



David Campbell
Minister for Transport
Minister for the Illawarra

ML09/00255

Mr Paul McLeay MP
Chair
Public Accounts Committee
Parliament House
Macquarie Street
SYDNEY, NSW, 2000.



Dear Mr McLeay *Paul*

Thank you for your correspondence requesting submissions into the sustainable procurement enquiry. I apologise for the delay in responding.

I attach a copy of the Transport Portfolio's submission for your reference.

Again, thank you for requesting submissions from my Portfolio. If you require further information on this matter please contact Mr George Houssos, Deputy Chief of Staff, in my office on (02) 9228 3777.

Yours sincerely

David Campbell
Minister for Transport
Minister for the Illawarra

- 1 JUL 2009

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CP09/03640



MINISTRY OF TRANSPORT

MOT

To: Executive Director, Transport Services Group
From: Manager, Special Projects
Date: 18 May 2009

MEMO ■

Inquiry into Sustainable Procurement

Issue:

The Public Accounts Committee has commenced an *Inquiry into Sustainable Procurement* and is calling for submissions.

Background:

The Ministry has prepared advice for the Ministerial Correspondence Unit who are preparing a coordinated Transport portfolio response to the *Inquiry into Sustainable Procurement*. The *Inquiry* is examining the extent to which NSW Government procurement practices comply with policies and guidelines relating to environmental management having particular regard to the mainstreaming of ecologically sustainable development in procurement.

This submission provides the Ministry's response under each of the Inquiry's terms of reference as detailed below.

- a) *inclusion of environmental considerations in procurement plans, tender specifications, selection criteria, and decisions;*

The Ministry's Corporate Plan includes objectives for waste minimisation and utilisation of recycled goods. The *NSW Procurement Guidelines - Environmental Management* are referred to in tenders issued by the Ministry and to assist in managing waste reduction strategies and for equipment purchases.

The NSW Government has adopted a Waste Reduction and Purchasing Policy (WRAPP) and understands its responsibility to reduce waste and increase recycling by purchasing low-waste products that are recyclable or with recycled content.

- b) *assessment and implementation of cost neutrality;*

Equipment and office supply purchases are based on "best value for money" over the "whole of life" benefit of the product (including the environmental impacts of production, usage and disposal). The Ministry favours products with a lower environmental impact where the overall expenditure is cost neutral.

c) *integration of environmental considerations throughout the procurement process;*

As part of the WRAPP Policy staff are advised to increase the range and quantity of recycled content materials being purchased. The Ministry raises staff awareness about WRAPP through the Intranet. Specific email notifications are also sent to administration staff regarding the availability and purchasing options for recycled products.

It is a requirement for all NSW Government agencies to lease more energy efficient vehicles to meet Government's cleaner fleet objectives. The Ministry leases vehicles that are above the environmental rating of 12 and vehicle rating checks are carried out at the point of ordering. The Ministry is also introducing more Hybrid vehicles into its fleet.

Electricity consumption is regularly monitored and recorded (quantities and costs). The Ministry has nominated 6% Greenpower as part of its electricity contract 777 and contract 776.

Environmentally sustainable low energy and power saving office equipment is purchased through Department of Commerce contract including fridges, computers and photocopiers.

d) *reviewing of procurement of products for which a recycled or more environmentally friendly alternative is available and removing any bias against environmentally beneficial products;*

The Ministry complies with WRAPP principles and conducts regular reviews on the availability of recycled products, particularly paper products to ensure that products are purchased with high recyclable content.

e) *validation of tenderers' environmental claims; and*

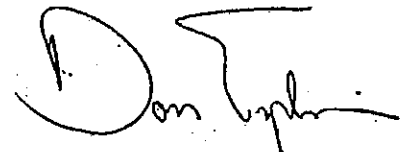
The Ministry relies on documented certification of products/systems to support environmental claims in tenders.

f) *any other related matters.*

The Ministry is in the process of engaging consultants to conduct a National Australian Built Environment Rating System (NABERS) assessment. Capital works are also being rolled out this year which incorporate energy saving initiatives including sensor lighting.

Recommendation:

That the above advice be provided to the Ministerial Correspondence Unit to be included in a submission to the *Inquiry into Sustainable Procurement*.



Don Esplin
ext. 835

Manager, Business Strategy & Reporting

Director, Administration Services

Executive Director, Transport Services Group

*Noted. Wendy Smith.
18/5/07.*

Peter Sealus 18/5/07



MEMORANDUM

TO: Minister for Fair Trading
FROM: State Transit Authority
SUBJECT: ML09/00255

The response to the request has been prepared in relation to the Inquiry Terms of Reference set by the Public Accounts Committee.

1. Inclusion of environmental considerations in procurement plans, tender specifications, selection criteria, and decisions:

State Transit utilises a number of standard form contract development checklists to ensure that adequate consideration of relevant aspects of the procurement are considered during the development phase. Standard provisions within State Transit contracts include reference to the NSW Government procurement policies, and environmental management requirements. Specific requirements are developed for each individual process as relevant, where considered appropriate contractors may be required to have a specific contract environmental plan, specific environmental controls and specific control measures for environmental risks.

As a matter of routine, each procurement activity is reviewed for its potential environmental impact to determine the most appropriate environmental information required to assess these factors during the evaluation.

Where necessary specialist advice is sought on the most appropriate Australian or industry standards to be applied and specific response schedules are included in tender documents and referenced in the selection criteria.

The environmental aspects of tendered submissions are assessed to determine their impact on the overall evaluation outcome with the appropriate weighting determining the impact on the total value for money outcome.

2. Assessment and implementation of cost neutrality

State Transit conducts its assessment of procurement activities based on the best value for money offer in line with NSW government procurement policy. State Transit utilises whole of life cycle costing models where appropriate to determine the total assessed costs of a particular procurement activity.

Where the additional benefits of an environmentally preferred solution increases the overall assessed value then this is reflected in the value for money outcome. The principals of cost neutrality are therefore integral to the assessment of whole of life cycle costs. Consideration of the cost neutrality aspects of environmental performance is included in State Transit template documentation.

3. Integration of environmental considerations throughout the procurement process

The use of standard templates, work instructions and development and evaluation checklists ensure that environmental considerations are assessed in the tender development, planning and contract formation stages of procurement. Contract obligations and ongoing performance monitoring are used to ensure continued compliance throughout the contract delivery phase.

4. Reviewing of procurement of products for which a recycled or more environmentally friendly alternative is available and removing any bias against environmentally beneficial products.

State Transit requires tendering organisations to comply with WRAPP principals and includes assessment of environmental considerations in its assessment of tenders. Increased focus on recycled content and sustainable procurement has led to adjustments to State Transit's procurement documentation to ensure this is given adequate focus.

Historical bias attached to recycled products in particular recycled materials for use in office equipment is being eliminated through education and increased confidence in products being offered. State Transit does procure recycled toner cartridges and paper containing recycled content. State Transit has in accordance with the Sustainability Policy for NSW Government, (Memorandum No. 2008-28) set its target of procuring 85% of all copy paper with recycled content by 2014.

In addition State Transit reports against sustainability policy and initiatives across a number of areas including the use of green power, reduction of

potable water, greenhouse gas emission reductions and is a signatory to the Greenhouse Challenge Plus Agreement.

To further support these initiatives State Transit is developing a policy for communication of these initiatives as well as increasing focus on a number of supplementary programs including: further energy and water conservation, further focus on purchasing and waste reduction; minimum 4.5 star NABERS rating for new accommodation and inclusion of a green lease schedule in all new /renegotiated leases.

5. Validation of tenderers' environmental claims

State Transit generally relies on documented certification of products/systems from tenderers when assessing tender submissions. Where tenderers claim to have accreditation from third parties or other Government agencies State Transit requires the appropriate certificates/letterheads to be included in the tender responses.

Where tenderers claim particular compliance with specified published standards State Transit requires certificates from the appropriate certification bodies or approved laboratories verifying these claims.

6. Any other related matters

State Transit is a leader in terms of procurement of and operation of low emission buses. Environmental considerations are a key component in assessment of bus supply contracts for the State Transit bus fleet.

From procurement of CNG buses in the late 1990s State Transit has continued to procure buses that meet and in most cases exceed the relevant legislated emission standards required in Australia. The latest purchase of 150 articulated buses meet Environmentally Friendly Enhanced Vehicle (EEV) emission standards which exceed by far the Australian Design Rule Euro 4 standard for heavy vehicles currently applicable in Australia.

Matthew Porter

Briefing Note

To Ministerial Correspondence Unit – Rose Sudiro

Cc

From GM Strategic Procurement Supply - Kevin McCafferty
Telephone: (02) 8922 0062
Email: Kevin.McCafferty@railcorp.nsw.gov.au

Date 3 February 2009

Subject Inquiry into Sustainable Procurement

INTRODUCTION

The Public Accounts Committee has commenced an inquiry into sustainable procurement within government agencies.

The Committee is aware of the range of policies and guidelines promoting sustainable procurement, these include:

- NSW Government Procurement Guidelines on Environmental Management;
- NSW Government Procurement Policy and,
- NSW Code of Practice for Procurement.

The Committee has commenced an inquiry into the extent to which Government procurement practices give effect to these policies.

BACKGROUND

The NSW Government Code of Practice for Procurement sets out the expectations of government agencies and service providers with whom they do business in the procurement of goods. The Code of Practice requires government agencies and their service providers to identify the environmental opportunities, risks and impacts of their activities and adopt measures to:

- Realise the opportunities, manage those risks, and enhance and protect the environment;
- Encourage recycling and re-use of materials and minimise waste; and
- Support effective use of scarce resources – including energy, water and materials.

The NSW Government Procurement Policy is complemented by the NSW Government Procurement Guidelines to Environmental Management (NSW Department of Commerce), which provides a list of environmental factors that should be considered in procurement. It is noted that State Owned Corporations are exempt under the Code of Practice and Procurement Policy but are encouraged to adopt aspects that are consistent with their corporate intent.

RailCorp became a NSW Government Agency on January 1, 2009, prior to this RailCorp was a State Owned Corporation (SoC). Under the State Owned Corporations Act RailCorp was required to conduct its operations in compliance with the principles of ecologically sustainable development. RailCorp continues to progress the adoption of ecologically sustainable development as a NSW Government Authority.

A procurement transformation project is currently underway to develop and introduce a new Strategic Procurement & Supply capability to RailCorp. This capability introduces new procurement processes, technology and an organisation that will bring greater transparency, control and accountability to the procurement process. This will increase the ability to leverage RailCorp's position as a strategic customer and introduce greater compliance to policies and procedures including those relating to environmental issues and sustainable procurement.

CURRENT POSITION

RailCorp has a discrete Environmental Division totally focussed on its obligations to the Environment as an NSW Agency and previously as a State Owned Corporation.

RailCorp's Environmental Management System includes;
Environmental Policy
Systems Requirement – Environment in Procurement
Environmental Management Specification for Suppliers of Goods
Environmental Management Specification for Suppliers of Contractors
Environmental Procurement Considerations (draft)

This system provides RailCorp with processes to facilitate adherence to its obligations and actively manages these.

RailCorp has a number of documents in its Environmental Management System that establish requirements and provide guidance on sound environmental procurement practice.

Tender documentation is available to allow Category Managers to request information from tenderers regarding their Environmental Management Plans, Environmental Management Systems and their understanding of the basic principles of Ecological Sustainable Development. Category Managers are also encouraged to include environmental considerations in procurement plans, tenders specifications, selection and evaluation criteria.

COMMENT

Since the creation of Rail Corporation New South Wales, a NSW Government Agency in January 2009, RailCorp has identified the need to integrate the Environmental Management System requirements and considerations into Procurement Systems and Processes. This includes the NSW Government Procurement Guidelines on Environmental Management, NSW Government Procurement Policy and the NSW Code of Practice for Procurement.

The Environment Division and Strategic Procurement & Supply Division are currently working together to progress the integration of sustainability and ESD into procurement which includes implementing the NSW Government Sustainability Policy (September 2008) into the Supply Procurement Transformation Project.

Prepared by:

Supported by:

Endorsed by:

Name
Title

Name
Title

Name
Title

Approved by:

Name
Title

Date:



RailCorp



Sydney Ferries

BRIEFING NOTE

Sydney
Ferries

Issue:

The Public Accounts Committee has commenced an inquiry into sustainable procurement and is calling for submissions.

Background:

The Ministry of Transport has requested advice from the transport agencies within the portfolio, to provide advice to enable them to examine the extent to which the NSW Government procurement practices comply with policies and guidelines relating to environmental management.

This information will be used to inform a whole of government submission to the Public Accounts Committee.

Suggested response:

a) inclusion of environmental considerations in procurement plans, tender specifications, selection criteria and decisions?

Sydney Ferries has included in its procurement policy reference to the NSW Government Waste Reduction and Procurement Policy (WRAPP).

WRAPP is a requirement encrypted into the Sydney Ferries Purchase Requisition (see attached form)

b) assessment and implementation of cost neutrality

Cost is assessed as per the guidelines in the Tender submission

c) integration of environmental considerations throughout the procurement process

Sydney Ferries reference WRAPP and where appropriate ISO 14001 is part of the evaluation process for tenders.



Sydney Ferries

BRIEFING NOTE

d) reviewing of procurement of products for which a recycled or more environmentally friendly alternative is available and removing and bias against environmentally beneficial products

See Sydney Ferries attached Purchase Requisition form.

e) validation of tenderers environmental claims

ISO Accreditation to 14001 is verified in the tender submission.

Current Position:

That the above advice be noted.

Date: 28 April 2009

Approved by:

David Callahan
A / Chief Executive Officer
9246 8388

Prepared by:

Nadia Levin
Communications Manager
9246 8364



FORM PR0001

Purchase Requisition

All fields marked * are mandatory

*Type of Purchase Order Required: Multiple Payments ("Service Order") Single Payment

*Procurement Method: Invitation to Quote (attach quote) Sydney Ferries Contract (No. _____) State Supply Contract (No.: _____)

Qty	Stock Code/ Part No.	Unit Price (ex GST)	Sub Total	Work Order/ Cost Centre	Description
REQUISITION TOTAL (ex GST)			*\$		

Justification

* WRAPP

- 1 Where this Procurement is for the replacement of existing equipment then the initiator must specify the means of disposal of the pre-existing equipment here:
- 2 The initiator must also specify the means of disposal of the new equipment here.
- 3 Have the WRAPP items specified in 2.4 of the SFC Procurement Procedure been addressed for this procurement? if yes please specify how (Use attachment if required).
- 4 If no to 3, a short justification must be attached.

*Supplier: Name & Address:		Supplier Contact Name:	Phone & Fax:
*Requested By: Name & Position:		Signature:	Date:
*Authorised By: Name & Position:		Signature:	Date:
*Purchase Order Raised By: Name & Position:		Purchase Order Number:	Purchase Order Date: