

## Joint Committee of Public Accounts and Audit

Public hearing – Defence Major Projects Report 2016-17 – 23 March 2018

### ANSWER TO QUESTION ON NOTICE

Department of Defence

**Topic:** JCPAA – Defence Major Projects Report 2016-17 – 23 March 18 – Q3 – Patrick

**Question reference number:** 3

**Senator:** Rex Patrick

**Type of question:** Hansard Page, pages 9-10.

**Date set by the committee for the return of answer:** 16 April 2018

#### Question:

**Senator PATRICK:** I'm talking at a high level. I look at this report, and it doesn't tell me the very thing that we're trying to see from a parliamentary perspective; that is, what has the cost of this 10 years been to the taxpayer? If you could—because I know this will be desensitised by the tight level of my question!—can you provide me on notice with the amount of liquidated damages over the last five years; not by project, just the total amount that Defence has recovered over the last five financial years?

**Mr Gillis:** I can undertake that, but I can't say that I can do that rapidly. That would take a detailed process.

**Senator PATRICK:** I'm not after individual projects; just the total recovery.

**Mr Gillis:** I'm looking at thousands and thousands of projects across that process, and to actually do that would be a significant task. Could it be bound by projects worth more than \$50 million, because—

**Senator PATRICK:** All right. If that's helpful, yes, I'm happy to do that.

**Mr Gillis:** If you bound it to something more—

**Senator PATRICK:** I get it.

**Mr Gillis:** I have a lot of projects that are in the \$2 million and \$3 million mark, and it might be they're late and we've hit them with \$20,000 or \$30,000. That's a significant amount of—

**Senator PATRICK:** I'm with you. Do you think \$50 million is a good number? That would be a helpful—

**Mr Gillis:** Projects bigger than \$50 million would probably be reasonable. I'll look at how long it would take you. The first response would be about how hard it is and then how long it would take us to do it.

**Senator PATRICK:** In evidence, you're saying, 'Don't worry about that, Senator. It's okay, we recover liquidated damages.' I'm saying, 'How much have you recovered? What's the quantum?' I don't think that's an unreasonable thing to do in response to the evidence provided.

**Mr Gillis:** I'll check that on notice, Senator.

**Answer:**

Liquidated damages can be received either in cash or 'in kind' in the form of goods and services received free of charge. Below represents the additional liquidated damages amounts raised in each year (revenue):

	2012-13	2013-14	2014-15	2015-16	2016-17
	\$m	\$m	\$m	\$m	\$m
Revenue - Liquidated Damages	430.4	53.2	30.4	11.0	2.4