



COPY PAPER

The Department of Finance maintains that the WoG SOS panel is providing value for money for Government procurement of copy paper.

In response to the CFMEU submission which argues that the operation of the WoG SOS does not adequately take into account environmental considerations; (a situation which puts Australian industry, which meets strenuous environmental standards, on an uneven playing field) The department states:

‘The SOS arrangement has 84 copy paper products that are used by agencies for day-to-day copying, which includes a range of A3 paper and paper used in agency print rooms. Each of these 84 products has recognised environmental chain of custody certification, such as the Forest Stewardship Council (FSC), the Program for the Endorsement of Forest Certification (PEFC) or the Australian Forestry Standard (AFS) Agencies are able to purchase any copy paper product from the SOS arrangement knowing it is compliant with Environmental Standard 4 (ES4) of the ICT Sustainability Plan. Further, Copy paper environmental compliance is audited annually’

By way of background:

The ICT Sustainability Plan states that all copy paper used for internal printing must be 50% recycled, moving to 100% recycled by July 2015 for FMA Act Agencies, on the basis of improved waste management outcomes and other environmental benefits (the requirements of ES4). The recycled percentage must be derived of 100% post-consumer waste. ES4 specifies non-recycled content must originate from a certified sustainably managed forests. Certified sustainably-managed forests are those certified to the Australian Forestry Standard and/or certified as managed to standards endorsed by the Programme for the Endorsement of Forest Certification (PEFC) and or/ the Forest Stewardship Council (FSC).

Issue 1

It appears that at least one of the copy paper products, the one which is currently being purchased by the Department of Immigration and the Australian Taxation Office, does not possess chain of custody certification and does not reach the mandatory standard for recycled content which requires 100% of the recycled content to be derived from post-consumer waste.

Despite the producers in Indonesia holding various PEFC chain of custody certificates for its various pulp and paper mills (meaning it is able to produce PEFC certified paper) there are no claims on the product about PEFC certification indicating that 100% of raw materials may be derived from Indonesian forests (no forests in Indonesia are PEFC certified)

In addition to this, despite the paper being purchased by Government Departments for 'general use' the paper does not comply with the mandatory requirements of the ICT sustainability plan in relation to the recycled content (The catalogue attached, attachment 1, suggests that recycled content is only from 50% post-consumer sources {i.e. 50% recycled is actually 25% post-consumer content})

The CFMEU has additional concerns about the sustainability of this paper. We received an alert through our affiliation of the Global Union Federation IndustriALL in early March this year that the company Asia Pulp and Paper (APP) which is the producer had 'illegally broke off collective bargaining talks and called in the local army and police to intimidate workers against supporting the union'.¹

In light of the above, the CFMEU shares the concerns of Senator Tillhem who stated 'I think it is actually disgraceful that we purchase paper when we cannot establish the veracity of the Standards that are enforced overseas especially in places like Indonesia.'

¹See: http://www.industriall-union.org/industriall-paper-worker-affiliate-in-indonesia-striking-for-fair-wages-and-rights?fb_action_ids=10152375238887122&fb_action_types=og.likes&fb_ref=.Ux7UC LPkHI.like&fb_source=feed_opengraph&action_object_map=%7B%2210152375238887122%22%3A640937439277169%7D&action_type_map=%7B%2210152375238887122%22%3A%22og.likes%22%7D&action_ref_map=%7B%2210152375238887122%22%3A%22.Ux7UC LPkHI.like%22%7D

Issue 2

The compliance with Environmental Standard 4 (ES4) of the ICT Sustainability Plan referred to by the Department of Finance is compliance with only the mandatory environmental standards of the ICT sustainability plan when it comes to copy paper, which are actually 'conditions for participation'.

The CFMEU considers the mandatory requirements of ES4 (50% post-consumer waste recycled content and chain of custody certification for non-recycled content) as appropriate for 'conditions of participation' but strenuously reject the concept that the meeting of these 'conditions of participation' means that all products that do are on a level footing from the perspective of sustainability.²

The ICT sustainability plan is quite clear that **in addition** to satisfying these 'conditions for participation' 'Agencies will also need to give the environmental criteria appropriate recognition in the tender planning, design and evaluation phases'. The fact sheet goes on to say that 'A copy paper contract may carry a high environmental importance due to the risk of procuring illegally logged timber and/or competition for productive land use.' As an example, the fact sheet suggests an allocation of 20%-40% environmental weighting for copy paper supplies.

Unfortunately it would appear that many procurers believe that meeting the mandatory requirements or the 'conditions for participation' is good enough. The sustainability of the non-recycled content, even if the non-recycled content come from chain of custody sources (which is usually a combination of sources from certified sustainably managed forests and from 'controlled', 'non-controversial' or 'legal' but not necessarily sustainable sources, is still a relevant factor which needs to be considered with an appropriate weighting.

² In support of this although the FSC, PEFC and AFS according to the Illegal Logging Regulations tabled in parliament are considered appropriate Timber Legality Frameworks for importers conducting due diligence (for legality purposes as opposed to sustainability), in addition to relying on these legality assurance systems they must:

- (a) Assess whether *the information and evidence obtained by the use of the framework is accurate and reliable; and*
- (b) *identify and assess, by the use of the framework and consideration of the information gathered in accordance with subsection 10(1)², whether there is a risk that the product is, is made from, or includes, illegally logged timber; and*
- (c) *in the identification and assessment of risk mentioned in paragraph (b), consider any other information the importer knows, or ought reasonably to know, that may indicate whether the product is, is made from, or includes, illegally logged timber; and*
- (d) *make a written record of the identification and assessment undertaken in accordance with this section.*

Adding to the frustration, attempts so far to ascertain the country of origin of non-recycled content in, for example, the product manufactured in Austria with 50% recycled content have come to nothing. Attempts have included a CFMEU letter to the supplier of the product and a question from Senator Madigan to the Department of Finance tabled in supplementary estimates.

The evidence provided by Mr Dunn at the first public hearing for this inquiry that quite a lot of the fibre that goes into a part-recycled product from Austria would actually come from forests over in Russia, does not provide much comfort including in regards to the relationship of the forest manager in question and the relevant labor union.³

The imported Austrian manufactured paper is sold in the form of a private label so might be expected to be used by the supplier as a price leader. Despite this, the price differential excluding GST, is just 18c cheaper than the Australian made Reflex 50. This represents approximately 2.9% of the price of the procurement.

Properly taking into account risk, the procurer should buy the Australian product instead of the Austrian product every time by providing for the suggested 20-40% environmental weighting for copy paper supplies.

This is even before taking into account factors such as carbon miles associated with transport and other issues associated with issue 3.

Issue 3

In addition to instances of non-compliance with the 'conditions of participation' cited in issue 1 and likely instances of non-compliance with the additional requirements of giving the environmental criteria appropriate recognition in the tender planning, design and evaluation phases cited in issue 2 there also appears to be a case of serious non-compliance with the procurement connected policy 'The National

³ See <http://www.fsc-russia.com/eng/russia-conflicts/337>

Waste Policy'. The Australian Government's National Waste Policy aims to avoid the generation of waste, reduce the amount of waste for disposal, manage waste as a resource, ensure that waste disposal, recovery and re-use is undertaken in an environmentally sound manner and contribute to broader economic, environmental and social goals.

The CFMEU reiterate our view stated in our submission that:

'The local landfill benefits of Australian made recycled paper deliver enhanced environmental benefits for Australia compared with imported recycled papers... Unlike imported recycled paper, Australian made recycled paper is already helping the Government achieve many of the objectives outlined in the National Waste Policy... Enhanced environmental benefits of procuring Australian made recycled paper are not achieved by current arrangements which result in many Government Departments and Agencies procuring imported recycled paper'

Issue 4

The Department of Finance have provided conflicting information about whether the copy paper able to be purchased through Member's and Senator's Office and Requisite Allowance must comply with the requirements of the ICT sustainability plan. For example in the circular on the 23rd of April 2013 the Department states that:

'Adopting a WoG arrangement will deliver a number of benefits for Senators and Members, including:... an important reduction in environmental impacts, as only post-consumer recycled content office copy paper will be available in accordance with environmental standard 4 of the ICT Sustainability Plan 2010-2015⁴

⁴ It should be noted that when the CFMEU sent information to all MP's outlining which Australian Made paper was available for purchase through the Office and Requisite allowance that this advice was specifically noted and as a result only two products were offered

Whereas in response to a question from Senator Madigan the Department states: *'Senators and Members are not required to comply with the ICT Sustainability Plan when making purchases under this contract.'*

If, as seems to be the case, Senators and Members do not have to comply with the mandatory requirements of the ICT sustainability plan it means that there is a wider range of Australian made product available, all of which have great environmental credentials such as Reflex Ultra White, Reflex Carbon Neutral, Australian 10% Recycled, Reflex 50% Recycled and Australian 80% recycled.

The flip side is that there are a lot of other imported products which have recently being made available including paper manufactured in China, South Africa and Thailand, made with no recycled content and the fibre coming from forests and industrial plantations, from places such as Uruguay and Russia, possibly, Indonesia, Vietnam, Laos etc. and/or sometimes the country of manufacture (south Africa and Thailand).

In some of these situations the forest management has questionable track records in terms of labour rights, ecological and environmental sustainability, and other social impacts (including in regards to unfairly subsidised mass conversion of natural forests and prime agricultural land to industrial plantations with consequential severe impacts on food security of local and indigenous communities)

For instance just some evidence of sustainability concerns that the CFMEU has about just some of the imported paper offered in the recent past and currently through this contract include:

- A 2011 report into Mondi's plantations in South Africa, which stated that despite being FSC certified the condition of forest labor in South Africa still fell short of the International Labour Organization (ILO) definition of "decent work"⁵

⁵ Jeanette M. Clarke, 'Changing labor practices at Mondi Forests, South Africa', *FSC Certified Plantations and Local Communities workshop: South Africa Case Study*, available online@ <https://ic.fsc.org/download.south-africa-case-study-changing-labor-practices-at-mondi-forests-south-africa-j-m-clarke.a-1234.pdf>.p 3

- the land use tensions associated with industrial plantation forestry in Uruguay and ongoing international tension between Argentina and Uruguay over the UPM pulp mill at Fray Bentos on the Uruguay River and its supply (with the pulp being exported to China and then imported from there).
- The fact that Advance Agro's industrial plantations in Thailand are considered to have displaced communities and to have reached the 'final stage of deforestation'... Relevantly, industrial plantations in Thailand were also considered responsible for removing the cassava crop that many Thai locals relied upon for food and income. As the industrial plantations in Thailand encroached increasingly upon the traditional rice fields, locals reported that water dried up, removing their cropping capacity. The further consequence of this was reportedly that locals had to sell their land to the industrial plantation companies.

Given the serious issues, one would expect the Australian government to be able provide some solid guidance for MP's wanting to procure sustainably and also Government Agencies who are required to according to the ICT sustainability plan, including for paper for archival purposes which do not require a recycled content.

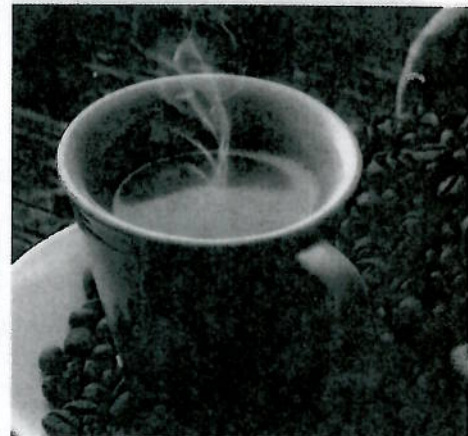
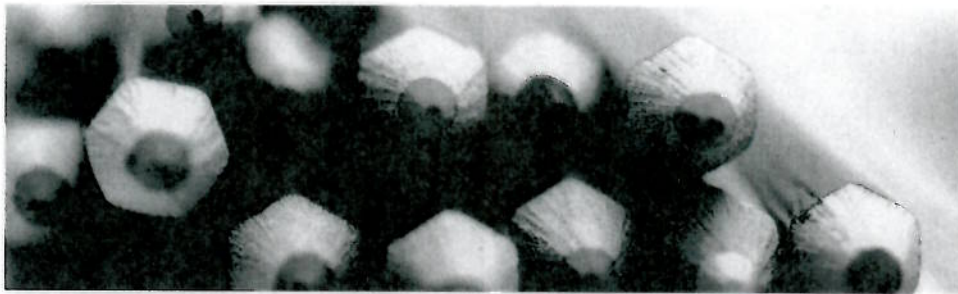
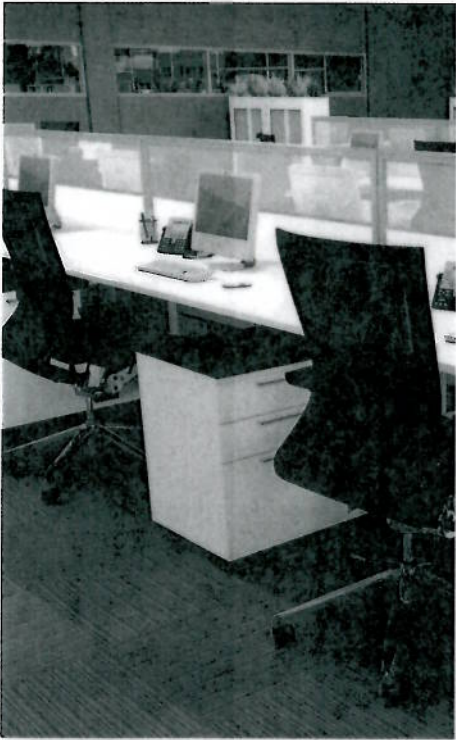
It would appear that in the absence of guidance such as a decision informed by something like the *Independent Australian Paper Procurement Guide*, the result was false information being provided by the Department. In answering the question regarding the Australian made product, the process followed was to inquire with the supplier (regardless whether they may or may not have had a conflict of interest in terms of the response they were going to provide) It would appear that the second point of call was a direction to seek the advice of the certification body (regardless whether they may or may not have had a conflict of interest in terms of the response they were going to provide)

In the CFMEU's view the result of this inquiry was that the inherent sustainability of the Australian made paper was understated by the Department of Finance in comparison with the other products which are mentioned in the correspondence which includes product from China (wood source Uruguay? or potentially Indonesia?) South Africa, Austria (wood source Russia?) and Germany.

MARKETING COPY

COS

**OFFICE PRODUCTS
CATALOGUE**



**DELIVERING THE BEST
CUSTOMER EXPERIENCE
FOR OFFICE PRODUCTS
IN AUSTRALIA**



