

Senate Economic References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into the Australian manufacturing industry
08 December 2021

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Extent of local investment in supplying COVID related products

REFERENCE: Question on Notice (Hansard, 08 December 2021, Page 60)

QUESTION No.: 5

Senator PRATT: Did you get an indication from that experience of the extent to which some companies geared up to supply locally and put capital investment behind doing that but weren't actually drawn on at the end of the day?

Mr Purtell: I'm not sure. I might need to take that on notice in terms of data.

Senator PRATT: I'm happy for you to take that on notice.

...

Senator PRATT: I understand the need to put the focus on getting the supply and that it might have been more timely and cheaper to get that from overseas. But the issue, to me, was that your department asked people what their capability was, and no-one has kept a record of what participation they actually had as a result, nor did the Department of Health keep a record of whether what they procured had or had not been manufactured locally. I understand that local manufacturers might not have been the best choice given the timeliness and quality issues, but, given people had been encouraged to participate, I was a bit surprised to find that there wasn't actually a record kept.

Ms Luchetti: I suggest we take that question on notice in order to give you a fuller response, noting that some of us weren't actually involved in the work back then. So why don't we come back to you on that?

ANSWER

In efforts to strengthen Australia's ability to access critical products and inputs, the Australian Government's Modern Manufacturing Strategy, Supply Chain Resilience Initiative (SCRI) involved an in-depth analysis of PPE in the first half of 2021. This analysis included input from sector experts and industry engagement during April 2021, which highlighted that the actions the Australian Government had already taken to ensure PPE availability yielded positive results. This included funding to establish and expand local manufacturing, establishing accredited product testing capability at the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the National Measurement Institute (NMI), free access to product standards and streamlining regulatory reviews and approvals.

In 2020, the Department of Industry, Science, Energy and Resources (the Department) supported the Department of Health's (DoH) procurement of personal protective equipment (PPE) and medical supplies for the National Medical Stockpile (NMS) early in the pandemic.

The Department assisted DoH to determine the capability and capacity of Australian businesses to manufacture medical PPE. This included four separate approaches to the market via AusTender.

The main approach was a Request for Information (RFI) via AusTender (15 March 2020) – that the conditions stated the sole purpose was to “*obtain information in connection with gaining an understanding of Australian manufacturing of medical Personal Protective Equipment (PPE), it is not a procurement and does not form part of any Commonwealth procurement process.*” The Department triaged and assessed RFI responses based on whether businesses could meet the priority PPE specifications (as per DoH’s advice) and could deliver in a timely and reliable manner. Additional approaches also included an Expression of Interest for the supply of COVID-19 swabs (20 March 2020) and two RFIs for COVID-19 test kits (3 and 9 April 2020).

The DoH procured PPE and medical supplies for the NMS from a number of sources including those manufactured both in Australia and overseas. DoH procured non-invasive ventilators, face masks and face shields, and surgical gowns from local manufacturers that included Aspen Medical, Grey Innovation, Resmed, Detmold, Med-Con, Clets Linen and Westlab.

Appendix 5 of the Australian National Audit Office’s audit report ‘*Planning and Governance of COVID-19 Procurements to Increase the National Medical Stockpile*’, published on 10 December 2020, outlines the procurements DoH undertook between 1 February and 31 August 2020, including where the procurements were drawn from including direct approaches to DoH or the Department, referrals from other Australian Government entities, Ministers’ offices and the AusTender approaches to market.

An estimated 15 percent (in dollar-value) at the time of signing of the contract by DoH for PPE and medical equipment for the NMS came from Australian manufacturers. The majority of these goods were manufactured in Australia with a small volume imported under one contract whilst domestic production capability was established. Reducing this to 14 per cent will account for this small percentage. The DoH was responsible for all Commonwealth procurement decisions for the NMS – further questions around subsequent procurement processes should be directed to DoH. The role of the Department with respect to the procurement of PPE for the NMS during COVID-19 pandemic was limited to providing information on potential suppliers to DoH for their consideration. As such, the Department does not hold any data on companies who may have scaled-up in anticipation of supplying PPE locally but did not receive a contract to supply to the NMS.