

Senate Standing Committee on Foreign Affairs, Defence and Trade

Parliamentary inquiry – Inquiry into the Impact of Defence Activities and Training Areas on Rural and Regional Communities

ANSWER TO QUESTION SENT THROUGH IN ADVANCE OF PUBLIC HEARING

Department of Defence

Topic: SSCFADT – Questions in advance of public hearing on impact of Defence training activities and facilities on rural and regional communities

Question reference number: 1.25

Date set by the committee for the return of answer: 19 March 2018

Question:

Defence responses at public hearings and on notice have varied on this issue. The Defence submission provided some details of expenditure at Defence establishments as well as expenditure for approved capital facilities by state. Some responses to questions on notice have provided detail about Defence spend in the regions, other responses have noted challenges with reporting local and regional information.

- Can you provide details about what local or regional data Defence is currently able to provide? Is there capacity in the current reporting system for enhancements to be made to improve the availability of local or regional data?
- Can the information included in the Defence submission routinely be made available to regional councils and other organisations?

Answer:

- On 31 August 2018, the then Minister for Defence, Senator the Hon Marise Payne, announced a pilot program to trial a Local Industry Capability Plan (LICP) for facilities and infrastructure projects.
- The results of this pilot will inform a Local Industry Capability Policy.
- This project is subject to Government and Parliamentary approvals.
- Estate and Infrastructure Group Contractors have proposed a target of 80 per cent local engagement through the delivery of the project.
- Additional reporting by the Base Services Contractors relating to SME engagement, Indigenous Procurement Policy compliance, and compliance with Security of Payments legislation has been enhanced under the Contract Extension process. This reporting includes registered business address. This data allows enhanced local and regional engagement information to be provided.
- Defence does not track expenditure within the corporate financial system on vendor activity by location of the production, or the delivery of goods and services.

- To capture this information in the financial system would place a significant impost on industry and require significant investment in the systems to identify where all goods and/or services under the contract are being produced or delivered.
- Defence does use the vendor's billing address to produce quarterly expenditure reports, however this only identifies where the invoices are raised rather than where the work is carried out or produced.
- Defence's estate system does capture expenditure data for the Base Services contracts at a number of levels, namely whole of contract (predominantly the management components), Base Support Area, and for selected service lines, at the site level. This is driven by the various levels of pricing within the contract, which were optimised to reduce contract management overhead on both parties.