Question: The Hon. John Graham. I want to ask in particular about the export potential of the sorts of options you have talked about. The Federal Government clearly is turning its mind to that, and the Committee has already heard evidence that Australia in this defence space is really importing much more than we export – there is real potential there. The potential is really linked to the Joint Strike Fighter project at the moment, and that is well set out in all the submissions. Have you got any sense of where that sits?. When the Federal Government looks at export potential around the country, have you got any sense of where this is going to sit in the priorities?. How big an opportunity is this compared to other defence opportunities around the country.

Further to my response whilst giving evidence at the inquiry, it remains difficult to forecast export potential. However, the most significant opportunities will arise from the sustainment of the Australian and visiting F35 aircraft. An excerpt from the Hunter Defence Business Plan below best exemplifies this.

" Benefits to NSW

Job Creation & Multiplier Benchmarking

The core benefit and outcome of the NSW DBAC's operations will be ***job creation*** *(as it was for the preceding initiative, the Hunter Defence Project). Jobs created and sustained in the Defence industry will include those in the following sectors:*

- *Manufacturing, and in particular advanced manufacturing;*
- *Construction and asset management;*
- *Logistics - primarily air and road (and to a lesser extent rail);*
- *Consulting, professional & technical services; and*
- *Other services (including accommodation, food, cleaning, etc).*

A Defence industry operating across these sectors and being supported by others provides a very significant multiplier in a regional centre. A study on the impact of the successful ***Mine Hunter Coastal***[1,2] *project in the Hunter during the 1990s and 2000s concluded that the multiplier for this major Defence project was very substantial and included significant regional value add. Thus every $1Million input (2001 dollars) into the economy contributed to a multiplier of* ***1.612*** *in the regional sub-contractor industry (or 12.67 FTE jobs from the initial effect of 7.86).*

The recent ***Newcastle Airport Economic Impact Assessment***[3] *is a contemporary economic impact study with demonstrable geographic alignment with the scope of the NSW DBAC. The 2014 study analysed the impact of the current developments in the Newcastle airport study and identified the following:*

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[1] The Minehunter Coastal project involved the construction of six Huon Class Minehunter vessels at the Carrington Shipways in Newcastle during the 1990s and early 2000s. The project was valued at $917Million at contract signature in 1994 and achieved in excess of 68% of Australian Industry Involvement.

[2] Tasman Economics: Impact of Major Defence Projects: A Case Study of the Minehunter Coastal Project – January 2002 p100 (Refer: www.aspistrategist.org.au/wp-content/uploads/2014/07/Impact-of-major-defence-projects-a-case-study-of-the-minehunter-coastal-project.pdf)

[3] ECONOMIC IMPACT ASSESSMENT: Current Operation and Proposed Expansion – Newcastle Airport. REMPLAN Pty Ltd. July 2014. (Refer: www.newcastleairport.com.au/corporate/about/economic-impact#.VXjqp2BzpFI)

- *A multiplier of 2.0 during the $14M construction phase of the current development project, supporting 52 jobs across the region; and*
- *A multiplier of 2.154 during the operational phase of the redeveloped airport, supporting 84 new ongoing jobs in the region.*

The Newcastle Airport Cluster consists of industry in the following sectors:

- *Professional, Scientific, Computer & Electronic Equipment Manufacturing;*
- *Aircraft Manufacturing; Air & Space Transport; Transport Support Services & Storage;*
- *Food & Beverage Services; Rental & Hiring Services (except Real Estate); and Retail Trade.*

The cluster includes the BAE systems facility that maintains the RAAF's Hawk aircraft and the Jetstar Engineering facility that provides deeper maintenance for the A320 family aircraft.

Military Base Operations

The contribution to the regional economy provided by the two major military bases in the region is indicated in the table below.

Table 1 – Ongoing Impact

Item	*Current Jobs (FTE)*		*2020 Projected FTE*	
	Initial Effect	*Total Effect**	*Initial Effect*	*Total Effect**
RAAF Base Williamtown	*3,500*	*5,600*	*4,500*	*7,200*
Singleton Military Area	*500*	*800*	*500#*	*800*
Total	***4000***	***6,400***	***5000***	***8000***

**Total Effect follows application of the representative benchmark multiplier of 1.6*[4]*.*
 # Assumes no change for on base FTE at Singleton. This is a conservative projection. "

Question: The Hon. Rick Colless. The reason for the question is that I noticed in the submission that the total staff numbers on the JSF were going to increase from 3,500 to 5,000. Is that a result of more aircraft being located Williamtown, or a higher level of technology required?

As commented on at the inquiry, the bulk of this increase is the result of increased sustainment needs of the F35 fleet.

More specifically, the number of F18's currently based at Williamtown varies from between 60 and 70 depending on overseas deployments.

Based on 56 out of 72 JSF's to be based at Williamtown in the future, this would indicate a minor decrease in the number of strike fighters (between 4 or 14). This is a further indication of the increased sustainment needs.