

## Environmental Purchasing Checklist

# Building management and tenant property services

This checklist suggests environmental criteria for use by Australian Government departments and agencies in purchasing building management and tenant property services. These environmental criteria would generally be considered together with price, quality and other purchasing criteria, in accordance with [Commonwealth Procurement Guidelines and Best Practice Guidance](#). The checklist also provides tips for purchasers and users and links to further information. Purchasers may choose to amend the criteria and specifications to meet their own requirements.

### WHAT ARE THE ENVIRONMENTAL ISSUES?

Tenant property and building management companies have complete responsibility for the operation of a commercial building under lease or contract with the property owner. Building services are carried out by the company itself or contracted out by them. The building managers therefore have a major influence on a building's environmental performance: its energy and water efficiency, waste management, and cleaning.

Tenant property management services may include

- Managing leases for tenants and representing tenants rights and obligations.
- Tendering and administering tenant cleaning and waste management contracts
- Tenant energy management and procurement (including green electricity)
- Tenant facilities management
- Tenant EMS initiatives

All products or services have some impact on the environment. This checklist focuses on the environmental impacts that may be relevant to procurement of property and building management services. Generation of electricity for use in buildings results in greenhouse gas emissions, air and water pollution, solid waste and land degradation. Water supply involves construction of dams and water treatment, which contributes to water pollution. Waste disposal affects the consumption of natural resources, energy, and environmental impacts of landfills ([see Waste Management Services Checklist](#)). Cleaning generally involves use of and exposure to hazardous materials ([see Cleaning Services Checklist](#)).

### KEY AUSTRALIAN GOVERNMENT POLICIES

The [Commonwealth Procurement Guidelines and Best Practice Guidance](#) state that the core principle governing Australian Government procurement is value for money, a concept evaluated on a whole of life basis for the goods or services being procured. Officials buying goods and services need to be satisfied that the best possible outcome has been achieved, taking into account all relevant costs and benefits over the whole of the procurement cycle.

According to the [Commonwealth Procurement Guidelines and Best Practice Guidance](#), “officials should be aware of any relevant environmental legislation and targets set by the Commonwealth, and ensure they take into account matters affecting the environment ... when formulating requirements. They should include relevant environmental criteria in specifications and requests for tender.”

The [Australian Government Energy Policy](#) “Measures for Improving Energy Efficiency in Commonwealth Operations” requires departments and agencies to achieve a target of 10,000 MJ per person per year by 2002 for tenant’s light and power use in office buildings.

Sustainable use of water is a fundamental tenet of the [National Strategy for Ecologically Sustainable Development](#) and the [Environment Protection and Biodiversity Conservation Act 1999](#).

The Commonwealth, State and Territory governments endorsed the [National Government Waste Reduction and Purchasing Guidelines](#) at the November 1996 meeting of the Australian and New Zealand Environment and Conservation Council (ANZECC). Members agreed to a range of actions, including establishing purchasing policies to reduce waste.

A Materials Safety Data Sheet (MSDS) must accompany the supply of hazardous substances to the workplace. An MSDS provides the information required for the safe handling of hazardous substances used at work. It contains information on substance contents, use, health effects, first aid, safe storage and handling. See “National Code of Practice for the Preparation of Material Safety Data Sheets” [NOHSC: 2011 (1994) at the NOHSC website. A new Code of Practice will be released shortly.

## SUGGESTED ENVIRONMENTAL PURCHASING CRITERIA FOR BUILDING MANAGEMENT AND TENANT PROPERTY SERVICES

| Give consideration to service providers...   | Comments   |
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| ... that can demonstrate capacity to improve the environmental performance of buildings. | Relevant documentation of capacity could include: <ul style="list-style-type: none"> <li>• identification of energy and water efficiency, waste management and green cleaning programs previously undertaken</li> <li>• description of the building management company’s role in each of the programs, ie developer of innovative programs, initiator of tried-and-true programs, implementation of program designed by others, participant without major responsibility, etc.</li> <li>• details of challenges faced in previous programs and how they were overcome</li> <li>• Building energy procurement</li> <li>• Energy management initiatives</li> <li>• Negotiating day time cleaning contract times (for lighting energy savings)</li> </ul> |
| ... that are committed to improving the energy and water efficiency of the building.     | Australian Government agencies are required by the Australian Government Energy Policy to  |

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|  | <p>undertake an energy audit at least every 5 years. The building management company should oversee the conduct of this audit and should present a plan for implementing audit recommendations.</p> <p>Auditing of water use should be integrated with the energy audit. Experience in implementing energy efficiency housekeeping initiatives is also important.</p>  |
| ... that are committed to delivering high-level support to waste minimisation and recycling systems.   | <p>High level support either by the building management company or its waste management contractor should include:</p> <ul style="list-style-type: none"> <li>• Provision of well-labelled and colour-coded bins.</li> <li>• Provision of educational material for site staff.</li> <li>• Additional measures to reduce, reuse and recycle waste – require contract bidders to specify what measures they will take.</li> <li>• Monitoring and reporting of waste loads and the success of waste minimisation programs.</li> </ul> |
| ... that provide for litter management.  | <p>Building managers should make provision for disposal of cigarettes and food wrappings etc.</p>  |
| ... that are committed to eliminating use of hazardous cleaning products wherever possible.  | <p>Appropriate evidence of commitment could be:</p> <ul style="list-style-type: none"> <li>• documentation of other service contracts involving focus on use of non-hazardous products</li> <li>• documentation of a testing program for non-hazardous cleaning products.</li> </ul>   |
| ... that agree to comply with and enhance the Department's energy efficiency program.  | <p>Evidence of this agreement would include:</p> <ul style="list-style-type: none"> <li>• demonstrated understanding of Australian Government Energy Policy requirements</li> <li>• demonstrated understanding of current program</li> <li>• commitment to undertake additional actions beyond those in current program</li> <li>• developing and implementing an energy management plan</li> </ul>  |
| ... from companies that document additional environmental benefits of their services or superior environmental performance of their companies. | <p>Documentation could include certified quality management systems or environmental management systems certified to ISO 14001, public environmental reporting, etc.</p>   |

## TIPS FOR PURCHASERS

### Increasing the awareness of service providers.

Working with your providers of tenant property and building management services can improve the data available on recycling rates, waste management, water consumption and OH&S. Look for service providers with a potential to expand their range of offerings, such as

extending recycling to additional types of materials as new facilities become available in your area.

If your agency has an environment committee (such as under an EMS), consider inviting your tenant property advocate to sit on that committee.

Ensure that your agency specifies in your tender for outsourced property services the following expertise and or experience

- Experience in the development and implementation of energy management plans
- Appreciation of negotiating a percentage of accredited new green electricity
- Experience in managing tenders for energy audits
- Developing and implementing energy efficient house keeping initiatives
- Experience in reflecting Australian Government Energy Policy requirements and initiatives in base building briefs and new lease documents

Appreciate that some building management personnel may need to be made aware of the importance of agency compliance with their performance targets under Australian Government Energy Policy.

When procuring tenant property and building management services, you may find that none of the bidders provide adequate responses to the specification. This is not a reason to issue specifications without these criteria; the industry needs to be on notice that these skills will increasingly be required.

**Check referees.** It is not enough to get a list of names that the tenant property manager represents. Ask for references for similar types of tenant property services in relation to environmental management experience. The inquiry is not whether they do a good job, since only positive references will be provided. Rather, the inquiry should deal with how specific situations get handled and whether the manager's approach to a similar property is compatible with yours.

**You get what you pay for.** Hiring the lowest bidder could mean that you will miss out on much larger savings available through efficient building operation. A bid that seems surprisingly low should be looked at carefully to ensure that important elements are not short-changed. If a company is bidding a fee proposal that is lower than industry standard, it might indicate that it will not adequately resource your tenant property performance requirements. When contracting for a tenant property and building services manager, you are not just hiring bookkeeping and customer service businesses, you are also paying for consulting, advice and expertise.

## **SUCCESS STORIES**

The new 60L building in Melbourne is an excellent example of a commercially viable office building where energy and environmental performance improvements are both built into the design of the retrofit and also driven by the provider of building management services. Through a "Green Lease" the building manager can set consistent environmental goals throughout the tenancy and optimise the performance of natural ventilation and lighting systems. The building manager provides tenancy fit-out guidelines, a fit-out schedule, sourcing advice, an environmental management plan and a staff orientation kit. There are

also computer-based systems to provide data on energy and water use to tenants, as well as integrated management of residual materials and solid office waste. For more information, see [www.60Lgreenbuilding.com](http://www.60Lgreenbuilding.com)

The Hydraulics Unit of the former NSW Department of Public Works and Services (DPWS, now Department of Commerce) has conducted water audits on a range of public sector tenancies. It has identified significant water saving opportunities, as well as the chance to save money on incorrect billing. By working cooperatively with their building services providers, many Australian Government departments and agencies can also achieve significant water efficiency gains. For more information, see the NSW Water Conservation Strategy at [http://www.dlwc.nsw.gov.au/care/water/conserv\\_strategy/](http://www.dlwc.nsw.gov.au/care/water/conserv_strategy/)

Further success stories can be found at the [Greening of Government website](#).

## LINKS TO FURTHER INFORMATION

The **Greening of Government** website provides the policy framework for Greening of Government, as well as a range of Green Procurement Tools and other useful information. <http://www.ea.gov.au/industry/sustainable/greening-govt/index.html>

The **Working Energy** website of the AGO includes a training and resource kit for energy/property managers and a building energy evaluation methodology. It has been designed to provide a simple and structured solution for ensuring the more efficient use of energy in Australian Government operations and achievement of energy performance targets through development of best practice.

[http://www.greenhouse.gov.au/government\\_op/workingenergy/working\\_en\\_prog/index.html](http://www.greenhouse.gov.au/government_op/workingenergy/working_en_prog/index.html)

**Tenant Energy Management Handbook** is a step-by-step guide to assist commercial tenants and building managers in using energy more efficiency. Hard copy available from SEDA, Level 6, 45 Clarence Street, Sydney, NSW 2000, or offices of the [Property Council of Australia](#).

## Environmental Specification

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Purchasers should request information from potential suppliers at the time of requesting a quotation. This environmental specification is intended to provide assistance in obtaining environmental data from service providers. The information that could be requested from tenant property and building managers is shown in the Information required column. Items in this specification are based on criteria in the Environmental Purchasing Checklist for Building management and tenant property services.

| Consideration will be given to service providers ...   | Information required from companies   | Weighting (total= 100%) |
|--|---|-------------------------|
| ...that can demonstrate capacity to improve the environmental performance of buildings.              | <p>Document capacity and previous experience in energy and water efficiency, waste management and green cleaning programs.</p> <p>Details should identify the building management company's role in each program, i.e. developed innovative programs, initiated tried-and-true programs, implemented program designed by others, participated without major responsibility, etc.</p> <p>Describe challenges faced in previous programs and how they were overcome.</p> <p>Identify similarities and differences between buildings previously managed and building covered by this specification, with respect to energy use or other environmental factors.</p> | 20-30%                  |
| ... that are committed to improving the energy and water efficiency of the building.                 | <p>Identify how the building management company will meet the Australian Government requirement for conduct of an energy audit within one year of occupation and at least every 5 years after that.</p> <p>Specify how the recommendations of the audits will be evaluated and implemented.</p> <p>Describe your approach to the conduct of water audits.</p>   | 20-30%                  |
| ... that are committed to delivering high-level support to waste minimisation and recycling systems. | <p>Describe the types of services that will be provided to promote waste minimisation and recycling.</p>  | 5-15%                   |
| ... that are committed to eliminating use of hazardous cleaning products wherever possible.          | <p>Document previous activities that focused on use of non-hazardous products.</p> <p>Describe any previous involvement in testing use of non-hazardous cleaning products.</p>  | 5-15%                   |

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|  | Provide proposed plan of action for cleaning program based on use of low hazard products wherever possible.  |        |
| ... that agree to comply with and enhance the Department's energy efficiency program   | Outline your understanding of current Department energy efficiency activities for the facility or building.<br>Describe your understanding of requirements for agencies and departments under the Australian Government Energy Policy.<br>Describe what you would do to build on the existing program. | 15-25% |
| ... from companies that document additional environmental benefits of their services or superior environmental performance of their companies. | Provide appropriate documentation to support any environmental claims made.  | 5-15%  |