

# Creating Good Jobs from Government Spending

## Preamble

The NSW Government spends \$20 billion every year procuring goods and services. This government purchasing can be a powerful force for economic and social good in NSW.

Spent wisely, it can drive growth in NSW businesses, create thriving regional communities, boost skills development, improve the quality of infrastructure, increase living standards and quality of life and be a driver of desirable social change by promoting workers' rights, tackling exploitation and much more.

By adopting a holistic approach to assessing tenders for any good or service that spends taxpayers' money, government purchasing can ensure all costs and benefits over the medium to long term across the whole of government are considered, not just the short term price tag to one government department.

Measuring these anticipated costs and benefits is a specialist skill that should reside within the public sector. Government must also invest in a well-resourced, robust monitoring and compliance system that includes tripartite stakeholder engagement at an industry level to test the effectiveness of achieving the stated objectives and ensuring transparency in decision making processes.

There is no point saving money on a good or service if quality is impacted, meaning goods don't last as long as they should or meet community expectations for service standards. Saving money on a contract is not justified if it means corners are being cut on public safety, workplace safety, exploitation in supply chains or insecure jobs that mean workers can't get loans or plan for their future.

Further, it may also be that a proper assessment of costs and benefits leads to a conclusion that the good or service would be best sourced from within Government due to, for example, it being a vulnerable area of employment, market failure, better oversight, more control or removal of perverse incentives or conflicts of interest.

Taking into account factors other than price is simply logical. For example, holding data securely onshore, anti-slavery, gender pay parity or environmental sustainability are increasingly important to many businesses. They can reduce reputational risk and the risk of an adverse ESG rating, which is an increasingly important area of focus for investment decisions. It is a wasted Government policy lever to not lead on these kinds of issues.

Government can also use purchasing to influence investment in workforces with transferrable skills, including apprenticeship and traineeships, particularly for target groups like young workers, Aboriginal and Torres Strait Islanders and displaced workers or target communities, including those with high unemployment, regional displacement etc. like particular regions or industries. Government spending can also foster innovation and

technology transfer providing support for new businesses in the crucial early days so they can go on to become export success stories.

## **Platform amendments**

### **Rewrite section 3.25 to read**

NSW Labor's procurement policy is based on delivering the following objectives:

1. **Quality goods and services** for the people of NSW;
2. **Increasing manufacturing and service sector jobs in NSW;**
3. **Innovation;**
4. **Workplace and public safety;**
5. **Secure, quality, local jobs**, which would mean in practice a commitment from the supplier to such things as a preference for permanent employment, job and pay security at change of contract, drawing on local employment pools, the payment of prevailing wages underpinned by a living wage, indexed wage parity for outsourced staff, registered enterprise agreements, trained Health and Safety Representatives, union rights agreements, a right to conciliation and arbitration of disputes and paid domestic violence leave and the right for workers in government supply chains to bargain across the supply chain;
6. **Closing the gender pay gap** including through gender pay audits, a right to flexible work, paid parental leave and gender bias training;
7. **Skills development** including investment in apprenticeships, traineeships and other accredited transferrable skills;
8. **Good corporate citizenship** (including by Directors) in terms of legal compliance regarding tax, protection of employee entitlements, corporations law, insolvency and redundancy, industrial relations, work health and safety, Australian standards, laws around delayed and disputed payments, migration and visa laws, Labour Market Testing requirements, contracting, workers compensation, superannuation, phoenixing, anti-discrimination, environmental, border duties (where applicable) and other legal obligations;
9. **Environmental sustainability** including whole life cycle analysis that looks at:
  - a) Direct environmental impacts like: pollution; energy and water use in manufacture; waste generation; use of toxic chemicals; impacts on air quality; impacts on biodiversity; impacts on land use; litter creation; and carbon emissions in manufacture, transport and end of life;
  - b) Whole of life cycle costing namely long term environmental and financial costs;
  - c) Evaluation of environmental impacts at each life cycle stage like: extraction of raw materials; product manufacturing; packing and distribution; produce usage/consumption; and end of life disposal;
  - d) Integration and extent of re-use, reprocessing and close loop recycling.

- e) Track record, plans and strategies for participating in the delivery of a 'just transition' for workers, their families and communities impacted by climate change management and mitigation strategies.
10. **Meaningful employment and training opportunities** for target groups including Aboriginal and Torres Islanders; the disabled, displaced workers, older people and young people in areas of high unemployment;
11. Renewal in **Western Sydney, remote and regional areas**;
12. **Supply chain ethics** including:
- a) Ethical sourcing of materials including processes to ensure materials are not made of asbestos and are sourced through supply chains that do not involve slave labour, child labour, unsafe conditions, exploitation, or unlawful employment practices.
  - b) Engagement of all workers, not restricted to employees, throughout the supply chain of any good or service provider on lawful terms including in relation to freedom of association, minimum wages and conditions, access to collective bargaining, health and safety and workers compensation
  - c) Contractors in government supply chains must commit to full and transparent reporting of the adherence to minimum labour standards and the nature of their sub-contracting relationship with other suppliers.
  - d) Lead contractors at the top of government supply chains should take responsibility for any breaches found in those supply chains. Therefore each breach should also be treated as if carried out by the contractor at the top of the supply chain, along with the breaching company.
13. **Fair tendering processes** including:
- a) Fair tender assessment and contract pricing to support sustainable business models and good jobs; and
  - b) Full transparency in: all costings; workloads/productivity; service standards; and sub-contracting;
14. Strengthen/retain **quality public and not-for-profit community sector jobs** including through looking to in-house procurement, investing in skills development (especially actuarial skills to assist the procurement and monitoring process), valuing corporate memory and investing in technological capacity.

### **Rewrite section 3.26 to read**

A NSW Government will:

1. A whole of Government **Procurement Strategy and Policy** that includes:
  - a) The above principles and objectives;
  - b) A 'Buy NSW First' strategy entailing that if a tender is awarded to a supplier ahead of a local competitor for any reason the procurement decision outlining why the chosen supplier is preferred is explained and justified in transparent manner.
  - c) Procurement from local Small and Medium Enterprises where applicable.
  - d) Detailed implementation mechanisms including rigorous pre-qualification of suppliers of goods and services which mandate high quality labour standards, robust

conditions of participation with a focus on compliance with labour laws and best practice procurement tools;

- e) Companies with procurement contracts who breach labour standards – for example, wage theft – must be held accountable with fines and termination of contracts. A ‘three strikes and you’re out’ policy should apply in relation to breaches that affect workers.
  - f) Mechanisms to ensure that the obligations of the principle government contract holder (as outlined above) apply equally to their contractors and subcontractors in the delivery of the contract.
  - g) Robust tripartite engagement and oversight including a role in reviewing implementation, assess/pre-qualify suppliers and dispute resolution;
  - h) Transparent and early purchase pipelines for business;
  - i) A compliance and enforcement unit that is well-resourced and multi-faceted including regular audits, clear rules for disqualification, penalties for breach, an inspectorate as well as a role for employees, unions and employer organisations;
  - j) Local content rules including a holistic approach that encourages tenders to demonstrate the local benefits of their product or service and for this local benefit to be adequately taken into account in the procurement decision;
  - k) All revenue raised from fines for breaches should be put into enforcement efforts.
  - l) Unions should also have the right to prosecute companies that breach labour standards.
  - m) An appropriate mix of centralised procurement for certain industries (like those identified as “high risk” of exploitation) with flexibility for local procurement (like local councils carrying out RMS contracts in their area or disaster relief clean up work, or local hospitals sourcing supplies from their host towns); and
  - n) The creation of internal expertise for holistically costing purchasing plans.
  - o) A focus on ethical procurement.
  - p) Full, fair and reasonable access for local suppliers with transparent assessment of all tenders for local industry participation, to be assessed by the Office of Future Industry
2. Reform of the **Procurement Board** and supporting legislation to reflect the Procurement Strategy and Policy Responsibility for Procurement should sit in the Departments of the Prime Minister and Premier so that it has the authority it requires.
  3. An **Office of Future Industry** within the Department of Premier and Cabinet and a Future Industry Taskforce, composed of unions, employers and industry specialists, with the power to second other experts. Between them these bodies would ensure that government policies are efficiently and effectively growing future industries and creating quality, long-term jobs;
  4. **Specific industry/regional plans or codes of practice** including:
    - a) A Call Centre Code;
    - b) Labour Hire Licensing;
    - c) A Cleaning Accountability Framework;

- d) The Homeworkers Code of Practice and accreditation to the Code by Ethical Clothing Australia for textile, clothing and footwear procurements
- e) Plans for industries that are prone to insecure work, vulnerable employment, extensive contracting and subcontracting as a business model, and exploitation;
- f) Industry plans for transport, construction, manufacturing, financial services, trains, steel, renewable energy, cleaning, local government, the Hunter, Illawarra and Western Sydney;
- g) A public sector employment strategy;
- h) A community sector workforce strategy