

Submission  
No 59

**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:** Tyre Stewardship Australia

**Date Received:** 28 May 2024

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25 May 2024

NSW Legislative Council  
Standing Committee on Social Issues

BY EMAIL

[socialissues@parliament.nsw.gov.au](mailto:socialissues@parliament.nsw.gov.au)

Dear Ms Caine and members of the Standing Committee,

## **Submission to Inquiry into the procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales.**

Tyre Stewardship Australia (TSA) welcomes and appreciates the opportunity to contribute to the Inquiry and thanks the Committee for the extension of time to respond.

TSA believes government procurement play a critical role in creating a circular economy on tyres in Australia, and that this procurement, which is clearly beneficial from an environmental and economic perspective, can be leveraged to deliver **social development outcomes**, including in NSW.

The purpose of TSA's submission is to outline to the Standing Committee the problem to be addressed, why government action is critical, and to provide high-level recommendations on the remedy in relation to the below Terms of Reference:

*e) the evaluation criteria used in tenders and how they are weighed in making a decision to award a contract, in particular consideration of: (iv) environmental considerations, such as sustainable sourcing, energy efficiency and waste reduction.*

*(g) the New South Wales Government's procurement practices, in particular its ability to: (i) prioritise local content, local manufacturing, and local jobs.*

## **Tyre Stewardship Australia and the Tyre Product Stewardship Scheme**

TSA was formed and incorporated to administer and implement the national Tyre Product Stewardship Scheme (the Scheme). The Scheme is a national, government accredited, ACCC authorised, voluntary arrangement, first launched in 2014. The Scheme includes both automotive (passenger, bus, and truck), and off-the-road (mining, agriculture, industrial) tyres.

Tyre importers contribute financially to enable the Scheme, and Scheme participants come from across the tyre supply chain including tyre retailers, fleet managers, tyre collectors, and recyclers. This creates a network contributing to the responsible management of end-of-life tyres (EOLT).

TSA is governed by an independent board and is focused on recycling tyres for community benefit.

TSA's objectives, as laid out in the Scheme Guidelines, are to undertake:

- market development (this includes the disbursement of funding for projects).
- auditing and compliance (this includes the accreditation of entities in the tyre industry).
- public awareness (this includes undertaking and sharing research and analysis).

### **What is the problem that needs to be addressed?**

Australia generated approximately 540,000 tonnes or 67.5 million (passenger tyre equivalents units) EOLT in the 2022-23 financial year. All tyres are imported into Australia and all EOLT need to be managed.

Despite substantial effort by Scheme contributors and participants, TSA, all tiers of government, and others, there current voluntary Scheme is falling short of community expectations. TSA is actively advocating for a stronger approach to product stewardship. At the current time:

Unrecovered material: Being that which is landfilled, buried onsite, stockpiled, or dumped, continues to be a significant portion of the fate of EOLT, at 42% in 2022-23.

- Stockpiles and dumping are especially prevalent and problematic in urban fringe, and regional, rural, and remote locations where councils and communities bear the brunt of these illegal activities.

Recovered material: Being materials separated, sorted, or processed for the purposes of reuse, recycling, or energy recovery, has dropped in recent years, down to 58% in 2022-23.

- Less than 30% of the portion that is recovered is used in Australia for applications such as asphalt for road surfacing, permeable pavement, and concrete road barriers. Although there is a range of circular applications for EOLT, the lack of consistent onshore demand for these products has resulted in most recovered material being exported to be burnt as fuel.

## How government action can support social procurement

All three tiers of government have a role to play in supporting and growing the onshore market for EOLT applications through their substantial procurement programs.

This procurement can act as a lever to pull more tyres towards recovery, and from recovery, towards more favourable ‘higher order’ recycling outcomes like using rubber crumb material to make Australian roads more durable and cheaper overall.

At the national level, there is significant support for tyre recycling and procurement, including the Australia Government’s National Waste Policy Action Plan (Annexure 2022) Target 4: ‘Significantly increase the use of recycled content by governments and industry’.

And EOLT are on the Federal Minister’s Product Stewardship Priority List<sup>1</sup> signalling the intention to regulate should industry not lift its game in terms of participation in the voluntary Scheme and results.

In NSW, EOLT are a regulatory priority for the NSW EPA<sup>2</sup> and a study has been published on the carbon abatement opportunities for a circular economy, including EOLT<sup>3</sup>. The Carbon Recycling and Abatement Fund, committed to under the NSW Waste and Sustainable Materials Strategy 2041, lists ‘crumb rubber from waste tyres in roadmaking’ as one of its funding priorities.

**Thus, there is significant effort underway to improve the situation on EOLT from an environmental perspective. The challenge is to link this environmental effort with social procurement outcomes.**

As an example, TSA is aware of a Local Aboriginal Land Council that is interested in being involved in the recovery of the massive mining tyres that are currently being buried onsite on Country<sup>4</sup>.

However, to realise and sustain a project, deliberate integrated policy making, including procurement is needed. Actions required may include:

- A phased end to the current situation of mining companies being allowed to bury their EOLT onsite rather than direct them to resource recovery.
- Specifying a ‘recycled first’ approach (following the lead of Victoria’s Recycled First Policy<sup>5</sup>) for infrastructure projects and supporting small and medium enterprises to service this market.
- Making opportunities for First Nations people/entities an explicit procurement objective in an overall social procurement framework. And/or specifying a requirement for first consideration of First Nation businesses<sup>6</sup>.

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<sup>1</sup> <https://www.dcceew.gov.au/environment/protection/waste/product-stewardship/ministers-priority-list>

<sup>2</sup> <https://www.epa.nsw.gov.au/about-us/publications-and-reports/regulatory-priorities>

<sup>3</sup> <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/recycling/carbon-abatement-opportunities-circular-economy.pdf>

<sup>4</sup> <https://www.tyrestewardship.org.au/reports-facts-figures/iplc-engagement-best-practices/>

<sup>5</sup> <https://bigbuild.vic.gov.au/about/ecologiQ/recycled-first-policy>

<sup>6</sup> <https://www.info.buy.nsw.gov.au/buyer-guidance/source/select-suppliers/aboriginal-businesses>

- And then incorporating social and sustainable procurement objectives and outcomes (e.g., local recycled content) into the evaluation criteria, negotiation, and selection processes for individual procurement activities e.g., a project targeting social procurement outcomes.

Essentially, projects require direct government intervention, including through social procurement, to achieve social, environmental, and economic outcomes of significant public value.

The overall opportunity for NSW is large. For example, analysis undertaken for TSA indicates that if an average of 15% by weight of crumb rubber was used in all the bitumen in NSW, approximately five million passenger tyre equivalents units would be consumed.

Social procurement could be part of this win-win solution, benefiting those peri-urban, regional, rural, and remote communities that currently bear the brunt of unrecovered tyres, and delivering road performance benefits for the wider community.<sup>7</sup>

- Longer road pavement lifespan and less maintenance.
- Improved adhesion and bonding with aggregates.
- Improved skid resistance, better road grip and smoother vehicle break application.
- High resistance to moisture/water absorption hence reduction to damage during rains.

An example of the inclusion of tyre derived products in roads and transport infrastructure includes a demonstration project by Southern Sydney Regional Organisation of Councils (SSROC) which aims to make council roads more sustainable and reduce capital and operating expenditure by extending road life<sup>89</sup>.

## Recommendation

TSA believes that there is an opportunity to make the most of the huge EOLT resource that is currently, often going to waste. This transition, of changing the policy settings for EOLT for environmental benefit, can be linked to government social procurement in NSW, by all levels of government. What is needed is deliberate, integrated policy making, supporting supply and demand.

In respect to immediate actions. Considerations may include:

1. All government fleets become TSA accredited to ensure they are purchasing tyres from TSA accredited retailers. This supports 'walking the talk' on circular economy outcomes.
2. Implementing a Recycled First Policy for NSW.
3. Implementing a Social Procurement First Policy for NSW.
4. Incorporating social and sustainable procurement objectives into the evaluation criteria, negotiation, and selection processes for individual procurement activities.

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<sup>7</sup> <https://www.tyrestewardship.org.au/wp-content/uploads/2022/03/TSA0117-Crumb-Rubber-Roads-Fact-Sheet.pdf>

<sup>8</sup> <https://ssroc.nsw.gov.au/publications/life-cycle-assessment-and-potential-environmental-benefits-of-crumb-rubber-asphalt-using-field-data/>

<sup>9</sup> <https://www.tyrestewardship.org.au/news/australias-largest-council-led-recycled-rubber-road-project-paves-the-way-for-environmental-and-economic-results/>

5. Monitoring, evaluating, reporting, and then improving the integration of policies, and outcomes, related to social procurement to impact positively on the social development of the people of New South Wales.
6. Supporting local government procurement to mirror that established by the State. Considering local government areas manage 85% of the nation's roads, their role in supporting a procurement process that advances the use of tyre derived materials in roads can and will have a significant impact on NSW increasing the use of tyre derived materials in roads.

To discuss this submission please contact Lina Goodman, CEO, Tyre Stewardship Australia:

Yours sincerely,

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