

**Submission
No 7**

**INQUIRY INTO THE DEFENCE INDUSTRY IN NEW
SOUTH WALES**

Name: Blacktown City Council

Date received: 16 June 2017

14 June 2017

The Director
Standing Committee on State Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam,

Inquiry into the defence industry in New South Wales

Please accept this submission to the Standing Committee on State Development on behalf of Blacktown City Council.

Introduction

Western Sydney is Australia's third largest economy. The area of Western Sydney covers 85% of Sydney and contains 47% of its population (estimated at 2.1 million). It produces 31% of all of Sydney's Gross Regional Product (GRP) (estimated at \$110 billion per annum). By the year 2031, an additional 1 million people will live in Western Sydney.

Blacktown is the centre of Western Sydney. We support both the functions of Sydney's second CBD, Parramatta; and the new emerging city based around the Western Sydney Employment Area and the proposed Western Sydney Airport. Our economy is \$15.6 billion and represents almost 15% of the total GRP output for Western Sydney. We provide over 123,000 jobs of which 44% are held by local residents. Our residential population will exceed 522,000 by 2031. Blacktown is the 6th largest economy in New South Wales in terms of local government area.

Blacktown's growth trajectory has been sustained for many years. Its economic output is larger than 87 nations in the world. Our nominal GRP increases have exceeded Greater Sydney's for 3 consecutive years.

With this evidence base, there is little doubt we have the capacity to support defence industry needs and attract substantial inward investment with a shared commitment to inter government cooperation to make it happen.

We note that the Committee is to inquire into and report on matters relating to the defence industry and the capacity to grow it. We provide comments on the following aspects of the inquiry, arranged by the Committee's Terms of Reference.

a. Maximise opportunities for NSW-based companies from Defence's growing exports and investment in defence capability – in both acquisition and sustainment

During 2015 and 2016 100 new manufacturing businesses opened in Western Sydney; (ABS - 8165.0 - Counts of Australian Businesses). This expansion contradicts a general perception that manufacturing as a whole is in decline. Certain sub sectors of manufacturing are in fact experiencing a cycle of growth. State and National infrastructure projects, technological innovations and local businesses adapting to global structural change have contributed to this growth phase.

Blacktown's economy is supported by a very strong manufacturing base. The industry provides 14% of the 123,000 jobs available in Blacktown. Between 2011 and 2015, our manufacturing workforce grew by 10.2%. Our manufacturing sector created more net jobs in the last five years than the growing construction sector (+1,669 jobs v 1,164 jobs respectively). We have over 930 manufacturing businesses from various sectors in our City, 68% of which are small businesses.

Western Sydney, like several other leading manufacturing regions, is resilient. We recognise the scale and diversity of our manufacturing base is one of our strengths. We also recognise the need for more local firms to develop innovative products or services to strengthen our competitive advantage. The current upward growth cycle of manufacturing in Western Sydney is a signal to the defence industry that now is the time to invest in this region. Digital innovations in key business processes and activities have the potential to raise our traditional manufacturers to more competitive positions in the global marketplace. Innovating businesses can be expected to take more technologically advanced positions in the supply chain; especially in Blacktown because of the potential created from the sheer scale of our manufacturing base.

b. Encourage defence industry innovation, research and education including developing the future workforce

Western Sydney needs to create for itself an innovative identity; along with transformative infrastructure and development based projects to stimulate economic growth. Our Council has identified a number of major transformational projects, including one in particular that can support the defence industry.

We are currently looking to secure a major university campus within the city centre of Blacktown. Discussions are underway with potential university partners. This campus will bring unique educational and economic opportunities to Blacktown.

We would welcome the support of Defence in helping Council achieve its vision of a University campus. Our objective aligns to the NSW Government's 2017 Defence and Industry strategy. That strategy seeks to promote interest and accessibility of secondary and tertiary institutions, and promote career paths in defence industry and technology.

The manufacturing, transport and engineering sectors in Blacktown make up a significant portion of our total domestic and international trade (64%). Some of our industry sectors also meet the capability and specialisation needs of the defence industry (these are identified in section (d) of this submission). To ensure our industries remain resilient and competitive in a global market; they require better access to specialised research and development capabilities. It is our view that education presents a major opportunity for this region to support both local economic development and innovation.

A major tertiary education presence in our City would create more opportunities for our small and medium-size firms to compete for a share in the Federal Government's Next Generation Technologies Fund; and take full advantage of the new Defence Innovation Hub. A partnership with a major tertiary institution can provide those linkages and foster the new innovations needed in this region. It is in the interests of Defence to see manufacturing, transport and engineering firms grow in Blacktown.

c. Identify targets, programs and projects for defence spending in New South Wales

It is identified that a future challenge of the defence industry is logistics. The increasing tempo of operations demands more dynamic and responsive logistics support and the adoption of lean logistics initiatives and networked distribution-based logistics.

Western Sydney is now a pivotal hub in the Australian transport and logistics industry due to its strategic location in Sydney and its access to markets along the eastern seaboard and internationally. It is characterised by large companies with extensive transport and distribution networks and companies providing services covering all aspects of the supply chain.

Blacktown is a key centre of this transport and logistics opportunity. We believe efforts to facilitate a collaborative Transport and Logistics (T&L) Industry Centre of Excellence at Eastern Creek should remain a priority project. This centre of excellence precinct would provide a virtual hub of activities for both industry groups and supportive SME technology companies for all of the T&L precincts in Western Sydney. This centre of excellence precinct would provide a virtual hub of activities for both industry groups and supportive small business technology companies for all of the T&L precincts in Western Sydney. This would be similar to the Living Lab located at Sydney Technology Park.

d. Maximise the economic benefits of locating defence force bases and defence industry in the regions

Western Sydney is already home to a large range of innovative, specialist and high-tech aerospace and defence companies servicing both the domestic and international markets. The industry operates in both the civil and defence aerospace markets. Aerospace companies in GWS design and manufacture components and systems for major civilian projects.

Blacktown's existing capabilities in relation to the defence industry are in the following areas:

- Manufacture of tools and diagnostic systems
- Advanced security, tracking and work health and safety systems
- Digital communications
- Manufacture of high-performance antennas, system components and repeater/rebroadcast systems
- Steel and metal product manufacturing.

The NSW Government's Crash Lab facility, which is earmarked as a future innovation hub, is also located within Blacktown City.

Our capabilities are further strengthened by a strong conglomeration of civil and structural engineering and design firms, equipment manufacturers and transport and logistics centred near the M4 and M7 junction.

Of the 1,325 GST registered entities in Blacktown operating within the 10 most common industries, Engineering Design and Engineering Consulting Services is the single most common industry with 19.4% of businesses.

In terms of land development and inward investment opportunities Blacktown is well provided. The newly-opened Sydney Business Park, located at Marsden Park, is 3.2 times larger than Norwest and has the potential to employ up to 30,000 people when fully developed, many of whom will be our local residents. Blacktown also has 3,000 hectares of employment zoned land. Currently we have the most employment land in New South Wales. Some 1,000 hectares remain available for development. Much of this land is serviced with utilities and ready to support defence.

e. How to establish and sustain defence supportive communities

There is an opportunity to expand on the rapidly growing data capture & storage cluster in Blacktown (around Eastern Creek) because of the comparatively lower land costs

compared to other areas in Sydney, plus the availability of major high-load electricity connections.

There is already an estimated \$500 million invested in data centre construction in this region with further investment earmarked. Since 2013, the area has hosted the launches of the \$200 million "Aurora" HP data centre in Eastern Creek, and the \$250 million Digital Realty data centre in nearby Erskine Park. More recently, the AirTrunk data storage facility now under construction in Huntingwood will be the largest in the southern hemisphere. Our land development advantages provide an opportunity to create a niche capability in Blacktown for the specialist design of effective data link systems for defence & industrial applications.

If you would like to discuss this matter further, please contact

Yours faithfully,

Kerry Robinson
General Manager