

## **Questions on Land 121 Programme Decision**

**20 October 2011**

**Senator McKENZIE:** I am following up on the LAND 121 program, which Senator Humphries raised. That is in my local electorate in regional Victoria in my and Senator Feeney's state; one of the manufacturers is out there. I want to get some clarification on the anticipated date for a decision on the project.

**Mr King:** We are very close to formulating our final recommendations to government. I did take a question on notice from, I think, Senator Humphries to see if we could clarify with the minister and industry a likely time frame. It is a big decision for government, as it is for us, but we are very close to that point where we will be able to give enough information to government for them to make an informed decision.

**Senator McKENZIE:** Thank you. Are we confident that it will be prior to Christmas 2011?

**Mr King:** No.

**Senator McKENZIE:** Okay. I thought I would try. Minister, are you aware of the government policy supporting the importance of local manufacturers, the 'Buy Local' plan that was announced by the PM?

**Senator Feeney:** No. That is not something that I can speak to in any detail. Is that an issue for Mr Clare?

**Senator McKENZIE:** Minister, I am not seeking detail on it. I just want to know whether you are aware of it.

**Senator Feeney:** Only in the broadest terms.

**Senator McKENZIE:** For my understanding I had hoped to be provided with an explanation of how Defence, and particularly this program, will be contributing to this initiative around a local manufacturing focus announced by the Gillard government.

**Mr King:** We already have a range of Defence activities. I mentioned earlier the DMO's budget on behalf of Defence, but I am not sure whether you were here. We spend about \$11 billion a year, and about 54 per cent of that is spent in Australia. That is in the order of \$5.4 billion a year that is spent in Australia, and about \$2.7 billion to \$2.8 billion of that is spent with SMEs. There is a misconception about the amount of work. If you take the clothing business, which is close to everybody's mind, we do about \$80 million to \$90 million worth of business in clothing in Defence a year, and we do about 75 per cent to 80 per cent of that in Australia.

**Senator McKENZIE:** Thank you.

**Mr King:** And just to fill it out a bit more and to give you some confidence that we care, because we do, we are required to have an industry capability plan. So when we get a tender, and we often do big projects through primes, they are required to have an industry content. I think it is for all projects above \$20 million or \$25 million, but I will check that. So we are

already engaged very strongly, and we need a well-developed and well-supported defence industry in Australia to support the Defence Force and the products.

**Senator McKENZIE:** Absolutely. Given the local uncertainty in the particular regional area that I am speaking about, Minister, I would appreciate your perspective on this issue for the local workers in Bendigo, who anxiously await this delayed decision. This manufacturer is in regional Victoria, as I have stated, where in the current climate job losses will have a significant impact. I would appreciate your comments, Minister.

**Senator Feeney:** I am obviously aware of the company and the community you are talking about. I respect the fact that as a fellow Victorian Senator you are seeking to provoke me into a—

**Senator McKENZIE:** Just an answer

**Senator Feeney:** The simple fact of it is that it is not appropriate for me to prejudge a decision of government, nor it is appropriate for me to suggest that any of the tenders before government are being treated differently than any others. I really feel constrained from being able to make any comment about -

**Senator McKENZIE:** Which is why I have not asked you specifically about tenders. It is more about your awareness and perspective of the buy local plan and supporting local manufacturers.

**Senator Feeney:** I am confident that government will make a decision based on a range of principles and those principles will include best value for taxpayers, best value for defence and of course what is in the national interest.