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## **Regional Development Australia Hume**

Senate Standing Committee on Foreign Affairs, Defence and Trade  
Submission to the Inquiry into the impact of Defence training activities  
and facilities on rural and regional communities.

## Introduction

Hume Regional Development Australia (RDA) welcomes the opportunity to provide a submission to the Australian Government Inquiry into the impact of Defence training activities and facilities on rural and regional communities with particular reference to:

- Economic, social and environmental impacts;
- Consultation and communication with local government and community organisations;
- Investments in new facilities, infrastructure and operations;
- Utilisation of local suppliers and service providers to achieve value for money
- Encouraging awareness of tendering opportunities for rural and regional businesses.

## About Hume RDA and the Hume Region

Hume RDA is an independent advisory body that incorporates membership of a range of regional leaders from business, community and local government.

Hume RDA's goal is to facilitate economic development in the region through job creation, investment attraction and driving innovation for the Hume Region.

The Hume Region covers over 40,000 square kilometres, making up approximately 17% of Victoria's total land area. The region has a population of approximately 286,000<sup>1</sup> residents with an anticipated growth rate of 1.6% over next two decades. Approximately 98,500<sup>2</sup> jobs have supported generation of gross regional product of \$14.691 billion<sup>3</sup> and output estimated at \$30.424 billion which is 3.81% of total output of \$798.214 billion in Victoria and 0.88% of total output of \$3.438 trillion generated in Australia.<sup>4</sup>

Figure 1: Hume Region



<sup>1</sup> Australian Bureau of Statistics, Regional Population Growth, Cat. 3218.0 (2016 revised data - released on 31 July 2017)

<sup>2</sup> [REMPLAN](#) data incorporating Australian Bureau of Statistics' (ABS) June 2016 Gross State Product, 2013 / 2014 National Input Output Tables and 2011 Census Place of Work Employment Data.

<sup>3</sup> Latest REMPLAN data incorporating Australian Bureau of Statistics' (ABS) June 2016 Gross State Product, 2013 / 2014 National Input Output Tables and 2011 Census Place of Work Employment Data.

<sup>4</sup> Latest [REMPLAN](#) data incorporating Australian Bureau of Statistics' (ABS) June 2016 Gross State Product, 2013 / 2014 National Input Output Tables and 2011 Census Place of Work Employment Data.



## Hume Region Defence Sector Snapshot

There are two key barracks located within the Hume Region:

- Latchford, Gaza Ridge and Wadsworth Barracks in North East Victoria in Bandiana (near Wodonga)
- Puckapunyal (near Seymour).

In addition there are two key barracks located in New South Wales that are within reasonable proximity to the Hume Region:

- RAAF Base Wagga is located in Forest Hill and is the major training base for RAAF
- Blamey Barracks is located at Kapooka and is the recruit training base for Army (near Wagga Wagga).

The economic value of the Defence Sector for the Hume Region is detailed in the following table. In 2016 Hume Region accounted for 21% of total Victorian economic value and 69% of regional Victoria's economic value which highlights the significant contribution this region makes to the defence sector.

**Table 1 - Gross Value Added (\$million) for Defence for Victoria (2012-2016) Source: NIEIR**

| Period | Hume             | Regional Victoria | Victoria   |
|--------|------------------|-------------------|------------|
| 2012   | <b>\$388.14</b>  | \$569.47          | \$1,811.54 |
| 2013   | <b>\$ 387.99</b> | \$572.38          | \$1,859.47 |
| 2014   | <b>\$401.18</b>  | \$587.14          | \$1,922.99 |
| 2015   | <b>\$404.53</b>  | \$584.68          | \$1,906.10 |
| 2016   | <b>\$436.55</b>  | \$633.04          | \$2,094.37 |

The Defence Sector is a significant employment contributor within the Hume Region with 3,036 employed in the sector in 2016 which represented 24% of Victoria's total number of jobs for Defence in Victoria and 74% of total Defence jobs for regional Victoria. For the same period Defence made up 2.5% of the 120,610 total jobs in the Hume Region.

**Table 2 – Number of Jobs for Defence for Victoria (2012-2016)**

| Period | Hume         | Regional Victoria | Victoria |
|--------|--------------|-------------------|----------|
| 2012   | <b>2,889</b> | 4,068             | 12,173   |
| 2013   | <b>2,832</b> | 3,964             | 12,208   |
| 2014   | <b>2,859</b> | 3,940             | 12,315   |
| 2015   | <b>2,968</b> | 4,032             | 12,478   |
| 2016   | <b>3,036</b> | 4,092             | 12,681   |



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## Existing Defence Sector Capability in the Hume Region

There are twelve primary and secondary defence related companies based in the Hume Region and includes Thales Australia who is the largest supplier of explosive ordnance to the Australian Defence Force. The company's Benalla facility in the Hume Region produces a wide range of ammunition, explosive ordnance and other munitions. Thales also undertakes significant defence research and development.

Defence also operate large logistic nodes through Joint Logistic Unit (Victoria) at Bandiana (Wadsworth Barracks) and Puckapunyal. These sites hold inventory to the value of \$892M with over 120,000 square metres of covered warehousing facilities, and is the national holding for military clothing, armoured vehicles, light skinned vehicles, artillery and land based radar. Joint Logistic Unit (Victoria) is a major regional employer with a workforce of over 500 including uniform, Australian Public Servants, Broadpectrum contractors and Linfox contractors.

Joint Logistic Unit (Victoria) is currently the only remaining Army deep maintenance facility in Defence. It utilises local businesses to support the maintenance activities with an annual budget of \$45M. Maintenance activities include the refurbishment of the M1A1 Abrams Tank, complete rebuilds of Mack and Mercedes Benz Unimog Trucks, and remediation of vehicles, such as Australian Light Armoured Vehicles returning from overseas deployments. This activity is beginning to decline as new equipment is increasingly being maintained by external providers not in the Hume region.

In addition Wodonga TAFE provides training for the defence sector at both Bandiana (nursing, paramedics/logistics) and at Puckapunyal (driver training).

The presence of defence at Bandiana attracts interest from the broader supply chain to relocate to Wodonga based on capacity to support defence demand for goods and services.

## Region's Competitive Advantages to Support Future Defence Sector Growth

The region comprises 12 municipalities which includes three interconnected regional cities as well as a network of diverse regional centres and towns. The region has some of Australia's most productive agricultural land and has ready access to four capital cities within 24 hours as well as direct access to 68% of Australian markets by road or rail through two national transport corridors.

## Utilising Skills in the Region

As indicated earlier the region currently generates approximately 3,000 jobs in the defence sector. Many of the jobs are supported by a highly skilled workforce. The region actively progresses workforce development and planning initiatives in order to attract, retain and build workforce capability and capacity.

The emerging growth in the peri urban area around the Puckapunyal barracks will provide ready access to a growing workforce and support the region to transform commuter town mindset to recognition of localized job opportunities.



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## Challenges for Local Government/Local Businesses

Local Government finds it difficult to communicate with the defence sector and undertake forward planning to support future requirements based on defence sector strategies and priorities. In particular hard to quarantine land parcel requirements – either expansion or divestment and support effective land use planning when there is a lack of knowledge about proposed further expansion/contraction priorities by defence.

Good connection between barracks and local communities is not well established. There is an opportunity for defence to play a greater role in Victoria's visitor economy through improving access to defence sector's military heritage ie museums to complement the existing publicly accessible military heritage sites/facilities within the Hume Region ie Seymour Vietnam Veterans Commemorative Walk, Australian Light Horse Memorial Park (Seymour) and Bonegilla Migrant Experience.

Local businesses lack information about Defence Industry plans for expansion and upgrading of training facilities. Poor information is prohibiting businesses to be aware of the opportunities from exploring expansion of goods and services provision.

## Improving Coordination

There is potential to explore capacity to create a community and business liaison role to work with local governments and their communities to strengthen relationship and connection between defence , local government, businesses and community members.

A range of defence alliances exist including the Victorian Defence Alliance or Australian Industry Defence Network which many Hume Region companies servicing the defence sector or broader supply chain are members.

Currently there is early momentum on establishing greater collaboration between existing manufacturers, government and industry in Wodonga and Shepparton. This type of network could facilitate greater coordination should there be a growth in the defence sector within the Hume Region.

## Developing Local Capabilities

There is an opportunity to build of existing training provision to support training for new trades which would provide the sector with a range of new capabilities. In addition to Wodonga TAFE the region has a number of university campuses including Charles Sturt University, La Trobe and University of Melbourne as well as a number of other training providers.

Given the region's existing logistics capacity there is an opportunity to explore potential for a joint (across of services) logistics centre of excellence.

There region has identified a number of priorities to support greater digital capacity and capability as well as stimulate innovative design and delivery.



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## **Opportunities for Growing Regional Infrastructure from Enhanced Defence Presence**

Given the region's current logistics function and access to major transport corridors there is an opportunity to continue to build regional freight and logistics capacity and transport network across all modes (air/rail/road).

Leveraging of existing local amenity and tourism assets would support further strengthening the region's economy.

## **Local Goods and Services Provision**

There is an opportunity to continue to improve local procurement policy setting and activation through developing stronger local procurement policies.

## **Key Recommendations:**

The Hume RDA recognizes there is a role to play in working with Federal Government to support policy resetting to allow greater community interaction with defence sector training facilities. The Hume RDA could facilitate greater connection between defence, local government and local communities.

The Hume RDA believes there is an opportunity for improved collaboration to support defence with relevant enhancement/expansion strategies and priorities. This collaboration will allow local government, industry, businesses and communities to be better informed and prepared to support the defence sector.



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