

Chapter 4

Conclusions and recommendations

4.1 This chapter outlines the conclusions and recommendations of the committee arising from the hearings in Darwin and Katherine.

4.2 Again the committee was pleased to hear how communities are extremely supportive of Defence presence, activities and most engagement with Defence.

4.3 Darwin appears to have many forums available to engage with Defence. The committee heard about additional measures to ensure the NT benefits from Defence projects. These include the establishment of the Defence and National Security Advocate; workshops to build knowledge and capacity; funding to the Australian Industry Defence Network; support for the Industry Capacity Network; and Development of a Defence Engagement Plan.

4.4 To the committee, the NT appears proactive and well positioned to take advantage of local business opportunities. As with previous hearings the committee was told that local businesses just want to maximise the opportunities for local businesses to bid for work.

4.5 It is important for Defence to understand the capabilities of local businesses and this information is readily available through organisations such as the Chamber of Commerce.

4.6 As in previous reports the committee believes it is important for Defence to provide information and data to local communities detailing the extent of their engagement.

Recommendation 1

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

4.8 A key suggestion from the Darwin hearing centred on the size of work packages. In relation to the Master Builders proposal for Defence to use smaller work packages, the committee is pleased to note the recent announcement by the Minister for Defence, Senator the Hon Marise Payne, that Defence will change the way managing contractors sub-contract:

At present, the typical arrangements are for the sub-contracts to be based on 'trade packages'. Defence has considered feedback from Northern Territory enterprises and will instead trial the use of smaller 'work packages' for the upcoming Larrakeyah Redevelopment and Naval operations in the North projects...

Under this approach, buildings or work elements may be tendered separately, rather than by individual trade. It is expected that this initiative will provide greater opportunity to local industry in the Northern Territory.¹

4.9 As mentioned in the committee's second interim report, the Minister also announced the Local Industry Capability Plan pilot to ensure that local industry has the best possible opportunity to be involved in the government's investment in Defence capability over the next decade. There will be three pilot projects:

- the Explosive Ordnance Logistics Reform Program, a \$230 million project covering 12 Defence sites;
- Shoalwater Bay Training Area redevelopment, a \$135 million infrastructure upgrade project; and
- Townsville Field Training Area Mid-Term Refresh, a \$24 million project to ensure the training area is fit for purpose, safe and environmentally compliant.

4.10 The pilot projects will require:

...tenderers bidding for major capital facilities projects to state clearly how they have engaged with local industry in providing their tendered solution, and how local industry will specifically be involved in delivering the work packages that underpin the project.²

4.11 The Minister indicated that the pilot projects will 'inform the development of a Defence Industry Participation Policy' which will be released in the first half of 2018. The policy will provide:

...a more consistent approach to maximising Australian and local industry involvement in Defence procurement of \$4 million and above, recognises that Defence procures a range of different equipment, services, and support across many sectors of the Australian economy'.³

4.12 The committee welcomes these announcements which, according to the evidence received, should facilitate greater engagement by local businesses.

4.13 The committee was pleased to hear from the Katherine Mayor about the positive relationship between the town and RAAF Base Tindal. This is particularly pleasing given the PFAS issues being dealt with in Katherine. The committee acknowledges the effort from both sides to establish strong personal relationships by facilitating regular opportunities to discuss issues. The committee notes comments

1 Senator the Hon Marise Payne, Minister for Defence 'Strengthening opportunities for local industry', *Media release*, 31 August 2017.

2 Senator the Hon Marise Payne, Minister for Defence, 'Strengthening opportunities for local industry', *Media release*, 31 August 2017.

3 Senator the Hon Marise Payne, Minister for Defence, 'Strengthening opportunities for local industry', *Media release*, 31 August 2017.

from the Mayor about the open dialogue that has been established with Defence, with particular reference to the provision of information about PFAS issues.⁴

4.14 Katherine witnesses spoke of similar issues to other hearings such as capacity building and highlighting the need to have the local workforce ready to engage. The committee was impressed with the work underway to ensure businesses are prepared to offer services. The high level of engagement with Tier 1 contractors is also a positive step in making sure contractors know what capability and capacity is available in the local area.

4.15 The committee was pleased to hear about the improving level of engagement by Defence with Indigenous businesses and the support available for them. While the committee acknowledges the positive report from the NLC regarding the Bradshaw Field Training Area, the committee was concerned to hear from Mrs May Rosas, Director, Ngaigu-Mulu Aboriginal Corporation who told the committee of the negative experience regarding the Delamere Air Weapons Range agreement and local employment.

Recommendation 2

4.16 The committee recommends that Defence review the evidence from the Ngaigu-Mulu Aboriginal Corporation at the Katherine public hearing and investigate the issues raised.

Senator Alex Gallacher

Chair

4 Note: in 2016, the committee tabled the report for its inquiry into the Contamination of ADF facilities and other Commonwealth, state and territory sites in Australia which focussed on contamination at RAAF Base Williamtown and the Army Aviation Centre in Oakey.

