Submission

No 10

INQUIRY INTO INQUIRY INTO SUSTAINABLE PROCUREMENT

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Theme:

Summary

2 April 2009

AUSTRALIAN STEEL INSTITUTE

Russell Keith
The Committee Manager
Public Accounts Committee (PAC)
Parliament House
Macquarie Street
Sydney NSW 2000

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Dear Mr Keith,

SUBMISSION from the AUSTRALIAN STEEL INSTITUTE

Inquiry into Sustainable Procurement by the NSW Government (March 2009)

The Australian Steel Institute (ASI) is Australia's peak steel industry association promoting the use of Australian steel in manufacturing and construction. The ASI represents an important segment of Australia's economy with:

- $21 billion turnover/annum
- 72,000 employees
- 7.4 million tonnes production/annum
- 5.5 million tonnes consumption/annum[1]

The ASI supports the Review's objective to improve sustainable procurement by government agencies. The steel industry has a proven track record in eco-efficient production, recycling and smart design of building systems using steel.

Globally and in Australia, the energy and greenhouse gas intensities of steel production have decreased by an estimated 40 percent over the past quarter of a century. Steel is also the most recycled material in the world with very high rates of scrap recovery across Australia.

It is estimated that recovery rates from building demolition in Australia for structural steel are around 95 percent and between 70 and 80 percent for reinforcing steels.[2]

The ASI agrees with the overall intent of the NSW Government Procurement Guidelines and we would like to comment on three particular areas as follows:

[1] *www.industry.gov.au*
[2] Crucible Group –2006

General comment

The use of full Life Cycle Analysis (LCA) as a comprehensive tool for evaluating the overall impact of a building is a measure the NSW Government should consider supporting in relation to development of any state or nationally-based voluntary or regulatory assessment tool.

The use of LCA will greatly assist architects, engineers, designers and builders in selecting products and product combinations that deliver the best overall environmental results.

Without robust LCA, perverse outcomes are risked where the claimed environmental benefit is either misleading or non-existent, both of which could possibly undermine the credibility of efforts to reduce greenhouse gas emissions from buildings.

An LCA approach would also be consistent with the *Australian and New Zealand Government Framework for Sustainable Procurement Principle No.2: Addressing the adoption of whole-of-life value for money to select products and services which have lower impacts across their life cycle.*

The ASI is directly involved in supporting the development of a national Life Cycle Inventory via a Building Products Innovation Council (BPIC) Industry Cooperative Innovation Program (ICIP) project and directly with the RMIT/CSIRO Australian National Life Cycle Inventory database project (AusLCI).

This work will greatly assist in the availability and use of consistent life cycle data across Australia.

Section 3 – Government Policy and its application - Page 3

The ASI is concerned that the focus on environmental aspects includes 'Highest possible recycled content of material', 'recyclability' and 'use of environmentally preferred product' with little clarification of the meaning of these terms.

The ASI considers that for the evaluation of steel products, recycled content is a poor indicator of environmental sustainability as indicated by the points below.

- As a concept, recycled content looks backwards to where a material was sourced
- It works against the concept of durability for as durability increases, there is less scrap available in the short term
- It is a useful metric for material that would otherwise go to landfill or be incinerated, but steel accounts for less than one percent of landfill due to the high value of steel scrap and its unique ability to be magnetically separated from other materials
- May create market distortions and environmental inefficiencies
- Accounting for the history of the material provides no assessment of environmental performance in a building's application
- It provides no indication of how many times content has previously been recycled
- Does not take account of the environmental burden of primary production
- It is a poor indicator of sustainability for products with closed loop recyclability (ie; no change to inherent material properties through the recycling process). Steel theoretically is infinitely recyclable

In fact, a percentage recycled content credit approach does not deliver any improved outcomes in terms of sustainability and potentially drives inferior outcomes. It may create market distortions in the steel sector with attendant environmental, social and economic costs.

On the other hand, recyclability does positively impact the environmental sustainability of products as an attribute to reward and encourage, for example:

- The end of life recycling approach is based on the entire product life cycle and a material stewardship perspective
- It can spur changes to product manufacturing systems
- As a forward looking perspective that promotes sustainable development

The difference between the percentage recycled content and recyclability approaches is where and how you encourage reuse and recovery of steel in the steel value chain with the best outcome. This is subtle but important.

For example, addressing the limitations around concrete crushing facilities will improve the ability to recover steel reinforcement from demolition concrete, rather than be bound in concrete to landfill.

We would therefore suggest removing the call for products with the 'highest possible recycled content' or adding an explanatory note in relation to steel products.

In regard to the term 'environmentally preferred product', we have concerns that there is no definition of what this means or what qualifies as a product. This could lead to decisions based on unverified claims. This term needs clarification or removal.

Appendix A – Environmental Procurement checklist Page 17 (Material Source)

The use of recycled content again as a measure in this Appendix we consider is inappropriate for steel products and that the focus should be on recyclability as part of a total life cycle approach.

Should you have any questions or require further explanation please do not hesitate to contact us directly on **02 9931 6666**.

Yours faithfully,

Don McDonald

Don McDonald
Chief Executive
Australian Steel Institute