



Opening Statement by the Australian Forest Products Association (AFPA) to
the Senate Standing Committee on Finance and Public Administration
Inquiry into Commonwealth procurement procedures

21 March 2014

Mr Chairman.

On behalf of the Australian Forest Products Association (AFPA) we welcome the opportunity to address the Senate Standing Committee on Finance and Public Administration Inquiry into Commonwealth procurement procedures.

AFPA is the peak national industry body representing the forest, wood and paper products industry in Australia which supports over 80 000 direct jobs with an annual turnover of around \$22 billion.

With regard to Commonwealth procurement procedures, we would like to draw the Committee's attention to three main points, which are discussed in more detail in the submission. While these points are relevant to the broader wood and paper products industry, we have particularly focused on paper products given the relatively higher consumption of these products by the Australian Government on a day to day basis.

First, it is important to acknowledge the economic, social and environmental benefits of utilising Australian paper products. The Australian paper industry directly employs 15,000 people in both outer metropolitan and regional areas and supports a further 22,000 indirect jobs. The sales turnover for the sector averages around \$9.6 billion per year and the wood and paper products industry collectively represents around 5 per cent of total manufacturing value added in Australia.

The Australian Government purchases annually up to 6,500 tonnes of copy paper and a further by some estimates 50,000 to 60,000 tonnes of paper is used for external printing. Purchasing decisions by the Australian Government can consequently have a direct impact on national economic and social benefits.

Second, AFPA supports the principles of the Australian Government procurement policy framework to promote sustainable outcomes in the sourcing of products. In assessing 'value for money' criterion, the Commonwealth Procurement Rules explicitly states that in addition to financial costs and benefits such as price, other non-financial factors should be considered such as environmental sustainability, including energy efficiency and environmental impact.

However, the Department of Environment has recently noted that:

'there is currently no formal whole-of-government mechanism or requirement for entities to report on the uptake of sustainable procurement' (Sustainable Procurement in the Australian Government Report 2013).

This lack of transparency or formal requirement to report back on sustainable procurement is of significant concern, as there can be an important range of environmental issues from the sourcing of internationally traded goods such as paper. These issues can include:

- land use conversion for fibre supply, such as deforestation;
- poor forestry practices;
- use of chemical, water and energy inputs;
- illegal logging and trade in wood and paper products; and
- the carbon emissions footprint of products, including transport impacts.

Furthermore, the lack of a consistent and measurable approach across Australian Government departments and agencies makes it difficult to ensure that these factors are being applied and met.

Third, AFPA believes there is a lack of robust risk assessment tools and due diligence for the adequate consideration of sustainability issues. This can have a direct impact on the way in which tenders are specified and considered, which can also have a detrimental impact on domestic suppliers.

The domestic pulp and paper is rightfully proud of its high environmental and social standards and is uniquely positioned to meet a range of related sustainability policies such as the Australian Government Information and Communications Technology Plan and the National Waste Policy. These policies are designed to restrict waste and encourage recycling in Australia, which should be an important consideration in the purchasing of consumables such as office copy paper.

Unfortunately, following a range of visits undertaken by AFPA with a number of Australian Government Departments in Canberra, there appears to be a general lack of appreciation and consideration of these factors in paper purchasing decisions.

We would therefore recommend that stronger measures be put in place to ensure the adequate consideration and implementation of existing sustainability policies and guidelines within Australian Government Departments and agencies. This would go some way to ensuring the high environmental standards and other environmental benefits from using Australian paper products are fully considered in purchasing decisions.

Thank you.

Mr Ross Hampton
Chief Executive Officer