Submission

No 12

INQUIRY INTO INQUIRY INTO SUSTAINABLE PROCUREMENT

Organisation: Sydney Metropolitan Catchment Management Authority

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Date Received: 3/04/2009

Theme:

The Sydney Metropolitan Catchment Management Authority (SMCMA) is pleased to assist the current Inquiry into Sustainable Procurement being conducted by the Public Accounts Committee for the NSW Legislative Assembly.

SMCMA notes that an extension has already been given to the open period for submissions and asks if its letter of submission may be sent early next week? The Authority acknowledges that this is after the formal close date of today.

However a parcel of attachments forming part of the SMCMA submission was physically posted by registered mail to Parliament House this afternoon. The covering letter and 2 of the attachments are contained in this electronic submission.

Thank you
Suzanne Little

Summary

The Committee Manager
Public Accounts Committee
Parliament House
Macquarie St
Sydney NSW 2000

Tuesday, 7 April 2009

SMCMA Submission to NSW Public Accounts Committee

Inquiry into Sustainable Procurement

Dear Sir/Madam,

The Sydney Metropolitan Catchment Management Authority is pleased to assist the Inquiry into Sustainable Procurement being conducted by the Public Accounts Committee for the NSW Legislative Assembly. I am authoring this submission as a Board Member of the Sydney Metropolitan Catchment Management Authority (SMCMA) and this submission is on behalf of the whole Board.

Much of the subject matter that I would like to commence with has been covered by a submission from another organisation - of which I am also a Board Member. I understand you have received a recent submission from Good Environmental Choice Australia Ltd, suggesting methods for NSW Public Service procurement policy and guidelines to move on from policy phase to implementation phase. GECA has raised the importance of environmental / social criteria, recognition of ecolabels and use of life-cycle-analysis as improvements that could be incorporated into existing government documentation and decision-making.

So the starting point for (this) Sydney Metropolitan Catchment Management Authority submission is to make the case for the connection between natural resources and commerce from the perspective of sustainability. In the next few pages I am putting the argument to you that there is an inextricable linkage between the Environment and Economics. In particular I will attempt to show that sustainable procurement is the most practical implementation of this connection because it brings together the intangible value of the natural environment with the tangible purchasing power of procurement.

Background

In 1995-2000 a strong connection between the natural environment and procurement was first made In NSW, during the lead up to the Sydney Olympic Games. The Olympic Co-ordination Authority used the probity of the Government tendering process to procure twenty venues which were required by the NSW State Government to be built as sustainable developments. My role at the Olympic Co-ordination Authority (OCA) was Environmental Director[1] for the Olympics and so it was one my duties to help marry the *Environmental Guidelines* with a very robust tendering process. The strong procurement expertise within the (OCA) was drawn from public servants seconded from the Department of Public Works (later renamed Department of Commerce).

The result was a world class showcase of how environmental science and professional procurement can be joined successfully. In fact, the tendering process itself was considered as the top environmental outcome from the 'Green Olympics.' This opinion was expressed collectively at a post-Olympic seminar[2] held in 2001 by the participants in the environmental administration of the Sydney Olympics. This seminar was opened by the Minister for Urban Affairs and Planning[3]. The consensus was that lessons learnt from conducting the massive tendering process for sustainable development of Olympic sporting venues was the largest leap forward for the natural environment resulting from Sydney's Green Games.

Of course improvements in design and construction were also acknowledged as another leap forward from the Sydney Olympics, but it got second place compared to the enormous achievement of merging sustainable principles with proper procurement process. At the time this was not obvious to casual observers of the Olympic success story but the reason why professionals acknowledged the achievement was because of its degree of difficulty. The OCA had tackled the complex vision of sustainability with a complex commercial answer. The cooperation of the three professions of (a) construction, (b) environmental science and (c) procurement was unique - not only for NSW - but for Australia. By the year 2000 this cooperation pushed Australia up into the same league of sustainability success as Europe.

Since then, some of this Olympic-size achievement has continued to have traction in the construction profession and the environment profession but unfortunately has languished in the procurement profession. An example of the uptake in the construction profession was the establishment in 2002 of the Green Building Council of Australia, funded by the Property Council of Australia.[4] This well-funded, non-government-organisation has spawned the construction of 135 Green Star-rated, large office buildings within seven years.

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1 Director of Environmental Systems and Compliance, OCA
2 Passing the Torch Seminar - March 2001
3 Keynote address by The Hon Dr Andrew Refshauge MP, Minister for Urban Affairs and Planning
4 http://www.gbca.org.au/green-star/

The environment profession has advanced too. An example of the successful continuation of the Olympic coordination strategy is the employment of environmental scientists to manage natural resources throughout NSW via 13 Catchment Management Authorities. Or more correctly – there were 12 Catchment Management Authorities established originally – without the Sydney Metropolitan Catchment Management Authority. In a delay of two years, Cabinet debated whether the natural resources of metropolitan Sydney warranted its own CMA. At the time, it took a while before it was fully realised that Sydney's harbour, its leafy north shore, its several national parks and the coastline of metropolitan Sydney were its valuable natural resources. Furthermore Cabinet came to appreciate the connection between high Sydney property values and the natural resources that underpin this type of prosperity. Since then the connection between commerce and natural resources has become more apparent as dwindling water supplies have became critical for the functioning of the metropolitan region.

Current Status

The relevance of sustainable procurement to government policy for the environment or sustainability is that it is the most practical approach to providing a feedback loop within a commercial context to encourage trade to go around in a cycle, just like Nature does. The forcing of cyclical trade processes such as product take-back arrangements, re-manufacturing, reuse, reprocessing and recycling schemes have provided a realistic way to start sustainable trade practices in organisations. The obvious opportunity is for government organisations to use their large purchasing budget to systematically request sustainability criteria in public tenders. The potential to exert strong influence on suppliers and manufacturers to government is enormous. The flow-on effect to the procurement policies of commercial organisations around the State is just as large.

In the nine years since the Olympics, the delay to broad implementation of sustainable procurement has been a decade of emphasis on commercial expediency and insufficient knowledge within the procurement profession about environmental science. In particular, indecision over two approaches to the task of environmental criteria-setting has been a blockage. One approach is to decide on several relevant environmental themes (such as energy and water) followed by the drafting of a set of sustainable procurement criteria for each theme. The Olympics used this approach with major environmental themes of:

1. Energy;
2. Recycling;
3. Water;
4. Ozone-depleting refrigerants.

The other approach is to decide which categories of product are purchased frequently followed by the drafting of a set of environmental criteria inside the scope of each product category. Examples of common product categories are:

- Office furniture & partitions
- Paper products
- Information technology equipment
- Cleaning service providers
- Lighting products
- Carpets and floor coverings
- Printed matter

Confusion and indecision about how to start and which approach to use in setting environmental procurement criteria has stymied implementation of sustainable procurement in NSW (and also around Australia). In 2007, I felt there was an opportunity for me to utilise my particular background and experience to address this delay. Under the auspices of Good Environmental Choice Australia, I designed a training course in sustainable procurement to help the procurement profession overcome the confusion.

Training started in August 2007 and is continuing to a wider audience in 2009. There were eleven sessions delivered in 2007 followed by thirteen in 2008. Attendees come from both government and corporate procurement departments and the focus of the course is to train each attendee to 'green' their existing procurement system. The course explains ways to specify environmental criteria and to check supplier's credentials and also gives methods to obtain evidence when seeking tenders and making purchase orders. It provides model document templates for choosing environmentally preferable products and evidence-base methodologies for measuring actual reductions in load on the natural environment.

Feedback from attendees indicates that the early driver for sustainable procurement was architectural and interior design projects which aimed for a Green Building Council of Australia Green Star rating. However a second driver was audits of federal departments to monitor the progress of the Australian Government's request for Commonwealth departments to introduce sustainable procurement frameworks into their departments.

The knowledge gap (that GECA's procurement course addresses) is the need for better and more specific environmental criteria in existing procurement frameworks. The reason why an ecolabelling body took on this training role was because sustainable procurement sits at one end of the commercial spectrum while GECA members (manufacturers) sit at the other end. Purchasing is done by buyers while ecolabelling distinguishes green suppliers (manufacturers). Training provided a common understanding between buyers and suppliers. The various organisations that sent attendees to the GECA training in 2007-2008 were mainly buyers. They are listed in Attachment 1.

For 2009, to reach a larger audience, GECA joined with the professional institute for the procurement profession to train its members. The Chartered Institute for Purchasing and Supply in Australia and New Zealand (CIPSA) agreed for GECA to be an approved CIPSA training provider. There are 5 public master classes scheduled for capital cities throughout 2009. Accordingly GECA revamped its 2008 Green Procurement Training Manual to become the CIPSA Masterclass in Sustainable Procurement. The Workbook for the Masterclass has been posted as registered mail to the Inquiry as Attachment 3 to this submission.

Reason for this Submission

Returning to the Sydney Metropolitan Catchment Management Authority – what is its interest in procurement? The SMCMA Vision Statement[5] is *"The Sydney Community has the knowledge and skill to achieve healthy waterways and bushland that all Sydneysiders can enjoy, now and in the future*". SMCMA's responsibility is coordination and management of Sydney's natural resources, including land, rivers, estuaries and coastal systems. These matters are the first and second dimensions of sustainability namely the Environment and Society. The terms of reference of the sustainable procurement inquiry addresses the third dimension of sustainability – which is Economics.

The SMCMA perceives that - in general - commerce is fundamentally reliant on natural resources for the provision of products for society to trade. Furthermore the over-consumption and reckless inefficiencies in the utilisation of natural resources has been a major cause of depletion and deterioration of natural resources to date. So in its mandate to protect natural resources the SMCMA has a strong reason why a catchment management authority is interested in this public accounts inquiry. Sustainable Procurement is relevant as a government methodology to achieve SMCMA's vision.

Sustainability is a nebulous concept and there are numerous definitions to be found. To assist the Inquiry there is a diagram in Attachment 2 to help explain the SMCMA's perspective.

Also I understand that authors of submissions are sometimes asked to give oral evidence before a committee at a public or in camera hearing. I would be pleased to assist if questioning by the committee would be beneficial to examine particular issues in greater detail. I would value the opportunity to provide more information and to amplify points made in this submission.

Recommendations

1. Use the tangible purchasing power of Government procurement to protect and enhance the intangible value of the natural environment;
2. Capitalise on the success of the environmental administration of Sydney's Green Olympics which implemented a massive and successful tendering process for sustainable development of all Olympic sporting venues;
3. Introduce comprehensive training for the procurement profession to help it catch up with the environmental achievements of the construction and environment professions. Remove the delay to implementing sustainable procurement from indecision over two approaches to the task of environmental criteria-setting;
4. Seize the opportunity for government organisations to use their large procurement budget to systematically request sustainability criteria in public tenders. Eg: Request cyclical trade processes such as product take-back arrangements, re-manufacturing,

[5] http://www.sydney.cma.nsw.gov.au

reuse, reprocessing and recycling schemes as a practical way to start sustainable trade practices in Economics;

5. Utilise proven motivations such as green ratings for architectural and interior design projects and also audits to monitor progress of Government requests to introduce sustainable procurement frameworks into its departments;
6. Use sustainable procurement in NSW Government to reverse the expediency of over-consumption and reckless inefficiency in the utilisation of natural resources which has been a major cause of depletion and deterioration of the State's natural resources.

Yours faithfully

Suzanne G Little

Suzanne Little

Board Member of the Sydney Metropolitan Catchment Management Authority

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Attachments:

Attachment 1 Attendance at Green Procurement Training 2007-2008

Attachment 2 Sustainability Diagram

Attachment 3 CIPSA Masterclass Workbook in Sustainable Procurement

Attachment 1

Attendance at Green Procurement Training 2007-2008

2007 Training

Attendees at Green Procurement Training conducted by Suzanne Little in 2007 were from these organisations:

Australian Government:

Australian Taxation Office, CSIRO, Department of Defence

State Government:

Victoria: Sustainability Victoria; Victorian Department of Education.

Tasmania: Royal Tasmanian Botanical Gardens, Tasmanian Department of Treasury & Finance, Tasmanian Department of Economic Development, Tasmanian Department of Tourism, Arts & the Environment

South Australia: South Australian Department of Transport, Energy & Infrastructure, South Australian Department for Family & Communities, South Australian Department for Environment & Heritage, Zero Waste South Australia

Queensland: Queensland Purchasing, Queensland Department of Natural Resources & Water, Queensland Department of Public Works

Australian Capital Territory: ACT Department of Treasury

Local Government:

Local Government and Shires Association of NSW, North East Waste Forum, City Councils of Bankstown, Lake Macquarie, Shellharbour, Wollongong, Fairfield, Macedon Ranges, Frankston, Cockburn and Redcliffe

Public Utilities & Agencies:

Integral Energy; Melbourne Water; Barwon Water; VicUrban

Commercial Corporations:

Australian Ethical Investment Ltd; Australian Paper; Fujitsu; Mitsui & Co; Mirvac Projects; Multiplex Constructions; Maunsell; United Group

Non Government Organisation

EcoBuy

2008 Training

Attendees at Green Procurement Training conducted by Suzanne Little in 2008 were from these organisations:

Australian Government:

Australian Taxation Office (regions); Medicare Australia; Australian Electoral Commission; Department of Environment, Heritage, Water & Arts, University of Queensland; Monash University; Macquarie University.

New Zealand Government: New Zealand Inland Revenue

State Government: NSW Department of Environment & Climate Change, TAFE Ryde College;

Victoria:	TAFE Kangan Batman;
Western Australia:	Department of Environment & Conservation;
Queensland:	Environment Protection Agency; Great Barrier Reef Marine Park Authority;
South Australia:	Department of Families & Communities; Legal Services Commission;
Tasmania:	Department of Education; Rosetta High School

Local Government:

City Councils of the City of Geraldton, City of Melville; City of Joondalup; City of Cockburn in WA.

Parramatta City Council; Ballina Shire Council in NSW

Public Utilities & Agencies:

Integral Energy (NSW); Lower Murray Water (SA); CRC for Future Farm Industries (WA), VicUrban (Vic)

Commercial Corporations:

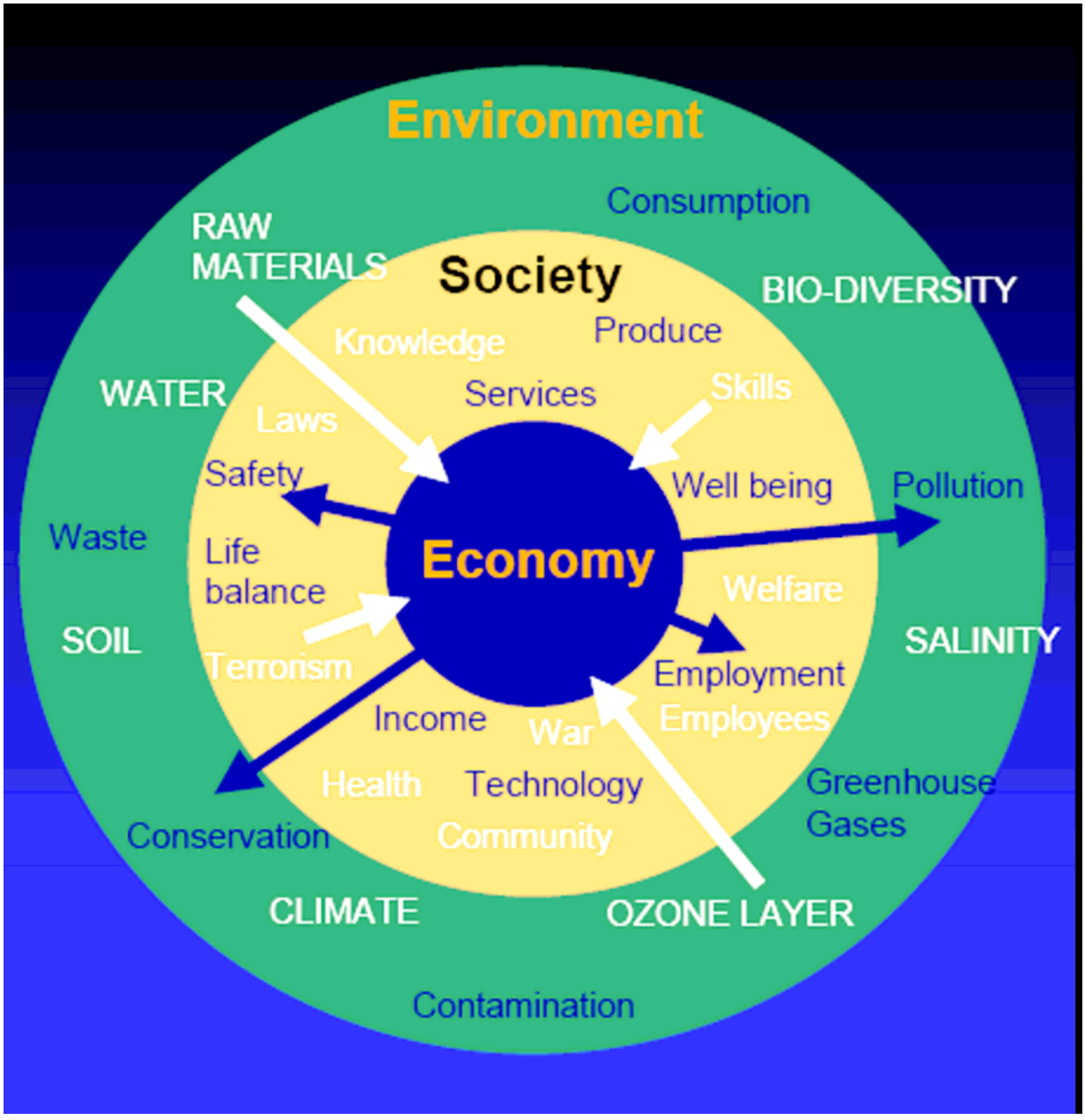
ABC Tissue; Eastern Commercial Furniture P/L; E Sime Group Ltd; Fletcher Insulation, Johnson Diversey; Lafarge Plasterboards P/L; The Laminex Group; KU Children's Services; Security Projects Australia P/L; ISIS Project P/L; Members Equity Bank; Olex; Penfold Australia Ltd, Waste Audit & Consultancy Services; Make Money Grow-VECCI; United Group (regions).

Non Government Organisations

Greenpeace Australia, WWF Australia, Eco-Buy.

Attachment 2

Sustainability Diagram



Attachment 3

CIPSA Masterclass Workbook in Sustainable Procurement

CIPSA is the Chartered Institute for Purchasing and Supply in Australia & New Zealand

The Workbook for the Masterclass is a 200+ page document so it has been posted as registered mail to the Inquiry as Attachment 3.