

Towards a Sustainable Procurement Strategy

A background paper prepared for the State Sustainability Strategy

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Abstract/Overview

Every year the Western Australian State Government spends billions of dollars procuring goods, services and facilities. 'Reported expenditure on goods, services and construction in 2000/2001 was \$5.11 b'¹. With such a large amount of money being spent on procurement, there is vast potential for the State Government to demonstrate sustainability in the area of procurement. This paper suggests ways of making this process operational across government.

Introduction

With \$5.11b being spent in the last financial year alone, the State Government has the opportunity to show leadership towards sustainability through procurement. This level of expenditure can be used to influence the Government's commitment to sustainability. In order to make government procurement more sustainable, government procurement policies and guidelines need to be strengthened to include sustainability objectives. The aim of this paper is to establish a useful framework for achieving sustainability in procurement, through the development and adoption of a State Sustainable Procurement Strategy. This paper will address the key sustainability issues associated with procurement, on a global and national level, and existing action being undertaken on both the Commonwealth and State level. The State Sustainable Procurement Strategy will address these issues and highlight the opportunities for change, a time-line in which the Strategy could be implemented, the assignment of responsibility, costs involved in the development of the Strategy, the benefits of such a plan and suggested monitoring of the process.

It is worth noting before further discussion, that procurement aimed at sustainability, internationally, is often called green procurement. For the purpose of this essay, green procurement will instead be referred to as sustainable procurement, as the term provides a more holistic approach to sustainability, including not only the environmental impact but economic and social effects also.

Issue Analysis and Description

Key Sustainability Issues

There are a number of sustainability issues in relation to government procurement. However, there are two main factors that have been chosen to focus on by governments around the world: efficiency of materials, energy and water, to minimise waste; and life cycle impact.

Efficiency of Materials, Energy and Water

When aiming to make procurement more sustainable, the efficiency of materials, energy and water should be the first consideration as it is relatively easy to manage and can be shown to have clear benefits. Procurement that is not based on efficient use of resources will cause excessive levels of waste. Social and environmental benefits can be shown

¹ p4, *Who Buys What-2000/2001 Western Australian Government Purchasing Statistics*, State Supply Commission, February 2002

immediately but it is not always easy to show economic benefits unless more than the up-front costs are examined.

Life Cycle Assessment

When considering a product or service for procurement, life cycle assessment is an important way to assess which product to buy. Life cycle assessment is 'the scientifically most reliable method' as it 'studies the environmental impact of a product from its design to its disposal, taking into account all the steps in between'.² The life cycle assessment considers all facets of the product, including raw materials extraction, manufacturing, packaging, transport, storage, utilisation and disposal. As sustainability is a global concept, this assessment is imperative for the sustainability of procurement wherever it occurs. Previously, procurement by Government and its associated agencies and departments, has placed little emphasis on such an important aspect of procurement. The techniques of doing lifestyle assessment are rapidly being main-streamed and will need to be considered by the Western Australian government.

Global and National Context

Sustainable procurement is being addressed on both a global and a national level. Many countries around the world have adopted sustainable procurement policies, whereby legislation, frameworks and guidelines are being implemented in which to favour products that are more sustainable than those which are not. The European Union and Canada, particularly Manitoba, are world leaders in the development and implementation of such strategies.

The European Union

The European Union is extensively involved with sustainable procurement and sets the precedent for such processes of procurement on a global level. Sustainable procurement has been successfully implemented within the European Union for some years, and in the year 2000, the European Commission voted to adopt two proposals that made such procurement more simple, as well as for the first time, giving explicit reference to environmental considerations in terms of procurement. Member states within the European Union have recognised that addressing the sustainability 'of public procurement can make a major contribution to sustainable development'.³ In 2000, the European Union released the *Green Purchasing Good Practice Guide-how local authorities spend their budgets responsibly*. This document, published by the International Council for Local Environmental Initiatives (ICLEI), addresses legal provisions and frameworks, as well as examples of European good practice in relation to sustainable procurement.

Frameworks for sustainable procurement have been integrated into national legislation in such member states as Denmark, Germany, Netherlands, France and the United Kingdom, for procurement exceeding a certain value. Denmark is in fact leading the push towards sustainable procurement, with environmental considerations being fully integrated with cost, quality and the like. This policy is supported by the Danish Environmental Protection Act (June 1994) which 'requires public authorities to use, to the extent possible, goods or products which contain recycled or recyclable materials or

² p9, Green Purchasing Good Practice Guide, International Council for Local Environmental Initiatives

³ Foreword, Margot Wallstrom, Green Purchasing Good Practice Guide, International Council for Local Environmental Initiatives

which, for other environmental reasons, are to be preferred to other goods or products fulfilling the same purpose'.⁴ Germany has adopted the policy that requires public institutions to buy sustainable goods over other products and services. The Netherlands have recognised procurement by the government as an instrument of environmental policy, while the United Kingdom a liberal policy whereby local authorities decide how much emphasis is to be placed on environmental criteria in the allocation of contracts with guidelines being provided to assist them.

The basic principle of the European Union policy and legal framework is that of freedom of contract. This freedom of contract means that an agency putting a contract out to tender can choose products or services that correspond to its sustainability policy. This is providing that such procurement does not discriminate against nationality, that it promotes sustainable development, allows the movement of goods and services across the community and that the principle of proportionality is incorporated⁵. The specifications of the procurement towards more sustainable products and services must also be clearly mentioned in the subject matter of the contract.

Canada

A well-documented example of successful strategies towards sustainable procurement is that of Manitoba, Canada. In 1998, the Sustainable Development Act was passed through parliament. The Act recognises the importance of the public sector in sustainable development and addresses the idea that 'economic decisions, including purchasing decisions, should adequately take into account their environmental, human health and social consequences'.⁶

Under the Sustainable Development Act, the establishment of procurement guidelines based on the principles of sustainable development was required. These guidelines were then to be integrated into Provincial procurement manuals and guidelines. Such guidelines are loosely based on the ideals of promoting environmental sustainable economic development; conserving resources; conserving energy; promoting pollution prevention, waste reduction and diversion; as well as evaluating value, performance and need⁷.

As long ago as 1989, at a forum hosted in the City of Toronto, all levels of the Canadian Government, national, provincial and local government, adopted what is known as GIPPER. GIPPER stands for Governments Incorporating Procurement Policies to Eliminate Refuse, and involves the decrease of refuse through the policy of sustainable procurement.

Commonwealth of Australia

The Commonwealth has implemented a number of strategies in regards to procurement, particularly in regard to the procurement and consumption of energy. In June 1999, the Energy and Environment Division of the Commonwealth released a strategy for

⁴ p16, Green Purchasing Good Practice Guide, International Council for Local Environmental Initiatives

⁵ p14, Green Purchasing Good Practice Guide, International Council for Local Environmental Initiatives

⁶ Province of Manitoba/Green Procurement, <http://www.gov.mb.ca/gs/psb/green.html>, 17/10/01, 12.03pm

⁷ Province of Manitoba/Green Procurement, <http://www.gov.mb.ca/gs/psb/green.html>, 17/10/01, 12.03pm

reducing energy consumption amongst government operations. 'Measures for Improving Energy Efficiency in Commonwealth Operations' is directly related to procurement on a Commonwealth level. This policy addresses the National Greenhouse Strategy, energy consumption reporting, energy intensity targets, building minimum energy performance standard, energy audits, housing, appliances and office equipment, renewables, energy management resources and responsibilities for policy administration.

Procurement is also governed by the Australian and New Zealand Government Procurement Agreement (ANZGPA). This agreement is a collaboration between both Federal, State and Territory Governments within Australia and New Zealand. The objectives of the agreement are to 'create and maintain a single government procurement market to maximise opportunities and...to reduce costs of doing business for both government and industry.'⁸ (See Appendix A).

New South Wales

In 1998, the New South Wales Department of Works and Services released the NSW Government Procurement Policy. These guidelines address the current issue of sustainable procurement by the State Government. The Policy has a specific section dedicated to Environmental Management in regards to procurement. This section discusses the need for sustainable procurement by government in all departments and outlines the need to follow Ecologically Sustainable Development (ESD) principles. "To achieve improved environmental performance the NSW Government requires all agencies to mainstream Ecologically Sustainable Development (ESD) in procurement. All agencies are required to include ESD objectives in their corporate plans and subsequent business practices, including the procurement of goods and services."⁹

The guideline follows the principles outlined in the other Government Policies of *Waste Reduction and Purchasing Policy: A Guide for Agencies* issued by the EPA, and the *Energy Management Policy*. Under this policy, agencies and departments are expected to 'base procurement decisions on the principle of 'value for money' over the life cycle of products, rather than the 'lowest cost' and give preference to and purchase environmentally friendly products'.¹⁰ Procurement has been recognised by the State of New South Wales as being an area of opportunity for large advances towards sustainability. Appendix B contains the guidelines for how procurement based on life cycle costing is to be conducted in New South Wales.

Barriers to Achieving Sustainability in Procurement

There are two major obstacles in the path of the development and implementation of a State Sustainable Procurement Strategy within Western Australia. This is the perceived

⁸ Attachment E, State Supply Commission Website, <http://www.ssc.wa.gov.au>, 28/03/02, 12.52pm

⁹ p5, NSW Government Procurement Guidelines-Environmental Management, May 2000, New South Wales Government.

<http://www.dpws.nsw.gov.au/DPWS/Policy/Areas+of+Expertise/Procurement/Procurement+Policy+Documents.htm>

¹⁰ p6, NSW Government Procurement Guidelines-Environmental Management, May 2000, New South Wales Government.

<http://www.dpws.nsw.gov.au/DPWS/Policy/Areas+of+Expertise/Procurement/Procurement+Policy+Documents.htm>

higher cost of more sustainable products, as well as an integrated whole of government approach towards a more sustainable system of procurement.

Higher Costs of Preferred Products

A significant barrier to the development and implementation of sustainable procurement strategies is the perceived higher costs of preferred products. The cost of some products and services may indeed be higher in the initial stages of procurement, however, the cost over the life cycle of the product or service may well prove to be cheaper. As suggested by the Manitoba Government 'potentially the cost of some environmentally preferable products, materials and services may be higher, however, any potential increase will in all likelihood be offset by related benefits associated with conservation, life cycle cost analysis, full cost accounting and other changes in purchasing behaviour.'¹¹

There is significant evidence to suggest that by including externalities of the product, the cost of the life cycle of the product may in fact be cheaper than the procurement of a product or service based on initial cost alone. However it is still probably a higher cost to government even if overall costs are lower, hence it is important to see the decision on life cycle costing as part of a demonstration to the rest of society by government

Integrated Policy Direction for Sustainable Procurement by Government

The State Supply Commission is currently reviewing its procurement policies in the light of the government's commitment to sustainable procurement. Procurement involves a number of agencies and government trading enterprises, all of which have different needs. To provide an integrated whole of government perspective requires appraisal of the current system of procurement to develop a policy that will provide guidance towards a more sustainable form of procurement. All stakeholders need to be involved in this process.

Key Stakeholders

Minister for Works and Services

Hon Tom Stephens MLC, as Minister for Housing and Works; Local Government and Regional Development, is a major stakeholder in the issue of sustainable procurement, as the State Supply Commission, is a Statutory Authority under his portfolio. The Minister may give directions in writing to the Commission with respect to its functions and powers, including a direction requiring the Commission to have regard to a particular policy or principle, either generally or with respect to a particular matter, and the Commission shall give effect to any such direction.

The State Supply Commission

The State Supply Commission (SSC) is one of, if not the most important stakeholder within the push for more sustainable procurement through the development of a State Sustainable Procurement Strategy. It is up to the State Supply Commission to show significant levels of leadership in order to implement sustainable procurement. In 1991, the State Supply Commission Act was passed. This Act enables the SSC to effectively oversee broad policy roles, acts as a regulator and umpire, and delegate procurement responsibilities to other agencies. The Act covers the procurement of goods and services and is applicable to departments of the Public Service of the State established

¹¹ <http://www.gov.mb.ca/gs/psb/green.html>, 17/10/01, 12.03pm

or deemed to have been established under the *Public Service Act 1978* and agencies, authorities or instrumentalities of the Crown in right of the State.

Tenderers to Government Contracts

Tenderers to Government contracts are major stakeholders in the process of implementing a State Sustainable Procurement Strategy. Such tenderers need to be actively involved in the process and have a significant level of understanding as to what the Strategy will entail. Within the Strategy, much of the onus will be placed on the tenderers of the contracts, to supply adequate information about the performance of the company in terms of sustainability, as well as the ability to source more sustainable products for that contract. Tenderers will have to be responsible for the application of sustainable practice into their business activities if they are to have a chance of meeting the Strategy's sustainability requirements. This will require clear guidance as well as training in world best practice in sustainable procurement operations.

Existing Action in Western Australia

State Supply Commission

While the State Supply Commission's *Supporting Other Government Policies and Initiatives* policy provides some support for sustainable procurement it has not had the same level of support by previous governments. The State Supply Commission's policies and guidelines make reference to specific environmental issues.

Currently the most significant display of support for sustainable procurement is the Government's Buy Local Policy. An important aspect of sustainable procurement is providing support for local business and industry. Under the Buy Local Policy, the 'Western Australian Government is committed to maximising opportunities for the development of both Western Australian, and Australian businesses by means that are consistent with achieving value for money objectives.'¹² The Buy Local Policy contains a 'range of initiatives and price preferences that provide local Western Australian and Australian businesses with an enhanced opportunity when bidding to supply to the State Government.'¹³

The Buy Local Policy incorporates not only regional preferences for local businesses but also integrates:

- Whole of life cycle costs;
- The capability of the tenderer to fulfil the specified requirements;
- Technical merits of the goods or services offered; socio-economic impact;
- Equal Employment Opportunity commitment and industrial relations record; and
- Environmental management, supply of recycled/recyclable products and waste reduction.

All of these factors are important to the development and implementation of sustainable procurement practices.

The SSC Policy and Guidelines Manual makes reference to the environment. The SSC has implemented a process whereby if a public authority is intending to purchase a

¹² State Supply Commission-Policies and Guidelines Manual, http://www.ssc.wa.gov.au/pol_guide/policies/supporting_gov.html, 11/10/01

¹³ State Supply Commission-Policies and Guidelines Manual, http://www.ssc.wa.gov.au/pol_guide/policies/supporting_gov.html, 11/10/01

good, consideration shall be given to a recycled/recyclable option; the energy efficiency of that good; and its production. The SSC forbids the procurement of a good that has used CFC's 'either in the good itself or in the manufacturing process'¹⁴.

The SSC has supply policies in place, such as those mentioned above, to make procurement more sustainable. However, existing policies and strategies are insufficient to ensure sustainability. The development of the State's Sustainability Strategy will provide an opportunity for the Government's buying power to leverage sustainable procurement so that value for money based on a range of considerations can be achieved..

Eco-Office

One part of the State Government has already taken this option seriously and has managed to show that it can work. The Department of Environment, Water and Catchment Protection (DEWCP), formerly known as the Department of Environmental Protection, has undertaken extensive implementation of sustainable procurement through its Eco-Office scheme. The scheme has, been designed for the designed for the workplace and is intended to foster environmentally friendly office practice through the procurement and introduction of environmentally preferable products. The aim of Eco-Office is to improve environmental performance of the workplace through the principles of reduced consumption, energy reduction and improved efficiency. This program has been formally introduced into the DEWCP, and sets a good example for procurement within other workplace environments. Informally, such steps being undertaken by the DEWCP are also being followed by many workplaces around Western Australia which are interested in improving environmental performance while also reducing costs through more sustainable procurement processes. This process can, with an integrated, whole of government approach, be mainstreamed.

Building Greenhouse Rating Scheme and Energy Smart Scheme

The Building Greenhouse Rating scheme and the Energy Smart scheme are initiatives being undertaken by the Australian Greenhouse Office and in Western Australia by the Sustainable Energy Development Office (SEDO), formerly the Office of Energy. Both initiatives are based on the idea of a star rating scheme, whereby buildings and products are ranked according to energy and resource efficiency as well as general productivity. This includes office equipment, lighting and other matters relevant to procurement.

The Building Greenhouse Rating scheme recognises that 'energy efficiency can provide cost effective financial savings, contribute to improved productivity and provide marketing benefits'¹⁵ through the reduction in greenhouse gas emissions. The Energy Smart campaign aims to achieve similar goals with the system of ranking for the energy efficiency of products available to consumers and the State Government. Both schemes provide a system for the State Government to adopt sustainable procurement practices by incorporating the rating schemes into the purchase of goods and services.

¹⁴ State Supply Commission-Policies and Guidelines Manual, http://www.ssc.wa.gov.au/pol_guide/policies/value_for_money.html, 24/02/02, 11.50am

¹⁵ The First Step to Becoming A Star, Building Greenhouse Rating scheme brochure, www.abgr.com.au,

Strategies for Change-Proposals for the State Sustainable Procurement Strategy

Opportunities for Change

There are many opportunities for change in the area of procurement. Existing policies and guidelines for Government procurement are available but are simply not far reaching enough or integrated into the detail of how contracts work. Sustainable procurement needs to be integrated into procurement practices at all levels of government. The development and implementation of a Sustainable Procurement Strategy opens the doors for more sustainable practice by the Government. There are many options to be considered for such a Strategy that will be discussed below.

Development of Criteria, Regulations and Legislation

If an action plan or strategy to ensure sustainable procurement is to be undertaken, there needs to be a clear outline as to the outcomes that the strategy aims to achieve. The development of sustainability criteria for all public policy and development projects, in relation to procurement, needs to be established. Without recognised guidelines and criteria, most purchasers do not feel competent to switch to more sustainable methods of procurement. Such criteria would guide all procurement decisions and provide a clear objective for the purchaser.

The current legislation appears to be sufficient to allow a new set of regulations to be developed that can enable sustainable procurement to be implemented. Legislative support would support the process but only if it is seen to be needed for a series of other sustainability-oriented policies, guidelines and regulations from across government.

The development of general criteria for all products or services to be purchased by the government need to be established with a consultative process that can enable all government and industry stakeholders to be aware of how they should be applied. The development of criteria in other areas around the world for such procurement, have varied from being general in nature to using precise technical criteria and specifications. However, the key guiding concepts for procurement policies remain the same. These concepts include the 3R's hierarchy (reduce, reuse and recycle), life cycle impact, cost effectiveness over life cycle, toxic use reduction, minimisation of use of resources, regulatory compliance and unbiased verification¹⁶. Manitoba, Canada, expands on this model by including more specific concepts within procurement criteria. Manitoba's criteria includes protecting human health and well being; promoting environmentally sustainable economic development; conserving resources; conserving energy; promoting pollution prevention, waste reduction and diversion; as well as evaluating value, performance and need.¹⁷

Sustainable Procurement Committee

One option that has been implemented in international case studies has been the development of a Sustainable Procurement Commission. This could work either independently of the State Supply Commission or within the organisation. If within it then a Sustainable Procurement Committee could be formed to oversee the development and implementation of the new policy. This option is preferred, as the SSC already has begun to work on sustainable procurement and can formalise this with a committee that contains all key stakeholders. The Sustainable Procurement Committee would act to formalise sustainability practice within government and public policy. They could also

¹⁶ p1, Environmentally Responsible Procurement by Government.

¹⁷ p2, Environmentally Responsible Procurement by Government

act as a watchdog to monitor the sustainability of government procurement and develop guidelines for better practice. In Manitoba, a Government-wide Procurement Council has been 'established to address procurement related initiatives and this Council has established a Sustainable Development Procurement Guideline Implementation Committee which will the roll out of "green-purchasing" in government.'¹⁸ A similar system could be implemented in Western Australia through the development of the Sustainable Procurement Committee.

List of Preferred Products

The lack of common criteria to identify, compare and specify sustainable products and services can slow the procurement process. The collation of an extensive list of environmentally preferable products, services and suppliers is also an option that could be undertaken to eliminate this problem. Such a list would provide a viable tool for those involved with government procurement and would enable ease in finding products that are deemed to be sustainable. One of the problems associated with this option however, is the limited selection of suppliers and products in some categories of procurement. In such a case, the purchase of products or services may have to go beyond the Buy Local Policy and be spread further afield in order to achieve the procurement of sustainable products and services. The list could be run and updated by the Sustainable Procurement Committee, if both initiatives were to be adopted.

Local Economic Opportunities and Eco-Labelling

The whole process of developing a State Sustainable Procurement Strategy should be done with the goal of creating local economic opportunities. By creating local businesses that supply goods and services which meet sustainability criteria, we are launching globally competitive businesses in a rapidly growing, new economy. The establishment of criteria for sustainable procurement could coincide with the development and endorsement by the Government of an eco-labelling program for Western Australian and Australian products and services. Eco-labelling initiatives around the world have proven to be a useful tool for sustainable procurement. The purchase of an eco-labelled product or service 'is a good hint that the purchased item is, in its category, environmentally favourable.'¹⁹ Internationally, eco-labelling programs have been established such as the "Blue Angel", "Nordic Swan", "Austrian Tree" and the "EU Flower". The adoption of an easily recognisable Australian version would enable sustainable procurement to become more achievable, both for the State Government and industry purchasers alike. A third party verification group that examines a particular sector or product category and tests the product or service to determine the degree of compliance could help this process. Labelling can often be limited by its complexity or its simplicity. For this reason, generic criteria should be used to make verification easier.

Tenderer Specifications

As well as specified guidelines for purchasers, there needs to be the implementation of specifications for tenderers to Government contracts. The development of specified guidelines for producers/tenderers to Government contracts should coincide with existing policies regarding the matter, but should place emphasis on the sustainability of

¹⁸ Manitoba Transportation and Government Services Website,
http://www.gov.ns.ca/finance/tour/policy/pro_env.htm, 10/10/01, 9.39am

¹⁹ p9, Green Purchasing Good Practice Guide-How local authorities spend their budgets responsibly, International Council for Local Environmental Initiatives, Freiburg, 2000

the products and services offered by the tenderers. A comprehensive focus on sustainability needs to be included in contracts by the Government and tenderers alike. Within the contract process, companies could be asked to submit a Sustainability Policy for their firm to ensure sustainability of the manufacturing process, as well as the life cycle of the product or service. Standing offers, agreements which could be negotiated between a supplier and the Government, could include sustainable procurement guidelines pertaining to specific product characteristics and price. Contract specifications are a useful tool for both the Government and tenderers alike. Government can identify particular specifications in the contract, and suppliers are able to increase performance in terms of sustainability.

Decentralisation or Centralisation?

Over the years, there has been a trend within the State Government and the State Supply Commission to decentralise the role of procurement. There are questions as to whether to decentralise or to re-centralise. Managers or employees of the Government departments and agencies undertaking procurement roles, can be fully integrated into any State Sustainable Procurement Strategy and must be if it is to succeed. If they are not able to be, then government must look again at centralising the process. Concerns of managerial liability for budget blow-outs are a very real issue, in regards to procurement and its costs, and is a driving force in decentralisation. Decentralisation has been known to be effective also in the implementation of the Buy Local Policy, thus it should be possible to extend this into a “More Sustainable Buy Local” policy.

The government’s *Buy Local Policy*, for example, is a whole-of-government policy that is administered by the State Supply Commission. A similar approach could be adopted for a sustainable procurement policy.

Price Preference Policies

One of the ways in which sustainable procurement can be achieved is through price preference policies. The State Supply Commission states that the ‘price preference provides an enhanced opportunity to bid-it is not a subsidy. Businesses must submit their most competitive price irrespective of the application of the preference as part of the assessment process.’²⁰ Under this initiative, companies are still required to be competitive with their bids, yet a tenderer which offers a more sustainable product or service may receive preference of a less sustainable supplier despite the fact that they may be slightly more expensive initially.

Education and Training

For sustainable procurement to work when implemented, those who are undertaking the purchasing need to have a solid understanding of sustainability and all that it entails. In order for this to occur, the development of further education and training for the procurement of sustainable products and services, needs to be administered. Purchasers need to be aware of sustainable procurement processes and need to be updated with the latest information on sustainable products and services. The development of further training and performance enhancement tools is an important aspect of sustainable procurement that cannot afford to be overlooked.

²⁰ Price Preference, State Supply Commission Web site, <http://www.ssc.wa.gov.au>, 28/03/02, 12.52pm

Assessment of Impact on the Economy

A comprehensive and detailed assessment of the impact of sustainable procurement on the economy could also be undertaken. This assessment should address all aspects of the Western Australian economy, with comparisons made between traditional procurement processes and predictions for procurement under the Strategy. It would be expected from such an assessment that there are significant benefits to be seen by the State economy as a result of the State Government undertaking sustainable procurement practices.

Timeline for the State Sustainable Procurement Strategy

The development and implementation of a State Sustainable Procurement Strategy should be a staged process, yet one that should be undertaken as soon as possible. Certain aspects of the Strategy will take longer to implement than others, as well as some parts of the Strategy having to wait until finances permit. The Strategy and suggested opportunities for change need to be assessed and implemented on a basis of importance. Those options that will make the largest difference towards sustainable procurement should be undertaken first, with less important initiatives following.

Overall, the Strategy should look to be undertaken within the short to medium term. Obviously not all options can be undertaken at once, hence the possibility of phasing in the Strategy over a period of one to four years. Manitoba, Canada decided on a short-term action plan. Manitoba recommended that ‘the Sustainable Development Procurement Implementation Committee shall, within six months of this policy and guideline being adopted by Cabinet, recommend Sustainable Development Procurement Goals for Cabinet approval’. Within this Organisational Action Plan, they also recommended that ‘each department, within six months following the above noted goals being approved by Cabinet, establish Organisational Action Plans that measure and report progress toward adjusting government purchasing behaviour to favour products, services and activities that minimise adverse impacts on the environment, economy, human health and well-being.’²¹

Manitoba was able to achieve sustainable procurement goals within a short-term time frame, due to the fact that they were developing a broad strategy for their Province. Western Australia is developing this broad framework for the State and hence could make a similar goal. This timeframe will allow for all areas of interest to be acknowledged and will result in long term benefits through the development of sustainable procurement.

Costs and Benefits

Cost

Prior to the development of the State Sustainable Procurement Strategy, and before any proposals can be undertaken, finances need to be made available for both the development and the adoption of the Strategy.

The proposals which will incur the most costs will include the development of the Strategy; the establishment of the Sustainable Procurement Committee; establishment and maintenance of a preferred suppliers and products inventory; establishment and publication of sustainable procurement criteria; cost of changes to existing policy

²¹ p5, Manitoba’s Sustainable Development Procurement Guidelines, December 6, 2000

guidelines and manuals for procurement; as well as the continued training and education of Government purchasers.

The cost incurred for the development of a sustainable procurement strategy will itself be offset by the rewards reaped from the plan. Initial costs are to be expected, yet the adoption of the Strategy will benefit the environment, government employees and may well result in financial benefits for the State Government.

Benefits

There are many benefits from the development and execution of a State Sustainable Procurement Strategy. Such a Strategy would not only benefit the environment, but would also prove advantageous to the Government, workers within the public sector, the economy and Western Australian society in general.

One of the most important benefits of the development of a State Sustainable Procurement Strategy is that it shows a clear example to the community that the Western Australian State Government is willing to undertake more sustainable practices. The development of such a Strategy would be a prime example of top down leadership to the community and stimulate similar practices within the private sector and industry.

The implementation of more sustainable procurement practices by the State Government will result in significant environmental outcomes. The adoption of value for money and life cycle assessments of products and services, will provide for significant environmental outcomes. Such purchasing techniques will see greater resource efficiency, less waste, cost effectiveness and the reduction of use of toxic substances as just some of the many environmental benefits.

The environmental benefits of sustainable procurement are also closely linked with benefits to society and workers within the public sector and within the supply industry. More sustainable forms of procurement will in fact improve human health. As mentioned before, one of the major benefits of sustainable procurement is the reduction of use of toxic substances. This reduction can lead to significant increases in human health and well being. Less waste and pollution ultimately benefits both society in general and workers in the public sector. Improved environmental quality coincides with improved human health. If products and services that the Government buys become more sustainable then ultimately citizens' health will ultimately benefit.

Over time, sustainable products and services should be subject to a reduction in cost due to the increased demand. Such a move by the State Government would stimulate the market for sustainable products and significantly boost the market for sustainable goods and services. 'Not only does green purchasing positively contribute to environmental protection at a local level, it also creates a powerful market demand for greening the production and serves as a model to influence the behaviour of companies, private institutions and households.'²² From this perspective, the sooner Western Australia gets into this market through government leadership, the better it will be for WA industry looking to participate in this global market.

²² p7, Green Purchasing Good Practice Guide-How local authorities spend their budgets responsibly, International Council for Local Environmental Initiatives, Freiburg, 2000

The implementation of a Sustainable Procurement Strategy will not only stimulate the market for sustainable products, but should eventually result in savings for the State Government. Savings will be incurred through the evaluation of value, performance and need of a product or service. Under this Strategy, the whole procurement process will come under scrutiny, each product will have to be assessed for value, need and performance and then purchased accordingly. This will result in a reduction in unnecessary purchase of goods and services and will ensure the quality of the product. The Strategy will effectively lower waste management fees and reduce the frequency of disposal of goods, resulting in significant levels of savings being made in this area.

Measuring the Process

How would we know that we are on the path to a more sustainable future?

There are a number of opportunities in which to measure the progress of the Sustainable Procurement Strategy. The success of the Strategy can be measured by the success of a number of initiatives employed under the plan. Some of these signs of progress include the growth of a Western Australian or Australian eco-labelling program, the size of the preferred suppliers and products inventory and the success of the implementation of the Sustainable Procurement Commission.

Annual reviews are an important tool to measure the progress of the Strategy and how sustainable the process is. Reviews on the sustainability of procurement should be undertaken by all Government departments, as well as by the State Supply Commission, and included in annual reports. The reviews should include the achievement of goals and targets, assess what is being done and should outline any possibilities for improvement in relation to sustainable procurement.

As mentioned before, the state of the Western Australian economy and the impact of sustainable procurement by the Government need to be fully assessed. This assessment would prove to be a useful tool to measure the success of sustainable procurement. It is estimated that more sustainable forms of procurement will have a positive effect on the market for sustainable goods and services. Therefore this will be a useful determination of whether the Strategy is considered to be a success.

The Sustainable Procurement Committee will be a useful tool to ensure there are ways measuring all of the above. The Committee can undertake a leadership role in making sure that the assessment of the economy, success of inventories and the commencement of annual reviews on sustainable procurement are undertaken in a suitable manner. Therefore, the Committee in itself is also a useful tool for measuring the progress of the Sustainable Procurement Strategy.

Conclusion

The State Government has reached a point where they have to decide whether to implement sustainable practices or whether they will stick to traditional, less sustainable forms of procurement. The adoption of a State Sustainable Procurement Strategy would result in favourable outcomes from both an environmental, economic and social perspective. Just some of the initiatives, which could be employed under such a Strategy, have been mentioned above. There are many opportunities in which to make Government procurement more sustainable. It is hoped that this paper has highlighted the need for more sustainable practices to occur within Government procurement. It is also hoped that this essay has drawn attention to the window of opportunity that the

Government has to become more sustainable, given the vast amount that is spent on the procurement of goods and services. The Western Australian Government can learn a great deal from both international and national examples of Governments trying to make their practices more sustainable. It can be done, as shown through European and Canadian examples, however, it will be a slow process and significant changes to existing procurement frameworks will have to occur.

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