



City of Ryde

***Sustainable
Procurement
Policy***

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FOREWORD

As a key tier of government, Councils need to actively promote practices that will prove to be economically, socially and environmentally sustainable in the long-term. As policy and decision-makers, Councils have a responsibility of establishing and implementing strategies to achieve these outcomes. The City of Ryde has identified procurement as a key area that potentially impacts on this and is looking to promote policy and best practice that will result in the achievement of these outcomes.

This policy is intended to provide an overview of the sustainable procurement objectives that City of Ryde aims to achieve. Those staff who conduct procurement activities will be encouraged to take into account the broad policy directions contained within this document when purchasing products or services.

The policy will be supplemented through the ongoing development of specific procedural worksheets (example shown in Appendix B) concentrating on specific areas of procurement. These sustainable Procurement worksheets will help implement sustainable practices across the most commonly used procurement processes.

The policy is intended to be of an evolutionary nature. The policy will be formally reviewed in 2 years to ensure that it is still relevant to the City Of Ryde's needs. However suggestions for changes/updates to the policy in the interim can be forwarded to the Manager Procurement and Auditing Services.

PART – 1: GENERAL

1.1 Objectives

The Sustainable Procurement Policy has been developed to:

- Reduce procurement impact on the environment;
- Contribute to the progress of the City Of Ryde towards sustainability;
- Encourage suppliers and contractors to adopt cleaner technologies and produce products with lower environmental impacts;
- Help deliver compliance to statutory obligations;
- Improve efficiency;
- Develop a model of procurement best practice that takes into account the Triple Bottom Line dimensions of environmental, social and economic sustainability; and
- Demonstrate leadership to the community and other stakeholders

1.2 Legislative Framework

Council has a statutory obligation to comply with the requirements of the Local Government Act 1993. Under section 8 of this Act, Council has an obligation to:

1. “Properly manage, develop, protect, restore, enhance and conserve the area for which it is responsible, in a manner that is consistent with and promote the principles of ecologically sustainable development (ESD)”

In addition to this, the Commonwealth Government, as part of its Greening of Government Programme, is promoting environmental purchasing to address a wide range of environmental issues, including waste minimization, energy efficiency, water conservation and reductions in greenhouse gas emissions. The relevant frameworks for action include:

2. The Commonwealth Procurement Guidelines Jan 2005 (CPGs) require that the value for money of a good or service be considered on a basis of whole-of-life costing. Section 4.1 of the CPGs states:
 - "Value for money is the core principle underpinning Australian Government procurement. In a procurement process this principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life costing)."
 - Value for money in procurement is enhanced by promoting the efficient, effective and ethical use of resources (s44 of the FMA Act, s22 & s23 of the CAC Act).
3. Section 3A of the *Environment Protection and Biodiversity Conservation Act 1999* states that:
 - a) decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable

considerations;

- b) if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;
- c) the principle of inter-generational equity - that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;
- d) the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making; and
- e) improved valuation, pricing and incentive mechanisms should be promoted.

1.3 Scope

This policy will be part of the Procurement Framework.

The policy is applicable to the procurement activities conducted by all employees/volunteers of the City Of Ryde.

Any deviations to the policy must be approved by the General Manager or an officer delegated with such authority. Any deviations must be approved on the form "Approval to deviate from Procurement Policy" which is available on the staff intranet under the Procurement Spot.

1.4 Approval

The Executive Team will approve the policy and any subsequent amendments to the policy. If users of this policy have any feedback or suggestions they are to contact the Manager Procurement and Auditing Services.

1.5 Formulation of Sustainable Procurement Team

A Sustainable Procurement Team will be formed in order to identify and develop a series of procedural worksheets for the procurement of certain items across the City Of Ryde. This team will consist of core individuals plus specialists from each area bought in from time to time to help firstly identify and then develop specific environmental specifications and considerations.

The core team will consist of:

- Manager Procurement and Auditing Services
- Purchasing and Stores Coordinator
- Sustainability Officer and/or Sustainability Engineer
- Waste Education Officer

PART – 2: SUSTAINABLE PROCUREMENT PROCEDURES

Wherever possible, Council employees and contractors will pursue the following goals and adhere to the specified principles when purchasing products, material and services.

2.1 Sustainable Procurement Directives and Policy Statements

- 1. Preference to Environmentally preferable products** - The City of Ryde will give preference to environmentally preferable products when performance and price are comparable to conventional products
- 2. Acceptable Pricing differential** - The City Of Ryde will allow up to a 10% (to a maximum of \$15,000) leeway for price differential when making a procurement decision regarding an environmentally preferable product over a comparable conventional product. Where such a decision is made, this will need to be reported on the “Sustainable Procurement deviation form” which is attached as **Appendix C** to this policy
- 3. Utilisation of Life Cycle Costing in Major Procurement decisions** - The City Of Ryde will utilise full life cycle costing in the assessment of appropriate procurement decisions where the expenditure in excess of \$150,000. This will complement the work undertaken in compliance with the City Of Ryde’s Project Management Strategy (PMCOR)
- 4. General Sustainability Considerations** - The following should be also considered in the procurement of all products and services:
 - **Use of resources** - running costs are often overlooked when purchasing. This is a short-term view as often the running costs are the most expensive part of the life cycle. Products that are energy efficient should be favoured. Care should also be taken to ensure that products using water are efficient and that a minimum of raw materials are used.
 - **Biodegradability** - many products may be suitable for composting and others will be biodegradable in the longer term. These aren't always obvious; for example, some plastics can be biodegradable. Consideration should be given when purchasing products as to whether these products can be biodegraded. If not consideration should be given to an alternate product.
 - **Life Cycle Assessment (LCA) and Life Cycle Costing (LCC)** - it is important to understand the full impact of any purchasing decision. Life Cycle Assessment uses the term "functional unit". This means that the impact of gaining the required outcome is examined rather than the impact of the purchase itself. This ensures that any unforeseen impacts are also considered. For example, if an organisation is particularly worried about energy use it may buy paper towels instead of the hand driers it previously had. Additional impacts of this that would have to be considered would be the cost and environmental impact of the disposal

of the towels. LCA and LCC are both good tools to use to ensure that the best option is chosen.

- **Locality** - think about the transportation of the product. Is it really necessary to ship something from the other side of the world when a similar product is made locally? Sourcing from local suppliers means local investment and economic sustainability.
- **Ethical sourcing** - some products may exploit child labour and marginalized workers, thus violating human rights and economic/social equity. Whenever possible products that have been fairly traded should be purchased. Fair Trade labeling may help identify such products. Whenever possible, suppliers should be asked to disclose ethical information regarding production and labour outsourcing.
- **Minimum unnecessary purchasing** - Purchasing shall only be made once it has been determined that the product or service is necessary.
- **Minimum waste** (*use virgin and non-renewable materials + waste management + packaging*) - Purchase decisions shall be made in the context of the waste hierarchy to avoid, reduce, reuse and recycle

Avoid – Identifying ways of carrying out a function or task without using materials that generate waste. An example is sending information electronically instead of on paper.

Reduce – using less in the first place and avoiding waste. Examples of this include purchasing in bulk to reduce packaging and the purchase of printing equipment that prints double sided.

Reuse – using the same item more than once, and extending the useful life products and equipment before replacing an item. Aim to reuse or repair and existing product. Ensure that the new purchases are durable, have long service life and easy to maintain and upgrade.

Recycle – purchasing products that contain recycled materials or those that have or can be remanufactured

- **Waste management** - ensure that the product purchased does not have any "hidden" costs associated with its disposal.
- **Design for disassembly** - many products have many components that cannot be disassembled. This makes it difficult to repair, reuse and recycle. Many large manufacturers are now incorporating some aspects of design for disassembly. This is particularly important for electronic items such as computers, printers etc.
- **Minimum toxicity** - Purchase material and products that are free of toxic or polluting materials and chemicals. Purchase products and material that will not release toxic substances that can affect human health and pollute water, land or air at any stage of the lifecycle. This will not only help the environment, but will also assist Council in the promotion of OH&S procedures.

- **Minimum habitat destruction** - Purchase paper and wood products obtained from recycled, plantation, salvages or renewable resources. Purchase green cleaning products that don't result in discharges of toxic chemicals to waterways
- **Maximum water efficiency** - Purchase products that conserve water or use water in an efficient way
- **Minimum greenhouse gas emissions** - Purchase energy efficient products and materials by checking that the energy rating and efficiency features are the best available for the cost over the lifetime of the product. Purchase renewable energy and reduce the consumption of fossil fuels. Purchase goods that have not been transported long distances
- **Minimum soil degradation** - Purchase products, material and services that will not degrade or pollute the soils, or result in erosion through their use
- **Packaging** - ensure that the minimum packaging is used and that any that is used is reused, or if that is impossible, recycled by the distributor or manufacturer.

2.2 Application of the policy

The application of the policy will be staged according to expenditure levels.

Expenditure up to \$50,000

For general procurement where expenditure is estimated to be less than \$50,000, the general sustainability considerations outlined above should be taken into account.

Expenditure in excess of \$50,000 but less than \$150,000

For procurement where expenditure is estimated to be in excess of \$50,000 and less than \$150,000, it is recommended that the formal environmental checklist for suppliers (as outlined in **Appendix A**) be included in the specification of the goods/services.

This checklist should be included as a returnable schedule for evaluation with suppliers being requested to complete the checklist. Environmental sustainability should also be outlined as evaluation criteria in the specification with a recommended weighting of between 10% and 15% dependent upon the nature of the product (or service).

Consideration should also be given to distributing the checklist to established suppliers with the results being evaluated. Discussions should be held with the suppliers to address any issues identified by the checklist.

Expenditure in excess of \$150,000

For all expenditures in excess of \$150,000, the City Of Ryde will do the following:

- Incorporate in the tender documents a statement outlining the City Of Ryde's approach to sustainability
- Incorporate the Sustainability checklist as outlined in Appendix A into all specifications
- Include this as a returnable schedule
- Include Environmental sustainability as an evaluation criteria in the specification
- Assign a minimum weighting to this criteria of 10% to 15%
- Where appropriate and applicable a comparison of the life cycle costing of the various solutions proposed should be conducted as part of the evaluation process. This should be undertaken prior to the final decision on the preferred supplier
- The pricing differential outlined above will be applied where applicable

This policy is also applicable to the engagement of consultants or the provision of certain professional services i.e. legal, banking or financial. In these sectors, consideration should be given to the various categories of ethical trading and general sustainability considerations for example economy, social and environmental.

Furthermore, high priority should be given to companies and consultancies who can demonstrate good environmental performance through environmental management systems, energy or water accounting and waste management.

2.3 Sustainable Procurement using Department of Commerce, NSROC and City of Ryde Period Contracts

1. Use of Department of Commerce Period Contracts

The Department of Commerce applies their own standards of environmental sustainability to contractors. These however would appear to be of a fairly rigorous standard and would appear to satisfy Councils requirements.

2. NSROC supply contracts

As member of the NSROC Supply Management Group, City of Ryde shall actively advocate the continuing usage of environmental sustainability criteria in the evaluation of contractors and tenderers.

PART – 3: IMPLEMENTATION TOOLS

3.1 Sustainable Procurement Tools

Staff are encouraged to utilise the following tools for the implementation of the Sustainable Procurement Policy:

Appendix A - Supplier Assessment Questionnaires

- Part A – Supplier Questionnaire – General Environmental Considerations
- Part B – Supplier Questionnaire – Supply of Goods
- Part C – Supplier Questionnaire – Provision of Services

It is recommended that where the use of these questionnaires is required by this policy that Part A be completed by all suppliers/providers. Part B and Part C (or both) are designed for use depending upon whether goods are being supplied or services are being provided.

Appendix B - Sustainable Procurement Procedure worksheets – items that have been developed to date include “green appliances” and as an example of these the procurement of dishwashers

Other Sustainable procurement procedure worksheets will be developed by the Sustainability Purchasing Team

GLOSSARY OF TERMS

Energy efficient - Products or facilities that use less energy than typical products or facilities to provide a given energy service (heating, lighting etc) or level of activity.

Environmentally preferred or green - are products and services that have less effect on human health and the environment than competing products that serve the same purpose. The comparison may consider the source of raw materials, production, manufacturing, packaging, distribution, potential for reuse and recycling, operation, maintenance, or disposal of the product.

Greenhouse effect - The Greenhouse effect is the rise in temperature that the Earth experiences because certain gases in the atmosphere (greenhouse gases) trap energy from the sun. Without these gases, the Earth's average temperature would not be warm enough to support life on Earth. Global warming is the result of a build up of greenhouse gases in the atmosphere, resulting in serious environmental damage. Greenhouse gases are produced from burning fossil fuels, land clearing, emissions from landfills and other sources, including the manufacture, use and disposal of products.

Greenhouse friendly products - Are products that create less greenhouse gas emissions at one or more stages of their life cycle than competing products and services that serve the same purpose.

Post-consumer - is material generated by households or by commercial, industrial and institutional facilities in their role as end users of the product, which can no longer be used for its intended purpose. This includes returns of material from the distribution chain.

Pre-consumer - Is material diverted from the waste stream during the manufacturing process. Excluded is re-utilisation of material such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it.

Practicable - Means that a product or service is satisfactory in performance and is available at a reasonable cost.

Natural resources - Or virgin materials are naturally occurring substances that are considered valuable in their unmodified form for example forestry, fishing, or mining. These previously unused raw materials can be extracted from the earth by mechanical processes.

Renewable resources - A natural resource qualifies as a renewable resource if its stock (quantity) can increase over time and not decrease, for example oxygen, fresh water, solar and wind energy, timber and biomass.

Non renewable resources - A non-renewable resource is a natural resource that cannot be re-made, re-grown or regenerated on a scale comparative to its consumption. It exists in a fixed amount or is used up faster than it can be

replaced by nature. Often fossil fuels, such as coal, petroleum and natural gas are considered non-renewable resources, as they do not naturally re-form at a rate that makes the way we use them sustainable.

Recycled materials - Are those that have been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a product.

Recycled content products - Are made from materials that have been recovered, processed and used as a raw material for the manufacture of a useful product through a commercial process. These products will contain a specified percentage of material that would otherwise have been disposed of as waste.

Re-manufacture - means to renew or restore a used product into its original form of into a useful new product through a commercial process.

Sustainable use of resources - Is use that meets the present needs of the user while also taking into account external and future costs, including costs to the environment, human health and depletion of resources.

Value for money - Is the identification and inclusion of all direct and indirect costs associated with a particular product or material. This includes the initial cost of purchase, length or warranty, cost of operating the product, anticipated costs of maintenance and repair and the direct and indirect costs or financial return associated with disposal or removal of the product at the end of its life.

Appendix A - Suppliers' Sustainability Assessment Questionnaire

At City of Ryde, we are committed to Environmental protection and Ecologically Sustainable Development. As a potential supplier, your environmental performance could have an influence on our impact on the environment. Therefore, we have included this specific questionnaire in order to assess your performance in terms of environmental sustainability and biodiversity protection.

The Environmental Sustainability Assessment Questionnaire will form part of the evaluation process. It is composed of two parts:

Part A – Organisation's Environmental Management

Part B – Operational Information

All information is confidential and will only be used by City of Ryde for evaluating its suppliers.

PART A

Potential Supplier Questionnaire - General Environmental Management Considerations

No.	Question	Yes	No
1	Does your organisation have access to and an understanding of all environmental legislation relevant to your organisation's operations?		
2	Does your organisation have, or is in the process of implementing, an Environmental Management system?		
3	If Yes, Is it implemented and certified?		
	If yes please specify certification body		
4	Does your organisation have or regularly carry out any of the followings:		
4 (a)	Environmental policy		
4 (b)	Specific Revegetation policies		
4 (c)	Environmental risk management plan		
4 (d)	Environmental correction actions		
5	Does your organisation undertake monitoring programs to minimise environmental impacts?		
6	Does your organisation conduct waste audits, environmental audits or monitoring programs to minimise environmental impacts? If yes please specify:		
7	Does your organisation evaluate its supplier's or sub-contractors environmental performance?		

8	Does your organisation have a clean record with the EPA and other regulators - that is, no convictions or violations of EPA or other environmental regulations or licensing conditions during the past 3 years? (If No, please provide explanation on the answer sheet at the end of the questionnaire.)		
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PART B – Sample Specific Supplier Questionnaire – Supply of Goods**Supplier:****Product to be supplied:**

No.	Question	Yes	No
	General		
1	Do you require your suppliers to provide a copy of current pollution licenses?		
2	Does your company provide a recycling or safe disposal service for the products supplied?		
3	Please provide details of any other information regarding your products or your organization which you feel have not been covered: (e.g. purchase of green power, water and energy efficiency measures, alternative fuels such as CNG or LPG utilized in delivery vehicles, support for community initiatives etc)		
	Product packaging and transportation		
1	Has your company adopted packaging reduction practices/policies?		
2	Please identify the packaging materials used for the main products supplied to Council or intended for supply to Council		
3	Is the packaging material made from recycled materials? If yes please specify		
4	Is the packaging designed for re-use?		
5	Is the packaging able to be recycled?		
6	Will your company accept the packaging back for re-use or recycling? If yes, will your company collect the packaging and pallets etc? If no, do you know of a company who will. Please provide contact details		

"I declare that all information submitted on this form is true and correct"

Signed: _____ Dated: _____

PART C – Sample Specific Supplier Questionnaire – Supply of Services

Service Provider:

Nature of Services to be provided:

No.	Question	Yes	No
	General		
1	Does your company have current and documented procedures to be followed in the event of an environmental accident/incident? If yes, please provide details of these procedures		
2	Are all staff trained in the application of the environmental management plan and environmental accident/incident procedures? If yes, please provide dates of the most recent training sessions and the frequency of training		

"I declare that all information submitted on this form is true and correct"

Signed: _____ Dated: _____

Appendix B - Sustainable Purchasing Tool for Appliances

Water efficiency



<http://search.waterrating.com.au/>

The water rating website allows users to search for various brands and models of appliances and water related fittings based on water star rating, water consumption (per use and per 10 years) and other features.

Products which can be searched for include:

- Clothes Washers
- Dishwashers
- Lavatory Equipment
- Showers
- Tap Equipment
- Urinal Equipment
- Flow Controllers

Energy efficiency



<http://search.energyrating.gov.au/>

The Energy Rating website allows users to search for appliances by brands and models based on energy star rating, energy consumption (per use and per 10 years) and other features.

Products which can be searched for include:

- Air Conditioners
- Clothes Dryers
- Clothes Washers
- Dishwashers
- Refrigerators
- Freezers

Sustainable Purchasing Scorecard - Dishwashers

Minimum Sustainable Purchasing Criteria for Dishwashers

- 1) Water Rating to be at least 3 stars
- 2) Energy Rating to be at least 3 stars

If the product does not pass both of these criteria, then do not consider further in purchasing decision making.

Preferable Sustainable Purchasing Criteria for Dishwashers

CRITERIA	INFORMATION REQUIRED	SCORE
Energy/Water Rating	Find Energy/Water Rating of the dishwasher from rating websites http://search.waterrating.com.au/ and http://search.energyrating.gov.au/ Add together energy and water star ratings to get score out of twelve SCORE= Energy Star Rating plus Water Star Rating for dishwasher	/12
Economy or eco operating mode that allows dishes to air dry without extra heating	If dishwasher has option for economy or eco operating modes then SCORE=3 otherwise SCORE=0	/3
Sustainable design	If dishwasher has an extended 'Parts and Labor Warranty' and replaceable components then SCORE=2 otherwise SCORE=0	/2
Product stewardship	If Extended Producer Responsibility and Product 'take-back' initiatives at the end of life then SCORE=2 otherwise SCORE=0	/2
Additional environmental benefits	If there are any additional environmental benefits resulting from this product then please note and SCORE=1	/1
TOTAL (Sum all Scores above)		/20

This methodology assumes that environmental considerations equate for 20% of the weighting in any purchasing decision. This environmental score can be weighted to give a higher or lower rating if required however it is recommended that as a minimum environmental criteria have a weighting of no less than 10% in any purchasing decision.

When assessing the cost of dishwashers of any other item in a purchasing decision, it is also recommended that the 10 yr lifecycle energy cost from <http://search.energyrating.gov.au/> be added to the purchase price of the item.

APPENDIX C

SUSTAINABLE PROCUREMENT DEVIATION FORM

Project Details	
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Description of work/materials	
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Cost of preferred good/service	\$	Cost of conventional good/service	\$
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Note: Procurement documentation i.e. Copies of quotes, tender submissions and associated documentation including life cycle costing (where applicable) must be provided

Price differential is not to exceed 10% up to a maximum of \$5,000. There is to be no order splitting to bypass this limit

Exemption sought for	<input type="checkbox"/> Price differential
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<p>Expected benefits for seeking an environmentally sustainable product/service over a conventional product/service</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

Proposed Supplier/Tenderer	
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Approval to apply price differential

..... Signature Position

Approved By

..... Signature Position

Copy To: Manager Procurement and Auditing Services