

Chapter 2

Issues raised with the committee in Rockhampton

2.1 This chapter summarises the main issues raised during the committee's hearing in Rockhampton. It considers the current level of local business engagement with Defence and future opportunities; the challenges facing local business, including Indigenous organisations; mechanisms to enhance engagement; communication by Defence about exercises and the proposed expansion of training areas and land acquisition; and the environmental impacts of Defence activities.

Facilitating opportunities for regional and local business

Utilising the skills in the region

2.2 The committee heard from a range of Rockhampton businesses on their engagement with Defence. Mr Zane Keleher, an Engineering Specialist at Penti-M Engineering in Rockhampton, advised the committee that while the company had been in business for 28 years and is close to the army barracks and Shoalwater Bay Training Area (SBTA), it has had very minimal engagement with Defence. Mr Keleher explained that the company was interested in taking advantage of any regional opportunities for engagement with Defence but noted that it has been challenging to understand the processes and find appropriate contacts.¹

2.3 Similarly, Mr Christopher Goodwin, General Manager of SMW Group, which provides a variety of engineering services, advised the committee that they have not had a lot of exposure to Defence but are interested in getting involved in supply.²

2.4 Mr Andrew Godwyn, Senior Logistics Manager, Primary Industries QLD Pty Ltd, advised the committee of the company's long-standing association with the Singapore Army over the last 16 years for the supply of logistical support while based in Rockhampton. This support includes maintenance and repairs to vehicles, equipment supply, food supply, transport, electrical supply and shipping. The committee heard that Primary Industries QLD Pty Ltd is a local company which currently employs 24 people and expands to 70 staff during the operational periods, particularly Exercise Wallaby.³ However, this company has only engaged in what it described as a 'very, very small amount' of work with the Australian Army.⁴

2.5 The committee was interested to obtain more detail on why Primary Industries QLD Pty Ltd has been able to engage and foster a long standing contractual arrangement with the Singapore Army but has not been as successful in developing similar opportunities with the Australian Defence Force (ADF). However, as the initial contract was let in 1999 the detail was not available, but it was noted that when

1 *Proof Committee Hansard*, 12 July 2017, p. 21.

2 *Proof Committee Hansard*, 12 July 2017, p. 21.

3 *Proof Committee Hansard*, 12 July 2017, p. 21.

4 *Proof Committee Hansard*, 12 July 2017, p. 22.

Primary Industries QLD Pty Ltd took over the contract the Singapore base was already established in Rockhampton and it was suggested that there would have been some personal interaction at that stage. It was also noted that the Singapore army has permanent staff based in Rockhampton and that 'they get to know most of the council people, the airport people and everybody else that they deal with.'⁵

2.6 Councillor Margaret Strelow, Mayor, Rockhampton Regional Council, advised that she felt there needed to be more up to date information available on the social and economic benefits of the Defence presence in the Rockhampton region; however, she suggested some examples of successful engagement. Her view is that local businesses were engaging more successfully with Singapore Defence than with the Australian Defence Force:

Obviously there are a couple of companies here who do continue to provide. There is Rocky's Own, who are a local transport company, and they have been very effective. Once again, they are probably more visible with Singapore than they are with Australian Defence. And Flexihire do provide facilities.⁶

2.7 Mr Michael Colen, Manager Executive Services, Gladstone Regional Council, was unable to point to any successful examples of local suppliers building relationships with Defence and securing opportunities.⁷

Challenges for local business

2.8 The three companies the committee heard from all reported challenges in engaging with, and attaining information from, Defence on procurement opportunities. None of the companies were aware of any processes where Defence had engaged with the local small business community to provide awareness of the capacity they required and related opportunities.⁸

2.9 Mr [Goodwin] advised that he has sought to engage with Defence to seek out opportunities in the region and explained his frustration in obtaining information:

We are registered with AusTender, QTenders et cetera and we participate with the ICN Gateway. As an example of where we found it extremely difficult to try and understand what the Defence requirement is, we've recently taken on a dealership for a brand of equipment which we know Defence has. We've tried to contact Defence in several ways to see what their requirements are, how we can assess what we can offer so whenever Defence equipment comes through this area, we can actually support it.

I was referred to the Joint Logistics Unit up in Townsville—Ross Island—who I was told control all of the spending in this area. I tried about five or six different phone calls, but I could never get the same person or find

5 *Proof Committee Hansard*, 12 July 2017, p. 23.

6 *Proof Committee Hansard*, 12 July 2017, p. 4.

7 *Proof Committee Hansard*, 12 July 2017, p. 4.

8 *Proof Committee Hansard*, 12 July 2017, p. 25.

anyone who I could talk to about what would happen here in the Shoalwater Bay region. I even reverted to Facebook: they had a Facebook page, and I left a Facebook message. Unfortunately, I haven't had any response at all—not that I expected a response from Facebook, but that is what we had to revert to.⁹

2.10 Mr Ben Hughes of Hughes et al, a business providing tailored local content advice, services and products to all tiers of business, advised the committee that from his experience the biggest challenge for local engagement is the lack of coherent information and an understanding of the status of the project cycle:

That is a responsibility of the project itself to ensure that communication is clear and transparent, and that often presents the largest barrier to locals participating.¹⁰

2.11 Mr Hughes also talked about the importance of the procurement cycle aligning with the market requirements to enable local providers to be ready to and have appropriate pre-qualifications in place to participate and be 'tender ready' and provide relevant information within the required timeframe.¹¹ Mr Hughes emphasised the importance that Defence:

... get out into the marketplace with clear communication around standards, expectations and timings of procurement packages and when they would be coming available is the first major point I would make. The second one is to ensure that their policies and their processes cascade down through their supply chain. And what I mean by that is that it is all well and good for the proponent—being Defence, or their main contractors—to go to market, but they have to ensure that their second-, third- and fourth-tier contractors have the ability to go to market as well.¹²

2.12 Mr Hughes emphasised the importance of Defence's role in developing supplier capability in regional areas by providing feedback to businesses:

...it is incumbent on a major project to go shopping in the local region but they do not necessarily have to buy in the local region if that local region does not have the capability, capacity and attractiveness to meet the commercial requirements, but they should go shopping. That shopping exercise should result in feedback from the major project to those small businesses that is not just a 'congratulations, you are successful and we are going to put you through to a tender process' but more important for the vast majority is giving the feedback to the organisations on why they did not meet that standard and then use that information in partnership, for example, with State Development, which is something we are doing with one of my clients at the present moment, to seed intelligence into that supplier development profile. The supplier may not be capable enough to

9 *Proof Committee Hansard*, 12 July 2017, p. 22.

10 *Proof Committee Hansard*, 12 July 2017, p. 37.

11 *Proof Committee Hansard*, 12 July 2017, p. 37.

12 *Proof Committee Hansard*, 12 July 2017, p. 37

deliver on Defence, but that does not mean that they should not be educated as to why, given supplier development and then be able to meet the requirements in a year or two for another project.¹³

2.13 Mr Hughes also raised the issue of the perceived insurance and risk associated with smaller consortia in regional areas compared to tier 1 contractors which may not favour their selection:

Often it comes back to insurance and risk. The small companies may not be able to offer the level of bank guarantee for a particular piece of work, or they may not be able to carry the capital costs in the first instance, which would preclude them from being able to be considered for that work.¹⁴

2.14 Ms Mary Carroll, Chief Executive Officer of Capricorn Enterprise, responded to the proposal of a procurement model that required a tier 1 contractor to have a percentage of local engagement. She was positive, but noted that a contractor could cover off that requirement but engage the local contractors at a reduced rate and load the balance for their own company.¹⁵

2.15 Ms Debra Howe, Director, Strategic Growth, Livingstone Shire Council, discussed the difficulties that local businesses encounter in engaging as a sub-contractor to a tier 1 or 2 contractor as well as the definition of local:

We understand that there may not be businesses here that are the size of tier 1 and tier 2 that are required to potentially deliver some of the work, but how are the contracts actually put into place that mandate the definition of local in terms of tier 1s and tier 2s procuring in our economy and actually realising the quite magnificent stats that are now represented in this KPMG report about the billions of dollars and the millions of dollars and the hundreds and hundreds of jobs that will be played out here?

My challenge is that this be audited in a couple of years from now to show us the capacity that was built and delivered as a result of that spend. We need the local market to not be adversely affected by the size of their operation or by the accreditations and things that they must have in order to do business to deliver a federal government-funded something. Just the very nature of those businesses needing to go through that process, get those accreditations and then maintain those costly accreditations annually in the hope that they might pick up some crumbs that drop from tier 1 or tier 2 is actually not helping this economy in any way. So the definition of 'local' needs to be looked at, and it needs to be delivered in real time in this economy.

I have one anecdote. I'm not prepared to name the business, but I have an example I would like to share anecdotally of a company that's in fact based in Rockhampton, that is doing some civil engineering for Defence via a tier 2 contractor. They are receiving \$100 an hour for their work and the Gold

13 *Proof Committee Hansard*, 12 July 2017, p. 38.

14 *Proof Committee Hansard*, 12 July 2017, p. 38.

15 *Proof Committee Hansard*, 12 July 2017, p. 32.

Coast based company that has the contract charges Defence \$250 an hour for that work—a direct bill for the work happening here. I suggest that not only would you achieve the jobs that are aspired to in this document, you would achieve it 10 times over should you spend your dollar once and wisely in our local economy.¹⁶

2.16 Brigadier Beutel responded to the above evidence by stating that the systems in place would enable Defence to have visibility of such an occurrence and he had not seen this happening:

...I do not see how that could actually happen. Under a managing contract form of contract, for the head or the prime contractor, the tier 1 contractor, their contract value is for a management fee and what we refer to as a contractor-work-fee delivery, which is basically their overheads to manage the construction project for it. That is fixed going forward.

As to the actual contracts that are let as part of the trade packages to undertake the works, we have visibility of all the contracts that go out and then the preferred tenderer. That comes back in through the managing contract, so we actually get to see that. Whatever the subcontractor to the managing contractor has in their contract, that is what the contract is, for the value of it, and that is paid again through the trust account, so we have that visibility. Under a head contract, again I do not see how that could work without even having a trust account there because of the stat dec requirement for a head contractor to provide to us to state that a subcontractor has undertaken this work for this amount. So I do not see how something like that could actually occur, unless a contractor is running two sets of books. Again, that is just my assumption. In the seven years that I have been intimately involved in this part of the business, both as a colonel and as the brigadier responsible for it, I have never seen any evidence of that at all.¹⁷

2.17 Mr Neil Lethlean, of Capricorn Enterprise, provided evidence on the importance of structuring the procurement process so that the work going out to tender is not necessarily under one large package, but broken down to enable local competition:

If you put all the major components of the spend under one package, you're going to attract a prime. If you break the packages down to where it can be competitively tendered by local capability then you're going to succeed locally, because the locals have the benefit. They have the benefit of being local and the use of the terrain. They have experienced staff. So I think that more and more the work projects and work programs can be broken down. We understand that it's quite extensive. Defence are proposing to spend up to \$140 million, commencing next year. They are in the process of engaging a contractor to manage the whole project. But, when you look at

16 *Proof Committee Hansard*, 12 July 2017, p. 5.

17 *Proof Committee Hansard*, 12 July 2017, p. 60.

the scant detail that's gone out about the work programs, the bulk of those can be dealt with by local business.¹⁸

2.18 Ms Mary Carroll of Capricorn Enterprise, noted that this approach has been adopted by local government authorities on major projects, where they have broken down to smaller packages to enable local businesses to be more competitive.¹⁹

2.19 Councillor Bill Ludwig, Mayor, Livingstone Shire Council, explained his concerns about the need to ensure that procurement policies provide opportunity for engagement of local businesses:

We need to get the federal government to look at their procurement policies. A lot of the time you cut out the local people because it can only go to tier 1s. We've now proven Livingstone with a \$30 million project in partnership with the state government: Panorama Drive. If we break some of those things down into components, we can build the local capacity. We ended up with just about 100 per cent local jobs when we were able to work with Main Roads. State and local government sat down and made sure we got best value for money, and that's what the federal government wants to do. There is risk management, and we're delivering a project on budget and on time and we're also building capacity in this region for our people to do those major projects.²⁰

2.20 The committee sought Defence's view on the viability of the proposal of making contracts smaller and whether there has been an evaluation of deviating from the prime contractor procurement practice:

The first point I make is that we do not have a one-size-fits-all approach, and it is based on the risk of the project and how we can best mitigate that risk going forward.

As to the value for money aspect of it, or how we can get more competition in the market, under a managing contract form of contract, No. 1, we get competitive tension in that project, first off, by the engagement of the managing contract, because that will be competed for—not necessarily by all the tier 1s; it could be tier 1s, tier 2s and tier 3s. We do not have a tier 1 rule. That is another misconception that I have heard—that we have this tier 1 rule. That is not the case. For a managing contract, it goes predominantly out to an open tender for an ITR process short-listing. So we get competitive tendering, because, again, the managing contractor's submission to us, for the planning phase and then the delivery phase, is based on technical merit and a value-for-money assessment. Under a managing contractor, where we get the competition is again through the trade packages. I can give an example. One project for \$100 million may actually have 10 or 12 or 13 various trade packages which will then all be competed for on the open market.

18 *Proof Committee Hansard*, 12 July 2017, p. 32

19 *Proof Committee Hansard*, 12 July 2017, p. 33.

20 *Proof Committee Hansard*, 12 July 2017, p. 4.

As to the head contractor model, just quickly: they can self-perform the works, but a majority of the head contractors like to look to use local subcontractors, in relation to how they perform, and they declare that to us as part of the contract. But again, the head contractor provides us with a fixed lump sum head contract, and we hold them to that and they have to achieve that competitive edge in the market to make sure that they achieve that lump sum figure that they have tendered for, and that's what we are paying them to do.²¹

2.21 Mr Steven Grzeskowiak, Deputy Secretary, Estate and Infrastructure Group, Department of Defence, welcomed the opportunity to participate in the hearing in Rockhampton to hear from the local community about issues relating to procurement opportunities for locals and how their processes may be impacting this. However, he emphasised Defence's obligation to operate within the Commonwealth Procurement Rules:

The way we will look at this will be about trying to let local businesses know as much about what is going on and to help them engage rather than some other processes we have heard about in some of the places where weighting factors can advantage a local, which we don't think is something we are able to do under the Commonwealth procurement rules as currently written. If they were to change, that is a different issue, but that is not within our gift. It is a broader government issue through the Department of Finance.²²

Mechanisms to enhance engagement

Improving communication and coordination

2.22 The committee heard about the initiatives of the Capricorn Enterprise, a not-for-profit, apolitical membership based organisation which provides economic development support to regional industry in Rockhampton and the Capricorn Coast. The Chief Executive Officer of Capricorn Enterprise, Ms Mary Carroll, advised that the organisation acts as an independent voice for the business community and provides economic development services to Livingstone Shire Council.²³

2.23 Ms Carroll also advised that Capricorn Enterprise has positive working relationships with a range of government and industry groups, including Defence representatives. She set out some recent and (then) forthcoming events:

- 2 February 2017 – in partnership with Austrade, an industry forum for SMEs in regard to procurement requirements to engage with Defence
- 31 July 2017 – hosting key briefings with Mr Sean Hawkins, Director of the Singapore Joint Development Implementation Team and Mr Mick Reilly, Business Community Liaison Officer for Defence

21 Brigadier Noel Beutel, Director, General Capital Facilities and Infrastructure, Department of Defence, *Proof Committee Hansard*, 12 July 2017, pp 60-61.

22 *Proof Committee Hansard*, 12 July 2017, p. 63.

23 *Proof Committee Hansard*, 12 July 2017, p. 27.

- 30 August 2017 – in partnership with AusIndustry and Centre for Defence Capabilities and personnel from the Singapore-Australia initiative – a forum with three existing primary (or tier 1) contractors to discuss with local industry the procedure to engage with primes as contractors and subcontractors.²⁴

2.24 Mr Neil Lethlean, Economic Development Manager at Capricorn Enterprise advised the committee of his role in running business development programs to look for new opportunities for local businesses:

It has got to be understood that Defence in this region does not have a large permanent presence. Western Street houses permanent personnel. But Shoalwater Bay, from a regional perspective, is the most important asset. Understanding the work programs that are programmed there over the next decade or more, it is our responsibility as that independent voice, as that independent networking facilitator to engage with local industry that wants to be engaged with defence.²⁵

2.25 Mr Lethlean summarised Enterprise Capricorn's key role:

...we are looking to engage with industry to make it aware of Defence requirements. We understand that Defence is not there to take risk. It has a well entrenched system for procurement and engagement through its primes and qualified contractors. But my ambition, working with the Centre for Defence Industry Capability and AusIndustry representatives, is to ensure that local industry that wants to engage in the Defence industry programs is totally aware of what those requirements are and can prequalify to become engaged in that network. That is my primary responsibility.²⁶

2.26 Mr Grant Cassidy, a board member of Regional Development Australia Fitzroy and Central West, and also Chair of the Capricornia Business Advisory Alliance, explained that the Alliance was established by the Federal Member for Capricornia, Ms Michelle Landry MP, as an advisory committee to look at local opportunities in relation to the Singapore project:

...to take the lead to steer the region in the lead up to the upcoming billion-dollar-plus investment and to make the most of business opportunities to drive our regional economy, assist with SME business growth and, importantly, jobs creation. Far too often, we have seen in regions like ours that it is very fragmented and makes it near impossible for government departments such as Defence or even prime or tier-1 contractors to easily work with local businesses.²⁷

24 *Proof Committee Hansard*, 12 July 2017, p. 27.

25 *Proof Committee Hansard*, 12 July 2017, p. 28.

26 *Proof Committee Hansard*, 12 July 2017, p. 28.

27 *Proof Committee Hansard*, 12 July 2017, p. 29.

2.27 The committee heard evidence from Mr Cassidy that the information sessions which Defence has held were only advertised in the state newspaper and there was no local information:

...when this was raised through the local federal member to the department, the reference was that there was no consideration that there would be any businesses in this region that would be capable of winning that work.²⁸

2.28 Ms Carroll was supportive of the proposal for a group of local governments with similar issues in dealing with Defence. However her preference would be for a broader grouping encompassing other sectors:

...I think that it needs to be local government, business and industry working together, hearing the same things and not having duplication of committees. You, like I, probably do not like going to meetings for the sake of a meeting, and you want to be clear and concise. Collaboration and partnership has to occur, and, if the majority are willing, the minority need to be brought into the fold. I think that your idea is a very good one, but I think it needs to expand to business and industry and not just to local government. CQ, as I said, is the six local government authority areas. Obviously, you can't have a committee of 50, but it absolutely needs to involve a more-broad remit than just the specific interests of one local government versus another.²⁹

2.29 In response to the suggestion that there be some form of standing forum between Defence and local governments to deal with issues in relation to the SBTA, Mr Grzeskowiak noted that ongoing arrangements are in place for state and territory governments, but Defence would not have any issues about being involved in more localised processes.³⁰

Developing local capability

2.30 Mr Craig Wilson, Project Engineering Specialist with QMI Solutions and member of the Queensland Division of the Industry Capability Network, noted some of the initiatives they undertake to assist in developing capability and align it with the requirements of major Defence projects. These include programs and workshops which are run for Defence Industries in Queensland:

Those are Defence Business 101: what is the supply chain beast; and what does it mean? I think that probably is also touching on the requirements of trying to get work in Defence. I have done that program with Major General Mick Fairweather over the last four years. We have touched on hundreds of companies in trying to help them understand what is required, what the depth of requirement is and their own preparation and positioning for the various aspects and the complications of dealing with Defence.³¹

28 *Proof Committee Hansard*, 12 July 2017, p. 33.

29 *Proof Committee Hansard*, 12 July 2017, p. 35.

30 *Proof Committee Hansard*, 12 July 2017, p. 58.

31 *Proof Committee Hansard*, 12 July 2017, p. 40.

2.31 Specifically in relation to workshops run in the Rockhampton area, Mr Wilson advised:

We have delivered the three programs of Defence Business 101, quad charts and the tendering for defence in Rockhampton in association with DIQ and the Department of State Development. We have also run a number of profile improvement workshops helping people on that journey to be able to express their business on their registration on ICN, and we do one-on-one workshops with them.³²

2.32 However:

In every case in the Rockhampton region, we have been struggling for numbers. I am not sure what that really is about. It is disappointing sometimes, and it is not until we really push the barrow, if you like, right at the last minute to get people to come along to these things. As I said, we've run them a number of times. We've probably run the three programs at least twice over the past three or four years in Rockhampton, Gladstone, Maryborough, Mackay and Bundaberg, and in all of those areas we've struggled to get numbers. I'm not sure what the answer is. We're there, we're running the programs, and we probably get a dozen companies come along, or a dozen people, in general.³³

Encouraging collaboration

2.33 Mr Cassidy, Chair of the Capricornia Business Advisory Alliance, commented on a coordinated approach to tendering for Defence work:

An opportunity has already been identified to cluster local businesses to be engaged in a consortium model to be tender ready as an alternative or parallel framework to the normal prime or tier 1 tender and contract relationship with Defence. There is, however, as you have heard this morning, genuine concern within the local business community that the traditional tier 1 or prime contract model will not drive the desired level of local economic benefit and associated local jobs unless there's a change in the traditional tender model.

...

Regional Development Australia Fitzroy and Central West are also undertaking a sector based capability audit to enable our local business community to firstly identify and then promote the diversity and strength of what's available right here in this region, allowing Defence to have a clearer understanding of what local suppliers can offer, both in the construction of new facilities and during the annual training exercises. If we can cluster appropriate businesses across sectors who are enthusiastic to work in the defence space, then this will enable even the smallest operation to join with others in their sector to pitch for work.³⁴

32 *Proof Committee Hansard*, 12 July 2017, pp 41-42.

33 *Proof Committee Hansard*, 12 July 2017, p. 42.

34 *Proof Committee Hansard*, 12 July 2017, p. 29.

2.34 Mr Cassidy advised the Alliance's role and the progress they expect to make in the next 12 months:

By this time next year we should be well and truly across the scope of work that Defence are currently doing at Shoalwater Bay. We should be a fair way down the track of then having an understanding of what local capabilities we need to either look at clustering or identifying from the local perspective, and we should be having some fairly advanced discussions with Defence as to how best to package that up to try to get the bulk of those dollars spent locally in this community. That is what I would hope would be happening.³⁵

2.35 Mr Goodwin of the SMW Group, further advised that he had previously been involved in a successful cluster arrangement in Townsville put together by the state government and suggested there may be similar opportunities in the Rockhampton region:

It enabled 10 or 12 Townsville businesses to collaborate and provide a service through a tier 1 or to compete with a tier 1 provider, which we did. We managed to obtain a large equipment service contract at Lavarack Barracks and we were competing against the likes of Thiess and Leighton at the time. As a region, we also need to understand those opportunities and what we can do together as a group of companies within the region. We need to get together and deliver on services that the ADF wants. But, for us to be able to develop that cluster, that service or that capability, we need to understand what the ADF wants, and, listening to everybody here, we don't know what that is.³⁶

2.36 Mr Goodwin reiterated the benefits of a coordinated approach for local businesses:

If you look at the capability within the Rockhampton region, we have got everything to be a tier one supplier. If you look at us as individuals, of course we do not. If we could get some form of support or coordination together, definitely we will go a long way to supporting it.³⁷

Engaging with Tier 1 contractors

2.37 Mr Wilson of the Industry Capability Network, noted that they see engagement with tier 1 contractors as an important way for regional businesses to engage with Defence. He suggested that a possible next stage was to introduce primes to regional areas to enable regional companies to understand what they require.³⁸ Mr Wilson also explained that the Australian Industry Defence Network of SMEs assist SMEs to find their way through the process.³⁹

35 *Proof Committee Hansard*, 12 July 2017, p. 31.

36 *Proof Committee Hansard*, 12 July 2017, p. 24.

37 *Proof Committee Hansard*, 12 July 2017, p. 25.

38 *Proof Committee Hansard*, 12 July 2017, p. 41.

39 *Proof Committee Hansard*, 12 July 2017, p. 40.

Drawing on other successful processes

2.38 It was noted that the Singapore Joint Development Implementation Team is based in Townsville. The committee heard evidence from Capricorn Enterprise that they would prefer to have a Defence contact or presence in the region, noting that Townsville is a seven hour drive from Rockhampton.⁴⁰

Communication about exercises

2.39 The issue of dissemination of information about Defence training activities was also raised as an ongoing concern during the committee's hearing in Rockhampton. Mr John Baker, a member of Agforce and a local grazier, raised concerns about the lack of notification to landholders and other locals about exercises which may impact on the community, such as road closures. He explained that it is crucial for landowners to be notified of training exercises conducted in airspace as some graziers have light aircraft or helicopters, or engage contractors for mustering. He understood that notice of such activity does appear on Facebook and in the local pub, but suggested that a local contact point from Defence would assist.⁴¹

2.40 Commodore Norris added that in relation to the Talisman Sabre exercise, Defence had been engaging with Rockhampton Regional Council in particular, but also with Livingstone Shire Council.⁴²

Noise impacting on cattle

2.41 Mr Bill Geddes, a local landowner, called for better consultation for things like noise and plane activities over animals, especially cattle at weaning time.⁴³ Mr Roger Toole, Committee Member of the North Queensland Regional Airspace and Procedures Advisory Committee and landholder around Shoalwater Bay also voiced his concern about low flying planes and the difficulty in getting information from Defence and then conveying his concerns to the relevant areas in Defence:

I was heavily involved in that with the squadron leader in Canberra about the ROZ [restricted operating zone] for Talisman Sabre. I need to advise you that I have been trying to get something done about that for a month. We knew there was going to be a problem. It has taken me four weeks of banging on every door I could find in the military to get somebody to take notice of what I was talking about.

Craig Mace had the experience last Sunday of a C-130 right over the top of him with a mob of cattle. If we had been able to get to somebody and get them to listen to what we were saying—and we weren't saying it just for the sake of it. I've been flying all my life. I've been in the military and I understand what can happen with these aircraft at low level. I'm also a grazier. We were very aware of what was going to take place, and it took us

40 *Proof Committee Hansard*, 12 July 2017, p. 31.

41 *Proof Committee Hansard*, 12 July 2017, p. 19.

42 *Proof Committee Hansard*, 12 July 2017, p. 58.

43 *Proof Committee Hansard*, 12 July 2017, p. 17.

a month of banging on doors to get somebody to take notice of what we were doing. They were very lucky that they didn't have their children in the lead on those cattle, because there could have been a very serious accident. It does happen.

We have the same situation about to happen, four weeks after this exercise finishes, with the Singaporeans. I only, this morning, got a copy of the AIP SUP [Aeronautical Information Publication Supplement] for Exercise Wallaby 2017. They are also planning to run low-level flights over cattle properties with C-130s. That is a real problem. Nobody has been informed that these things are going to take place. I know that there has been information given about when the exercise starts and what have you, but there was no information given to anybody about surface to 2½ thousand feet in Talisman Sabre over those cattle pockets until I got the AIP SUP. I thought, 'Goodness me, what's going on here?' Nobody wants to see the exercise stopped, but Defence need to understand that these people are like everybody else and that they are putting lives and businesses at risk doing what they are doing—especially when we can't get to anybody's door to find out what is going on. It took a month.⁴⁴

2.42 Defence acknowledged the impact of aircraft noise during training exercises on the local community, including graziers, and confirmed that there had been recent complaints. Commodore Norris outlined the steps taken to address this issue, including implementing a restricted operating zone to ensure that there are not low passes, except on approach to the airfield for take-off and landing through the flight path.⁴⁵ Commodore Norris further advised that Talisman Sabre has a hotline set up which is manned 24/7 to respond to such concerns and reassured the committee that Defence would ensure that they maintain their activities in a safe and appropriate manner.⁴⁶

Communication about proposed expansion of training areas and land acquisition

Defence engagement and consultation process

Rockhampton community perspective

2.43 Councillor Bill Ludwig, Mayor, Livingstone Shire Council, expressed his concern and disappointment on the processes and level of consultation by Defence on the proposed expansion of the training areas in the Livingstone Shire. Councillor Ludwig advised that the council was given confidential briefings and were informed that Defence would be handling the communication with the public. He advised that property owners 'got letters about five weeks before Christmas and effectively the

44 *Proof Committee Hansard*, 12 July 2017, p. 63.

45 *Proof Committee Hansard*, 12 July 2017, p. 49.

46 *Proof Committee Hansard*, 12 July 2017, p. 63.

letters were the precursor to compulsory acquisition, and that's where the bushfire started.'⁴⁷

2.44 Councillor Ludwig was of the view that there was no mechanism in place for consulting on the expansion and suggested that the process would have been improved with the establishment of a reference group to consult and disseminate information. He advised that he made his dissatisfaction with the process known to Defence and the Minister:

I said, 'You guys got it horribly wrong. You came and you outlined to local government, to the council, what you intended to do.' Then they went and blew it because they did not get everybody in the tent. They did not form a reference group where they could have put the information out broadly. They elected to send letters to people five weeks before Christmas. Those people felt that they were being picked off one by one. They felt that they were being intimidated and bullied. That came out of those meetings. I have never seen my community as angry as they were at those meetings. I went, 'Rule 101: how not to do a consultation; how not to engage.' Put that into *Hansard* and say, 'Never, ever do what they did.' If they had started with the town hall meetings, they could have given an overview and then prepared people for what the process was going to be rather than give them letters. And then when they had the one-on-ones, when the property owner said, 'By the way, what if we don't want to sell?' they said, 'We're just going to be compulsorily acquiring you anyway.' Throw petrol onto the fire and you have an idea of what happened at the end of last year and what transpired at the start of the year when people were so angry and up in arms. We ended up having to settle it down, but everybody had to go through so much angst. Because we were given confidential briefings, we were not able to flag to our community in advance. We were told that the ADF was taking the lead on this and we were told from the minister all the way down: 'Trust; we've got this in hand.' They read out all that stuff. That is what they will be doing. And that is what transpired.⁴⁸

2.45 Although outside the Livingstone Shire area, Councillor Strelow, also offered her view of the consultation process concerning the proposed expansion of the training areas:

As I heard from the community, for those first letters the timing was appalling. But the ADF did not actually know what they wanted... That was after they had already created the problem by sending letters to a broad group of people without really knowing whether they were going to need their land or not, not being able to justify why they might need it, where a boundary might go. All it did was create this huge amount of uncertainty when they could not answer any decent questions. If they had had some clear understanding of what they needed first and then engaged directly, I think a lot of the problems could have been resolved.⁴⁹

47 *Proof Committee Hansard*, 12 July 2017, p. 3.

48 *Proof Committee Hansard*, 12 July 2017, p. 8.

49 *Proof Committee Hansard*, 12 July 2017, pp 8-9.

2.46 The committee also heard directly from landowners in the area around the SBTA who were impacted by the proposed expansion plans as well as local business owners who may be impacted by the reduction of productive land in the area resulting in a reduced clientele base. Mr Bill Geddes, a local landowner, was concerned about the lack of information that has been forthcoming:

There are properties that have supposedly been bought by the Defence department, and no-one is actually coming forth and giving people information. We are obviously laymen. We know how things work and we make stuff work. If you've got country separate to the Shoalwater that they have purchased, do they intend to fence that separately? How do they intend to run it? Do they eventually want to choke the other properties out in between? That's the indication we all get. At the end of the day, they should come forward and put on the table what they are intending to do.⁵⁰

2.47 Mrs Danielle McKenzie, Chairperson of the Marlborough Against Defence Land Grab and the owner of Marlborough Motors, further explained that Defence engagement was only with landowners and that local business owners potentially impacted by the expansion plans were not engaged as they were not considered stakeholders.⁵¹ Mrs McKenzie gave details of her attempt to seek information from Defence:

I rang up to ask if I could get a one-to-one appointment, only to be laughed at. They had no idea why I was going to make an appointment. I was a business owner, not a landowner, so why would I want an appointment? They are taking my clientele base. Everything that makes my business a business, they are about to take from me. I'm not being compensated at all, and I am going to have to file bankruptcy. I am very concerned about my position right now. Basically, we walked into the meetings to be rolled out a map saying: 'We could potentially take this. This is a most likely. We don't know. Hang in there.' What a joke! That is basically what we had to live with and what we still are living with.⁵²

Defence perspective

2.48 Mr Grzeskowiak stated that the processes implemented by Defence in relation to engaging with the community on the proposed expansion of the SBTA and TFTA were informed by the Cultana Training Area expansion process in South Australia. He advised that Defence's approach was intended to let locals know as soon as possible about what was proposed, but acknowledged that there should have been more direct engagement rather than just sending letters. His view was that they have learnt from the process so far and advised that a local community engagement officer has now been appointed who will be based in Townsville.⁵³

50 *Proof Committee Hansard*, 12 July 2017, p. 16.

51 *Proof Committee Hansard*, 12 July 2017, pp 16-17.

52 *Proof Committee Hansard*, 12 July 2017, p. 16.

53 *Proof Committee Hansard*, 12 July 2017, p. 50.

2.49 Brigadier Timothy Bayliss, Director General, US Force Posture Initiative; and Program Manager, Australia-Singapore Military Training Initiative, Department of Defence, provided some more detail of the current arrangements:

We have got a permanent office established up in Townsville, and they travel back and forth between Rockhampton and Townsville in order to manage that engagement. I also travel frequently up from Canberra to engage directly with local councils and chambers of commerce—indeed, I will be up here over the next few weeks talking through the detail of the socioeconomic report.⁵⁴

Potential economic impacts

2.50 The committee heard of both the potential positive and negative impacts of the proposed land acquisition to expand training areas. Livingstone Shire Council raised the issue of the impact of a further reduction in the rate-base on revenue as a result of the training area expansion. The council provided an estimate of the rates loss under the current Defence occupation of 25 per cent of the Shire:

Currently (not including recent acquisitions) there is an estimated loss of rates revenue of approximately \$32 million for the last 52 years, up to \$50 million taking into consideration the potential lost opportunity costs and investment in the region.⁵⁵

2.51 Councillor Ludwig noted that the proposed acquisitions would increase the level of Defence occupation to 30 per cent of the Shire and he highlighted the potential economic impact:

We knew that there would be some acquisitions, but we almost fell off our chairs when we saw the scope of it...[T]hat's a huge hit. Forget about the rate base; look at the economic exodus of beef production and all the flow-on through the meatworks, the supply chains and everything else.⁵⁶

2.52 The Livingstone Shire submission advises that:

The increased financial pressure on the entire rateable Livingstone Shire community by a significant reduction in rates revenue from SWBTA expansion property purchases currently being undertaken must also be accounted for and offset both financially and through long-term investment in the host council area.⁵⁷

2.53 Councillor Ludwig raised his concerns about how much investment would flow into expenditure on infrastructure:

54 *Proof Committee Hansard*, 12 July 2017, p. 50.

55 Tabled document No. 23, 12 July 2017, Livingstone Shire Council, Briefing note for Senate Inquiry impact of Defence training activities and facilities on rural and regional communities, Meeting Wednesday, 12 July 2017, p. 1.

56 *Proof Committee Hansard*, 12 July 2017, p. 3.

57 *Submission No. 5*, Livingstone Shire Council, p. 2.

When I saw the map that they put on the table of what they would like to do, and we did the calculations, we thought, 'There'll probably be about \$500 left over by the time they acquire all of that land,' and we weren't going to see a cracker go into infrastructure and all of those other things. I thought, 'How is this going to play out?' You need to look at those significant maps, and I think everybody was caught on the hop, because I think the generals got together and thought, 'Here's an opportunity for us to have this bigger than the proverbial *Ben-Hur*,' when really what they should have been doing is looking at the shared uses, which they're starting to do now.

In fact, if they spent the \$1 billion buying the land, there'd be no injection. It'd all be going out, because we'd be losing all the productive capacity of that land and all of the support jobs and industry that go with that. So I think that's where they're coming from. Let's see how much land we can get. When you look at their map to increase it to 30 per cent of our land base, we then had some really serious concerns, but we had to wait to see how that was going to play out, and that played out very quickly.⁵⁸

2.54 Mr Peter Fraser, President of the Capricornia Chamber of Commerce advised:

I certainly wouldn't tell the Singaporeans how to spend their money but, to go one step further, if the infrastructure spend that they were intending to do at Shoalwater Bay included potentially building an airport or even building some form of residential accommodation or shops for their 18,000 troops to use, this would have a significant detrimental effect on all the economies around Shoalwater Bay.

...

Without any knowledge of what the infrastructure spend looks like to a Singaporean who's making the call, this could have enormous ramifications for our local economy, and we just don't know at the moment.⁵⁹

2.55 Another impact of the reduction on productive land in the Shire is the flow-on effect to local businesses currently supporting agricultural producers in the region. Mrs Joanne Rea, a committee member of the Marlborough Against Defence Land Grab noted the importance of the cattle industry in particular to Rockhampton's economy:

...Rockhampton is a cow town, so there are a lot of stock and station agents. There are people whose businesses rely on supplying people who own cattle properties. They can't just say, 'Well, I do business in Rocky, so I'm going to repurpose to try to get Army contracts.' The hoops are just too numerous and the bars just too high, and the history required is too stringent. So, perfectly good businesspeople are going to be put out of business, simply because the product they supply is a product for cattle property owners and not for Defence.⁶⁰

58 *Proof Committee Hansard*, 12 July 2017, p. 9.

59 *Proof Committee Hansard*, 12 July 2017, p. 10.

60 *Proof Committee Hansard*, 12 July 2017, p. 17.

2.56 Mrs McKenzie voiced concerns of other local business owners, not exclusively servicing the agricultural sector, on the expansion plans:

If the Australian Defence Force continues to purchase land from willing sellers over the years to come and slowly remove local businesses' clientele without a promise of financial replacement or compensation, this will clearly mean for local businesses like me that the financial struggle will slowly and eventually drain them out, forcing us and many others to close doors. How do we then relocate, repurchase and restart after being financially disabled? We can't.

...

And we can't sell our business now, because this is known. Who's going to want to buy my business? Who's going to want to buy anything in Marlborough?⁶¹

2.57 Mrs McKenzie explained to the committee that she does get 'highway work', but 90 per cent of her business is reliant on the surrounding clientele which lie within the Defence expansion area.⁶² Mrs McKenzie also raised the question of whether compensation to business owners affected by the land acquisition would be considered:

I think the Defence Force needs to recognise that it is not just landowners that are being impacted by this; local businesses are going to suffer dramatically from this. I can't repurchase; I can't restart my life, my business, my family without any compensation or financial replacement of financial loss from what they are taking from me. I've tried really hard to work with the Australian Defence Force. They can't provide me with a guarantee that they will replace our financial loss. Until they do, I will continue to push as hard as I can for compensation.⁶³

2.58 Brigadier Bayliss responded to the concerns raised about the potential detrimental effects of the proposed expansion to the regional economy, particularly in relation to the agricultural sector:

The socioeconomic report which has just come out does acknowledge the potential impact, in terms of the agricultural sector in particular, were we to take this land or purchase this land. It acknowledges the impact it may have on the agricultural sector itself. It also acknowledges the benefits in terms of the construction industry, which will benefit from the development of this, and the enduring effect of the increased activities we will conduct in the region. It balances it out. The big message that I get out of the socioeconomic report is: how do I maximise the benefits, in terms of local industry involvement, and how do I minimise that impact into the agricultural sector? And the things that we're looking at to inform our decision-making as we go forward are: what do we have to do to get local

61 *Proof Committee Hansard*, 12 July 2017, pp 13 and 16.

62 *Proof Committee Hansard*, 12 July 2017, p. 17.

63 *Proof Committee Hansard*, 12 July 2017, p. 18.

industry more engaged in the project and, indeed, how do we lessen that agricultural impact by either purchasing land of lesser agricultural value, minimising the amount of land that we purchase or looking at creative potential solutions for how we work together with the agricultural sector to further minimise the impact in that sector?⁶⁴

2.59 Ms Debra Howe, Director, Strategic Growth, Livingstone Shire Council, questioned some of the findings and assumptions of the KPMG report:

KPMG said the Defence spend at Shoalwater Bay does not just include capital; it includes wages and salary for both military personnel and civilians. It defies logic that people who come and go over short visits drop their wages in our economy; when you roll that up and say it is X million dollars and so many hundreds of jobs as a direct result of that contribution being spent at Shoalwater Bay, I do not believe that is factually correct. The people who are paid to go there go there for a reason. They will bring their cut lunch—or whatever analogy you like use. They are self-contained and they leave. So I think there needs to be a reality check around how the figures are used and the feel-good value that is supposedly left behind. We are asking for that to be real.⁶⁵

Further opportunities

Opportunities for growing regional infrastructure from enhanced Defence presence

2.60 The Rockhampton Regional Council advised the committee of the opportunities it saw for developing a 'set-aside military area' at the Rockhampton Airport⁶⁶ which could include housing. Noting the costs of transporting equipment, which it suggested are not used anywhere but Shoalwater Bay, the Council highlighted the potential benefits for Defence of a more permanent presence in the region.⁶⁷

2.61 Councillor Margaret Strelow, Mayor, noted that, while the council is very supportive of the presence of military exercises, the current level of activity is beginning to impinge on the space at the airport for general aviation, particularly affecting the council's wish to develop freight export through the airport.⁶⁸ Councillor Strelow elaborated:

We actually have an area adjacent to the tarmac that we have a master plan for that would be able to be locked up and owned; perhaps multi-user just

64 *Proof Committee Hansard*, 12 July 2017, p. 51.

65 *Proof Committee Hansard*, 12 July 2017, p. 10.

66 Rockhampton Airport is a commercial unit of the Rockhampton Regional Council which is responsible for its management and operations. It is located 5km from Rockhampton city centre with both domestic and international aircraft servicing the Rockhampton terminal. See <http://www.rockhamptonregion.qld.gov.au/CouncilServices/Rockhampton-Airport> (accessed 7 August 2017).

67 *Proof Committee Hansard*, 12 July 2017, p. 3.

68 *Proof Committee Hansard*, 12 July 2017, p. 3.

with Defence only and we could get the security right. We would gladly enter into a commercial relationship about that.⁶⁹

2.62 The council further noted that it had been putting proposals for this type of development to Defence for some time.⁷⁰ Mr Grzeskowiak confirmed that Defence was aware of the Council's proposal:

I think we've seen the proposals over some years; this is not an idea that's very new. Thus far, our view has been that we wouldn't require that. That's our view thus far. Whether that would change going forward with an increased exercise presence I don't know, but if people come to us with those sorts of proposals we'd consider them. But our first consideration is: is there a Defence capability need for that or not? Our judgement thus far has been that there is not.⁷¹

2.63 Councillor Ludwig, Mayor of the Livingstone Shire, presented the committee with a range of potential infrastructure opportunities in regard to the proposed expansion of the training areas. Ms Howe, Director, Strategic Growth, emphasised the opportunity for Defence involvement in infrastructure projects with shared benefits to not only improve capacity for Defence activities now, but provide an ongoing legacy to the region. Upgrades to road infrastructure in the shire were noted as a key area where immediate direct and shared benefits could be delivered for both Defence and regional primary producers. In particular the upgrade to Stanage Bay Road was cited as having potential to generate opportunities to grow beef cattle production, tourism and fisheries industries.⁷²

2.64 Mr Grzeskowiak noted that Defence has paid \$8.6 million, excluding GST, to the Livingstone Shire Council for roads over the past decade; with \$450,000 contributed as a user-pays fee over the last 10 years for Stanage Bay Road.⁷³ He further advised:

If we are developing the training area, particularly if there was an expansion involved as part of that development, the road capacity and whether we needed to invest in that would be part of that consideration in the planning in detail of what the infrastructure development would be. I can't say what the answer would be but it would certainly be one of the things that would be considered.⁷⁴

69 *Proof Committee Hansard*, 12 July 2017, p. 3.

70 *Proof Committee Hansard*, 12 July 2017, p. 3.

71 *Proof Committee Hansard*, 12 July 2017, p. 60.

72 Tabled document, 12 July 2017, Livingstone Shire Council, Briefing note for Senate Inquiry impact of Defence training activities and facilities on rural and regional communities, Meeting Wednesday, 12 July 2017, p. 1

73 *Proof Committee Hansard*, 12 July 2017, p. 53.

74 *Proof Committee Hansard*, 12 July 2017, p. 53.

2.65 Another area of potential infrastructure development which was raised was improved telecommunications, where certain areas experience issues with service failures during major joint army exercises.⁷⁵ Ms Howe elaborated at the hearing:

So spend on the facilities and on other infrastructure, but please allow that to be a legacy to the communities that are impacted—for example, telecommunications. Don't try to call Grandma when you have Talisman Sabre on, because if you're a resident you cannot get bandwidth. To Defence's credit, after we submitted our proposal, they have this time installed some additional facilities to increase their capacity and be less detrimental. Why do that temporarily and take it away? Why not do that and upgrade the facility, and leave that legacy to the community which they're operating in?⁷⁶

2.66 Ms Mary Carroll, Chief Executive Officer, Capricorn Enterprise, set out for the committee what she saw as future development opportunities:

Major opportunities include the commencement of our two anchor major resorts on the Capricorn Coast, including Great Keppel Island and Capricorn Resort; the sealing of Stanage Bay Road, which would enhance the opportunities for Stanage Bay as mentioned by Livingstone Shire Council Mayor Bill Ludwig this morning; and elevating the Blue Route through Byfield in regard to accessing and servicing facilities at Yeppoon. I'm sure you're familiar with the terminologies of the Blue Route, the Green Route, the Brown Route and, to a lower standard, the Yellow and Grey routes.

I note that a recent KPMG report, released yesterday, includes the major projects, including the two resorts at Great Keppel Island and Yeppoon. It also includes the Stanage Bay Road opportunities for tourism. Mayor Ludwig also mentioned this morning the ecotourism opportunities for Three Rivers, which is currently locked up by Defence, and we support the view expressed by the mayor this morning.⁷⁷

Underutilisation of the Shoalwater Bay Training Area

2.67 Mr Peter Fraser, President, Capricornia Chamber of Commerce, noted opportunities from greater utilisation of the SBTA:

It's more so in the amount of times it's used. Its two-pronged: the amount of times that it is used currently and the Australian allies that currently use it, and the present standing ADF contingent here in the local area. I will address the first part of it first. Talisman Sabre is currently on. It is a biennial event. It is on for three weeks. We get our inflow of US servicemen for that three-week period. I think it's already mentioned that they tend to not stay in our region or to spend a lot of money. We certainly

75 Tabled document, 12 July 2017, Livingstone Shire Council, Briefing note for Senate Inquiry impact of Defence training activities and facilities on rural and regional communities, Meeting Wednesday, 12 July 2017, p. 1

76 *Proof Committee Hansard*, 12 July 2017, p. 10.

77 *Proof Committee Hansard*, 12 July 2017, p. 27.

don't see it. I've talked to many, many people, and they can certainly recognise the presence of Singaporean soldiers from time to time, but the US defence personnel to a much lesser extent.

...

The 2004 study mentioned that for the 2,000 US servicemen surveyed the average spend was around \$2,500 in Central Queensland. I personally cannot see that from my last exposure to Talisman Sabre here two years ago, and I've seen very little of American servicemen in our shopping centres currently in the area. The other point I was looking to raise is that at the moment we have I think 6,000 or 6,500 Singaporean soldiers who come through our training facility every year. That is being looked to be increased to 14,000. I think their current tenure here is six weeks, and they might have a couple of days off, perhaps book-ended on both ends. That is being increased to 18 weeks. So, there is clearly opportunity there. With the last Talisman Sabre we had a contingent of 600 Japanese, and I think we had 500 New Zealand servicemen come through. So clearly there appears to be an appetite for the ADF to include our Pacific neighbours. I would certainly suggest, not being a serviceman obviously, that, given the capabilities from there being 52 weeks in a year, we are underutilising it simply based on the amount of time.⁷⁸

Shared use of land arrangements

2.68 Councillor Ludwig acknowledged that there may be potential for opportunities for shared use of land arrangements for some parts of the training areas where appropriate, which may be a solution for proposed future expansion plans. He also suggested the use of leases as a potential way forward.⁷⁹ He also suggested that:

There may be an opportunity for us to get some land back at Three Rivers. Three Rivers is like our Fraser Island. It has been locked up. Halfway down the beach there has been a border and there are major big signs: 'Keep Out', 'Keep Out', 'Keep Out.' Talk about visual pollution in a pristine area! ADF have in recent years, the last couple of years since I have become mayor again, acknowledged that it is of no strategic use to them. So there are some of those other areas where there may also be some ecotourism at times when they are not going to be used and in areas that are not going to be compromised by unexploded ordnance or safety issues. What we do not get back is that we cannot get our rate base back, but also you will not get full capacity back. But certainly in the beef industry and in the new area where they want to establish flyovers and things like that in their buffer zones, perhaps they can maintain their agricultural production. In a war situation the troops are going to be going through places that are going to have farms and cattle. That can be managed, and it would actually put a level of realism into what they are doing.⁸⁰

78 *Proof Committee Hansard*, 12 July 2017, pp 6-7.

79 *Proof Committee Hansard*, 12 July 2017, p. 7.

80 *Proof Committee Hansard*, 12 July 2017, p. 7.

2.69 The possibility of opening up the Three Rivers area was put to Defence who advised that they would be open to looking at the proposition.⁸¹

2.70 The committee noted that the Capricorn Conservation Council in its submission stated its strong opposition to the suggestion of 'unlocking' the Three Rivers for ecotourism due to the fragility of the coastal zone. The Council commented on:

[the] risks to nearby high value ecosystems, already under pressure from unauthorised entry and the escaped fires from recreational drivers and illegal campers would be exacerbated if this current buffer zone was exploited for tourism.⁸²

Environmental impacts of Defence activities

Land management of training areas by Defence

2.71 Noting that Defence has had a presence in the area for approximately 50 years, the committee sought details on the reasons for the emergence of recent issues, including in the area of land management.

2.72 The Marlborough Against Defence Land Grab Committee raised concerns about the management and condition of Defence land. They suggested the engagement of a land manager by Defence, rather than an environmental officer, to tackle concerns over grass cover and erosion control.⁸³ Mr Bill Geddes, a local landowner, explained that with better maintenance, and therefore making better use of existing property, Defence may reduce their need to acquire more land.⁸⁴ Mr Geddes further explained:

And it's not just bringing in the bulldozers. Land clearing is so much more. It's exactly what I said about maintaining someone's garden. If someone told you to stop pruning your garden and keeping your house up, it's not going to last long, is it? But that's exactly what happens. It's like they go on holidays. They just leave it be. Then, when they do get a fire up there, it's a humongous big sucker, and quite often it's started from the activities that they run anyway. So, at the end of the day, it's just common sense. They're buying country that they want because it's in the condition that they want it at, but they're not keeping the stuff they've already got up to the standard that they're trying to buy it at. It doesn't make sense.⁸⁵

2.73 The Capricorn Conservation Council expressed its concerns that the increasing frequency of military exercises:

...will limit the capacity of environmental manager[s] and contractors to properly assess and manage whole of landscape environmental impacts
...The reducing time gaps between exercises combined with the last decade

81 *Proof Committee Hansard*, 12 July 2017, p. 62.

82 Capricorn Conservation Council, *Submission 30*, p. 4.

83 *Proof Committee Hansard*, 12 July 2017, p. 14.

84 *Proof Committee Hansard*, 12 July 2017, p. 15.

85 *Proof Committee Hansard*, 12 July 2017, p. 15

of weather extremes...suggest the need for more investment and longer periods for flora and fauna recovery, lest the values which underpin Shoalwater's 'due use' decline beyond their point of resilience.⁸⁶

2.74 Defence explained to the committee that their approach is to look to optimise the use of the current training areas before they look to expansion:

The training areas we have are fantastic, but they have limitations. I look at some geography factors around Shoalwater Bay where a third of the range itself is water. There is a large range that runs through the middle of the range which limits our ability to manoeuvre and fire. There are also damp areas which affect our ability to move heavy equipment into it. I look at our environmental constraints in order to comply with our obligations under environmental law which require us to rest areas and let them recuperate. Then I look at the concurrency issues that we have; if I look just at the Singaporean training, they train on the training area for six weeks a year and consume the whole range, and there is no ability for ADF to train on the range at the same time. So, when I look at our initiative which looks to expand the training to almost triple that amount, the maths do not work in terms of occupying the range at the same time.

Then I look at the future requirements for ADF. As the dep sec said, we have got heavier vehicles coming down the range with the LAND 400s, where the weight of our vehicles will double, which will create more damage to our environment that we will need to then manage more carefully. We are looking at ranges for our weapons systems that are just getting longer. So, when we look at potentially rocket-based artillery systems in our future, we just need more space in order to accommodate the future requirements for the ADF.

Particularly pertinent for Shoalwater Bay are our growing amphibious requirements. In order to meet that training requirement, Shoalwater Bay provides the only real option in order to do the large-scale activities...⁸⁷

2.75 Mr Geddes and Mr Baker noted that Defence used to engage 'day-to-day property managers' who could operate as a local point of contact who are no longer there. Mr Baker advised that:

As a representative of AgForce, I've been talking to some of the landholders up there, and they were saying the defence department used to have some rangers in the area who would patrol the area and keep an eye on things and that sort of thing and then they would liaise with the landholders who were adjoining the area. They would be a point of contact if there were any issues—maintaining fences and those sorts of things. But in recent times, apparently, that hasn't happened and there's no point of contact—someone you can ring up and get on the phone and say, 'What's going on? Can we sort this problem out?' There isn't that contact.⁸⁸

86 Capricorn Conservation Council, *Submission 30*, p. 3.

87 Brigadier Bayliss, Department of Defence, *Proof Committee Hansard*, 12 July 2017, p. 51.

88 *Proof Committee Hansard*, 12 July 2017, p. 15.

2.76 Mr Grzeskowiak, confirmed that two people used to be based locally for dealing issues around the Rockhampton estate, including land management, but were relocated to Townsville approximately two years ago. He confirmed that they were still available for that purpose, but said that they would review the current arrangements going forward particularly in light of the Talisman Sabre exercise and also the comprehensive strategic partnership.⁸⁹

2.77 During examination of the Queensland Department of Aboriginal and Torres Strait Partnerships, Mr David Thompson, Program Manager, Rockhampton Office, agreed with the proposal put forward that there may potentially be opportunities to Aboriginal and Torres Strait Islander businesses to be involved in the management of Defence land training areas:

I think it is an opportunity to have a range of positions based within Defence to be able to do restoration work after each exercise has been carried out, to bring the land back and to look after some significant sites or some cultural area sites that are on that parcel of land, because it is quite a significant amount of land.⁹⁰

2.78 Mr Grzeskowiak noted that Defence has ongoing environment and land management programs in place for all Defence properties and he confirmed they also have in place bushfire management and weed management plans.⁹¹ Defence confirmed that the SBTA Environmental Advisory Committee (SBTAEAC) was established in 1998 as a result of a recommendation of the 1994 *Commonwealth Commission of Inquiry into the Shoalwater Bay Training Area*. The SBTAEAC meets twice per year and has wide ranging membership including representatives from Defence, Commonwealth and State agriculture and environmental organisations, local government, local Indigenous groups, neighbouring landowners and conservation groups.⁹²

Other initiatives in the procurement area

Indigenous procurement policy

2.79 Mr David Thompson, Program Manager, Rockhampton Office of the Queensland Department of Aboriginal and Torres Strait Islander Partnerships advised the committee that there were currently approximately 80 Aboriginal and Torres Strait Islander businesses across the region participating in state government procurement. However, he was not aware any Aboriginal and Torres Strait Islander businesses currently involved in Defence procurement in the region.⁹³

89 *Proof Committee Hansard*, 12 July 2017, p. 50.

90 *Proof Committee Hansard*, 12 July 2017, p. 46.

91 *Proof Committee Hansard*, 12 July 2017, p. 53 and 57.

92 Department of Defence, Answers to a question on notice from the hearing on 12 July 2017, received 28 August 2017.

93 *Proof Committee Hansard*, 12 July 2017, p. 43.

2.80 Mr Grzeskowiak was able to advise that Defence currently contract Spotless to perform service delivery and management in the region, which in turn subcontracts to around 20 local companies, of which two are Indigenous owned.⁹⁴

2.81 In relation to the possible reason why there is limited engagement with Indigenous businesses, Mr Thompson suggested the need to develop more relationships leading to joint venture arrangements. He further advised that there has not been contact with Defence in relation to the Rockhampton region.⁹⁵

2.82 Mr Thompson believed that the smaller size of Aboriginal and Torres Strait Islander businesses was a factor impacting the level of engagement with Defence:

I think the challenge is for the Indigenous businesses to be a prime, or a tier 1, contractor. Whilst Defence, or the Australian government, has put out a commitment to increase Indigenous spend within their portfolios, the bar is too high in relation to that because Indigenous businesses are mainly mums and dads, with the odd apprentice or trainee in places. So we do not have the turnover, the capital or the assets to be able to compete for some of the bigger spend that Defence Force does. So how do we do that through a joint venture arrangement? How do you manage that locally rather than through a prime based out of Brisbane, Melbourne or Sydney, or so forth. How do we pull together an alliance where we can actually take out the mitigation for risk for the Indigenous parties to be a major shareholder in the project or in the contract? So that is a challenge. We can do it with the state projects, because some of the Indigenous parties are quite capable of delivering, whether it be civil construction, general maintenance housing and so forth. But from a Defence perspective, it's probably a lot larger. But it's not just the construction side of things; it's the ongoing maintenance and upkeep, so I think there's another key area where the Aboriginal parties need to be involved. They're on country; it's their land. It's probably a good thing that Defence looks at that as well, and what the benefits would be.⁹⁶

2.83 Mr Thompson told the committee about its publication *Deadly Directory*, which lists all the Aboriginal and Torres Strait Islander businesses in the region and includes the ABN number for each and the details of the services delivered. Mr Thompson also advised the committee that the department was aware of, and has engaged, the Industry Capability Network in their workshops.⁹⁷

2.84 It was noted by the committee that at the national level, Defence exceeded its target of 70 contracts with Indigenous businesses in 2015-16, awarding 285 contracts valued at \$141 million. This compares to the state government's Indigenous spend of \$134 million.⁹⁸

94 *Proof Committee Hansard*, 12 July 2017, p. 48.

95 *Proof Committee Hansard*, 12 July 2017, p. 43.

96 *Proof Committee Hansard*, 12 July 2017, pp 43-44.

97 *Proof Committee Hansard*, 12 July 2017, p. 45.

98 *Proof Committee Hansard*, 12 July 2017, p. 44.

2.85 Mr Grzeskowiak noted significant growth in Defence Indigenous procurement in the last two years. He noted that the 2015-16 result of \$141 million was an significant increase to the figure from only two years before of approximately \$2 million; and represented approximately half of all Commonwealth expenditure to Indigenous companies as recorded through Supply Nation and the Indigenous Procurement Policy.⁹⁹

2.86 Mr Grzeskowiak noted that he had recently been appointed the Defence Indigenous champion because of his interest in this area and spoke about some recent initiatives:

I recently had a meeting with representatives from around 20 of the Indigenous companies that we deal with, mainly in the construction and services sector—that's my area of business in Defence—and they gave me some really good messages about how we can continue to take this forward. Interestingly, one of the key messages—and I think we are hearing that in some of these hearings as well—is that it's no good to have a huge splash of cash in a particular financial year or over a couple of years. What small companies in particular need to see is a steady and growing stream of work, particularly for the Indigenous companies, who are very keen to take on Indigenous apprentices. Obviously an apprentice needs to be there for a few years, and so you need some form of surety of supply.¹⁰⁰

99 *Proof Committee Hansard*, 12 July 2017, p. 48.

100 *Proof Committee Hansard*, 12 July 2017, p. 48.

