

Livingstone Shire Council Submission: Inquiry into the Impact of Defence Training Activities and Facilities on Rural and Regional Communities – Shoalwater Bay Training Area Redevelopment

To:

Senate Foreign Affairs, Defence and Trade References Committee

FADT.SEN@aph.gov.au

From:

Livingstone Shire Council

PO Box 2292

YEPPOON QLD 4703



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Senate Foreign Affairs, Defence and Trade References Committee

Inquiry into the impact of defence training activities and facilities on rural and regional communities

Livingstone Shire Council's Submission to the Senate Foreign Affairs, Defence and Trade References Committee is in reference to the Minister for Defence's announced Local Industry Capability Plan Pilot and nominated three projects:

- Explosive Ordnance Logistics Reform Program
- Shoalwater Bay Training Area Redevelopment Project (SWBTARP)
- Townsville Field Training Area

The Minister noted that the pilot projects will require tenderers to actively engage with local industry and identify how local industry will be involved in delivering the work packages.

This submission relates to the Shoalwater Bay Training Area Redevelopment Project.

Background

The Shoalwater Bay Training Area (SWBTA) is set to be expanded under Shoalwater Bay Training Redevelopment pilot programme. The presence of the training exercisers in the region has been a long-standing practice and Livingstone Shire Council (Council) recognises that the expansion will provide an economic boost to the region's economy, however it remains unclear as to exactly how and where that money will be spent and what direct or indirect short, medium and long-term economic benefits and job creation will result from that investment.

The Senate Inquiry into Impacts of Defence Training Activities on Rural and Regional Communities Interim Report 2 outlined the recommendations from the evidence provided at the Rockhampton and Townsville Senate Inquiry hearings.

These recommendations were:

Recommendation 1

4.8 The committee recommends that, in consultation with the local councils, Defence review its mechanisms for communication and coordination in the Fitzroy and Townsville regions to ensure the most effective flow of information including plans which may generate potential business opportunities.

Recommendation 2

4.10 The committee recommends that Defence make information available to local communities about Defence expenditure in the area.

Recommendation 3

4.13 The committee recommends that Defence commission an independent economic impact assessment of the loss of rateable land which would result from the proposed expansions in these areas.

Recommendation 4

4.22 The committee recommends that Defence review its formal mechanisms for communication and coordination in the areas around the Shoalwater Bay Training Area to ensure that:

- as much information about upcoming training exercises is being disseminated to the local community with as much advance notice as possible; and
- that a contact point regarding local exercises is available on an ongoing basis and this information is disseminated regularly.

This submission focuses on Recommendation 1 above and communication received from the Senate Committee on 12 February 2018 requesting:

“Feedback from business representatives and local government about their experience in relation to the Local Industry Capability Plan Pilot and whether this has provided additional business opportunities for small and medium enterprises (SMEs) to date. In addition, the committee is interested to find out if additional communication mechanisms have been put in place to facilitate engagement with SMEs.”

Local supply opportunities

At present there are only limited Defence services opportunities and no major prime Defence businesses, Tier 1 or Tier 2 providers, located within the Capricorn Coast region. It is imperative that when tenders are awarded there is a process put in place by Defence whereby Tier 1 or Tier 2 providers must source local supply where possible.

Most importantly this process must be monitored on an ongoing basis to ensure Tier 1 or Tier 2 providers are utilising local procurement opportunities. Promoting growth in local industry either by developing support industries or delivering new and existing infrastructure upgrades will encourage local expenditure by the Defence force and retain revenue in the host Council areas, benefitting the entire regional community.

While we welcome the Committee’s Inquiry as it relates to the Local Industry Capability Plan Pilot for the Shoalwater Bay Training Area Redevelopment Project (SBTARP), it is premature to provide any constructive feedback from business representatives and local government about their experience in relation to the Local Industry Capability Plan Pilot, and whether this has provided additional business opportunities for small and medium enterprises (SMEs) within the Capricorn Coast Region. At this point in time the project has not yet commenced nor has the preferred tenderers been announced and therefore subsequent opportunities for local business and industry have not emerged.

Moving forward, once the main tenders have been awarded, Council is still keen to understand the mechanisms being employed to communicate with the local business and industry network to allow them to bid for work packages that the Tier 1 and 2 contractors will be offering along with levels of compliance required to carry out the work.

Encouraging awareness of tendering opportunities for rural and regional businesses

Over the past 12 months Council has been working closely with the Department of Defence, Capricorn Enterprise (regional tourism and economic development organisation) and the Capricornia Chamber of Commerce to ensure our local business networks are aware of the opportunities that the Project will provide for regional business through hosting a variety of Industry functions/forums/briefing sessions and workshops.

Listed below are the business forums that Council officers and SME's have proactively attended.

14 December 2017 – Australia-Singapore Military Training Initiative –

Industry Briefing: Hosted by the Department of Defence, for local businesses, industry representatives and community stakeholders, the briefing provided an update on implementation activities, timeframes and future tender opportunities for Projects at Shoalwater Bay Military Training Area.

30 August 2017 – Capricornia Major Projects Forum: Updates on the Australia Singapore Military Training Initiative (Shoalwater Bay Military Training Area) by Sean Hawkins and Mick Reilly. AusIndustry engaged with regional businesses on the subject of “registering for defence contacts” (Rodney Love CDIC) and “forming business clusters” (Ross Contarino -AusIndustry). Defence Primes engaged in a Q & A Session on the subject of “How Defence Primes engage with regional businesses”.

30 May 2017 – Quad Chart Workshop: How to develop compelling Quad Charts. Quad Charts have been used by the international defence industry for many years to succinctly and effectively communicate a proposal or capability. These same techniques are now being used by companies as a way to market themselves better to defence and other prime contractors. This workshop was a ‘must’ for businesses wanting to better position their firm for potential defence contracts or indeed any others.

11 May 2017 – Defence Business 101 Seminar: This seminar provided businesses with an introduction to working in the Defence sector, what businesses need to know and do if they want to deal directly with defence or access prime contractor supply chains.

28 April 2017 – Shoalwater Bay Training Area Redevelopment: Managing Contractor Contact Briefing Session. Briefing session re Registrations of Interest from suitably qualified entities to undertake the role of Managing Contractor for certain works on the basis described in the Invitation to Register Interest.

2 February 2017 – Business Training Workshop – Defence Supply Chain Expectations: An opportunity to learn more about this important supply chain, with a presentation by Rodney Love from the Centre for Defence Industry Capability, followed by

panel discussions with senior representatives from the Commonwealth Department of Industry Innovation and Science.

The above workshops and forums are a great tool for our local businesses to gain first-hand knowledge of what is required to bid for work packages. However it should be acknowledged that the cost of obtaining and maintaining certain levels of compliance that is required to work within the Defence projects is a costly exercise for most SME's, on the hope of obtaining work from the Tier 1 and 2 contractors.

Draft Terms of Reference for a Shoalwater Bay Training Area Stakeholder Reference Group

In the evidence presented by Council to the Standing Committee on Foreign Affairs, Defence and Trade Public Hearing in Rockhampton on 12 July 2017, Council suggested that the Department of Defence form a stakeholder Reference Group to ensure that Central Queensland's regional communities, local governments and businesses benefit from defence military training exercises and associated economic activities including the major expansion projects being conducted at the Shoalwater Bay Training Area. The Standing Committee indicated their support of the Reference Group being formed and requested further information from Council as to the suggested terms of reference.

In response to this request, Council submitted to the Standing Committee the suggested draft Terms of Reference for establishing the Shoalwater Bay Training Area Stakeholder Reference Group, which was published as an additional document to the public hearing Inquiry.

This initiative, if undertaken, supports Recommendation 1 from the Interim Report 2 for defence to review its mechanisms for communication and coordination in the Fitzroy and Townsville regions to ensure the most effective flow of information including plans which may generate potential business opportunities.

Follow up conversations with Mr Sean Hawkins, Director of the Singapore Joint Development Implementation Team have been held to further explore the opportunity to establish the Reference Group, which was received positively. It was agreed that the Reference Group would provide an excellent vehicle to communicate with the region and ensure all relevant stakeholders are involved in the discussions and provide guidance.

At this stage, it would seem no further action has been undertaken by the Department of Defence to form a stakeholder reference group for the Shoalwater Bay Training Area. Council still believes it is imperative that this recommendation is actioned as soon as possible in particular with the following activities being undertaken in the area:

Australia Singapore Military Training Initiative (ASTMI)

The Shoalwater Bay Training Area (SWBTA) is set to be expanded under the Australia Singapore Military Training Initiative (ASMTI) and will at least double SAF troops and triple

time on ground (from 6 weeks to 18 weeks). Defence estimates that the Singapore Government will invest approximately \$1 billion in the Rockhampton and Capricorn Coast regions in the next 10 years through the Comprehensive Strategic Partnership (CSP).

Ministerial Business Mission to Singapore

The importance of the ASTMI and working collaboratively with defence, local government and regional businesses was recognised in the recent formation of a ministerial business delegation to Singapore at the end of August 2017. This delegation comprised representatives from local governments in Townsville, Rockhampton and the Capricorn Coast and companies seeking to understand and leverage the opportunities that may arise from the Australia Singapore Military Training Initiative, under the Comprehensive Strategic Partnership, to be implemented in North and Central Queensland. The two-day program comprised meetings, business briefings and networking opportunities with Singaporean Government officials and leaders of industry. This delegation focussed on linkages to the future Singapore Armed Forces activity and the precise support they may require. Council is very grateful for having been invited to participate and the representatives who attended found it an extremely valuable exercise.

Shoalwater Bay Training Area Redevelopment (Project J0107)

The redevelopment will deliver infrastructure improvements across Shoalwater Bay Training Area (SWBTA) to support increased large scale training activities. The key training areas need to be improved to support significantly increased usage. The estimated value of the project is between \$120m and \$140M; and the works is between \$100M and \$120M.

Other factors

Other factors that require consideration are the Defence acquisition of cattle breeding and fattening land in Marlborough and Stanage, both for Defence and the ASTMI and the economic and social impacts of this acquisition on the local community and businesses.

Principles behind Reference Group

The formation of the suggested stakeholder Reference Group should not be seen to replace, nor circumvent current Defence community, business and local government engagement. However, the issues arising from the Senate Inquiry regarding lack of past defence engagement with impacted community and business groups cannot be ignored. Rather the Reference Group should be seen as a value-add to existing defence engagement practices in Central and North Queensland to ensure collaborative consultation occurs across all impacted stakeholders in the future.

Partnerships with Northern Reference Group

If a similar Reference Group operated in Townsville this would solidify the link Central Queensland has with Northern Australia and allow the two Reference Groups to collaborate to gain insight and key learnings from each other's experiences.

As stated previously, Council submitted to the Senate Inquiry as an “additional document” with the following objective and draft Terms of Reference for consideration as the foundation for form Shoalwater Bay Training Area Stakeholder Reference Group.

Shoalwater Bay Training Area Stakeholder Reference Group Terms of Reference (Draft)

Objective

For the Department of Defence, local government, business and the community to establish a collaborative partnership to identify and participate in the social and economic benefits that flow on from military exercises and projects conducted at the Shoalwater Bay Training Area.

Draft Terms of Reference/Tasks

1. Identify partnerships and opportunities to maximise the involvement of local businesses to secure contracts during military training exercises and major projects conducted by Australian Defence Force (ADF), the Singapore Armed Forces (SAF) and the United States Military at the Shoalwater Bay Training Area by:
 - a) Seeking opportunities for collaboration to maximise local procurement leverage to achieve economies of scale and efficiencies to win defence contracts.
 - b) Ensure procurement and supply chains are informed when work packages are released
 - c) Supporting initiatives that help local organisations to develop the skills and resources to win defence contracts.
2. Identify partnerships and opportunities to maximise the involvement of local businesses to secure contracts for the ongoing environmental management of the Shoalwater Bay Training Area.
3. Identify local infrastructure improvements that benefit the local community and alleviate the impacts of the expansion of military training exercises on regional facilities and infrastructure.
4. Identify ways to offset the agricultural loss of the ASMTI expansion on the community, business and local government.
5. Identify and build capacity to increase Defence and SAF rest and recreation experiences in the region.
6. In partnership with Defence implement the recommendations from the Senate Inquiry into the impact of Defence training activities and facilities on rural and regional communities, (only recommendations which the Steering Committee can influence).
7. Continue to advocate for an increased local Defence presence in particular local officers that provide support in providing procurement advice to local suppliers and a community liaison.

Composition

Chaired by a Department of Defence representative, such as the Australia-Singapore Military Training Initiative Business and Community Liaison Officer, with representatives from:

- Rockhampton Regional Council
- Livingstone Shire Council
- Gladstone Regional Council
- Capricornia Chamber of Commerce
- Queensland Department of State Development, Manufacturing Infrastructure and Planning
- Queensland Department of Aboriginal and Torres Strait Partnerships
- Regional Development Australia Fitzroy and Central QLD
- Capricorn Enterprise
- Industry Capability Network (ICN)
- Local SME's (representation from each region)
- Local representation from community and businesses located in proximity to the Shoalwater Bay Training Area (Marlborough and Stanage Bay)
- Defence (other relevant representation)
- Singapore Armed Forces (local community liaison officers)

The proposed stakeholders (which may not be an exhaustive list) highlights the number of organisations and agencies just in Central Queensland alone that are currently involved in the defence agenda in some way and therefore vindicates the need to achieve some cohesiveness in how the region is engaged with and more importantly collaborating to achieve the best possible outcomes for all involved.

Establishing the Reference Group could be done in two stages, for example, the Reference Group may be formed with the primary key stakeholders initially and then once functioning affectively others, such as relevant Government Departments and Agencies for example ICN, could be invited to join as ex Officio members or just to present to the Reference Group on issues and opportunities, as and when required.

This may assist in managing the size of the Reference Group, sensitivities and the complexity of regional relationships.

Livingstone shire Council relationships with Defence Personal

As it stands Council has maintained a long and healthy working relationship with all ADF personnel. Council values and appreciates the time and efforts that the ADF personnel have put into building productive working relationships with both Council employees and local businesses alike. This relationship is critical in moving forward to find common ground on what our local businesses can offer and need to successfully win Defence contracts.

Some of the key personal the Council have been directly involved with are:

- **Brigadier Mark Brewer** – Program Manager, United States Force Posture Initiatives and Australia Singapore MTI.
- **Brigadier Timothy Bayliss** - Program Manager, Singapore Joint Development Implementation
- **Lieutenant Colonel J.D. Pollard** - Project Director, Capital Facilities and Infrastructure Branch
- **Major Judy Pye** – Major Exercise Contracts Officer, Collective Training Branch, TRADOC Head Quarters Forces Command
- **Mr Sean Hawkins** – Director, Singapore Joint Development Implementation Team
- **Mr Mick Reilly** – Business and Community Liaison, Australia-Singapore MTI.

Livingstone Shire Council will continue to work with all business and industry groups along with the ADF to assist businesses to engage with ADF and their principle contractors to build on their overall capacity and capability and look forward to seeing positive outcomes generated by the Minister’s pilot program once the Shoalwater Bay Expansion Project begins.