



Australian Government
Department of Defence

JCPAA REVIEW OF THE ANAO DEFENCE MAJOR PROJECTS REPORT 2018-19

Mr Anthony Fraser - Deputy Secretary Capability and Sustainment Group

Opening Statement – 27 MAY 2020

As we appear before the JCPAA to consider the ANAO Defence Major Projects Report 2018-19, we do so in the initial recovery phase of the COVID-19 pandemic. To assist the committee I offer a brief statement of the strategy and actions undertaken to assist Australian Defence Industry, in order to safely continue to sustain the Australian Defence Force and continue with Defence projects so far as reasonably practical.

As was done for the devastating bushfires only a few months ago, Defence contributed directly, and indirectly, to the Whole of Government response to help Australians in need. Secretary and CDF established the Defence COVID-19 Task Force under which we formed the Defence Industry Support Cell.

This cell included representatives from each of the Defence delivery groups, and was a critical element in quickly addressing Defence Industry issues in a standard way. It also provided the portal for Defence Industry support to the Whole of Government response.

Our COVID-19 Defence Industry management objectives were:

- To care for our people and the people of Australia
- To safely sustain Defence Capability and continue with Defence projects in so far as reasonably practical
- To assist in stability of the Australian Defence supply chain and the Australian economy

Defence and Defence Industry worked in a true partnership, under the Government management requirements to minimise risk and safely continue operations.

Weekly Ministerial engagement calls with Defence Industry, have been pivotal in establishing alignment and certainty.

The Defence Industry Support Cell also assisted facilitation of limited cross border movement for essential personnel when all other alternatives had been explored. The respective State Defence Representatives provided excellent support to these exemptions.

Whilst there are some COVID related impacts, by continuing Defence Industry work in the critical national security role, Defence was able to continue payments to industry. Indeed Defence compressed payment times to rapidly pay invoices, and critically the Primes embraced this strategy

to flow them down to Australian small business. Australian Defence Industry retained, and in some cases has grown its workforce.

We consulted regularly with our international counterparts and leveraged lessons from their experiences in responding to the COVID-19 pandemic while maintaining preparedness and keeping critical supply chains flowing.

An important initiative was to implement a framework for managing the commercial impact on contracts where such provision was not already in place, through a "Recovery Deed". The intent being to focus on current performance, preservation of rights by all parties, to develop impact recovery plans and to settle commercial elements by year end when the true impact of COVID-19 will be clearer.

Australian Defence Industry has remained strong in our partnership supporting the Australian Defence Force and is well postured to deal with the risk to the supply global chain in the coming months.