

**Submission  
No 19**

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

**Name:** Shoalhaven City Council

**Date received:** 16 June 2017

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The Chair  
The Hon Greg Pearce MLC  
The Legislative Council Standing Committee on State Development  
Parliament House of New South Wales  
6 Macquarie Street  
SYDNEY NSW 2000

Dear Mr. Pearce

### **Submission to the Inquiry into the Defence Industry in NSW**

Shoalhaven City Council appreciates the opportunity to make a submission to the Inquiry into the Defence Industry in NSW. Shoalhaven City Council would also like to take this opportunity to congratulate the NSW Department of Industry on the development of the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017*.

The *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017* sets a clear direction for NSW to realise economic opportunities that arise through investment in defence and defence support industries. The strategy highlights the significant economic contribution attributable to defence and defence support industries and its importance particularly to regional NSW.

The Shoalhaven has a long association with defence through the establishment of the naval bases of HMAS Albatross and HMAS Creswell. Defence is one of the pillars of our diverse local economy and provides well paid, year round salaries and wages to defence personnel. Shoalhaven defence support industries, such as advanced manufacturing and aerospace, contribute to our economy through the provision of well paid, year round employment. These sectors are accessible to a variety of people within the Shoalhaven providing skilled and unskilled positions with opportunities for career advancement in a regional area.

What is not highlighted within the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017* is the social impact of the presence of Defence and defence support industries in regional areas. Defence personnel are part of the social fabric of regional areas. Defence personnel live in our communities; their families work and attend schools in our communities. They are an integral part of the culture of the Shoalhaven.



The key objectives of the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017* are to:

- Support Defence in its objectives
- Assist Defence in the delivery of its ambitious acquisition targets
- Maximise the economic opportunities for NSW business and communities.

The strategy also contains a number of initiatives and projects that once delivered will meet the key objectives. The initiatives that have been identified are realistic, achievable and relevant to particular regions. It is clear that the strategy has been developed with significant stakeholder input and Shoalhaven City Council would like to thank the NSW Department of Industry for the development of such a relatable, workable and appropriate document.

**Recommendation:**

That the following immediate actions be appropriately resourced and undertaken as a matter of urgency:

- Establish Defence NSW
- Finalise the implementation plan to deliver the initiatives in the strategy, in close consultation with industry stakeholders and
- Progress priority actions and opportunities.

Much of what is contained in the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017* addresses the Terms of Reference of the Inquiry into the Defence Industry in New South Wales. For this reason Shoalhaven City Council's submission will attempt to address any issues/opportunities not contained within the strategy.

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

Many South Coast NSW defence support industries already export their goods and services to overseas businesses and governments. It has been noted that they find it easier to export their capabilities than to supply Australian Defence.

**Recommendation:**

Establish and appropriately resource Defence NSW so that this agency can facilitate the contribution of NSW defence support industries to Australia's Defence capability.

Establish and appropriately resource Defence NSW to work with the Federal Government to identify and address any barriers there may be in NSW based defence support industries contributing to Australia's Defence capability.

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

Many Shoalhaven defence support industries provide a mix of formal (TAFE etc.) and on the job training. Staff require on the job training to learn the intricacies of the production of unique and bespoke equipment, parts and products manufactured in defence support industries. Vocational training provides staff with a broader but valued skillset. Vocational training can be expensive and a time impost on many local businesses as staff often need to travel to Sydney to undertake training.

**Recommendations:**

Provide financial support for defence support industries to create traineeships and apprenticeships.

Establish and resource Defence NSW so that they can work with training providers to identify any specialised training needs in defence support business.

Establish and resource Defence NSW so that they can work with training providers, such as TAFE, with an aim to deliver vocational training at regional locations.

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

Through collaboration between the State and Federal Governments the continued growth of support industries must be facilitated. Strong advocacy by the State must ensure that the advantages of strategic location and available workforce in a liveable environment bring more defence projects into areas such as the Shoalhaven.

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

The economic benefits of locating defence force bases and defence industry in regional areas is clearly articulated in the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017*. Regional areas have the physical space to accommodate growing industry sectors. Shoalhaven City Council established the Albatross Aviation Technology Park (AATP) adjacent to HMAS Albatross. AATP was developed with significant support from the NSW Government to provide fully serviced industrial lots to enable defence support industries to cluster adjacent to the Base. The success of AATP is a testament of the need for all levels of government to work together and the Park now provides over 400 jobs and continues to grow.

**Recommendations:**

Use the development of the Albatross Aviation Technology Park as a best case example of the economic benefits of co-location of defence bases and defence support industries.

Investigate regional co-funding models (i.e. between State and local governments) for the development of land to house defence support industries.

e. How to establish and sustain defence supportive communities



Defence is part of the Shoalhaven. Defence supportive communities are created through the integration of Defence personnel with the local community. Defence is part of the history and social fabric of the Shoalhaven. Defence personnel live in the community, raise their families in the community, play sport in the community, volunteer in the community.

**Recommendation:**

Recognise and promote the positive social impact of the location of defence in regional areas.

- f. Further enhance collaboration between the NSW Government and Commonwealth agencies

**Recommendations:**

Establish Defence NSW to foster stronger relationships between the NSW Government and Commonwealth agencies and work on removing barriers faced by SME's when trying to meet Defence capability requirements.

Establish Defence NSW and promote the capability of regional defence support SME's to Commonwealth agencies.

- g. Any other related matter

SME's in regional areas have received advice, support and assistance from locally based State and Federal government industry advisors. These advisors have established relationships with local businesses leading to increased economic output and a stronger business community. This successful outcome is due in no small part to the accessibility and understanding of the advisors – they are locally based and understand regional issues.

Defence NSW should value add and enhance the exemplary work of locally based government advisors and in no way detract, undermine or duplicate the current level of service offerings.

**Recommendations:**

Establish Defence NSW and, working with existing government industry advisors, assist defence support industries in accessing local and global supply chain opportunities.

Using the hub and spoke model, ensure that regional areas are serviced by locally based Defence NSW staff.

If you need further information about this matter, please contact

Yours faithfully

**Russ Pigg**  
16/06/2017