Transport for NSW

Responses to post-hearing questions

Standing Committee on Social Issues

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

Hearing date – 4 July 2024

QUESTIONS ON NOTICE

QUESTION 1. P22

Ms ABIGAIL BOYD: Do you think that the carbon emissions value in that Treasury guidance is high enough?

PAMELA HENDERSON: I don't think I'm placed to answer that. I can take it on notice.

Ms ABIGAIL BOYD: The NSW Electric Vehicle Strategy has a much higher carbon price. That's why I'm asking why the decision was to go with the Treasury's one rather than to adopt something higher.

PAMELA HENDERSON: We have an obligation to comply with Treasury policy, and we comply with Treasury policy. Beyond that, I will take it on notice.

ANSWER:

Transport complies with NSW Treasury guidelines as required under TPG23-08 NSW Government Guide to Cost-Benefit Analysis and Technical Note to TPG23-08: Carbon value in cost-benefit analysis.

Transport actively collaborates with NSW Treasury, including a target-consistent approach to carbon values.

In relation to carbon values and potentially extending this approach across broader sustainability aspects, Transport is developing 'Valuing Sustainable Outcomes' Technical Guidance as part of its Sustainable Infrastructure Program. Further information on the Program is available at: https://industry.transport.nsw.gov.au/tfnsw/tiip/sustainable-infrastructure-program

The NSW Electric Vehicle Strategy was produced by the Department of Climate Change, Energy, the Environment and Water (DCCEEW). Any questions relating to that should be referred to DCCEEW.

QUESTION 2. P22

Ms ABIGAIL BOYD: Apologies if this was dealt with while I was out of the room. I'm not sure if you were listening to the previous witness around the use of tyres in roads and construction materials, and I also raised the issue of coal ash being used in construction and other areas. What is the process for bringing the development and fostering of those sorts of reuse industries in order to be able to procure from them more easily? Where in government does it sit to look more broadly and then foster those sorts of industries?

PAMELA HENDERSON: I can answer specifically what we are doing—where in government, I might need to take on notice. I mentioned before that we established a program called the Sustainable Infrastructure Program. Initially, we were focusing on procurement, but we recognised during that program that as well as procurement, it's about the development phase, the delivery phase and the engineering materials. So we are actually doing discrete engineering work inside the organisation and doing discrete levels of research with collaborators to look at the improvement in materials, the reuse of recycled materials and the uplift in percentage content of recycled materials that we allow in our infrastructure. That's research that we do in general, in discrete ways.

ANSWER:

Transport's procurement and technical requirements are key enablers for fostering a circular economy and to help in decarbonising infrastructure. While these features are currently considered emerging, Transport projects have been using recycled content extensively for decades.

For example, approximately 192,000 tonnes of fly ash was used during the construction of the Hunter Expressway and 65 per cent Ground Granulated Blast Furnace Slag as a Supplementary Cementitious Material for key structural elements on the Sea Cliff Bridge, north of Wollongong.

While Transport does not directly procure construction materials for major capital infrastructure, procurement and technical requirements influence how and what contractors procure for these works. Transport has worked collaboratively with industry on these requirements through the Sustainable Infrastructure Program referenced in Question on Notice 1.

Transport also directly procures construction materials for operations and maintenance through supply contracts. Under the Sustainable Infrastructure Program, supply contracts are now a focus area, with a forward plan under development with industry to co-create minimum requirements, starting with asphalt.

Additionally, Transport has undertaken multiple research projects across road, light rail and commuter car park works, which focuses on decarbonisation and the circular economy. For example, 'selecting low carbon concrete for transport infrastructure.' This research helps to examine innovative approaches that can be codified and incorporated within Transport's standards and specifications going forward.

QUESTION 3. P23

The Hon. DAMIEN TUDEHOPE: In relation to the use of the sustainable product in that project, did you provide advice in respect of how the successful tenderer would be assessed?

PAMELA HENDERSON: When Albion Park Rail bypass was tendered, it was quite a number of years ago — I would suggest six to seven, but I can confirm. I can't confirm the extent here, so I will take it on notice who was involved from a tendering technical perspective.

The Hon. DAMIEN TUDEHOPE: All the things that you have suggested to us today in terms of developing the policy that Transport uses, they are what you would be passing on to the procurement team for the purposes of assessing successful tenderers?

PAMELA HENDERSON: Can you please restate that question?

The Hon. DAMIEN TUDEHOPE: All the issues relating to sustainable materials in transport projects are policy positions you have developed and you have told us about today.

PAMELA HENDERSON: Yes.

The Hon. DAMIEN TUDEHOPE: Those policy positions are what you then pass on to the procurement team for the purposes of them assessing the successful tenderers, are they not?

PAMELA HENDERSON: What we have developed is a sustainable procurement guideline, which is about specifying a base requirement from a sustainability perspective in tenders.

The Hon. DAMIEN TUDEHOPE: So the procurement officer would use that guideline when he is assessing the tender.

The CHAIR: Or she.

PAMELA HENDERSON: In developing the tender and—

The Hon. DAMIEN TUDEHOPE: In developing the tender—I should have said that—and then assessing who was going to be successful in terms of being the successful tenderer.

PAMELA HENDERSON: Yes. What I would add to that—and then I will have to take the rest on notice—is that a procurement development and a procurement assessment is usually a team approach. You normally have a number of people that are involved in both the development of the tender requirements and then the assessment of the tender requirements. There is quite a governance arrangement around that. It will invariably include technical people as part of that, both development of the tender and the assessment. The actual governance requirement I would have to take on notice.

ANSWER:

Tendering processes are generally multidisciplinary, and involve a blend of project, engineering, environmental, sustainability, commercial and procurement professionals and considerations.

The tender phase and associated assessment processes follow the Transport Infrastructure Related Procurement Framework. In the early stages of each tender process, extensive technical and commercial requirements are included. These are tailored to specific projects and applications. Requirements which relate to recycled materials and decarbonisation of an asset are most often embedded in standards, specifications or scope of work and technical criteria.

QUESTION 4. P24

The Hon. DAMIEN TUDEHOPE: But there is a whole-of-government Procurement Policy Framework?

PAMELA HENDERSON: I think I will have to take that on notice.

The Hon. DAMIEN TUDEHOPE: If you are examining the Procurement Policy Framework, there is a component of that which requires agencies to consider sustainability, is there not? Perhaps you could take that on notice if you are not familiar with it. Is there a requirement to consider as an objective of the policy sustainability?

PAMELA HENDERSON: We do comply with our obligations in regard to sustainability in our procurement documentation.

ANSWER:

Transport complies with the NSW Government Procurement Policy Framework, including provisions set out under the economic development, social outcomes, and sustainability sections.

Transport also complies with the NSW Government Resource Efficiency Policy and the NSW Circular Economy Policy Statement, regarding resource efficiency and waste reduction as well as the NSW Waste & Sustainable Materials Strategy 2041. The Transport Sustainable Infrastructure Program is aligned with these policies and strategies.

QUESTION 5. P24

The Hon. DAMIEN TUDEHOPE: To you, Dr Inglis. The same provision exists in the Procurement Policy Framework in relation to social outcomes, does it not?

JANE INGLIS: My understanding is yes — for example, in the training management guidelines where it references that agencies should look at skills and diversity in the evaluation process. The team I lead has been involved in a number of procurement processes and tender evaluations, similar to Pamela's team. Examples of that would include projects like the Regional Rail Project. Any other detail about which projects have or haven't, I would have to take on notice.

ANSWER:

Transport implements government policy on industry skills and diversity. These policies are referenced in Section 1, Objective 5, of the NSW Government Procurement Policy Framework, '*Economic Development, Social Outcomes and Sustainability*.'

For example, on the New Dubbo Bridge Project, the Infrastructure Skills Legacy Program was embedded within the project's tender documentation and contract. This has resulted in 389 local jobs on the project, or almost 50 per cent of the project's workforce as well as Aboriginal and Torres Strait Islander people comprising approximately 20 per cent of all employees.

QUESTION 6. P24

The Hon. AILEEN MacDONALD: You spoke before about how you have collaborated with other government agencies. Do you also collaborate with local councils and private sector partners? If so, how do you do that?

JANE INGLIS: I will use the example of our key initiative — one of those enabling initiatives I mentioned — which is the advisory group model, which has been proven to be highly successful. For example, in Dubbo, for the Mindyarra Maintenance Centre build, where through a collaborative effort — and, of course the efforts of our delivery partners, the project consortium — there have been nearly 60 Dubbo-based businesses engaged as part of the Mindyarra Maintenance Centre delivery. The advisory group, including in the Hunter region — I would have to confirm the Hunter region membership.

ANSWER:

The following organisations are members of the NSW Hunter Region Social Procurement & Workforce Development Advisory Group:

- Transport (Chair)
- Daracon Group
- Federal Department of Employment and Workplace Relations
- Fulton Hogan Construction
- Georgiou Group
- Hunter Joint Organisation *(a collaborative body that brings together the ten Councils in the Region)*
- Industry Capability Network
- John Holland Gamuda Alliance
- National Indigenous Australians Agency
- NSW Indigenous Chamber of Commerce
- NSW Department of Education
- Seymour Whyte Constructions Pty Ltd
- SMEC Australia

The work of the Advisory Group led to the development of the Hunter Alliance Pre-Employment Program. The Program equipped Aboriginal people with entry-level technical skills and the foundation to pursue a Certificate III in Civil Construction apprenticeship while working across three major projects in the region:

- the Hexham Straight Widening
- Black Hill to Tomago M1 Extension
- Heatherbrae Bypass.

QUESTION 7. P25

The CHAIR: One of the things we are trying to puzzle through is that we have these frameworks — we have policy documents that articulate in general terms what we might want to achieve with regard to environmental or social outcomes — that we all seem to agree with, but they are not necessarily reflected on the ground. The question to you, Ms Henderson, is that you now have an additional policy focus on your carbon reduction. How do you verify that that is happening? You have set the policy. Your technicians have said what they need in terms of the specifications. How are you ensuring that that is happening once it leaves you and gets to procurement and the project stage?

PAMELA HENDERSON: We have a broad governance framework in which we deliver our projects, and that includes various assurance pathways through the project life cycle. I specifically can answer on the technical assurance pathway. During both the development of projects and during the delivery, and also through the tendering phases, we do what we call a technical assurance. That includes both assurance from the contractors and also due diligence from our own technical capability people. That will include elements of auditing. It will include elements of data collection and doing elements of comparison of that data to the requirements in the tender documents. They are usually on an assurance level looking at what we would sometimes call the judgement of significance, looking at the areas of highest risk where we would have a

higher level of comparison or assessment of those areas. That's at a high level. To get into a detail basis, I would have to take it on notice.

The CHAIR: That would be helpful. I think Mr Tudehope was asking questions on this. When it gets to the procurement team and then further on, how is it flowing down? You said you'd take it on notice. I accept that.

ANSWER:

Minimum requirements in relation to environmental and sustainability outcomes are included within major project contracts. These requirements are developed by specialist environmental, sustainability, and technical teams and form part of project standards, specifications and technical requirements, which are then included in documentation for procurement processes.

Compliance with contract requirements during project delivery is monitored by project teams. Depending on the project, this often requires contractors to report on sustainability outcomes, including carbon as it is aligned to key project design and construction milestones. Additionally, in order to achieve consistency and streamline processes and reporting for contractors and industry partners, Transport has recently aligned to a range of international standards.

QUESTION 8. P25

The Hon. DAMIEN TUDEHOPE: You may need to take this on notice as well. It may be outside your expertise, because you're principally involved in the technical assessment of the tender, but in terms of the unsuccessful tenderers — we heard about the crumb rubber — what's the level of engagement with unsuccessful tenderers about why they were not successful?

PAMELA HENDERSON: Again, to get the detail of that, I'll have to take it on notice.

ANSWER:

Transport has an established debrief process for unsuccessful tenderers. Once the contract has been executed and the unsuccessful tenderers have been notified of the outcome, an offer is made to participate in a debrief.

During the debrief, the tender evaluation process is explained, feedback is given to the tenderer to help them to improve future bids, and the tenderer can provide commentary on the tender process and documentation.

SUPPLEMENTARY QUESTIONS

QUESTION 1.
What aspects of what you are doing around sustainable procurement do you think should be considered by other agencies?

ANSWER:

Through its Sustainable Infrastructure Program and to meet the milestone commitment in Infrastructure NSW Decarbonising Infrastructure Delivery Roadmap, Transport has the following key activities in the pipeline. This work includes collaboration with other NSW Government agencies.

1. **Common Data Model for Infrastructure with Environmental, Social & Governance Dimensions:** Development of an Engineering Cost and Carbon Library. The library will enable automation of baseline carbon as part of the cost estimation process, driving financial efficiencies and allowing consistent comparison of decarbonisation.

2. **Carbon & Cost Management in Infrastructure Technical Guidance**: The provision of clear technical guidance on setting Project Carbon Budgets and carbon contingency. This guidance will outline how to consistently establish the marginal cost of abatement.

3. **Valuing Sustainable Outcomes Technical Guidance:** Development of a 'Value Definition Framework' applied across Natural, Social, Human and Produced Capital. This work will involve documenting approaches such as creating a more extensive monetisation framework for investment decision making, and other value-based decision-making aspects including multicriteria analysis in design.

4. **Project Climate Risk Portal:** Provision of a digital solution to aggregate project climate risk assessment data at the portfolio level.

5. **Carbon Management System:** Development of a Transport certified Carbon Management System aligned to international standard PAS2080 'Carbon Management in Buildings & Infrastructure'. This includes tracking, managing, and reducing carbon emissions associated with construction and maintenance in all stages of the delivery lifecycle.

QUESTION 2.
How do you disseminate the work and any transferable learnings from your sustainable procurement work to other agencies?

ANSWER:

Transport is actively collaborating across state and federal government agencies on sustainable procurement, and sustainable infrastructure more broadly.

On a state level, Transport continues to actively collaborate with Infrastructure NSW through the aligned NSW Government three year forward workplan on embodied emissions and the Decarbonising Infrastructure Delivery Policy and Roadmap.

The NSW Project Control Group for decarbonising infrastructure, and the Construction Leadership Group's Environmentally Sustainable Infrastructure Working Group also drive efficiency and promote knowledge sharing in this space.

On a local level, Transport is a key partner and collaborator with councils across the State. An example of progress in this space is the Southern Sydney Regional Organisation of Councils' (SSROC) 'Paving the Way' program. Further information on the program is available here: https://ssroc.nsw.gov.au/wp-content/uploads/2020/08/RCG-RR18.2-200909-Paving-the-Way-Overview1.pdf

On a national level, Transport is currently leading the development of a '*National Sustainable Procurement in Infrastructure Guideline.'* The Guideline leverages learnings from the Transport Sustainable Infrastructure Program and the Transport Sustainable Procurement in Infrastructure Standard. The Guideline will provide guidance for jurisdictions on how to reduce emissions on transport infrastructure projects throughout the procurement lifecycle. It is expected to be considered by the Infrastructure and Transport Ministers' Meeting later this year.

Further, in late 2023 Transport signed an MoU with 'National Highways England', creating opportunities for sharing knowledge and experience and alignment with aspects of global best practice in accelerating the sector's transition to net zero emissions.