



Economic Development

Productive ▶ Shoalhaven

NSW Standing Committee on State Development Defence Industry in NSW

Supplementary information submitted by
Greg Pullen, Economic Development Manager, Shoalhaven City Council

Good afternoon

Shoalhaven Council previously made a submission to the Standing Committee and outlined some informed thoughts against the Terms of Reference.

Today I wish to make a more comprehensive statement on five (5) key areas that cut across the Terms of Reference and unless these issues are addressed the growth in the higher valued advanced manufacturing sectors will not occur in NSW or other parts of the nation.

Skilling of Employees (and future employees)

Defence support industries come in a range of shapes and sizes focusing on specific outputs which contribute to Australia's defence capabilities. Advanced manufacturing, aeroskills including mechanical, mechatronic and avionics, and advanced material development all feature heavily as contributors. These sectors of defence support require specialized training for their staff in order to ensure that Australia's defence capabilities are met.

Over time certain training providers, like that in other sectors, have found that delivery of specialized training is not economically feasible. Demand is low and class sizes often need to be kept to a minimum to ensure that each student receives appropriate training – training which is of high quality and safe.

Defence support training is quite diverse and many of the skills acquired in this sector are transferrable. For example, welding of aircraft components, aircraft surface finishing, logistics, etc are all skills that are transferable.

The Economic Development Office has been approached by two local training companies. One of which has over 30 years experience and trains over 6000 trade students per year for the ADF. The other is only one of three training providers nationally able to conduct CASA accredited licence category and subcategory training. This particular training company also delivers maintenance training and approved aircraft type rating training. Both of these companies have expressed concern in relation to difficulty in accessing funding such as Smart and Skilled, even though they are both top notch training providers, and the cost of the course to each student or business can be expensive when delivered in ones and twos.

Both companies are accomplished in remote training using e-training delivery, but again the training cohorts are small as this is all that the industry market requires.

The Economic Development Office is concerned that if companies like these are not supported then we, that is Australia, may lose the capability to train people in much needed skills which are fundamental to the defence support industry and to the defence capability of Australia.

RECOMMENDATION

- 1. That registered training organisations providing specialised training for defence support industries be supported, either financially or by regulatory assistance, to deliver the requisite training to support the defence and defence support sectors.***
- 2. That Defence NSW form a network of registered training providers experienced in supporting the defence sector to expand the provision of skilling military and civilian personnel within the State***

Recruitment & Retention of Skilled Personnel

The defence industry sector is a regionally oriented one and one that concentrates a group of highly skilled staff on centres like Nowra, Singleton, Newcastle, Wagga Wagga and Richmond to name just a few. The need to assemble a workforce in these regional areas does at times pose a difficulty when these same, or related, skillsets are required in other parts of the state and nation.

Personnel with aviation maintenance skillsets are scarce at the best of times. Similarly skillsets in electronic warfare, acoustics, simulation, avionics, composites etc are usually industry trained.

The importance of providing the platforms for industry to recruit and retain staff in a regional areas is therefore important. Military bases seek to have service and support providers nearby rather than in metropolitan areas, so there is a need for Defence NSW to realise that to grow the defence industry sector, support is required by government at all levels to assist regional areas with regard to training provision, accommodation and lifestyle to meet the industry requirements to supply a continuous quality service to the Dept of Defence.

RECOMMENDATION

- 3. That Defence NSW should incorporate provisions to support the need to recognize the recruitment and retention of speciality skills in NSW especially in certain regional pockets within the state such as Nowra.**
- 4. That Defence NSW stimulate and co-ordinate programs to support industry in regional areas to recruit and retain skilled personnel through positive resources such as collateral that supports this need and assisting companies and government agencies at all levels.**

Supporting and Assisting Local Government to Enhance the Livability of Local Communities and Regional Towns

Regional communities that become part of the defence effort also become “Defence Communities”

Many Defence personnel and those in industry that support them live in regional communities. Many come from metropolitan areas, as do their families, and seek out many attributes offered by Australian capital cities. Many of these metropolitan services and facilities are not available in regional areas to the same quality.

Agreeably other attributes of regional living, such as affordable housing, proximity to work and natural surroundings are sought-after livability assets.

To assist business to recruit and retain key personnel, local government tries to encourage the provision of services such as sporting facilities, medical services, tertiary education etc but are dependent on firstly the visioning and planning by local Councils and their communities. To deliver these facilities and services requires the assistance through grant funding from government and implementation by agencies such as NSW Health and University of Wollongong.

The importance of looking forward to address future needs for communities not typical of that regional community and are perceived as transient, does require a visionary approach by Councils that will not be to the fore in their Strategic Community Plans.

RECOMMENDATION

- 5. That Defence NSW provides support to Local Government when sought, and is warranted, that articulates the need for facilities and services to be of an adequate quality to address the livability for existing defence and support personnel as well as those yet to be recruited to satisfy the expanding liveability need.**
- 6. That Defence NSW becomes proactive in assisting Councils and Defence to chase down livability enhancements in their communities to address the Defence sector expansion.**

Recognising Local Government as an Active Support Agency

Local government can take an active or passive economic development role in the development of the Defence and defence support sectors.

Shoalhaven City Council has a very proactive role towards the defence industry sector.

This Council has:

- Developed and adopted a Shoalhaven Defence Industry Sector Strategy
- Supported Defence CapEx projects and made supportive submissions to the Public Works Committee and appeared before that committee several times
- Liaised with the Project Office regarding various platform rollouts – SEA1411; AIR9000; JP7
- Assisted in the redevelopment of HMAS Albatross through the various stages
- Been involved in the relocation to Nowra of NALO (now NASPO) from Sydney and the establishment of the Helicopter Aircrew Training System (HATS) to Albatross
- Established the Albatross Aviation Technology Park at the request of the RAN and have invested in excess of \$12 million
- Obtained over \$2m in NSW Govt assistance towards the AATP subdivisional works
- Worked with Scientific Management Australia, BAE Systems, Raytheon, Air Affairs, and more recently Lockheed Martin/Sikorsky to establish at the AATP
- Managed a gate interface between the AATP and the airfield for Defence contractors to access the runways

Council also involves the Royal Australian Navy in Council and community activities.

I reiterate a previous Commanding Officer's comment that:

“Navy is part of Nowra, and Nowra is part of Navy”.

Many members of the Fleet Air Arm have retired in the area and several senior current ranked officers of the RAN live in the area.

Several issues within NSW regarding military bases and activities need to be reviewed within the NSW planning context. Bases and exercise areas need to be protected by state planning laws. It should not be just up to local Councils to protect such national assets.

This Council also recognizes the importance of other military assets in the area such as:

- Jervis Bay (Naval Waters Act)
- HMAS Creswell within Jervis Bay Territory
- Beecroft Bombing Range
- East Coast Exercise Area
- Helo North and the Husky Line – helicopter flight paths

RECOMMENDATION

- 7. That Local Government be encouraged to appreciate the value of the defence industry sector to their local community both economically and socially***
- 8. That Defence NSW invite local Council, where appropriate, to participate and partner with the NSW effort to expand the defence industry sector***

Value of Growth in the Defence Industry Sector

Shoalhaven City Council appreciates the value of the defence industry sector to the Gross Regional Product of the area.

If one was to compare the effort required and the effect of stimulating 500 jobs in the defence sector with the same result for say the Tourism sector it would be seen that defence provides a higher order benefit to the local community.

Some comparative figures are based on 2011 Census:

Shoalhaven & JB Territory	Defence Industry Sector		Tourism Industry Sector	
	Employment	1672	5.70%	3284
Wages & Salaries	\$344.0m	14.10%	\$140.7m	5.80%
Contribution to GRP	\$479.8m	10.70%	\$220.5m	4.90%

This demonstrates that the value of the Defence sector to the Shoalhaven economy, even based on lower employment numbers, contributes more than double as much as Tourism.

To look at the equation another way, to generate 500 additional jobs

Shoalhaven & JB Territory	Defence Industry Sector		Tourism Industry Sector	
	CapEx required	\$220m		\$82m
Flow on employment	514		178	
Wages & Salaries	\$144.0m		\$34.7m	
Contribution to GRP	\$226.8m	4.60%	\$61.0m	1.20%

The above is to demonstrate that if the Defence sector was financially supported in its growth to the same extent as the tourism sector then a greater benefit to the NSW economy would result generating capital investment and flow on jobs through the multiplier effect.

RECOMMENDATION

- 9. That econometric modelling be undertaken by the NSW government to establish the potential return on invest from stimulating investment in the defence industry sector to attract more interest to have all levels of government work together to grow the economy of NSW.**

General Comments

Shoalhaven Council is supportive of other suggested projects in the Defence industry sector including:

- Relocation of parts of Fleet Base East to Port Kembla
- Establishing Naval UAV operations and development at HMAS Albatross

Greg Pullen
Economic Development Manager
Shoalhaven City Council

29th June 2017