

Submission
No 45

**INQUIRY INTO PROCUREMENT PRACTICES OF
GOVERNMENT AGENCIES IN NEW SOUTH WALES AND
ITS IMPACT ON THE SOCIAL DEVELOPMENT OF THE
PEOPLE OF NEW SOUTH WALES**

Organisation: Australians for Mental Health

Date Received: 1 March 2024

Australians for **Mental Health.**

**SUBMISSION TO THE NSW PARLIAMENTARY INQUIRY INTO
PROCUREMENT PRACTICES OF GOVERNMENT AGENCIES IN
NEW SOUTH WALES AND ITS IMPACT ON THE SOCIAL
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Introduction

Australians for Mental Health appreciates the opportunity to make this submission to the Legislative Council of NSW's Social Issues Committee inquiry into the procurement practises of the NSW Government.

Australians for Mental Health is a national charity founded by 2010 Australian of the Year Prof. Pat McGorry. We aim to build the public support necessary to drive structural reform to the way Australia responds to mental health needs - creating an environment where Australians can thrive.

We see this inquiry as an important opportunity to highlight the significance of government procurement practises as a lever capable of significantly improving population mental health outcomes.

For that reason, our submission goes predominantly to clause 1(e)(iii) in the Terms of Reference.

Furthermore, we constrain our comments to the connection between procurement practises and mental health outcomes in the construction industry because of the particularly egregious situation in that sector, however, our suggestions extend to all procurement by the NSW government, its departments and agencies.

Summary of Recommendations

We propose the following reforms to the current NSW practise:

1. That ahead of any requests for tender or proposal being issued, the relevant department or agency conduct a mental health and well-being risk assessment of the project or purchase, that identifies:

- risks to mental health or wellbeing inherent in the work that is being commissioned or the purchase being made;
 - the minimum measures that are necessary to mitigate the risks identified in the process proposed in 1(a) above;
 - risks to mental health and wellbeing that may be caused by the procurement process itself;
 - the minimum measures that are necessary to mitigate the risks identified in the process proposed at 1(c) above.
2. That departments and agencies ensure that the minimum measures identified through the proposed process in 1(d) above are taken to ensure that departments and agencies do not unduly cause mental distress.
3. That the *NSW Procurement Policy Framework* be updated to require that all tenders or proposals include a mental health and wellbeing risk assessment and mitigation plan, including at a minimum the measures identified through the process proposed in 1(b) above.
4. That before any contract is awarded to a prospective supplier:
- The supplier’s mental health and wellbeing risk assessment and mitigation plan be evaluated by a suitably qualified person who is external to the department or agency awarding the contract, but accountable through the public service and parliament; and
 - the supplier’s track record in relation to mental health and well-being matters be evaluated, including at least:
 - the number and nature of accepted workers compensation claims for psychosocial injuries resulting from bullying, harassment, excessive workloads or exposure to other psychosocial hazards; and
 - the existence of policies in relation to identification of psychosocial hazards and their avoidance or mitigation.

5. That the evaluation proposed in 4 above form part of the documentation to assess the merits of a tender or proposal, and that a prospective supplier's mental health and wellbeing plan be given comparable weight to the prospective supplier's pricing of the proposed works.

In Focus: Construction

Research commissioned by BIS Oxford Economics [‘The Cost of Doing Nothing’](#) reveals significant cultural issues within the Australian construction industry – cultural issues which are **costing nearly \$8 billion annually due to workplace injuries, mental illness, suicide, long work hours and a lack of diversity**. The [Australian Constructors Association](#) considers this to be a critical issue as the industry is ramping up to provide significant infrastructure projects and its consequential need to attract tens of thousands of highly skilled workers to the sector. They recognise that current culture within the construction industry requires a more sustainable approach to work to reduce the cost, to human life, that the construction industry is contributing to.

MATES in Construction have [conducted extensive research](#), particularly into suicide and suicidal ideation in the Australian Construction industry. [Some of which finds that there are increasingly levels of suicidal vulnerability](#) across the construction industry driven by challenges at both a personal and professional level including specific stress associated with being involved in work which is consistently classified as ‘high risk’.

MATES in Construction have further [reported](#) that in the period 2001 – 2019 a staggering 1195 workers in the construction industry died by suicide in NSW from a total of 5461 workers across all sector who died by suicide in NSW in the same period.

That's over 20% of workers who died by suicide coming from one industry. An industry in which the NSW Government is a huge – potentially game changing – customer.

Mental distress can be caused by any number of factors, of course, but the prevalence of suicide among employees in the construction industry is too alarming to ignore.

The Role of Government Procurement Can Play in Cultural Change

The Tender Process Itself

We have heard numerous stories about Requests for Tender being issued at times and with timeframes that are unrealistic for prospective suppliers to comply with in a psychologically safe way. For example, Requests for Tender that are issued just prior to Christmas, thereby denying prospective bidders the break and family time most of us enjoy – and need – at that time of the year.

By mandating that departments and agencies consider the mental health and wellbeing impacts of their own behaviour, we believe we can drive important cultural change across government that will lead to a significant benefit for the workforces of many suppliers and potential suppliers.

Valuing Embedded Value

A supplier that incorporates a sophisticated approach to mental health and wellbeing runs the risk of not being cost competitive if the purchaser fails to value that embedded value. A project delivered at slightly higher cost, but with dramatically improved mental health outcomes, should be viewed as superior to its less sophisticated competitors.

Moreover, when embedded value is recognised and valued, it is less likely to be sacrificed when budgets come under strain as the project progresses.

By giving due weight to mental health and wellbeing factors in the assessment of tenders and proposals we believe better decisions will be made by government. That is to say, government will have a better process by which to recognise the embedded value propositions of suppliers that prioritise mental health and wellbeing.

Tackling Long Hours Culture

The hours culture in the construction industry is a recognised impediment to good mental health and wellbeing. Much has been previously suggested about hours caps and 5 day working weeks, and we do not propose to enter those debates.

However, we do believe the hours culture is a good example of an opportunity government has to drive change. No one business can realistically afford to go it alone to reform working hours in the construction industry. And the sector would breach competition laws if it were to collude on a unified position on working hours.

But government, by its sheer scale of purchasing power, can mandate safer working hours. And should.

Recognising that many employees rely on overtime and penalty rates for their income, it should nonetheless be possible to deliver projects that lead to liveable incomes for workers and also psychologically safe working conditions.

Realistic Pricing & Timelines

A common frustration raised with us has been the tendency for projects to be set to political timetables and funded to align with the politics of the government's budget, rather than in accordance with a realistic assessment of the price and timeframe needed to deliver a project. This means that once a project is underway the likelihood that there is a budget squeeze or pressure to deliver to unrealistic deadlines is high. This has an enormous impact on the mental health of workers in both blue and white collar occupations.

The political culture around project deliveries – driven by opposition parties and supported by media – tends to punish Ministers and governments that revise budgets or delay projects.

We believe both these cultures needs to change. By mandating mental health and wellbeing risk assessments we believe unrealistic assumptions can be better flushed out. We also believe that orienting the design of projects around mental health and wellbeing as a factor can help moderate the commentary around the delivery of these projects.

Conclusion

We congratulate the committee on your important work. The NSW Government has the opportunity to both model best practise as a significant purchaser of goods and services, but also to directly influence the practises and attitudes of the corporate sector.

We encourage you to recommend that the Government take up that opportunity and thereby deliver improvements to the lives of many people. To say nothing of the corresponding benefit to government in reduced needs in other program areas.

At Australians for Mental Health we believe every Australian should be able to access the mental health care they need, where they need it, at a price they can afford, to be sure. But we also believe that the steps we take to reduce the need for mental health care by challenging those systems and norms that are driving mental ill health, is not just cheaper and more efficient, it makes the lives of Australians better, and in some cases saves them.

Contact

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