Light Regional Council). The Adelaide Hills Council procurement policy specifies seven green criteria for staff to prioritise in decision making: whole of life costing and value for money; recycled or reusable product; reduce greenhouse

gas emissions; saves water and/or energy; is locally made or recycled; protect biodiversity and habitat; be non-toxic; socially responsible; and waste prevention.

Environmental specifications for tenderers in the procurement policies of councils include:

- ‘documented quantified savings (figures) or actions undertaken’ (by suppliers), i.e. conserve resources; save energy; minimise waste; contain recycled products; and/or environmentally sustainable (Campbelltown City Council; Kangaroo Island Council);
- suppliers documenting their ‘environmentally sustainable solutions and services which protect the environment’ (City of Whyalla; Northern Areas Council);
- suppliers communicating their ‘environmental performance/practices/management plan’ in tenders (City of Prospect; City of Salisbury);
- specifying environmental requirements in tenders (City of Mitcham);
- the ‘environmental performance of the product/service’ (Kangaroo Island Council);
- ‘engaging contractors who display environmental considerations within their company or the products they offer’ (Adelaide City Council);
- ‘contractors, suppliers’..adhere to the organisation’s ‘Environment Principles’..(and) ‘engage suppliers who have minimal environmental impact throughout their life cycle’(City of Tea Tree Gully);
- ‘using contractors and goods (from) companies that have environmental policies’ (City of Unley); and
- ‘suppliers providing evidence of an environmental management policy or system (e.g. AS/ISO 14001 certified)’ (City of Charles Sturt, *Tendering Guide*, 2013).

Roxby Downs Council included environmental questions for contractors in a 2013 tender response schedule for construction of concrete footpaths and associated works: 1) An environmental/sustainability policy or EMS (e.g. ISO14001/EMAS); 2) environmental achievements (reduction in CO₂ emissions, local community impact); and 3) no breaches.

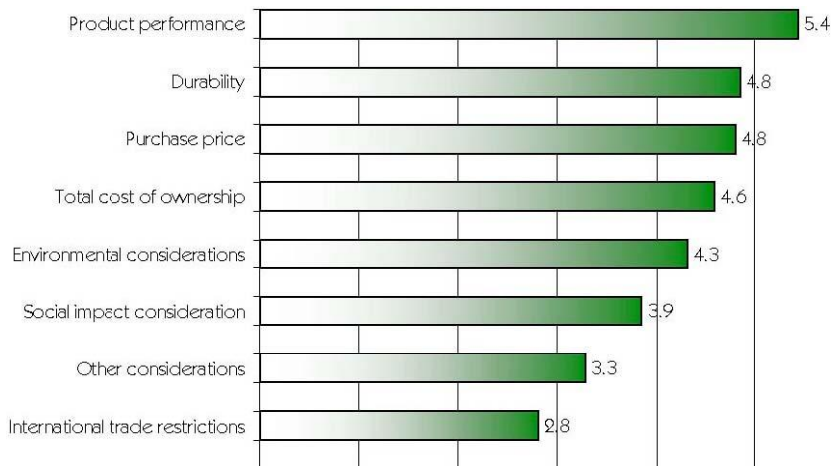
Environmental considerations in tenders by Adelaide City Council include practices that:

- **‘reduce impact on the environment** eg low pollution, minimisation of greenhouse gas emissions, use of carbon neutrality schemes and reduced transportation;
- **minimise the impact of disposal**, including packaging considerations, recycled content and long life products, thus reducing waste to landfills; and
- **promote resource conservation** including water efficiency, energy conservation and recycled content’ (Adelaide City Council, 2008).

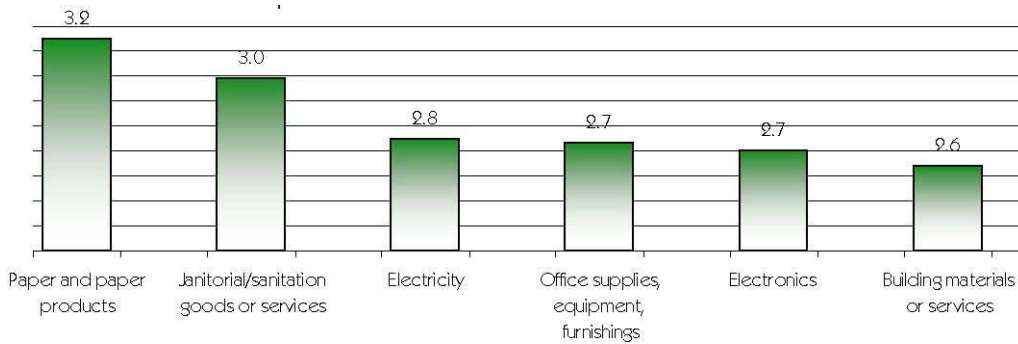
Environmental sustainability principles are not included in procurement and purchasing or contracts and tendering policies by 19 SA councils, including 17 regional councils. The City of Tea Tree Gully’s Tenders and Contracts Policy mentions ‘whole-of-life cost’ and ‘Public policy concerns (e.g. economic, environmental or social),’ but not environmental principles. The City of Tea Tree Gully, City of Unley, and Light Regional Council, include SP principles in their Environmental Sustainability Policy. Roxby Downs Council included five environmental management criteria for provision of environmentally sensitive/low impact goods and services and three questions on company performance in a 2013 tender for concrete work.

Appendix 2: Green Purchasing Trends and Drivers (Robinson & Strandberg, 2008)

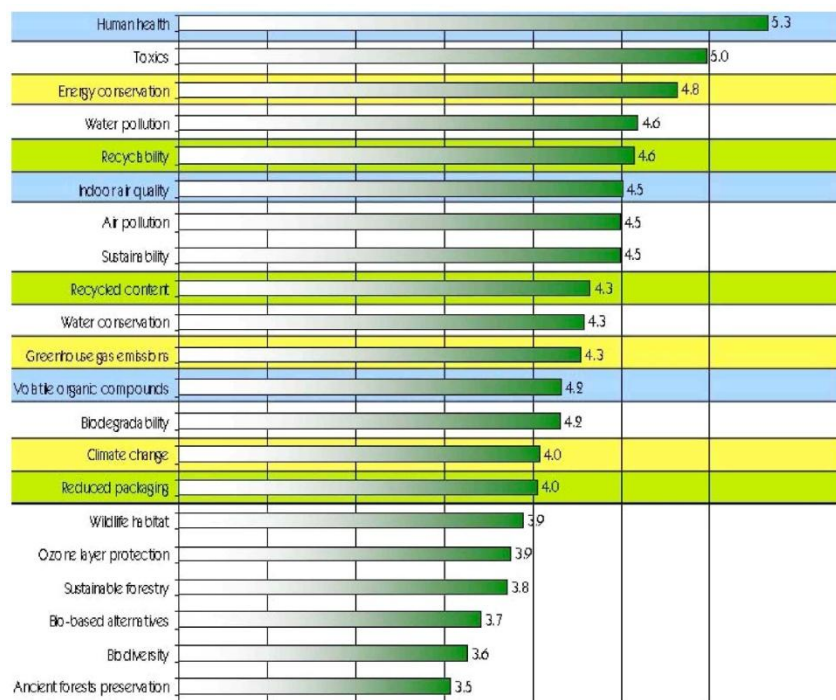
Importance of Factors Influencing Purchasing: Scale of 1 (least) to 6 (most important)



Frequency of Green Consideration When Purchasing General Goods & Services – Rating Scale 1 (never) to 4 (always)



Relative Importance of Environmental Issues – Rating Scale of 1 (least) to 6 (most important)





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