

Barriers to green procurement

Cost

- 2.1 The ANAO found that cost was an issue for agencies when it came to purchasing products, for example recycled paper.¹ While the Audit Office acknowledges that this could be a significant issue, particularly for smaller agencies, it remained concerned that:

... budget constraints or processes do not allow green office procurement, even though this might produce longer term financial savings. That has a lot to do with the allocations of capital and recurrent expenditures within agencies. We did suggest that agencies look at that ... because it is clearly better for the longer term if we can produce savings rather than just look at the short term.²

- 2.2 The Committee is encouraged by the ANAO's conclusion that, overall, the implementation of strategies to minimise environmental impact can result in positive environmental outcomes and financial benefits for agencies.³
- 2.3 The issue of financial incentives to facilitate green procurement also arose in the course of the audit. The ANAO observed that thirty-one per cent of agencies had noted the lack of financial incentives.⁴

1 Mr Cameron Mathie, Performance Auditor, Australian National Audit Office, *Transcript of Evidence*, 30 March 2006, p. 3.

2 Mr Peter McVay, Senior Director, Australian National Audit Office, *Transcript of Evidence*, 30 March 2006, p. 8.

3 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 43, paragraph 1.10; Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, pp. 3 and 11.

4 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 61, paragraph 2.36.

Committee comment

- 2.4 The Committee considers that financial considerations necessarily play a crucial part in influencing government procurement activities. It recognises that issues, such as overcoming short-term cost impediments, actualising potential financial benefits, and examining the feasibility of incentives to encourage green procurement, will need to be considered in the process of developing and implementing a national sustainability charter.

Record-keeping

- 2.5 Shortcomings in record-keeping were also revealed by the audit. In particular, the Committee notes with concern, the audit finding that, in some cases, the monitoring of office procurement was not sufficiently precise to allow meaningful assessment of an agency's performance on green office procurement.⁵
- 2.6 This raises questions for the Committee about the ability of these agencies to meet their reporting requirements under the EPBC Act. If an agency's records cannot provide it with a basis for assessing its green office procurement performance, it cannot be effectively participating in the act, review and improve cycle outlined in section 516A of the Act.

Committee comment

- 2.7 The Committee feels that, given the Greening of Government commitment, provision should be made at agency operational level, to facilitate the pursuit of commonwealth green procurement objectives and the monitoring of progress.

Access to information

- 2.8 While the audit indicated that many agencies are doing well in providing material to improve staff awareness of green practices, the ANAO observed that specific training on green office procurement was minimal.⁶
- 2.9 The ANAO found that the majority of agencies considered the Greening of Government website and other DEH information to be useful guides to green office procurement, however, agencies experienced some difficulty

5 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 62, paragraph 2.38.

6 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 60.

in accessing the information.⁷ The ANAO commented that some agencies also identified the lack of consolidated information, such as product and supplier listings, as a barrier to improving their environmental performance.⁸

- 2.10 The Department has acknowledged the need for improvement in this area. In response to ANAO recommendations 2, 6 and 16, part c, DEH has commenced development of a new website, to act as a portal for information on sustainability in government. This portal will be a key mechanism for communicating with agencies and other stakeholders. It will include case studies and an email discussion forum, for staff of different agencies to share ideas and experiences as a network.⁹

Positive examples

- 2.11 Many of the ANAO findings on commonwealth agencies' environmental performance and procurement practices were discouraging. In the area of commonwealth fleet vehicles for instance, despite existing policies, the ANAO found that rather than meeting targets, overall the percentage of fuel efficient vehicles in the Australian Government fleet is actually decreasing.¹⁰
- 2.12 However, the Australian Tax Office, for example, has made a conscious decision to move towards greener vehicles and is making progress in this area.¹¹
- 2.13 DEH, as a lead agency, informed the committee that it has been able to decrease its energy usage (which includes all of its operations across Australia and in Antarctica) and now sits at 52 per cent below the government benchmark for energy use in government buildings.¹²

7 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 52, paras 2.6-2.7.

8 Mr Peter McVay, Senior Director, Australian National Audit Office, *Transcript of Evidence*, 30 March 2006, pp. 7 and 9.

9 ANAO, *Audit Report No. 22, 2005-2006, Cross Portfolio Audit of Green Office Procurement*, p. 35; Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, pp. 2 and 6.

10 Mr Peter McVay, Senior Director, Australian National Audit Office, *Transcript of Evidence*, 30 March 2006, p. 4.

11 Mr Cameron Mathie, Performance Auditor, Australian National Audit Office, *Transcript of Evidence*, 30 March 2006, p. 4.

12 Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, p. 3.

- 2.14 DEH also provided the committee with the innovative example of their approach to office waste management. Waste bins are no longer kept at desks, instead staff are required to take rubbish to their kitchen areas which act as separation points, with separate bins for green waste, recyclables and paper of a non-confidential nature. The green waste is taken out to worm farms and the recyclable waste collected by private contractors for recycling.¹³
- 2.15 Providing examples of how environmentally responsible business operations are beneficial is critical. The department indicated that the development of the new website was, in part, to provide a portal for access to these case studies.¹⁴

Committee comment

- 2.16 The Committee believes it is important for examples of progress to be recognised and made available to other agencies. The Committee welcomes the design of a sustainability website by DEH to include green procurement advice, checklists and case studies on best practice, and looks forward to the launch of www.sustainability.gov.au in October 2006.¹⁵

13 Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, p. 4.

14 Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, p. 5.

15 Mr Mark Tucker, First Assistant Secretary, Policy Coordination Division, Department of the Environment and Heritage, *Transcript of Evidence*, 1 June 2006, p. 2.

