



## **Submission to the Inquiry into the impact of Defence training activities and facilities in rural and regional communities**

**Ben Hughes: Principal at Hughes et al**

The views expressed are solely those of Ben Hughes and do not necessarily reflect those of any Hughes et al clients or associates.

I have no visibility on Defence Local and Regional Content practices and their impact to date. My view point is more centred on the significant contribution that Defence could potentially make to regional communities through the adoption of better local and regional content policy and processes.

### **Introduction**

Hughes et al was founded in 2008. The strategy was never to build a company per se but rather help drive collaborative in a network of clients, enablers and regional economic advocates to get better outcomes for regional Queensland.

Our corporate goals are to help regions proposer as a result of major project economic stimulus. We work on major projects in all sectors.

Whilst socially driven we are in no way naïve enough to think anything other than a corporate agenda drives business, and as such, our primary objective is commercial and focuses on either greenfield or brownfield Local Content projects

Truly efficient Major Project Local Content practices focus on reduced commercial costs and risks that result in improved regional economic returns and community dividends

Hughes et al provides a range of services to our clients both advisory and technical. We customise to meet each client need. We work with global projects, Government agencies and Economic Development Organisations. Each of our services are tailored and every client is important to us.

We are Co-Founders of EconomX and [www.localworkers.com.au](http://www.localworkers.com.au) and work in partnership with Strategenics.

We have staffed offices in Toowoomba, Townsville and Brisbane.

### **Our Story**

In the stifling heat of the 2008 summer, a small group of optimists drove into Dalby in the Surat Basin of Queensland. The group's intention was to assist economic development in regional towns and they had driven up the Warrego Highway to listen and hopefully develop new solutions to old challenges.



What we discovered was a region on the cusp of a once in a generation economic boom stimulated by a fledgling CSG industry that was intent on being a positive contributor to the economic and social fabric of the region.

From the beginning, we determined to play a meaningful role in the region's onward economic and social development. Today, we are proud that we have successfully established ourselves as designers of industry Local Content strategies for numerous major projects and positive contributors to the shared responsibility of Local Content.

We use what we have learned to design strategies that optimise returns from their construction and operational investment whilst also identifying and alleviating challenges and risks, financial and strategic, anticipated and unforeseen.

Having now successfully implemented numerous Local Content strategies for major projects we enjoy a position of trust with a complex network of senior stakeholders and we're proud of a reputation built on absolute integrity and transparency. The experience and knowledge we first developed in the Surat Basin is applicable across the State and has meant we have broadened our geographical scope and are now requested to work on projects across Queensland and Australia.

Because we understand and respect the complexities of operating in regional communities, we're able to minimise risks and maximise returns and we do it while keeping the community informed, involved and enthusiastic.

We consider ourselves invested – as a business and as people – in delivering positive outcomes for the communities in which we operate.

### **Our Principal – Ben Hughes**

10 years pursuit of positive regional outcomes through the mechanism of improved corporate Local and Regional Content functions and discipline.

Recognised expertise as evidenced by the request to write then expert Local Content briefing paper for Queensland Gas Supply and Demand Action Plan

Extensive Major Project experience in Surat Basin with lessons learned now being applied to Central and Northern Queensland in partnership with a resources Major Project.

Prior experience in designing and delivering global employment strategies for global miners and a handful of Swiss investment banks.

Proud TSBE Member. Previous Board Director of the Surat Basin Corporation, a Regional Economic Development Body.



Current clients include Adani, Broadspectrum and QLD State Development Special Projects Unit (SPU).

Past clients include APLNG, QCLNG, GLNG, Thiess, CPB Contractors, Carbon Energy, Transfield Service Clough Joint Venture, Rangalink and Bouygues Construction.

### **Statement**

Local and Regional Content is the efficient and effective management of Major Project CAPEX and OPEX investment into the local supply chain and workforce.

Local and Regional Content policies and practices need to be effectively calibrated to ensure that the maximum amount of economic returns are generated for both proponent and operating community which then result in the generation of social dividends.

The science of Local and Regional Content is to engineer out the inefficiencies that exist between project capital and the surrounding market place; the art is ensuring those activities help businesses prosper, communities develop and make sure no one gets left behind.

Although Major Projects often shoulder most of the blame for a failure to deliver on local content expectations the reality is that local content delivery is a shared responsibility between

- The Buyer/Employer
- The Supplier/Worker
- Government – Federal, State and Local
- Economic Development Organisations (e.g Toowoomba and Surat Basin Enterprise)
- Industry Development Organisations (e.g. Queensland Resources Council)
- The Community at large.

Like the dial of a combination lock, for the effective delivery of Local and Regional Content strategies, it is essential for Major Projects to get the right combination of settings between the partners who share the responsibility for the delivery of economic and social outcomes.

Current market setting limit the impact of

- Policies – Local Content definition, cultural understanding and lack of teeth (EPBS removal)
- Plans – Absence of meaningful plans at Government and Major Project level
- Processes – Focus on community marketing rather than practical outcomes
- Procedures – Inconsistent and ineffective
- Systems – Multiple market duplication. Incorrect positioning of ICN and lacking ambition.

All too often the economic contribution of a Major Project is the sole focus of the public conversation. The frustration which often underpins community sentiment however is more related to the opportunity cost incurred through inefficient and ineffective Local and Regional Content processes that limit and deny the operating local community economic development, social growth and shared learnings.