



## **Audit Report No. 25 2008-09**

# **Green Office Procurement and Sustainable Office Management**

## **Introduction**

- 2.1 Government agencies purchase, lease or consume a significant range of goods and services. In 2007-08, the procurement of goods and services by Australian Government agencies was valued at over \$26 billion. These include office supplies, vehicles, information and communications technology, energy, waste and water services as well as office buildings and facilities. While these goods and services are procured for agencies to achieve their outcomes, they do have an environmental impact. This impact includes greenhouse gas emissions (such as from energy consumption in buildings and from vehicles), waste to landfill from paper, equipment and office refurbishments as well as the consumption of scarce resources such as fresh water and fossil fuels.
- 2.2 The Australian Government has indicated that it is seeking to be at the forefront of environmental purchasing practice. In May 2008, the Prime Minister also commented that 'the Government accepts its own responsibility to provide practical leadership ... with practical measures to

reduce our own environmental footprint and measures to harness savings from more efficient use of energy and water'.<sup>1</sup>

- 2.3 In a previous audit report (No. 22, 2005-06, *Cross Portfolio Audit of Green Office Procurement*), the ANAO identified a small number of better practice examples of green office procurement across the Australian Government. The audit also identified shortcomings in achieving the Government's objective to be at the forefront of sustainable procurement practice. As a consequence, the audit concluded that sustainable development had not been fully integrated into Australian Government operations.
- 2.4 Significant improvement was required by agencies in terms of introducing targets for water, waste, energy and general procurement, and in implementing regular monitoring and reporting. The ANAO made specific recommendations to improve performance in sustainability. The 43 agencies involved in the audit generally agreed with or were supportive of the recommendations.

## The Audit<sup>2</sup>

### Audit scope and objective

- 2.5 The objective of this further audit was to assess and report on the progress being made by Government agencies in achieving better practice in green office procurement and sustainable office management. The scope of the audit included agencies incorporated under the *Financial Management and Accountability Act 1997* as well as a sample of bodies incorporated under the *Commonwealth Authorities and Companies Act 1997*. Sixty-three agencies were included in an audit survey. Detailed validation was carried out in nine of these agencies.
- 2.6 The audit also relied on wider whole-of-government data sets on energy use in Australian Government operations and the Australian Government vehicle fleet as well as annual reports from agencies. Where necessary, the ANAO also consulted with other parties such as state agencies and

---

1 Leadership for Long Term Sustainability: The Roles of Government, Business and the International Community, Address to the National Business Leaders Forum on Sustainable Development, Parliament House, Canberra, 19 May 2008.

2 In this chapter, all references to 'the audit' are references to Audit Report No. 25 2008-09, unless specified otherwise.

building owners. The audit sought to assess progress relevant to sustainable development in the following areas:

- policies and procedures underpinning sustainable practices;
- higher value office consumables such as paper, information and communications technology and vehicles;
- water and waste management;
- energy use;
- sustainability in buildings and tenancies; and
- sustainability reporting.

## Overall audit conclusion

2.7 The ANAO made the following overall audit conclusion:

- Agencies had made some progress towards more sustainable development practices since the 2005 audit, with more examples of agency initiatives to better conserve resources, improve environmental performance and reduce corporate costs, particularly in energy and water conservation.
- As was the case in 2005, there was a wide disparity of performance across agencies from very poor to better practice. Measuring performance in waste management and water conservation was also still problematic because of the lack of consistency in measurement and gaps in performance information. The absence of a comprehensive sustainability framework, as recommended in 2005, also constrained further progress.
- Larger agencies such as the Department of Defence, Centrelink, Medicare Australia and the Australian Taxation Office had made progress towards more sustainable practices since 2005. This progress may have also reflected their capacity compared to smaller agencies.
- Substantive progress had been made in relation to environmental controls in individual agencies and in the reporting on energy use in Australian Government operations. Key controls such as environmental management systems are becoming more common practice in building and facility management. However, the design and quality of the majority of environmental management systems could be significantly improved; particularly in the application of measurable targets.

2.8 According to the ANAO:

Notwithstanding progress in particular agencies, as a whole, the Australian Government public sector has considerable work to do if it is to achieve its goal of being at the forefront of sustainable procurement practice. Many of the issues raised in the 2005 audit remain unresolved and many of the recommendations have yet to be fully implemented. More action is required from agencies if leadership is to be demonstrated in energy efficiency, water conservation and waste management. Energy efficiency is particularly important given that energy use accounts for over 95 per cent of greenhouse emissions from Australian Government agencies.

There is considerable scope to reduce the 'ecological footprint'<sup>3</sup> of Australian Government agencies. Positive results will not be achieved without a stronger effort from all Australian Government agencies that builds on the success of those agencies that have already integrated sustainable practices into their business operations.

Ideally, agencies should develop an integrated sustainability framework that identifies improvement opportunities and investment priorities tailored to their business requirements. Where agencies have limited capacity or resource constraints, there are still many opportunities to achieve 'quick wins' and implement cost effective measures to improve sustainability. The automated shut down of monitors and computers when not in use will provide immediate energy and cost reductions. Setting printers to print double sided as a default and reducing the weight of paper used for external publications will also offer immediate savings. While the implementation of energy efficiency initiatives will involve some capital cost, the resultant savings from such measures would be ongoing and further increase over time as energy costs increase.

Agencies will obviously need to prioritise their sustainability actions with an initial focus on meeting government requirements and achieving cost effective outcomes. For larger agencies, a focus on primary sites or administrative areas with the most significant environmental impacts would be expected to yield the best environmental returns. It is appreciated that the actions put in

---

3 The ecological footprint is a tool used to measure ecological sustainability and tracks past and present demands made by people on the earth's renewable natural resources. It tracks how much humanity as a whole consumes and compares this amount to the resources nature can provide.

place will, to a large extent, depend upon the particular circumstances facing each agency. Full implementation will take time to complete.<sup>4</sup>

## ANAO recommendations

2.9 The ANAO made the following recommendations:

**Table 2.1 ANAO recommendations, Audit Report No. 25 2008-09**

1.	To strengthen the quality and consistency of environmental management systems, the ANAO recommends that agencies (where they have not already done so), ensure that their system has quantifiable objectives that reflect better practice as well as both short and longer term sustainability goals.
	<i>Agencies' responses</i> <i>All agencies agreed to or were supportive of this recommendation.</i>
2.	To improve the energy efficiency of information and communications technology (ICT) equipment, the ANAO recommends that agencies (where they have not already done so) introduce: <ul style="list-style-type: none"> <li data-bbox="539 1003 1406 1081">(a) environmental criteria in ICT business planning and procurement that explicitly requires energy efficiency and environmental performance standards for equipment; and</li> <li data-bbox="539 1093 1406 1171">(b) an ICT power management policy, that includes measures such as the automatic shut down of monitors and personal computers when not in use.</li> </ul>
	<i>Agencies' responses</i> <i>All agencies agreed to or were supportive of this recommendation.</i>
3.	To improve sustainability practices in waste management the ANAO recommends that agencies (where they have not already done so): <ul style="list-style-type: none"> <li data-bbox="539 1373 1406 1440">(a) consider practical measures to divert waste from landfill, such as organic and co-mingled waste recycling for primary sites;</li> <li data-bbox="539 1451 1406 1529">(b) require waste service providers to report the weight of major waste streams, including paper recycled, co-mingled waste recycled and general waste landfill, in future waste management contracts;</li> <li data-bbox="539 1541 1406 1619">(c) set agency-wide targets based on a standardised measure such as the weight of waste generated per person and/or diversion from landfill; and</li> <li data-bbox="539 1630 1406 1686">(d) report performance against these targets as part of agency commitments under the National Packaging Covenant obligations.</li> </ul>
	<i>Agencies' responses</i> <i>All agencies agreed to or were supportive of this recommendation.</i>
4.	To improve water conservation, the ANAO recommends that agencies (where they have not already done so): <ul style="list-style-type: none"> <li data-bbox="539 1888 1406 1944">(a) consult with building owners to obtain annual data on water consumption where practicable;</li> </ul>

4 Australian National Audit Office (ANAO) Audit Report No. 25, 2008-09, pp. 16-18.

- 
- (b) set agency-wide water reduction targets and implement cost effective water conservation measures for all primary sites; and
  - (c) monitor and publicly report progress against these water reduction targets.

*Agencies' responses*

*All agencies agreed to or were supportive of this recommendation.*

---

5. To reduce energy consumption in Australian Government operations and improve compliance with Government policy, the ANAO recommends that agencies (where they have not already done so):
- (a) develop and implement an energy management plan that takes into account operational and management requirements across their property portfolio;
  - (b) conduct energy audits, where appropriate, to determine high priority energy savings that can be made across the organisation; and
  - (c) implement cost effective energy conservation initiatives within remaining lease periods.

*Agencies' responses*

*All agencies agreed to or were supportive of this recommendation.*

---

6. To improve the sustainability of Australian Government operations, the ANAO recommends that the Department of the Environment, Water, Heritage and the Arts in consultation with other agencies:
- (a) develops and disseminates guidance for office refurbishments that set required environmental standards and practices to minimise waste going to landfill from Australian Government refurbishments; and
  - (b) considers introducing a standard requirement for agencies to have a waste minimisation plan for refurbishments over 2,000 square metres.

*Agencies' responses*

*All agencies agreed to or were supportive of this recommendation.*

---

7. To enhance the consistency and comprehensiveness of the annual reporting required under section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*, the ANAO recommends that the Department of the Environment, Water, Heritage and the Arts revise the guidance material provided to agencies and include core mandatory performance indicators for operational environmental impacts in key areas such as energy, water and waste.

*Agencies' responses*

*All agencies agreed to or were supportive of this recommendation.*

---

## The Committee's review

- 2.10 The Committee held a public hearing on Wednesday 24 June 2009, with the following witnesses:

- Australian National Audit Office (ANAO);
- Australian Taxation Office (ATO);
- Department of Finance and Deregulation (DFD);
- Medicare Australia; and
- Department of the Environment, Water, Heritage and the Arts (DEWHA).

2.11 The Committee took evidence on the following issues:

- green information technology:
  - ⇒ green tenders and environmental management systems;
  - ⇒ stewardship clauses; and
  - ⇒ server virtualisation;
- green buildings:
  - ⇒ environmental management systems;
  - ⇒ national frameworks for environmental standards; and
  - ⇒ green leases;
- resource and waste management:
  - ⇒ power management;
  - ⇒ water management; and
  - ⇒ waste management; and
- green car programmes.

## Green information technology

### Green tenders and environmental management systems

2.12 The Committee enquired whether the Department of Environment, Water, Heritage and the Arts (DEWHA) had taken any steps to identify best practice in green tendering and whether any information found had been disseminated further. DEWHA replied that it had recently gone through a tender process for information and communication technology (ICT) that was acknowledged to have a strong emphasis on sustainability.<sup>5</sup>

---

5 Dr Diana Wright, Department of Environment, Water, Heritage and the Arts (DEWHA), p. 4. All references to witnesses' evidence comes from the Committee's hearing into this audit dated 24 June 2009, with page numbers relating to the Proof Committee Hansard.

- 2.13 The Committee asked whether there were any plans to make environmental management systems (EMS) mandatory for all agencies. DEWHA replied that it was not currently mandatory, but that there was guidance available to assist agencies in selecting and implementing an EMS that suited their needs.<sup>6</sup> Medicare, and the Australian Taxation Office (ATO) advised they had put in place an EMS, and the Department of Finance and Deregulation (Finance) noted that while they did not yet have an EMS in place, that it was 'well advanced'.<sup>7</sup>
- 2.14 The Committee is concerned at an apparent lack of urgency at a public sector-wide level. The Committee heard that the Government Leadership in Sustainability Taskforce led by the Department of Prime Minister and Cabinet was yet to report despite its deliberations concluding in late 2008.<sup>8</sup>
- 2.15 Whilst noting the role of the taskforce, the Committee is of the belief that the Department of the Environment, Water, Heritage and the Arts should take a leadership role in promoting environmental management systems. It is clear to the Committee that these environmental management systems deliver clear benefits, and the Committee recommends:

### **Recommendation 1**

**That taking into account the findings of the Government Leadership in Sustainability Taskforce, environmental management systems be made mandatory across all agencies of the Australian Government.**

**Further, that the Department of the Environment, Water, Heritage and the Arts take the lead in developing a best practice environmental management system template with minimum standards for reporting.**

### **Stewardship clauses**

- 2.16 The Committee examined the issue of stewardship clauses for ICT waste. Approximately 100,000 desktop computers and laptops are being replaced by the Australian Government every year. A significant proportion will end up in the waste stream. Only 16 agencies (25 per cent) reported that their contracts for the supply of ICT included product stewardship arrangements. Under stewardship clauses, ICT suppliers agree to take back assets after they have finished their working life and dispose of them

6 Dr Diana Wright, DEWHA, p. 4.

7 Mr Simon Lewis, Department of Finance and Deregulation (Finance), p. 5.

8 Dr Diana Wright, DEWHA, p. 3.



- appropriately. The Committee invited agencies to report on product stewardship arrangements.
- 2.17 DEWHA noted that under its new ICT tender, 95 per cent of ICT procurement included end of life provisions, and that plans for developing a handling methodology for the remaining five per cent were underway.<sup>9</sup>
- 2.18 Medicare advised that its ICT infrastructure contracts did not contain provisions for product stewardship as the contracts predated the Audit Report.<sup>10</sup>
- 2.19 Both the ATO<sup>11</sup> and Finance<sup>12</sup> noted that their current ICT contracts contained stewardship clauses.
- 2.20 Environment noted the existence of the Environment Protection and Heritage Council, which was a cross-jurisdictional council of environment ministers. The Council was currently examining product stewardship schemes, and that it was possible that a national product stewardship scheme may be created.<sup>13</sup>
- 2.21 The Committee asked whether there were cost implications in negotiating stewardship clauses, as it would be possible for the ICT supplier to gain a saleable asset at the conclusion of the agreement. DEWHA replied that by the time an ICT asset had been returned to the supplier, it had reached the end of its useful life and was considered to be a liability to the supplier.<sup>14</sup>
- 2.22 The Committee asked whether it was possible for end of life ICT assets to be passed on to community groups or training providers, and whether any such arrangements were in place at any of the agencies. DEWHA replied that this was the responsibility of the ICT supplier, and that different providers did different things with returned computers and monitors.<sup>15</sup>
- 2.23 The Committee sees great benefits in the operation of stewardship clauses, and while noting the current situation regarding Medicare's ICT infrastructure contracts recommends:

---

9 Dr Diana Wright, DEWHA, p. 6.

10 Medicare Australia, *Submission No. 4*, p. 1

11 Mr David McMillen, Australian Taxation Office (ATO), p. 9.

12 Mr Simon Lewis, Finance, p. 9.

13 Dr Diana Wright, DEWHA, p. 10.

14 Mr Stephen Oxley, DEWHA, p. 9.

15 Dr Diana Wright, DEWHA, p. 10.

## **Recommendation 2**

**That Medicare Australia enter into stewardship agreements with its information and communication technology suppliers when its contracts are next scheduled for renewal.**

## **Recommendation 3**

**That the Department of Environment, Heritage and the Arts draft and promote an explicit policy that product stewardship clauses be the preferred option for public sector information and communication technology (ICT) in all cases where ICT assets are not to be re-sold or gifted at the end of their working life.**

## **Green buildings**

### **National frameworks for environmental standards**

2.24 The Committee noted that Medicare had implemented a national framework for environmental standards across all of its offices. Medicare reported that it had achieved considerable cost savings by implementing videoconferencing, purchasing hybrid cars, and using more public transport for staff in some capital cities.<sup>16</sup>

### **Green leases**

2.25 The Committee explored the issue of green buildings and green leases. DEWHA advised that any new buildings, leases for new buildings, or major refurbishments must be done on the basis of the office space achieving a minimum four and a half star energy rating.<sup>17</sup> Additionally, Finance reported that it was looking to introduce a green lease schedule as part of its next round of leasing arrangements.<sup>18</sup> Further, Finance reported that it had entered into voluntary green improvement programs with tenants in a number of its major buildings, a process which mimics the green lease schedule:

---

16 Ms Rona Mellor, Medicare, pp. 8-9.

17 Mr Stephen Oxley, DEWHA, p. 12.

18 Mr Simon Lewis, Finance, p. 12.

What Finance has done with a number of its major buildings is entered into voluntary green improvement programs with our major tenants. Those voluntary green improvement programs mimic the green lease schedule. We have management meetings where we discuss issues to do with the environmental performance of the buildings and we put green improvement programs in place in those buildings. Once the leases do expire, which is still a few years away, we will certainly move to the green leases as required under the EEGO policy. But, in the meantime, we have got voluntary green improvement programs to try and get the same result.<sup>19</sup>

- 2.26 Medicare noted it had two green lease schedules, and green office guidelines,<sup>20</sup> and the ATO noted it had a number of new green leases which incorporated aspects of green energy and waste management arrangements.<sup>21</sup>

## **Resource and waste management**

- 2.27 The Committee expressed its disappointment in the ANAO finding that many issues raised in the 2005 Audit Report remained unresolved, and that many recommendations had not yet been fully implemented.

## **Power management**

- 2.28 The Committee noted the ANAO finding that energy use accounted for more than 95 per cent of greenhouse gas emissions from Australian Government agencies, and that savings of \$75 million per annum had been identified if more agencies adopted better practices. The Committee asked agencies about their power management practices and the savings identified as a result.
- 2.29 The ATO replied that building lights were only on for “core hours”, from seven in the morning until seven at night, and that lighting after hours was supplied via “zoned lighting”, allowing a small part of an office to be lit, rather than the entire floor.<sup>22</sup>
- 2.30 DEWHA noted that the issue was managed through its EMS, and that it was pursuing change through cultural measures, encouraging turning off

---

19 Mr Andrew Smith, Finance, p. 13.

20 Ms Rona Mellor, Medicare, p. 14.

21 Mr John Cheney, ATO, p. 14.

22 Mr John Cheney, ATO, p. 17.

ICT assets when not in use.<sup>23</sup> Finance noted that it had similar measures in place.<sup>24</sup> DEWHA added that it had EMS targets and objectives set regarding electricity, fuel and paper use, and that these targets were reviewed annually.

- 2.31 Medicare reported that it audited energy usage on its sites, and noted the importance of monitoring, auditing and reinforcing the message of power management.<sup>25</sup>
- 2.32 ANAO's 2005 audit recommended that agencies consider energy efficiency in their ICT purchases. In the 2008 survey, 65 per cent of agencies advised that they now considered energy consumption in their ICT procurement. In addition, the vast majority of agencies indicated they had implemented at least one measure to reduce energy consumption of office and ICT equipment. Some of the 48 per cent of agencies who shut down personal computers overnight reported significant savings from the initiative.
- 2.33 Medicare cited substantial savings from implementing a PC shutdown policy and the automatic shutdown of monitors after 15 minutes of non-use (\$237,000 from PC shutdowns and over \$100,000 in the case of monitors),<sup>26</sup> noting that the process had been centralised by its IT department.<sup>27</sup>

### **Server virtualisation**

- 2.34 The Committee asked for more information on DEWHA's desktop and server virtualisation project. DEWHA advised that instead of running multiple servers that performed different functions, that a single server had been established with imaginary partitions allowing the system to perform separate functions. The trial covered 22 staff over five weeks, and identified energy savings of 83 per cent compared to the traditional PC model.<sup>28</sup>

---

23 Dr Diana Wright, DEWHA, p. 17.

24 Mr Simon Lewis, Finance, p. 17.

25 Ms Rona Mellor, Medicare, p. 17.

26 Audit Report No. 25, 2008-09, p 74.

27 Ms Rona Mellor, Medicare, p. 8-9.

28 Dr Diana Wright, DEWHA, p. 10-11.

## Recommendation 4

**That the methodology used and results of the Department of the Environment, Water, Heritage and the Arts desktop and server virtualisation project be disseminated to the other audited agencies.**

### Water management

- 2.35 The Committee expressed its concern at the ANAO finding that only 35 per cent of surveyed agencies were able to measure their water usage, a small increase from 28 per cent at the previous audit in 2005. The Committee asked for further information on water management and reporting.
- 2.36 DEWHA replied that it was difficult to meter water usage in different buildings and under different tenancy operations, as in co-tenanted buildings, water consumption was often only measured at one point, making it difficult for individual tenants to find out their water consumption. Further, it was expensive to retrofit individual water metering for different tenants in different buildings.<sup>29</sup>
- 2.37 Finance noted that even though they were landlords in several buildings and it would be able to track water consumption in each building, that it would not be possible to ascertain how much water each agency located in the building used. Noting the importance of water consumption management, Finance advised that it would review the lease clauses in relation to water consumption management when leases were due for renewal.<sup>30</sup>
- 2.38 Medicare reported that there was data for its national headquarters, and that this data was used to produce estimates of water consumption at larger sites. However, it was difficult to estimate water usage in Medicare offices in shopping centres, as in some cases, offices did not contain a bathroom on site. When asked whether it had water management practices in place, Medicare noted that it had policies in place at an infrastructure level, and was continuing to promote cultural practices aimed at saving water.<sup>31</sup>

---

29 Dr Diana Wright, DEWHA, p. 14.

30 Mr Simon Lewis, Finance, p. 15.

31 Ms Rona Mellor, Medicare, p. 16.

## Waste management

- 2.39 The quantity of solid waste produced in Australia continues to grow. The ANAO's 2005 audit found that the performance of agencies in managing waste was poor and recommended waste targets and improved measurement and reporting be introduced across all agencies. The ANAO also recommended agencies implement co-mingled and organic recycling schemes for office waste and include clauses in purchasing contracts to minimise packaging waste.
- 2.40 Little has changed in waste management since 2005. Performance across Australian Government agencies varies considerably. Agencies that have implemented recycling for co-mingled office waste increased from 65 per cent in 2005 to 89 per cent in 2008. Organic recycling increased from 28 per cent in 2005 to 33 per cent in 2008. Only 10 per cent of surveyed agencies were able to provide complete reporting on all waste streams. Only 21 per cent of agencies include contract clauses to minimise packaging waste. From the available data, the average rate of diversion from landfill was 67 per cent compared to Environment at 74 per cent.
- 2.41 The majority of surveyed agencies (52 per cent) were unable to provide any waste reporting data despite agencies advising Environment in 2006-07 that waste management reporting systems were in place or under development. When agencies have been required to measure and report on waste, such as under the Government's commitment to the National Packaging Covenant (NPC), performance by the majority of agencies was poor. To date, Australian Government agencies have not collectively been able to provide any meaningful performance data to indicate the success or otherwise of the NPC Action Plan (July 2006-June 2008). If Environment is to be in a position to report on progress in the next NPC reporting period (2008-10), there will need to be considerable improvement in the quality of data provided by agencies.
- 2.42 The Committee expressed its disappointment in the ANAO finding that 52 per cent of agencies were still unable to provide any waste reporting data. DEWHA advised that the Commonwealth was a signatory to the National Packaging Covenant, and, as a result, the department had whole-of-government responsibility for collecting and reporting data on packaging waste.<sup>32</sup> It advised that in preparing the report for the 2007-08 financial year it now had 83 per cent data coverage, though the presence of multi-tenanted buildings made data collection difficult.<sup>33</sup>

---

32 Dr Diana Wright, DEWHA, p. 11.

33 Dr Diana Wright, DEWHA, p. 12.

- 2.43 Survey results indicate that there has been a general improvement in more sustainable building and refurbishment materials since 2005. However, the recycling of construction and refurbishment waste is still a low priority for most agencies. The 2008 survey indicated that only 13 agencies (21 per cent) had provisions for minimising and/or recycling of waste generated in their contracts for refurbishments (a decrease from 31 per cent in 2005) and only two agencies were able to provide estimates of the amount of waste going to landfill from the refurbishments. This figure was similar to 2005 when only three agencies provided estimates. Guidance for office refurbishments that set required environmental standards and practices to minimise waste going to landfill would be particularly helpful for agencies.
- 2.44 The Committee asked what happened to waste materials produced during the construction and refurbishment of buildings. DEWHA advised there were no specific guidelines, but that a national waste policy was being examined by the Environment Protection and Heritage Council, and that a report was due.<sup>34</sup>
- 2.45 The Committee is pleased to note the publication of the *National Waste Report 2010* by the Environment Protection and Heritage Council, and encourages all departments and agencies to take the report's findings into account when developing policy, procedures and processes.<sup>35</sup> The Committee particularly notes the difficulties with regard to data availability and collection and urges all relevant stakeholders to implement reforms in this area.

## Green car programs

- 2.46 The Australian Government is a significant consumer of motor vehicles with the Government fleet, including the Department of Defence 'white vehicle fleet' (non-military, commercially available vehicles) having over 13,000 vehicles in total. In February 2003, a target was established to have 28 per cent of the Government fleet vehicles scoring in the top half of the Green Vehicle Guide (GVG) by December 2005. This target was achieved in June 2007. The proportion of vehicles in the top half of the GVG by June 2008 was 36 per cent. The target was reviewed by the Government Leadership in Sustainability Taskforce in late 2008 and a revised target has

---

34 Dr Diana Wright, DEWHA, p. 13.

35 Environment Protection and Heritage Council, *National Waste Report 2010*, <http://www.ephc.gov.au/taxonomy/term/89>, accessed 26.05.2010.

been proposed to Ministers to achieve more sustainable and cost effective vehicle fleets. At the date of preparation of this report, there has been no decision to update the target or revise the guidelines.

- 2.47 The 2005 audit highlighted tensions between costs, preferences for Australian made vehicles and meeting the Government's goal to reduce emissions. In 2008, these tensions still exist. Consistent with the findings in the 2005 audit, discounts of up to 30 per cent for large Australian made six cylinder cars are helping to keep the proportion of large cars in the fleet high. The most popular small cars tend to receive around ten per cent discount, while the most popular medium sized cars receive a discount of around 18 per cent. However, when considered on a whole-of-life cycle basis, large vehicles are 35 per cent more expensive than small cars.
- 2.48 Although the Defence white fleet was not included when the original GVG target was set, Defence advised that it is working towards achieving a target of 28 per cent of its passenger vehicles scoring a GVG rating greater than 10.5. However, with only seven per cent of vehicles currently in the top half of the GVG, little progress has been made in this area. The poor environmental performance of the Defence fleet may be partly explained by the high proportion of commercial vehicles (55 per cent), which have low GVG scores. However, other large agencies with a similar proportion of commercial vehicles in their fleets manage to have between 14 and 25 per cent of vehicles in the top half of the GVG. Defence advised that it is conducting further investigations into improving the environmental rating of its vehicle fleet.
- 2.49 The Committee asked about green car programs, with Finance replying that in 2003, a target was set that 28 per cent of government passenger vehicles would score 10 or better on the *Green Vehicle Guide*. While by 2005 this target had not yet been met, currently 49.5 per cent of government passenger vehicles meet the requirement. When asked why there had been a rapid increase in green car purchases, Finance replied that agencies had begun to consider environmental issues more seriously as a result of the adoption of a policy stating that:
- ... by 2020, 50 per cent of the Commonwealth's passenger vehicle fleet will be Australian made, value for money vehicles and environmentally friendly cars.<sup>36</sup>
- 2.50 The Committee notes the high proportion of commercial vehicles in Defence 'white vehicle fleet' raises the importance of considering separate targets for passenger and commercial vehicles to allow for a stronger focus



on the environmental performance of the Defence white fleet.  
Accordingly, the Committee recommends:

### **Recommendation 5**

**That the Department of Climate Change and Energy Efficiency create separate targets for commercial and passenger vehicles in the Defence white fleet to allow for a stronger focus on the environmental performance of the Defence white fleet.**

## **Conclusion**

- 2.51 The Committee is pleased to see some of the progress made by agencies to improve their green procurement practices. The development of environmental management systems across the audited agencies is a positive development, and the Committee looks forward to seeing further positive outcomes stemming from these systems. However, clear disparities in performance across the entire public sector makes it clear that there is still more work to be done.
- 2.52 The Committee sees great benefit in stewardship clauses in ICT contracts, and is glad to see them in place at most agencies. The Committee is of the belief that stewardship clauses should be compulsory across all agencies that lease ICT infrastructure.
- 2.53 The Committee looks forward to seeing further progress in the next audit anticipated for 2011.

