



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON SOCIAL ISSUES

MEDIA RELEASE

FINAL REPORT INTO THE PROCUREMENT PRACTICES OF GOVERNMENT AGENCIES IN NEW SOUTH WALES

FOR IMMEDIATE RELEASE

11 October 2024

The Standing Committee on Social Issues has tabled its final report for the 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.

In its report, the committee noted that government procurement has the capacity to boost local manufacturing and job growth, in addition to contributing to the delivery of public services across the state.

With approximately \$42 billion spent last year, and 130,000 suppliers of goods and services, the committee called for government procurement to be harnessed to support local jobs and industries, and achieve better social, environmental and sustainability outcomes.

The committee's first report examined the procurement framework and associated processes, gaining a better understanding of the devolved structure and need for improvements in relation to the understanding and application of 'value for money' in government procurement.

The committee's final report focused on the prioritisation of local suppliers with government contracts, and the need for procurement to ensure labour standards are achieved and social and environmental sustainability objectives are prioritised.

The Hon Dr Sarah Kaine MLC, Chair of the Committee, said: 'In its final report, the committee has made a further 13 findings and 22 recommendations to the NSW Government.

'It was clear to us that stakeholders supported the need for the procurement framework to prioritise local content, including through an increase to tender weightings.

'During this inquiry, the NSW Government announced that a Jobs First Commission would be established to oversee the implementation and enforcement of local content measures. This will no doubt improve the way local industries and manufacturing are supported in New South Wales, in addition to facilitating greater local innovation and employment.

'It was clear the significant role the purchasing power of the NSW Government can play in supporting local businesses and workers – particularly small businesses who benefit from more stable demand for their products and services.

'There is a need for further monitoring measures to complement the functions of the Jobs First Commission, including broader due diligence checks prior to awarding contracts. This must also be

supported by post award compliance monitoring by government agencies, in order to verify that suppliers of goods and services, including construction companies, remain compliant with government procurement and legislative requirements.'

'There must also be greater oversight in relation to compliance, to ensure that the procurement framework and associated processes are operating appropriately.

'What has been clear from the evidence provided to the committee is that current procurement practices are not transparent enough and do not allow procuring agencies to ensure there is enough money in contracts to meet legal minimums. This can be exploited by bad actors to win tenders on cost, while exploiting vulnerable workers in high risk industries.

'To address this issue, the committee has made a recommendation that the NSW Government progressively work with industry stakeholders to determine baseline costs that take into consideration minimum labour standards, so that labour costs are removed from procurement assessments. It has also recommended that the adoption of industry codes and frameworks are considered', the Chair continued.

'In responding to gaps in social and environmental objectives, the committee has put forward a number of recommendations with the hope of government procurement can achieve a greater social impact, through the implementation of stronger targets to drive accountability and support enhanced reporting'.

The committee's final report, along with its first report, submissions and other evidence can be found at: <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3014>.

For further information please contact Committee Chair, The Hon Dr Sarah Kaine MLC, on (02) 9230 2444.

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