

5 February 2015

Department of Foreign Affairs and Trade
FTA Policy and New Trade Issues Section
Email: gpa@dfat.gov.au

AFPA submission on 'Australian accession: WTO Agreement on Government Procurement (GPA)'

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide a submission as part of the Australian Government's consultation on 'Australian accession: WTO Agreement on Government Procurement (GPA)'.

AFPA supports competition in the global trade of goods and services where there is a level playing field in terms of the removal of tariff and non-tariff barriers and comparable safety and environmental standards.

As identified in the background briefing provided by the Department of Foreign Affairs and Trade (DFAT) on the proposed WTO Agreement on GPA, the government procurement market is already open to competition from foreign suppliers. However, in terms of the current Australian Government procurement system, AFPA has previously raised concerns regarding the lack of awareness and implementation amongst procurement officials of the environmental sustainability guidelines when purchasing paper products within the procurement system.

AFPA recommends that prior to formalising the GPA, the Australian Government work to improve the procurement system in Australia to ensure that officials adequately implement the environmental sustainability requirements for paper that are contained within the system. This is particularly relevant given the high level of imported paper in Australia, and the importance of comparing the environmental impacts of imported and domestically produced copy paper when making purchasing decisions.

Yours sincerely



Ross Hampton
Chief Executive Officer



**AFPA SUBMISSION ON
'AUSTRALIAN ACCESSION: WTO AGREEMENT ON GOVERNMENT
PROCUREMENT (GPA)'**

Environmental sustainability guidelines for paper and printing products

The Australian Government procurement system requires environmental sustainability to be taken into account when purchasing copy paper and printing products as part of the Commonwealth Procurement Rules (CPR) and connected policies. Key sustainability requirements within the procurement system include:

- Clause 4.5 of the CPR dealing with non-financial costs and benefits including environmental sustainability (such as energy efficiency and environmental impact);
- Clause 4.7 of the CPR dealing with procurement-connected policies, which includes the Australian Government ICT Sustainability Plan 2010-2015 and National Waste Policy;
- the Australian Government ICT Sustainability Plan Mandatory Environmental Standards Guideline 4: Environmental Standard 4 (ES4) - Recycled content and office copy paper;
- the Australian Government ICT Sustainability Plan Fact Sheet 3: Evaluation measures and weightings for procurement;
- the National Waste Policy which aims to avoid the generation of waste and to manage waste as a resource, including Strategy 2 to: embody and promote sustainable procurement practices by governments and the delivery of programs and services to facilitate certainty in the market; and the sharing of guidance materials with relevant bodies such as the Australian Procurement and Construction Council (APCC); and
- the 2013 Sustainable Procurement Guide released as part of the National Waste Policy and the 2011 Sustainable Procurement Guide for Office Paper prepared by the APCC.

These rules specify the following requirements for paper purchased for use by the Australian Government:

- general use office copy paper to have a minimum post-consumer recycled content of 50% by July 2011, progressing to 100% recycled content by July 2015 (ES4 mandatory requirement);
- remaining virgin fibre content to originate from chain-of-custody sources, such as Forest Stewardship Council (FSC) certified sources/forests, Program for the Endorsement of Forest Certification (PEFC) schemes or from sustainably managed forests (ES4 mandatory ES4 requirement);
- similar paper content standards for external printing and design contracts, where possible (ES4 mandatory requirement);
- recommended percentage allocation of at least 20-40% for environmental weightings for copy paper contracts (ICT Sustainability Plan fact sheet 3);
- avoiding the generation of waste (National Waste Policy), through greater use of recycling and reduced landfill; and
- transport impacts of fibre sourcing be taken into account as part of fully informed decisions on material sourcing (APCC Sustainable Procurement Guide for Office Paper).

The inherent environmental strengths of paper include the fact that it can be made from renewable and recyclable sources with carbon sequestration and land management benefits. However, if not conducted on a sustainable basis, there exist a number of significant issues related to forestry practices and the sourcing of environmental sustainable paper products. From a global trading perspective, these issues can include:

- land use conversion for fibre supply (i.e. deforestation or conversion of natural forests to plantations);
- poor forestry practices (i.e. extent of government regulation and voluntary certification, addressing such issues as forest yield and health, biodiversity and community consultation);
- manufacturing practices (e.g. use of chemical, water and energy inputs);
- illegal logging and trade in wood and paper products;
- the carbon emissions footprint of products, including transport impacts; and
- the waste implications of additional landfill from using non-domestic recycled content paper sources.

Recommendation: stronger action on implementing the Australian Government's sustainability requirements for paper and printing products

Australia is a medium sized open economy with an annual trade deficit in wood and paper products of around \$2 billion per annum, with a large proportion of imports comprising printing and writing papers. Major exporters of printing and writing papers to Australia include Finland, China, the United States and Germany as well as Canada, New Zealand and Indonesia.

The Australian Government procured 6,500 tonnes of copy paper in 2008-09 and entered into paper and printing services contracts to the value of \$31 million in 2013-14. Procurement decisions can therefore have a major impact on local manufacturers.

Australian Paper recently invested \$90 million in a recycling plant at its Maryvale site which will divert up to 80,000 tonnes of wastepaper from local landfill every year. This project received a \$9.5 million grant from the Australian Government and \$9.9 million in finance from the Clean Energy Finance Corporation (CEFC). A link to the significant environmental and recycling benefits from the project can be found on the CEFC website: <http://www.cleanenergyfinancecorp.com.au/our-investments/case-studies/plant-cuts-emissions,-creates-jobs.aspx>

In a submission to the Australian Parliamentary Finance and Public Administration Committee Inquiry into Commonwealth Procurement Procedures in 2014, Australian Paper revealed in their analysis of Departmental paper usage that 16 (or almost three quarters) of the 22 largest Departments were choosing to purchase imported paper rather than domestically manufactured paper (refer Table 1).

Table 1: Copy paper source for the 22 largest Departments and agencies

Agency	Employees	Source
1. Department of Human Services	33,645	AUSTRALIA
2. Department of Defence	21,761	AUSTRALIA
3. Australian Taxation Office	21,507	INDONESIA
4. Department of Immigration	8,289	INDONESIA
5. Australian Federal Police	6,909	GERMANY
6. Department of Health	4,705	GERMANY
7. Department of Industry	5,956	AUSTRIA
8. Australian Customs	5,393	AUSTRALIA
9. Department of Foreign Affairs	4,719	GERMANY
10. Department of Agriculture	4,712	GERMANY
11. Department of Veterans' Affairs	1,940	AUSTRIA
12. Department of Education	3,973	GERMANY
13. Department of Employment	NA	GERMANY
14. Department of Social Services	3,377	AUSTRALIA
15. Department of the Environment	2,286	GERMANY
16. Australian Bureau of Statistics	2,764	AUSTRIA
17. ASIO	NA	AUSTRALIA
18. ASIC	1,718	AUSTRALIA
19. Department of Infrastructure	1,530	GERMANY
20. Department of Finance	1,506	GERMANY
21. Bureau of Meteorology	1,481	AUSTRIA
22. Department of the Treasury	1,261	GERMANY

Source: Australian Paper (2014). NA - not available.

<http://www.aph.gov.au/DocumentStore.ashx?id=16717a53-9bc0-4af5-be55-f16d03235b04>

AFPA considers it essential that the sustainability guidelines for paper and printing products be fully implemented within the Australian Government procurement system, so as to provide a level playing field when it comes to assessing the environmental performance of imported and domestic paper products.

According to the Australian Government's own assessment of performance against the sustainability procurement guidelines:

'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 and formal requirement to report back on sustainable procurement practices on a whole-of-government basis is of significant concern to AFPA, as there exist a range of sustainability issues with respect to the sourcing of internationally traded goods such as paper products. Furthermore, the lack of a consistent and measurable approach across Australian Government departments and agencies makes it difficult to ensure that the guidelines are actually being applied and met.

AFPA recommends that prior to formalising the GPA, the Australian Government work to improve the procurement system in Australia to ensure that officials adequately implement the environmental sustainability requirements for paper products. This is particularly relevant given the high level of imported paper in Australia, and the importance of comparing the environmental impacts of imported and domestically produced copy paper when making purchasing decisions.