

## Inquiry into the defence industry in NSW – Post-hearing responses – NSW Government

### Question on notice

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The Hon. John Graham noted useful data was presented during the inquiry, including the “80 bases, \$5.5 billion of expenditure, 26 per cent of personnel” in NSW. He has asked for this data to be presented to show how NSW “stacks up across Australia”.

He also notes that we would hope to receive about one third (or more) of the total economic development expenditure in line with the population of NSW, and size of the NSW economy.

Knowing “what slice of the pie we have at the moment is relevant to the argument that the Committee has got to make inside the political system”.

### Response

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#### Data showing a comparison between NSW and other states

ABS data shows NSW had 32% of the Australian population (as at December 2016)<sup>1</sup>. In contrast Victoria had 26% of the Australian population.

NSW had 31% of the Gross National Product in 2015-16<sup>2</sup>.

NSW had 26% of Defence employment (ADF/APS/Reserve) in 2014/15, compared to 13% in Victoria. It is worth noting that the ACT had 17% of employment, and only 2% of the Australian population<sup>3</sup>. The reason for the high percentage of Defence employment in the ACT is the relatively large concentration of Department of Defence headquarters and agencies.

In terms of Defence expenditure, NSW had 25.6% of total Defence expenditure in 2014-15. Further breakdown shows:

- 25% of total Defence operational expenditure in 2014-15
- 27% of total Defence capital expenditure in 2014-15<sup>4</sup>.

Exhaustive enquiries have been made since the hearing to locate data that will allow an authoritative comparison between NSW and other states/territories. The gaps identified in the available data are:

- The total number of Defence bases and establishments in each state or territory
- The amount of Defence expenditure in each state or territory
- The division of this expenditure between capital and operational (including sustainment)
- Expenditure against major Defence projects or initiatives may be reported across the Defence portfolio without clear division between states
- Expenditure against major Defence projects or initiatives may reflect contracts with Prime Headquarters resident in a state vice where the work is eventually conducted.

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<sup>1</sup> ABS 3101.1 Demographic statistics (December 2016)

<sup>2</sup> ABS 5220.0 Australian national accounts: State accounts 2015-16

<sup>3</sup> Department of Defence Annual report (2014-15)

<sup>4</sup> KPMG analysis and ABS, Defence data

## **Analysis**

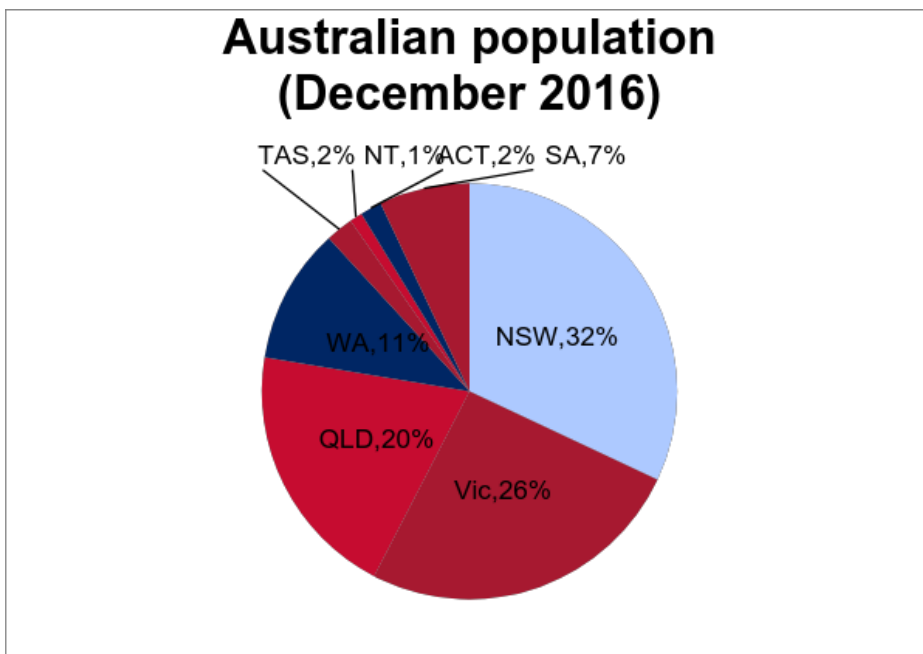
If requested, further research could be undertaken to seek reliable comparative data. However, the nature of Defence reporting, and the sensitivity of commercial data held by each state, will remain obstacles to a detailed comparison in the short term.

## **Further information**

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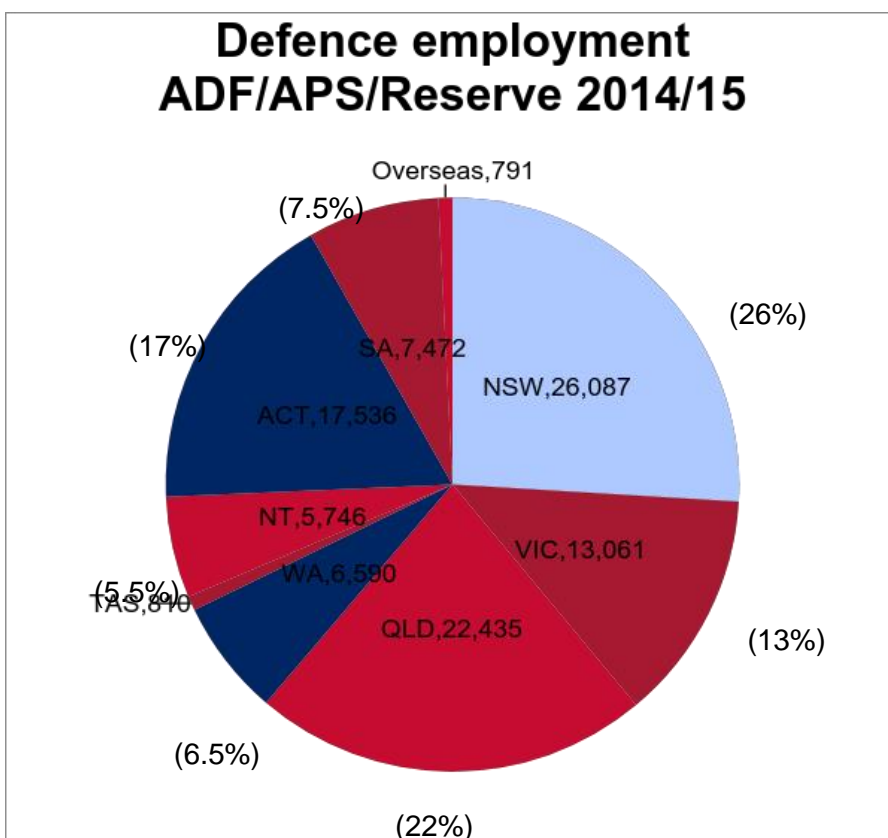
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Australian Population



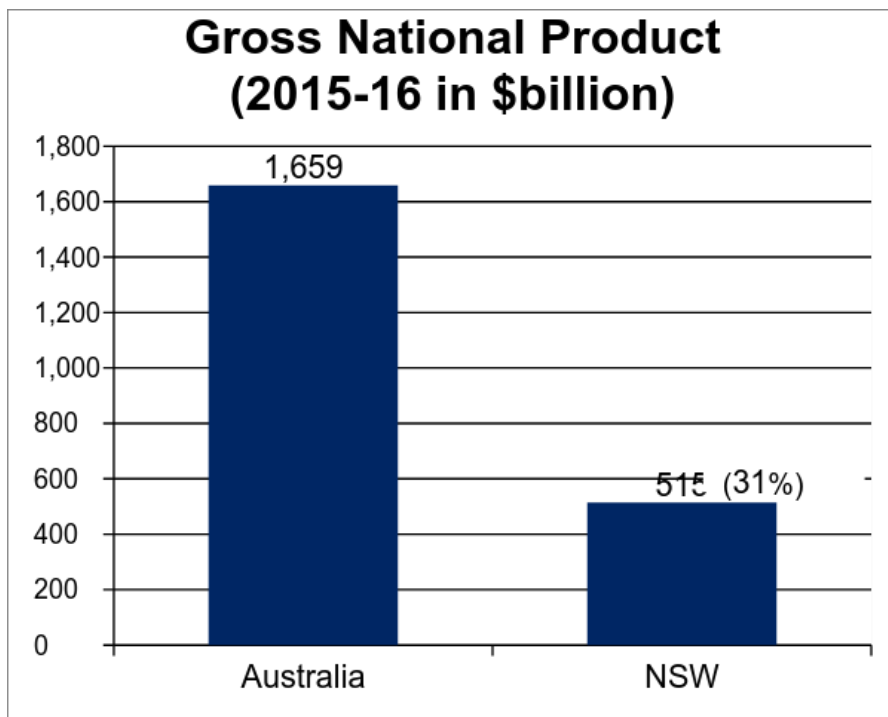
Source: ABS 3101.1 Demographic statistics (December 2016)

Defence Employment



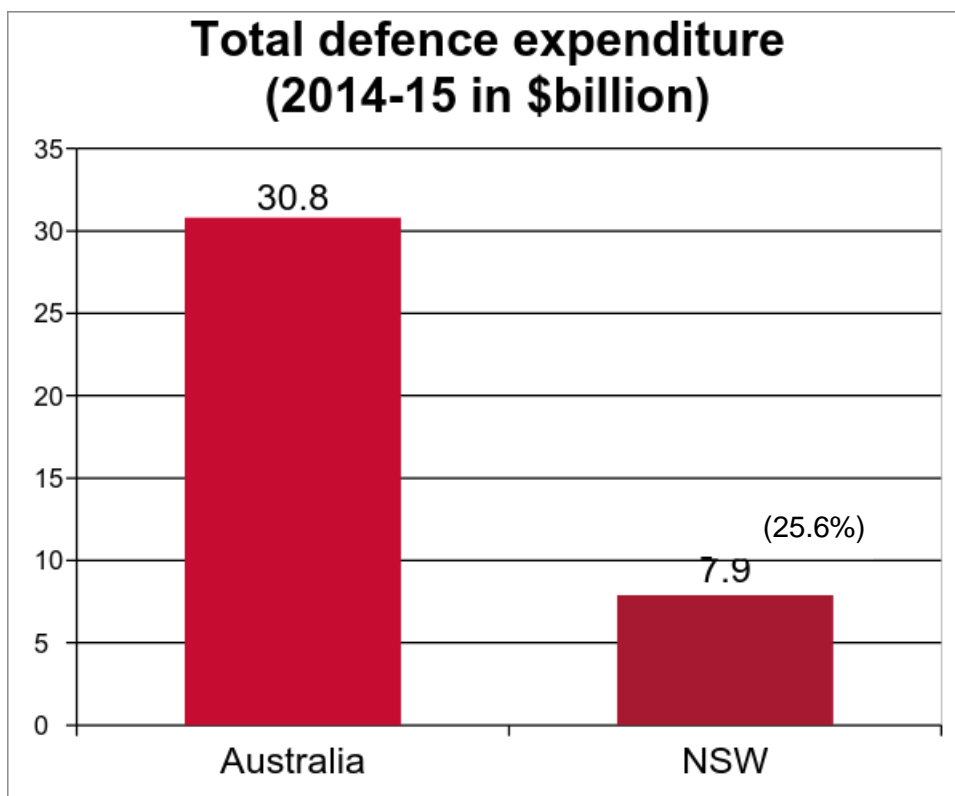
Source: Department of Defence Annual report (2014-15)

### Gross National Product



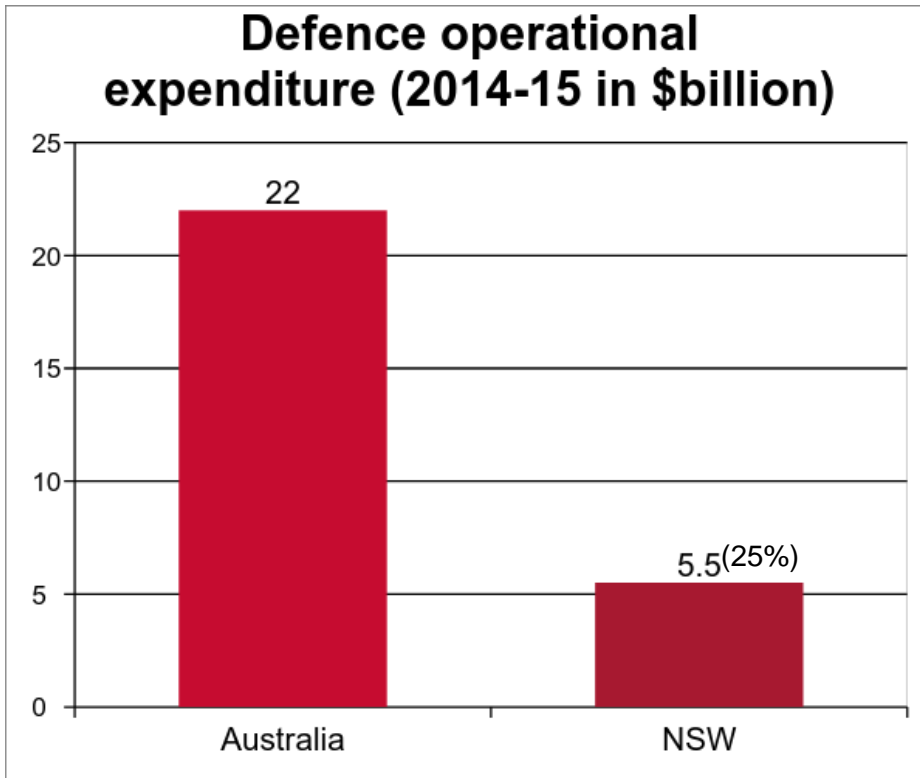
Source: ABS 5220.0 Australian national accounts: State accounts 2015-16

### Total Defence Expenditure



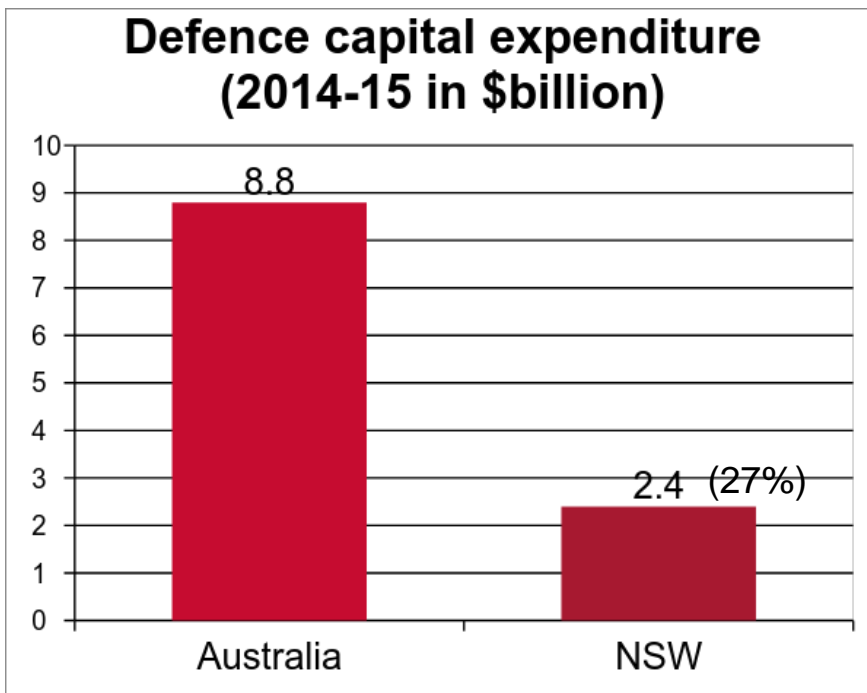
Source: KPMG analysis and ABS, Defence data

## Defence Operational Expenditure



Source: KPMG analysis and ABS, Defence data

## Defence Capital Expenditure



Source: KPMG analysis and ABS, Defence data