

Submission
No 58

**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: Total Environment Centre

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Standing Committee on Social Issues
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To Whom It May Concern

Inquiry into procurement practices of government agencies in New South Wales

The Total Environment Centre (TEC) and Boomerang Alliance, welcome the opportunity to engage with the NSW Government's inquiry into the procurement practices of government agencies in NSW, and its impact on the social development of the people of NSW.

We're currently facing an environmental crisis of pollution, climate change and waste. A healthy environment is vital for social development and human health. The NSW government has an opportunity to mitigate significant environmental risk by ensuring the >\$40b spent each year is spent ethically, promoting best practice environmental standards and supporting the circular economy.

Our submissions focus on the avoidance of waste aspect and touch on the following areas within the ambit of the committee's terms of reference, namely:

- e. *the evaluation criteria used in tenders and how they are weighted in making a decision to award a contract, in particular consideration of...*
 - iv. *environmental considerations, such as sustainable sourcing, energy efficiency and waste reduction...*
- f. *current approaches to transparency and accountability of procurement by New South Wales government agencies, in particular:*
 - i. *Function and requirements of the New South Wales Government Procurement Board and the New South Wales Procurement Policy Framework.*
 - ii. *Record keeping arrangements for procurement activities*
 - iii. *Agency annual self-reports and outcome reports*
- g. ...
- h. *procurement best practice to encourage ethical conduct and promote social development in other jurisdictions, both nationally and internationally*

TEC and Boomerang are of the view that there ought to be increases in - the entities covered, the environmental standards to be met, and reporting requirements.

Entities covered

The *Public Works and Procurement Act 1912* (the *PWP* hereafter) and the policy directives that have been issued in accordance with it, do not cover all state based government organisations as the lay person would understand it. They currently do not cover any a State-Owned Corporations¹, local councils, other local authorities or the Parliament of NSW.²

While there are only eight state owned corporations in NSW, they are responsible for significant works and procurement. The *Transport Asset Holding Entity*, for example, owns the NSW rail Network, and engages in significant public works, like the *Affordable Housing Pilot Project*.

Recommendation 1:

In light of the current environmental crisis, the people of NSW would be better served if the policies and policies and regulations that flow from the PWP, would extend to all state government organisations, including state owned corporations and local councils, at least to the extent that they relate to higher standards of environmental procurement.

Limitations of the Government Resource Efficiency Policy

The current NSW Government Procurement Policy Framework³, requires impacted agencies to comply with the Government Resource Efficiency Policy (GREP)⁴ which sets out reporting requirements for energy use, water, waste and clean air.

Although impacted agencies are required to report on their top three waste streams (by total waste and costs) and are encouraged to take measures to reduce waste, the GREP does not set any target for waste reduction.

There ought to be more clarity over the types of waste produced. Based on 2022 reports, many agencies define one of their major waste streams with the nondescript term “general waste”.⁵ It’s likely most agencies would produce small volumes of potentially hazardous waste, including e-waste and batteries, which should be reported on, monitored and reduced. Similarly, food organics and garden organics (FOGO) were only mentioned by a handful of agencies. The NSW Government has endorsed the strategy of diverting FOGO from household landfill⁶, and set aside considerable funds to do so; Were all government agencies to join this movement, it’s likely there would be significant reductions in greenhouse gas emissions from landfill.

Under the GREP, agencies are encouraged to participate in product stewardship schemes, where appropriate, such as the National Television and Computer Recycling Scheme. There is no obligation on the Agency to report on whether they engage with such schemes, the estimated volumes of waste they dispose of via this mechanism, nor are they required to justify not using these schemes if they exist.

¹ State owned corporation are excluded from the definition of a government agency under [s162](#) of the PWP, unless they have been specifically included by regulation, which, to date none have.

² excluded from part 11 under s163 of the PWP

³ NSW government (2024) *Government Procurement Policy Framework* (located [here](#))

⁴ Office of Environment and Heritage (2019) *Government Resource Efficiency Policy* (located [here](#))

⁵ <https://www.environment.nsw.gov.au/casper/Home/PublicReports>

⁶ NSW Gov (2021) Waste and sustainable Materials Strategy 2041 ([here](#))

Agencies are encouraged to help drive growth and innovation in the market for recycled and sustainably sourced material, but no mandatory targets are set.

Recommendation 2:

The GREP should set mandatory waste reduction targets, or have individual agencies nominate a target that fits their individual circumstances for consideration by the EPA. The National Waste Action Plan aims to reduce total waste generated per person by 10% by 2030. A similar 10% waste reduction target based on 2020 levels would not be an onerous baseline.

Recommendation 3:

Agencies should be required to identify all hazardous, and potentially hazardous waste streams in annual reports under the GREP.

Recommendation 4:

Agencies should be required to participate in and identify waste products capable of being included in any accredited, co-regulatory or mandatory product stewardship schemes. They should support regulatory approaches, rather than voluntary schemes. Agencies should report on the total volume of this waste stream, the proportion provided to the stewardship scheme, and provide an explanation for the proportion of this waste stream that was disposed of by other means.

Recommendation 5:

Mandatory targets should be set for the use of recycled content, where such products exist. These targets should be reviewed annually as recycled content requirements become the norm.

Under the GERP agencies are strongly encouraged to publish their annual statements via the centralised web tool (CASPER) however it is not clear if this is mandatory for all agencies yet.

Recommendation 6:

All agencies should be required to file annual reports on CASPER (if not already required). In line with recommendation 1, this should be expanded to include all state owned corporations and local councils

Limitations of the NSW Government Procurement Policy Framework

The framework encourages agencies to *consider the product lifecycle when conducting needs analysis and developing product specifications, including taking account of circular economy principles, so that use of recycled materials and disposal or repurposing of goods or assets is planned into the procurement process.* The Framework refers to the NSW (2019) *Circular Economy Policy Statement: Too Good To Waste*, but does not impose any reporting requirement to confirm such matters have been considered by the Agency. There is no obligation for agencies to include these considerations in their procurement policies.

Recommendation 7:

All agencies should be required to incorporate circular economy principles and into internal procurement policies.

Government Setting an Example

Achieving desired outcomes from changed policy settings is often challenged or delayed by existing and commercial procurement practices. Business and government operations can take time to adapt to new policies, whilst new and preferred product markets need to develop to meet new demands. In these instances, government can lead by example.

The procurement policy should recognise these challenges and, where practical, intervene to assist these new markets. This would mean government deliberately purchasing new and preferred products to help these markets develop and to stimulate new demand. An example of this would be the NSW Government establishing policy that all staff use reusable cups in offices and the agency purchase reusable staff cups for this purpose. This would both increase product demand and help stimulate a new market and practice for reusable cups.

Recommendation 8:

The procurement policy takes account of new policy settings and include consider purchasing interventions that support any government desired outcomes.

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