Introduction
Methodology
Green or Sustainable Procurement
Procurement by South Australian Local Government
Environmental Principles in Procurement Policies of SA Councils
Recommendations on Sustainable Procurement

In

*Sustainable Procurement by Local Government: Implementing Triple Bottom Line Practices*

Heather Zeppel

A report for
Local Government Association of South Australia

August 2014
1. Introduction

This report assesses the green or sustainable procurement practices implemented by local government, and environmental sustainability criteria in procurement policies of councils. Green purchasing is part of achieving triple bottom line (TBL) outcomes (i.e. environmental, social, and economic) for local councils and businesses through sustainable procurement. This study adopts the Eco-Buy definition of green purchasing and 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).

Data is based on a previous report involving a desk top review of green procurement programs implemented by local government associations, procurement agencies, and local councils in Australia and internationally (Zeppel, 2014). Other primary data is based on the results from a 2014 green or sustainable procurement survey of South Australian councils. Ten interviews about sustainable procurement criteria and practices were also conducted with procurement managers at local government associations in five Australian states. Based on this information, the report recommends key guidelines, standards and specifications for sustainable procurement by South Australian (SA) councils. Sustainability criteria assist councils and procurement managers to assess products and tenderers based on environmentally (and socially) preferable factors, local benefits, and whole of life costing.

This review of sustainable 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 survey and evaluation of sustainable procurement practices by SA councils contributes to LGA Procurement’s development of sustainable procurement guidelines in training, forums, and a Procurement Handbook for best practice in purchasing. This report includes recommendations to support sustainable procurement by councils.
This report assesses sustainable purchasing practices by South Australian local councils, and the sustainable procurement practices of local government agencies in Australia. 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 sustainable 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 sustainable procurement practices at SA councils. This project on sustainable procurement by SA local government was funded by LGASA’s Local Government Research and Development Scheme (#2013.38). This study 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 sustainability criteria for councils to assess suppliers/tenderers relates to ‘Benchmarking and Performance Assessment Methodology.’ It aims to build council capacity in sustainable procurement of environmentally preferable goods and services that reduce impacts and foster net benefits. Council benefits include: cost savings, reducing environmental impacts/risks, energy and water saving targets, greenhouse and waste reduction strategies, and community service.

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

- Sustainability standards/evaluation criteria adopted in council procurement
- Benchmarking sustainable procurement practices by SA councils (e.g. sustainable procurement policies, environmental evaluation criteria, types of environmental goods and services purchased etc)
- Percentage (%) of procurement spend covered by sustainability assessment
- Increased demand for sustainable products/services from LGA Procurement
- Increased Council purchasing of recycled and recyclable products
- Reduction in resource use and cost savings from sustainable procurement

This report assesses policies and practices for sustainable procurement by SA local councils.

### 1.1 Methodology

The methodology in this analysis of sustainable procurement by local government included:

- Reference Group
- Desktop Review
- Survey of SA Councils
- Sustainability Interviews.

The Reference Group for this study comprised a representative of LGA Procurement (LGAP), and procurement staff from six SA councils (large and small, metropolitan and rural councils). The council representatives were suggested by LGA Procurement, contacted by phone and email, and signed a Consent Form. Their council roles included a Procurement Manager, Procurement Officer, CEO, Director Infrastructure, Continuous Improvement Officer, and Environmental Officer. These representatives on the Reference Group provided additional information on sustainability criteria and procurement practices at SA councils.
The Desktop Review assessed 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 report assessed local government adoption of sustainability criteria and standards for assessing products and services; and sustainable purchasing programs for local councils (e.g. Eco-Buy, Sustainable Choice). National and international best practice in green purchasing by procurement groups and other key local government agencies (e.g. ICLEI) was also reviewed (Zeppel, 2014). An appendix to this report evaluated environmental principles in the procurement policies of South Australian councils, obtained from council websites or forwarded by email.

A Green or Sustainable Procurement Survey of SA Councils was conducted during 24 April to 3 July 2014. The Reference Group members provided feedback on the survey questions. This survey was based on the Eco-Buy categories of green products and recycled materials (Eco-Buy, 2011), and a prior NSW sustainable procurement survey (Sustainable Choice, 2013d). It assessed purchasing policies, sustainability criteria, demand and practices at SA Councils. This inaugural green or sustainable procurement survey included 50 questions in six areas:

A: Procurement Practices
B: Sustainable Procurement Principles and Procedures
C: Purchasing Green Products
D: Sustainable Procurement in Contracts and Tenders
E: Re-Use, Buy Local and Social Procurement
F: Supporting Sustainable Procurement.

The survey was forwarded by email to procurement managers and other relevant officers or corporate staff. Follow-up phone calls and emails were made to SA councils to explain the study and to encourage survey responses where councils did not think it was relevant. The survey data from SA Councils was entered into an Excel spreadsheet for analysis and graphs.

Sustainability Interviews were conducted with ten key procurement managers at local government associations and procurement agencies in five Australian states. The structured interview involved 25 questions about sustainability criteria, specifications and practices. Respondents signed a consent form. The telephone interviews were conducted during 28 May to 1 July 2014, with comments written down then typed as a Word document for fact checking by interviewees. The interview data was assessed by responses to key questions.
2. Green or Sustainable Procurement

This report adopts the definition of green public procurement as ‘a process whereby public authorities seek to procure 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’ than competing products (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 (i.e. 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.
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. 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

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).

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 (DSEWPC, 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. 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.
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.

With growing consideration of life-cycle impacts, there is a trend towards service-based leasing contracts from product-based buying (Green Procurement Code, 2012). This reduces carbon emissions and disposal or recycling costs for agencies. 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.

However, ‘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 thus include steps to follow and key questions to ask related to sustainable procurement:

- 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. Factors inhibiting the adoption of sustainability in council purchasing include lack of staff, information and resources, and decentralised procurement spread across council divisions.

The UK Government developed 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). It adopted a procurement hierarchy for guiding SP decisions based on the waste hierarchy (Figure 3). A UK framework (Table 1) also outlined five stages or levels of engagement in the sustainable procurement process (i.e. Foundation, Embed, Practice, Enhance, & Lead).
Table 1: Levels 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

In April 2014 Eco-Buy led a workshop for SA councils about engaging local suppliers on sustainability criteria. This emphasised the local benefits from TBL aspects of SP (Figure 4), and practical strategies for councils to work with local suppliers (Table 2). Key areas for councils to build sustainable supply chains included transparency in the production and manufacture of goods, ecolabels, and building the capability of local suppliers by councils providing information on their sustainability expectations (policies, technical requirement, preferences); and working with businesses to supply sustainable products and services (Eco-Buy, 2014a). In Victoria, Eco-Buy developed greener local products and supply chains for Moira and Shepparton Councils.

**Figure 4: Local and sustainable procurement**

Table 2: Practical Steps towards Local and Sustainable Procurement (Ecobuy, 2014c)

<table>
<thead>
<tr>
<th>Practical Steps towards Local and Sustainable Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review your organisation’s existing policies, strategies and community initiatives &gt; find out any barriers or mandates</td>
</tr>
<tr>
<td>Start an internal dialogue about whether local or sustainable procurement is important, what your key objectives around local or sustainable procurement are, and how to make it part of everyday procurement practice</td>
</tr>
<tr>
<td>Set up a working group or add local or sustainable procurement to the agenda of an existing procurement working group</td>
</tr>
<tr>
<td>Include it in your procurement policy</td>
</tr>
<tr>
<td>Ensure your procurement processes reflect your policy objectives</td>
</tr>
<tr>
<td>Ask questions of your suppliers (only ask questions on the information you want) regarding local production and employment, as well as sustainability of the products and services</td>
</tr>
<tr>
<td>Develop an action plan that includes things like:</td>
</tr>
<tr>
<td>- Mapping local suppliers in your municipality</td>
</tr>
<tr>
<td>- Assessing your current level of engagement with local suppliers</td>
</tr>
<tr>
<td>- Assessing the sustainability credentials of local suppliers, both in terms of operations and the products/services able to be supplied</td>
</tr>
<tr>
<td>- Reviewing current tenders to determine where there may be opportunities for local suppliers.</td>
</tr>
</tbody>
</table>
In Australia, technical guidelines outline ecologically sustainable specifications for green buildings (NATSPEC, 2014). These incorporate principles for environmentally sustainable building design and life cycle assessment to consider energy, water and waste reduction, the environmental quality of buildings (toxic/hazardous materials), and social amenity. The green specifications cover: energy conservation and greenhouse gas reduction; water conservation; materials; alternative construction methods; recycled and recyclable materials; ozone depleting substances; indoor air quality; outdoor air quality; lighting; noise and vibration; and other environmental concerns to improve environmental conditions. The guide lists all Australian standards that apply to building materials, fit out, and performance. Local councils and contractors apply these specifications for lifecycle management of assets.

### 2.1 Research on Sustainable Procurement by Australian Local Government

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, sustainability in procurement policy, over 10% green spend (Victoria)
- **Cardinia Shire Council** – 10% cost weighting green products, sustainability criteria in Finance One IT system (energy rating, recycled content), Sustainability Purchasing Policy, in contracts and tenders (Victoria)
- **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.
Table 3: Green Purchasing and Sustainable Procurement Data - Victorian & NSW Councils

### Eco-Buy State of Victorian Local Government Green Purchasing, 2012-13 (20 Councils)

- $49.7 million spent on a broad range of green products
- 43% increase in green services spending
- 15% increase in greenhouse friendly product purchasing
- 31% decrease in recycled content sending
- 6% decrease in water saving product spending

**Top 10 reported green products:**
1. 50% or higher A4 recycled content paper
2. 30% recycled content or higher MGB bins
3. Crushed concrete
4. LED lighting
5. Indigenous plants
6. Hybrid vehicles
7. Mulch
8. Soft fail mulch
9. Newsletters-community
10. Paper-A3

**Top 10 green products by total expenditure:**
1. Recycled content asphalt
2. Fuel efficient vehicles
3. 30% recycled content or higher MGB bins
4. Energy saving products for capital works
5. Street lighting
6. Crushed concrete
7. Other Greenhouse: Energy saving
8. Biodiesel
9. Other Greenhouse: Vehicles
10. Computers- Monitors

### Eco-Buy State of Victorian Local Government Green Purchasing, 2010-11 (26 Councils)

- $58.7 million spent on a broad range of over 399 green products
- 79% have sustainable procurement priorities & strategies in place
- Average Council spend on environmentally preferable products:
  - small rural councils (5.6%), metropolitan councils (4.6%)
- 63% increase in spending on GreenPower
- 49% increase in spending on refurbished & second hand products
- 19% increase in other green product purchasing
- 16% increase in greenhouse friendly product purchasing
- 11% increase in spending on recycled content products
- Four councils purchased green printing services

**Top 10 reported green products:**
1. Other Recycled: Office
2. Other Recycled: Office
3. Paper –Copy A4 50% or more recycled
4. Other green miscellaneous
5. Indigenous plants
6. Other green office
7. MGB Bins (30% or higher recycled content)
8. Other Recycled: Paper
9. Accredited GreenPower
10. Other Green Outdoor

**Top 10 green products by total expenditure:**
1. Recycled content asphalt
2. MGB Bins (30% or higher recycled content)
3. Accredited GreenPower
4. Cars -downsized
5. Biodiesel
6. Indigenous plants
7. Fuel efficient vehicles
8. Other Greenhouse: Building & construction
9. Crushed concrete
10. Computers

### Sustainable Choice NSW Local Government Sustainable Procurement, 2012 (59 Councils)

- 65% of councils include sustainability clauses in tenders or contracts (mainly basic, limited)
- 85% of councils do not track sustainable procurement spending (manual or computerised)

**Top 10 sustainable spend products:**
1. Road & footpath construction materials
2. Waste management products & services
3. Fleet management products
4. Lighting & electrical appliances & fixtures
5. Water efficiency appliances & fixtures
6. Office paper & stationery
7. Parks & gardens equipment
8. Garden organics
9. Building & construction materials
10. Meeting & event products

Source: Eco-Buy, 2012, 2014b; Sustainable Choice, 2013
There are limited in-depth studies of green procurement practices or sustainability criteria adopted in tenders by Australian local government (Zeppel, 2014). A 2012 survey of carbon mitigation actions by 32 Queensland councils found just four councils (Logan, Mackay, Toowoomba, and Townsville) had a green purchasing policy, choosing suppliers taking action to reduce emissions (Zeppel & James-Overheu, 2012). Eco-Buy reports on the state of local government green purchasing by council members in Victoria (Eco-Buy, 2012, 2014), while Sustainable Choice (2013) reports on green procurement data from NSW local councils (Table 3). 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). This report reviews procurement policies and survey results on sustainable procurement by SA councils.

3. Procurement by South Australian Local Government

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. In 2014, LGAP offered 41 contracts for key goods and services acquired by SA councils. Three electricity contracts (above & below 160MWh, 12/24 unmetered) are offered as a Black (standard) or as a Green Power Product (LGAP, 2014a). LGAP’s green power supplier for 2014/15 is Pacific Hydro via the Clements Gap wind farm near Port Broughton in SA (LGAP, 2014b). Previous electricity supply contracts for SA councils also 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). The LGAP office supplies contract is with Lyreco, certified with ISO 14001 Environmental Management. LGAP seeks input from SA councils on products, services and supplier listing, such as supplying compostable bags for food waste in a Mobile Garbage Bins and Associated Products contract (LGAP, 2014b). An LGAP Request for Tender for engineering, asset and water management services included Council advice on technical specification and evaluation. The bi-monthly LGAP Newsletter includes supplier updates on sustainable products such as green power, biological washroom cleaner, recycled plastic decking, and advice on life cycle costing and value for money in purchasing (LGAP, 2014b). Sustainability criteria are being
considered in new LGAP contracts for products and services. LGASA/LGAP also 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 Roadmap Program delivered by ArcBlue Procurement Network to 24 SA Councils.

LGAP profiles of ‘People in Procurement’ highlight key issues for SA Councils such as: improving procurement processes, specifications, technology and systems; jointly tendering with neighbouring councils for shared services and cost efficiency; staff engagement; buying locally to economically support SA businesses; and considering whole of life costs for assets. Strategic procurement aims to reduce costs, improve resource efficiency, and provide value to councils, businesses and communities. Sustainability is also part of strategic procurement, addressing economic, social and environmental responsibility through purchasing activities.

There are legislative requirements for SA Councils to consider sustainability in purchasing. The Local Government Act 1999 (SA) includes ecological sustainability and resource efficiency in the functions (7e, 7j) and objectives (8f, 8h) of a council; a new sub-section 49 (a1) in 2011 required SA councils to develop procurement policies and procedures.

7 - Functions of a council
(e) to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity;
(j) to manage, improve and develop resources available to the council.

8 - Objectives of a council
(f) seek to facilitate sustainable development and the protection of the environment and to ensure a proper balance within its community between economic, social, environmental and cultural considerations;
(h) seek to ensure that council resources are used fairly, effectively and efficiently.

Waste management, recycling, and sustainable packaging are supported by LGASA. 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 held 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. LGASA (2010) previously developed a *Model ethical purchasing policy for consideration by councils*, to ensure goods are purchased from suppliers/manufacturers with ethical labour practices.

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 (see Section 4).

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. 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.

LGAP’s training for SA councils in 2014 includes risk and contract management, delivering best value for money, and understanding sustainable procurement in terms of social and environmental responsibility, and buying from local suppliers (LGAP, 2014c). Some 24 SA Councils are engaged in ArcBlue’s Roadmap Program, benchmarking procurement spending and processes, developing strategic action plans and regional collaboration in purchasing. The Roadmap Program includes strategies to achieve TBL objectives through procurement. The Eco-Buy program now includes three SA councils as members (City of Burnside, City of Salisbury, and City of Unley), with Green Purchasing/Supplier Expos profiling sustainable products, and network meetings in Adelaide (Eco-Buy, 2014a, b). The April 2014 meeting presented strategies for SA councils to engage local suppliers on sustainability performance (Eco-Buy, 2014c). LGAP supports these sustainable procurement efforts by SA councils.
**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).

### 3.1 State Procurement Board and Office of the Industry Advocate

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.

The SA Office of the Industry Advocate (2014) focuses on supporting local businesses in the procurement process for $3.8 billion of State government contracts. It takes account of local economic benefits such as jobs, investment, whole of life costs, and supplier relationships in procurement evaluation criteria. Their priority is to increase local participation by SA businesses in State government contracts, through an Industry Participation Policy, nine guiding principles, and Meet the Buyer events. From 1 July 2014 all government contracts from $22,000 will consider, and all contracts over $220,000 will include a 5% weighting for the Employment Contribution Test, with a minimum weighting of 10% for local industry participation on major projects ($4 million in metropolitan areas, $1 million in regional SA). Local government in SA is encouraged to adopt similar policies in regard to local businesses.
3.2 Green Procurement Reference Group – Key Issues for SA Councils

The Council staff on the project Reference Group, from LGA Procurement and six Councils, provided information on sustainability criteria and procurement practices at SA Councils. This information was obtained during phone discussions and email feedback with members: a Procurement Manager, Procurement Officer, and Environmental Officer at city councils, and the CEO, Director Infrastructure, and Continuous Improvement Officer at rural councils. They raised key issues for green procurement such as assessing environmental suppliers, improving council policy and purchasing practices, and staff training on costs and benefits. Templates that specified environmental criteria and social benefits were also mentioned.

Green Procurement Issues for SA Councils – Reference Group

- Getting the right sorts of green information from suppliers - environmental & social credentials
- Sourcing local (green) suppliers; purchasing environmentally friendly vs. available local products
- Changing council work culture & integrating sustainable procurement principles into practice
- Making a conscious effort to include sustainability criteria, needs to be more cohesive in policy
- Need to source outside region, freight & transport involved in delivery of products is ‘not green’
- Council involved in Procurement Roadmap program – CEO impressed with proposed gains
- How sustainability is applicable and could be built into Council tenders
- May potentially lose local contractors if sustainability criteria is included
- Provide ways to work GP in - template specification needs to add environmental criteria
- Strengthen procurement policy with environmental sustainability criteria
- More education on GP for council departments & staff – how to be environmentally friendly
- How do you identify, measure & evaluate what environmental criteria you add from a supplier
- Need to assess ‘environmentally friendly’ products - sustainability details often limited or missing
- Monitor ‘green’ performance of contractors, particularly in ongoing contractual arrangements
- Evaluate supply chain source of supply (materials, components, manufacturing process etc)
- Assessing & asking for innovative environmental products from suppliers, trade shows, Buy SA
- Changing mindset of buying group that environmental product = higher cost (vs. cost savings)
- Trade-of between environmental & performance criteria-recycled/sustainably produced/durable
- Including social benefit clauses in tenders for service contracts (cleaning, landscaping, mowing)

Key issues for rural councils were improving procurement processes, joint procurement, and working with local contractors, with limited inclusion of sustainability in policy and tenders. Some contractors addressed environmental criteria (fuel efficiency, low impact materials).

Key issues for city councils were assessing environmental claims and labelling of products, a database of green suppliers in SA, environmental criteria in specifications, and staff training. One procurement manager noted the supply market was immature with few TBL responses to tenders; however staff reviewed green/recycled product opportunities at trade shows. The City of Salisbury supported social inclusion through employment of disadvantaged groups in service contracts (e.g. Bedford Industries - mowing, Orana – outdoor cleaning).
3.3 Examples of Triple Bottom Line Purchasing by SA Councils

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) adopted a TBL process to tender for a new biomass boiler at an aquatic centre, analysing capital and operating costs, community benefits and costs, and environmental benefits and costs. It assessed a gas boiler, a solar hot water and gas option, and a biomass boiler. This TBL analysis found the biomass boiler had a higher purchase price but cheaper running costs, supported local forestry jobs by buying pine woodchips, and was deemed carbon neutral, with woodchips derived from regrown forests versus imported gas. The payback period for the biomass boiler was estimated at 4 years, while additional bioenergy feedstock includes chipping dry logs and branches, or other urban timber waste.

The Kangaroo Island Council installed new green energy infrastructure in a $500,000 Visible Solar Project funded by RenewablesSA. This includes a solar PV system with four dual-axis trackers at Kangaroo Island airport, a 14kW solar system on Kingscote Town Hall, an electric vehicle charging network at five sites, and leasing three electric vehicles, two for public hire. The project provided financial and environmental benefits, by powering the airport from solar energy, reducing costs and emissions, and promoting renewable energy (KIC, 2014).

The Renmark Paringa Council developed a savings and benefits register for the G3 alliance of Riverland councils. This outlined benefits such as: Improved Deal (7 criteria); Improved Efficiency (8 criteria) and Community Benefit (5 criteria), including local employment, local spending, increased service, reduction in cost to community, and environmental benefits. The environmental community benefit was defined as ‘an initiative which delivers a green outcome via reduced energy use, local sourcing, and a reduction in waste.’ Both primary and secondary benefits were assessed for council purchasing. The register was used to assess major procurement projects and shared dollar saving (per annum) by Riverland councils, for bitumen sealing work, fuel cards, ICT service support, fleet and other services. A Civic Centre
solar power project included a major benefit of Price Reduction, and secondary benefits such as cost increase avoidance, cultural change - ‘increased emphasis on reducing council’s carbon footprint’, local spending, and environmental benefit of ‘reduced carbon footprint’. This G3 savings and benefits register was shared with Playford, Barossa and Light councils.

The Roxby Downs Council included environmental questions for contractors in a 2013 tenderers 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.

These examples of sustainable procurement illustrate the adoption of Triple Bottom purchasing procedures and practices by mainly regional councils in South Australia. They establish environmental and community (social) criteria for contracts and tenders. The next section reviews environmental principles and criteria in procurement policies of SA councils.

4. Environmental Principles in Procurement Policies of SA Councils

The desktop review in the first stage of this project included an evaluation of environmental principles in the procurement policies of South Australian (SA) councils. These policies on procurement, purchasing, or contracts and tenders were obtained from SA council websites or, in a few cases, forwarded by email on request. This review was conducted to determine the types of environmental criteria included in council procurement policies (Table 4). This review found 51 (of 68) SA councils (i.e. 75%) have a procurement policy including environmental purchasing principles, based on environmental criteria in LGAP’s model acquisitions or procurement policy. However, environmental sustainability principles were not included in procurement policies by 19 mainly regional SA councils; while just three councils referred solely to ‘whole-of-life cost’, or ‘total life-cycle costs.’ Three SA councils included sustainable procurement principles in their Environmental Policy only (i.e. City of Tea Tree Gully, City of Unley, and Light Regional Council).

The environmental criteria in the procurement policies of SA councils are largely based on principles in model acquisition and procurement policies developed by LGA Procurement.
<table>
<thead>
<tr>
<th>Council</th>
<th>Policy</th>
<th>Date Adopted/Last Reviewed</th>
<th>Environmental Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide City Council</td>
<td>Purchasing</td>
<td>December 2010</td>
<td>Env, Soc, Econ Sust</td>
</tr>
<tr>
<td>Campbelltown City Council</td>
<td>Procurement</td>
<td>2 April 2013</td>
<td>EC</td>
</tr>
<tr>
<td>City of Burnside</td>
<td>Procurement <em>Tendering Suppliers Guide</em></td>
<td>24 April 2012</td>
<td>Soc, Econ, Env Sust Evaluation and Negotiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 December 2012</td>
<td></td>
</tr>
<tr>
<td>City of Charles Sturt</td>
<td>Procurement <em>Tendering Guide</em></td>
<td>December 2012</td>
<td>ES Evaluation criteria</td>
</tr>
<tr>
<td></td>
<td></td>
<td>January 2013</td>
<td></td>
</tr>
<tr>
<td>City of Holdfast Bay</td>
<td>Procurement <em>(Contracts &amp; tendering)</em></td>
<td>1 August 2011</td>
<td>ES</td>
</tr>
<tr>
<td>City of Marion</td>
<td>Procurement</td>
<td>27 November 2008</td>
<td>EM &amp; S</td>
</tr>
<tr>
<td>City of Mitcham</td>
<td>Competitive Tenders</td>
<td>28 July 2009</td>
<td>EM &amp; S</td>
</tr>
<tr>
<td>City of Mt Gambier</td>
<td>Procurement <em>Evaluation and Negotiation</em></td>
<td>November 2010</td>
<td>Best Value Test</td>
</tr>
<tr>
<td>City of Norwood Payneham &amp; St Peters</td>
<td>Procurement <em>Green Purchasing Guide</em></td>
<td>2 August 2004</td>
<td>Pre-tendered, principles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012</td>
<td>EnvPurch</td>
</tr>
<tr>
<td>City of Onkaparinga</td>
<td>Procurement Contracts, Tenders &amp; Purchasing</td>
<td>30 May 2014</td>
<td>EP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 January 2011</td>
<td>ES</td>
</tr>
<tr>
<td>City of Playford</td>
<td>Procurement</td>
<td>22 June 2009</td>
<td>Soc, Env, Econ Sust</td>
</tr>
<tr>
<td>City of Port Adelaide Enfield</td>
<td>Contracts &amp; Tendering</td>
<td>12 February 2013</td>
<td>General Tender Conditions</td>
</tr>
<tr>
<td>Port Augusta City Council</td>
<td>Purchasing, Contracts &amp; Tendering</td>
<td>30 September 2013</td>
<td>EnvPurch</td>
</tr>
<tr>
<td>City of Port Lincoln</td>
<td>Contracts, Tenders, Purchasing &amp; Disposal</td>
<td>2 September 2013</td>
<td>EP</td>
</tr>
<tr>
<td>City of Prospect</td>
<td>Procurement</td>
<td>26 October 2010</td>
<td>EnvProcure</td>
</tr>
<tr>
<td>City of Salisbury</td>
<td>Procurement</td>
<td>25 July 2013</td>
<td>EnvPurch</td>
</tr>
<tr>
<td>City of Tea Tree Gully</td>
<td>Environmental Sustainability Tenders &amp; Contracts</td>
<td>21 March 2012</td>
<td>Procurement approach</td>
</tr>
<tr>
<td>City of Unley</td>
<td>Procurement <em>Environmental Tenders &amp; Contracts</em></td>
<td>12 February 2013</td>
<td>ES</td>
</tr>
<tr>
<td>City of Victor Harbor</td>
<td>Procurement</td>
<td>24 March 2014</td>
<td>EP, Value for money</td>
</tr>
<tr>
<td>City of West Torrens</td>
<td>Purchasing, Tendering Fleet Management</td>
<td>6 March 2012</td>
<td>ES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 November 2013</td>
<td></td>
</tr>
<tr>
<td>City of Whyalla</td>
<td>Procurement and Disposal</td>
<td>May 2013</td>
<td>Buy local/Australian/ES</td>
</tr>
<tr>
<td>Rural City of Murray Bridge</td>
<td>Procurement</td>
<td>15 October 2012</td>
<td>Soc, Econ, Env Sust</td>
</tr>
<tr>
<td>Town of Gawler</td>
<td>Procurement</td>
<td>March 2013</td>
<td>EP</td>
</tr>
<tr>
<td>Town of Walkerville</td>
<td>Contracts and Tenders</td>
<td>18 November 2013</td>
<td>EP</td>
</tr>
<tr>
<td>Adelaide Hills Council</td>
<td>Procurement &amp; Purchasing</td>
<td>28 May 2013</td>
<td>Policy Objectives Responsibility</td>
</tr>
<tr>
<td>Barossa Council</td>
<td>Procurement</td>
<td>31 October 2012</td>
<td>EP</td>
</tr>
<tr>
<td>Flinders Ranges Council</td>
<td>Procurement and Disposal</td>
<td>July 2013</td>
<td>EnvPurch</td>
</tr>
<tr>
<td>Kangaroo Island Council</td>
<td>Procurement</td>
<td>12 June 2013</td>
<td>EC</td>
</tr>
<tr>
<td>Light Regional Council</td>
<td>Environmental Sustainability Motor Vehicle Management</td>
<td>20 October 2009</td>
<td>Reduce what we take</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27 November 2012</td>
<td></td>
</tr>
<tr>
<td>Northern Areas Council</td>
<td>Procurement</td>
<td>19 March 2013</td>
<td>Buy local/Australian/ES</td>
</tr>
</tbody>
</table>
Renmark Paringa Council  | Motor Vehicle Procurement  | June 2013  | EC
Wattle Range Council  | Contracts & Tenders - Purchasing  | 15 January 2013  | ES
DC of Ceduna  | Tenders & Purchasing Procurement (inc. Contracts & Tenders)  | 18 January 2012  | EnvPurch
DC of Cleve  | Procurement  | 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 Orroo/ 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

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.’

23
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/Carrietong);
- ‘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’ e.g. 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.

Three SA councils revised and updated their procurement policies in the first half of 2014. The **City of Onkaparinga**’s 2014 Procurement Policy included seven principles for environmental protection, including four new guidelines for green criteria and efficiency:

- ‘identify environmental performance criteria in specifications for goods and services and consider these in our purchasing decisions’
- ‘select energy (including fuel) and water efficient products by considering star ratings and consumption measures’
- ‘purchase goods that minimise lifecycle greenhouse gas emissions including manufacture, transport, operation and disposal’
- ‘purchase products and services that will not release toxic substances that can effect human health and/or the environment during their life cycle.’

The **City of Victor Harbor**’s 2014 Procurement Policy included six principles for environmental protection, with five based on green criteria (LGAP, nd), (up from just one green criterion in the 2011 policy), and one new principle on the ethics of suppliers:
‘support suppliers and contractors who are socially responsible and adopt ethical practices.’

The LGA’s Guide Procurement Policy does not include social responsibility by suppliers.

Environmental principles are included in the procurement policies of 75% of SA councils. These cover recycling, low environmental impact, waste minimisation and energy reduction. Some 19 SA councils need to add environmental sustainability principles to their purchasing policies, as outlined in the LGA Guide Procurement Policy (LGASA, nd). Just ten SA councils include environmental performance criteria or specifications for tenderers in their policies. A few Council fleet policies include fuel efficiency and vehicle star ratings. While most policies include buying locally, just one Council addresses social responsibility by suppliers. SA council policies could include social enterprise principles as a new section or one clause.

Recommendations on Sustainable Procurement

The following recommendations on sustainable procurement are based on information derived from the Literature Review (Zeppel, 2014), Reference Group, and Green Procurement Survey of SA Councils. The recommendations suggest actions to develop, improve, and enhance policy, procedures, and practices for sustainable procurement. These recommendations apply to 1) LGA Procurement, and 2) SA Councils (see also Table 2).
LGA Procurement

1. Include additional sections about Sustainable Procurement and Social Procurement in the LGA Procurement Handbook (as per WALGA Procurement Handbook).

2. Add a clause on socially responsible/ethical suppliers to the environmental principles in LGA Guide procurement policy (as per City of Victor Harbor 2014 Procurement Policy - ‘support suppliers and contractors who are socially responsible and adopt ethical practices’).

3. List principles about social responsibility in LGA Guide Procurement Policy (as per WSROC-Appendix 2) and purchasing from social/charity enterprises e.g. Combined Charities Incorporated Purchasing Group (as per WALGA Model Purchasing Policy).

4. Create templates and specifications for sustainable procurement for SA Councils to use.

5. Include key principles of sustainable procurement in LGAP training sessions for councils. Use practical examples of integrating sustainable procurement into Council operations.

6. Develop a guide on sustainable procurement with examples from across Council areas, Cover South Australia specific requirements on sustainability (e.g. legislation, guidelines).

7. Promote Triple Bottom Line assessment of purchasing through the Savings & Benefits Register (G3 Alliance), and sustainability impact analysis tool (State Procurement Board).

8. Continue developing green options for LGAP supply panels, marked as a green contract.

9. Develop a South Australian database of sustainability products, goods and services.

10. Collaborate with council joint procurement groups on sustainable procurement (e.g. Council Solutions, Eastern Region Alliance, G3 Alliance of Riverland Councils).

11. Include SA social enterprises on relevant service contracts (e.g. Combined Charities Incorporated Group Purchasing). LGAP membership of Social Procurement Australasia.

12. Hold workshops for local government suppliers on sustainability criteria in tenders. Ask suppliers to provide a cost benefit analysis of sustainable products and services.

13. Develop a Green Section with sustainable procurement opportunities on LGAP website.

14. Include a dedicated section about sustainable products or services in LGAP newsletter.

15. Include questions about sustainable procurement in the ‘People in Procurement’ series.

16. Establish a blog or email discussion list for councils to discuss sustainable procurement.
SA Councils

1. Add, review, or update environmental sustainability principles in procurement policy.
2. Add a clause on socially responsible/ethical suppliers to environmental principles, e.g. ‘support suppliers and contractors who are socially responsible and adopt ethical practices’.
3. Devise a list of environmental and social criteria as a template specification for tenders, Include criteria for efficiency, waste minimisation/disposal and recycled content products.
4. Include environmental questions for contractors in a tender response schedule, e.g.
   1) An environmental/sustainability policy or EMS standard
   2) Environmental achievements (resource efficiency, CO₂ emissions, community impact).
5. Tender weighting based on price (with sustainability); or 25-50% less (no sustainability).
6. Ask tenderers questions about local production, employment, maintenance & servicing.
7. Use Early Contract Involvement to include/discuss sustainability criteria with tenderers.
8. Establish a register of prequalified suppliers of sustainable products, goods or services.
9. Develop a database of local green suppliers in the Council area, and adjacent region(s).
10. Ask for green or innovative environmental products or goods from suppliers/tenderers.
11. Ask suppliers to provide a cost benefit analysis of sustainable products and services.
12. Set environmental performance targets/standards for contractors and tenderers.
13. Determine priority areas and set targets for sustainable procurement spending. Focus on cost saving benefits of resource efficiency, and community benefits of buying local.
14. Use the Savings & Benefits register to assess Triple Bottom Line aspects in purchasing.
15. Include social benefit clauses (e.g. employment of disadvantaged groups) in tenders for service contracts (e.g. cleaning, landscaping, mowing, recycling, handyman jobs etc)
16. Invite and support social enterprises (charity, disability) to tender for service contracts e.g. Combined Charities Incorporated Group Purchasing.
17. Collaborate with adjoining councils on shared services and joint procurement of goods.
18. Council staff attend Eco-Buy network meetings and Green Supplier Expos in Adelaide, use Eco-Buy online resources (i.e. Ecofind Directory) and receive Eco-Buy newsletter.

This report reviewed procurement policies and surveyed sustainable procurement practices by SA councils. Implementing the recommended actions on policy, procedures, and practices will assist SA councils and LGAP to effectively adopt sustainable procurement. This will deliver environmental and community benefits, support businesses, and manage costs.
Bibliography


Eco-Buy (2013a). Sustainable Procurement Guide. Canberra: Department of Sustainability, Environment, Water, Population and Communities

31


### Appendix 1: Size Categories of South Australian Councils

<table>
<thead>
<tr>
<th>LARGE COUNCIL</th>
<th>MEDIUM COUNCIL</th>
<th>SMALL COUNCIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide Hills Council</td>
<td>Berri Barmera Council</td>
<td>Anangu Pitjantjatjara Yunta</td>
</tr>
<tr>
<td>City of Adelaide</td>
<td>Clare &amp; Gilbert Valleys Council</td>
<td>Barunga West DC</td>
</tr>
<tr>
<td>Alexandrina Council</td>
<td>Copper Coast DC</td>
<td>Ceduna DC</td>
</tr>
<tr>
<td>Barossa Council</td>
<td>Town of Gawler</td>
<td>Cleve DC</td>
</tr>
<tr>
<td><strong>City of Burnside (Eco-Buy)</strong></td>
<td>Grant DC</td>
<td>Coober Pedy DC</td>
</tr>
<tr>
<td><strong>Campbelltown City Council</strong></td>
<td>Kangaroo Island Council</td>
<td><strong>Elliston DC</strong></td>
</tr>
<tr>
<td>City of Charles Sturt</td>
<td>Light Regional Council</td>
<td>Flinders Ranges Council</td>
</tr>
<tr>
<td>City of Holdfast Bay</td>
<td>Loxton Waikerie DC</td>
<td><strong>Franklin Harbour DC</strong></td>
</tr>
<tr>
<td>City of Marion</td>
<td>Mallala DC</td>
<td>Goyder Regional Council</td>
</tr>
<tr>
<td><strong>City of Mitcham</strong></td>
<td>Mid Murray Council</td>
<td>Karoonda East Murray DC</td>
</tr>
<tr>
<td>Mount Barker DC</td>
<td>City of Mount Gambier</td>
<td>Kimba DC</td>
</tr>
<tr>
<td>Rural City of Murray Bridge</td>
<td>Naracoorte Lucindale Council</td>
<td>Kingston DC</td>
</tr>
<tr>
<td><strong>City of Norwood Payneham &amp; St Peters</strong></td>
<td><strong>City of Port Lincoln</strong></td>
<td><strong>Lower Eyre Peninsula DC</strong></td>
</tr>
<tr>
<td>City of Onkaparinga</td>
<td>Port Pirie Regional Council</td>
<td>Mount Remarkable DC</td>
</tr>
<tr>
<td>City of Playford</td>
<td>City of Prospect</td>
<td>Northern Areas Council</td>
</tr>
<tr>
<td>City of Port Adelaide Enfield</td>
<td><strong>Renmark Paringa DC</strong></td>
<td>Orroroo/Carrieton DC</td>
</tr>
<tr>
<td>City of Port Augusta</td>
<td>Tatiara DC</td>
<td>Peterborough DC</td>
</tr>
<tr>
<td><strong>City of Salisbury (Eco-Buy)</strong></td>
<td>The Coorong DC</td>
<td>Robe DC</td>
</tr>
<tr>
<td>City of Tea Tree Gully</td>
<td>City of Victor Harbor</td>
<td>Southern Mallee DC</td>
</tr>
<tr>
<td><strong>City of Unley (Eco-Buy)</strong></td>
<td>Wakefield Regional Council</td>
<td><strong>Streaky Bay DC</strong></td>
</tr>
<tr>
<td>City of West Torrens</td>
<td>Wattle Range Council</td>
<td>Tumby Bay DC</td>
</tr>
<tr>
<td>City of Whyalla</td>
<td>Yorke Peninsula DC</td>
<td>Town of Walkerville</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wudinna DC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yankalilla DC</td>
</tr>
</tbody>
</table>

Notes: SA Councils involved in Procurement Roadmap Program; SA Council member of Eco-Buy program
Source: Local Government Association of South Australia
Appendix 2: Sustainable Procurement Guidelines by Local Government

Ten MAVP guidelines for green procurement (MAVP, 2011)

- 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

Bonus points awarded in tenders for sustainability criteria (MAVP, nd):

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

City of Whittlesea Environmental Purchasing Policy 2003

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.
Brisbane City Council environmental procurement objectives-2013/14 targets (BCC, 2013a)

- Utilisation of recovered material in construction program (i.e. glass/tyres/crushed concrete)
- 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)

City of Gold Coast ‘Buy Local’ Procurement Policy (CoGC, 2014)

- 15% weighting (15% Gold Coast office, 5-6% branch office-Gold Coast, 4% regional, 2% Queensland, 1% interstate)
- 15% pricing advantage to Gold Coast businesses for contracts under $300,000.

Western Sydney Regional Organisation of Councils

Tenderers are asked to provide the following information at a minimum:

Social Responsibility

- Provide a brief summary of the level of involvement within the local community by your company include details of any community project involvement and community acknowledgements.
- Provide details of any involvement with Social Enterprises include details of any joint ventures or other business dealings regarding allocation of work or for supply of certain services/materials.
- Provide details of any other direct involvement regarding your contribution to social benefits/community outcomes.
- Provide a summary of your Company structure and outline key policies and practices regarding Corporate Governance, Audit, Compliance and Ethical Business Conduct.

Environmental Management

- Tenderers must state if they have independent certification of their Environmental Management Systems ISO 14001. If certified please provide a copy of the certificate.
- If not certified, Tenderers are required to confirm their compliance with ISO 14001 Environmental Management Systems and their capability to provide the service in accordance with this standard.
- Include with your tender provide a copy of your Environmental Management Policy.
- Provide information in regards to sustainability practices in place including any waste minimisation, recycling, water and electricity conservation, etc. and the purchase of products/materials that are environmentally safe or contain a recycled content.
- Provide details on the responsibility statements, duty statements or job descriptions which address environmental responsibility and accountability for all levels of staff.
- Provide details on the environmental training recording procedures and forms.
USQ Local Government Research Group
Australian Centre for Sustainable Business and Development
www.usq.edu.au/acsbd/research/localgov