

The following submission addresses the third of the four parallel activities as defined in the "Key Questions for Defence in the 21st Century"- A Defence Policy Discussion Paper, whereby Defence commits to review core business processes including infrastructure, workforce and industry. This submission will address these areas on behalf of the Economic Development Office, Shoalhaven City Council.

Shoalhaven City LGA

Shoalhaven City Council (SCC) is located on the south coast of NSW covering an area of 4660 square kilometres and comprising 49 towns and villages. The LGA has an estimated resident population of 92 880 (ABS, 2007) however, during holiday periods, a three-fold increase is experienced.

The region is facing a number of challenges:

- o It is the 64th most disadvantaged area of 154 LGAs (ABS, 2006) with 58.4% of households receiving a weekly income less than \$1000 compared to the NSW figure of 42.6%
- o The area has an unemployment rate of 8.0% (DEEWR, June 2008) compared to the national rate of 4.3% (DEEWR, July 2008)
- o The Shoalhaven is home to a significant Indigenous population - 3.3% of all residents compared to the NSW proportion of 2.1% (ABS, 2007)
- o An older than state-average population with 41.9% of residents over 50 years compared to 31.3% for NSW (ABS, 2006)
- o The population is projected to grow by 27% by 2031 (Census Applications P/L, 2008)

These demographic statistics indicate the pressure put on the various levels of government to satisfactorily provide for a growing but seasonally cyclical, aging population characterized by significant pockets of disadvantage.

While the challenges are evident, so too are the opportunities for growth. The Shoalhaven boasts:

- o Significant key industry sectors – defence, avionics, manufacturing, health/ageing, retail, tourism, building and construction, education and agribusiness
- o Transport routes including passenger and freight rail to Sydney
- o Industrial, light industry, and commercial land available at reasonable prices
- o Ample water for domestic and industrial purposes
- o Consistent power supply
- o Abundant labour supply and excellent training facilities – campuses of University of Wollongong and Illawarra TAFE

It is these opportunities that SCC would like to exploit in order to deal with the demographic challenges mentioned. It is of particular importance for regional growth that the Shoalhaven's relationship with Defence and its associated industries is supported and developed to a greater extent in the future.

Defence Infrastructure

The Shoalhaven has played host to two significant Naval facilities for many decades. HMAS Albatross and HMAS Cresswell have played an integral role in the growth and development of the Shoalhaven economy. The presence of Defence in the Shoalhaven is currently responsible for the contribution of 12% of all wages and salaries into the local economy with direct employment of approximately 1700 people, supporting a further 1700 jobs in the community. (blueprint Shoalhaven, 2006)

Shoalhaven City Council recognizes the important role Defence plays in the local area and is actively involved at a number of levels in ensuring a continued presence in the region from developing valued working relationships with the base commands, extending to working with Defence Materiel Organisation in tender preparation and further to strategic discussions at ministerial levels. The importance of Defence's place in the Shoalhaven is demonstrated by its prominence in Council's Economic Development Strategy (2004, p10) and further, to the inclusion of Defence as a key industry in the 2006 *blueprint Shoalhaven* Community Summit. (2006, p26) One of the focus areas of *blueprint Shoalhaven* is to assist in the maximization of defence activity in the region.

The recently held NSW South Coast Defence Forum (September, 2008) was an outcome of this focus.

Defence Industries

In 1998, Shoalhaven City Council established the Albatross Aviation Technology Park (AATP) with the express purpose of supporting further development of the industry by providing suitable industrial land in close proximity to HMAS Albatross.

Defence contracts have been awarded to many high profile companies operating in the Shoalhaven including BAE Systems, Partech Systems, CSC Australia, Boeing Australia, Scientific Management Associates, Kaman, Tennix Defence Systems and Australian Aerospace. Several of these are currently located in AATP and extremely valuable to the local economy as exporters of defence products and technologies.

Workforce

The location of these companies in the Shoalhaven has resulted in an influx of highly skilled, technically trained workers to the area during the last 15 years. The lifestyle attributes of the region have assisted in attracting suitable employees who, in the most part, have wished to remain in the area permanently.

The health of the defence industry and its associated skill pool within the Shoalhaven is reliant on the continuity of defence-related contracts coming to the region. The sustainment of the industry is more achievable where there is a critical mass of businesses that can share training facilities and programs, and form strategic alliances.

With the recent demise of the Sea Sprite project, several of the companies have faced significant downsizing. Verbal submissions to the Defence White Paper Public Forum (September, 2008) and the Defence Roundtable (September, 2008) attest to the effects of the project's demise has had at both an industry, organizational and personal level.

Strong anecdotal evidence suggests that the co-location of a defence facility and associated industry in the Shoalhaven provides vital career prospects for personnel

retiring from a military career by offering opportunities in private enterprise. This provides a strong regional advantage to the Shoalhaven in having a wealth of qualified personnel available and capacity for ongoing skills development.

The Shoalhaven community is supportive of the location of both HMAS Albatross and HMAS Cresswell and its ongoing affiliation with the Defence forces. The long term location of the bases in the region has resulted in a strong military image being woven into the fabric of the community's culture. Naval families' are valued as members of the Shoalhaven community and their successes celebrated and losses deeply felt. For reasons of continued economic growth, and cultural and socio – significance, it is imperative that the Shoalhaven continues to play a major role in the hosting of defence facilities and defence-related industries.

It is hoped that in the current review of defence facilities and defence-related industry across Australia, that the importance of regional economies is given due regard.