

Government Administration and Defence Sector

Overview

The **Government Administration and Defence** sector includes all Central, State and Local Government units mainly engaged in government administration and regulatory activities, as well as judicial authorities and commissions, representatives of overseas governments, and the Army, Navy and Air Defence forces and civilian units mainly engaged in defence administration.

The Government Administration and Defence Sector is the second largest contributor to GSP in the Northern Territory. The Northern Territory Government is the largest employer in the Territory and as such is a major user of products and services.

The contribution of the sector continues to be well above the national average with only the ACT having a larger proportional contribution. The high cost of service provision and high share of employment attributed to government administration in the Territory reflects the diseconomies of providing public services to a small and widely dispersed population and the high needs of the large Indigenous population.

The importance of the Government Administration and Defence sector has not diminished over time as it has in other jurisdictions, reflecting the defence build up and improved health and education services in remote communities.

The Northern Territory's Defence population, including dependants, has risen from 6200 in June 1992 to an estimate of 12 900 in June 2006. The total number of full time Defence personnel (uniformed and public service) stationed in the NT was more than 5400 in June 2005, with over 750 in the reserve forces, with 88% in the army reserves. The Defence community makes up some 6% of the Territory's population¹.

Outlook and opportunities

The Government Administration and Defence sector will continue to play an important role in the Northern Territory economy. The relative importance of the non-defence public sector has declined steadily over the past two decades, reflecting the maturing Northern Territory economy.

More than 200 **extra staff** are expected in the police force by the end of 2006. Funding for **extra teachers and nurses** is also planned.

The **relocation of the Army's 1st Aviation Regiment**, and the arrival of the new Tiger Armed Reconnaissance helicopters in late 2006 will provide for continued significant defence investment and expenditure in the Northern Territory. The relocation includes about 300 personnel and their families, further boosting the Territory economy¹. This activity and the planned replacement of major defence equipment in the Territory will provide significant opportunities for local business to compete for maintenance and other contracts.

The through-life and **support contract for the new Armidale Class patrol boat and Abrams tanks** are also likely to provide significant ongoing benefits to the Northern Territory economy in terms of employment and multiplier effects. The Abrams, through-life support and maintenance contract alone, is expected to inject millions of dollars into the Territory economy each year for 15 years and create up 100 new jobs as well as opportunities for local businesses.

Capital works for the Bradshaw Field Training Area and RAAF Base at Tindal will provide a big boost for the construction sector in the NT. Additionally, the Defence Housing Authority (DHA) plans to invest \$170m in the development of the new Darwin suburb of Lyons over the next five years. This project comprises 300 new DHA homes and a further 350 allotments for sale to the public. Stage 1 is expected to start in late 2006, with completion in 2007.

Performance

At a glance

Government Expenditure (2004-05)

NT and Local	\$2.0b
Australian	\$0.6b
Defence	\$0.9b

Industry Value Added (2004-05)

\$1013m (10.3% of GSP)

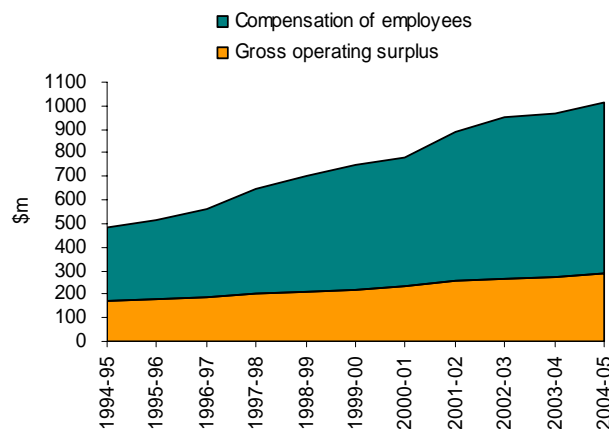
Employment (2004-05)

Gov't Admin	14 224
(15.1% of NT jobs)	
Full-time Uniformed Defence	5009
(at 30 June 2005)	

International Trade (2004-05)

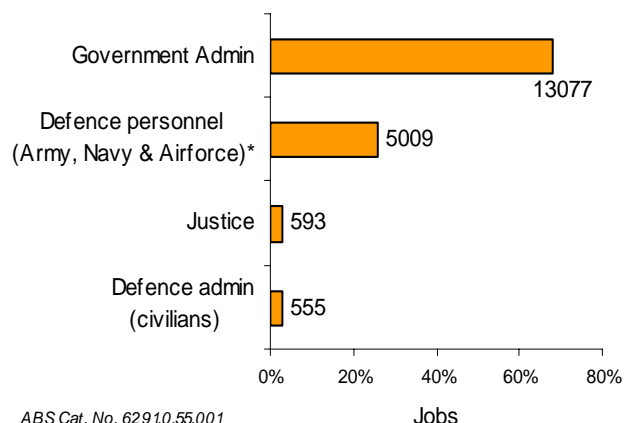
Exports \$293m (Govt Services)

Contribution to Gross State Product (1994-95 to 2004-05)



ABS Cat. No. 5220.0

Contribution of sub-sectors to sector employment (2004-05)



ABS Cat. No. 62910.55.001

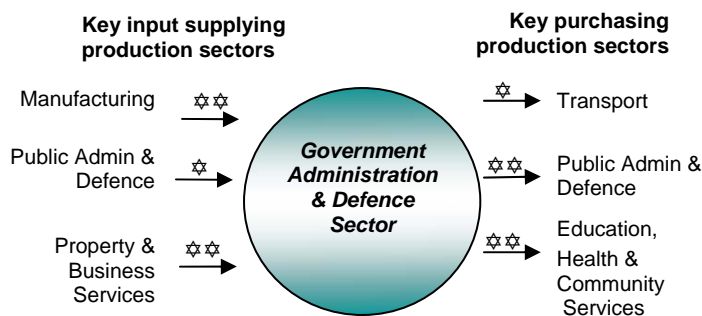
* Department of Defence

¹ Northern Territory Treasury



Sector multipliers and linkages

For every \$1m invested in the Government Administration and Defence sector in the Northern Territory, an estimated \$1 479m of output (GVP) is created in the rest of the Northern Territory economy. For every 100 jobs created in the sector, an estimated 55 jobs are created in the rest of the Northern Territory economy.



Note: more stars indicates a stronger interaction

Contribution to regional development and Indigenous employment

The majority of Government Administration and Defence organisations are located in Darwin and surrounding areas; however there is still a strong regional presence with 28% of employment in regional areas.

Employment by region (2001)

	Employment	% Indigenous
Darwin	8195	1%
Darwin region balance	2224	21%
East Arnhem	986	30%
Katherine Region	2092	4%
Barkly Region	427	0%
Central Region	1960	2%
Total	15 884	3%

Source: ABS 2001 Census

Defence Support

Defence Support is a term broadly applied to businesses that play a supporting role to the presence of the Defence Forces in the Northern Territory.

They are not part of the Government Administration and Defence sector for statistical purposes, and are accounted for in their relevant production-based sector, eg. Manufacturing, Property & Business Services.

Defence support businesses make up a significant component of business in the Northern Territory, and this significance is demonstrated by the Territory being the only jurisdiction to have a Minister of Defence Support.

Major defence sites in the Northern Territory include the defence Establishment at Berrimah, Larrakeyah Barracks in Darwin, Robertson Barracks near Palmerston, HMAS Coonawarra in Darwin, RAAF Base Darwin, RAAF Base Tindal near Katherine, the Jindalee Over-the-Horizon-Radar Facility and the Joint Defence Facility Pine Gap (with the USA) near Alice Springs. The Bradshaw Field Training Area, near Timber Creek, is now being developed and will form part of the Australia-US joint defence training capability.

The large defence presence in the Northern Territory creates opportunities for development of Darwin as a regional supply, service and distribution centre.

Defence expenditure (salaries and operational) in the Northern Territory was \$839m in 2004-05, up from \$812m in 2003-04. In addition, there was a large capital works program.

Territory companies are providing increasing services to defence prime contractors. Defence-related contracts continue to play a major role in the Top End economy. This includes the full range of supplies and services, from stationery requisites through to ship and heavy machinery repair.

Territory-based companies have won a significant number of defence contracts in recent years and the sector looks set to grow further.

The Northern Territory Government has identified 60 hectares of land near Robertson Barracks for development of a new Defence Support Hub and Industrial Park. The Defence Support Hub will enable prime contractors and small businesses to cluster and deliver valuable support to Defence.

The location of the Defence Support Hub provides easy access to Robertson Barracks and is situated within minutes of East Arm, and the Berrimah railway freight terminal.

Government activity in the sector

Local Government

At 30 June 2005¹, there were 63 recognised Local Government bodies in the Northern Territory comprising:

- 6 Municipal Councils
- 30 Community Government Councils
- 26 Incorporated Associations
- 1 Special Purpose Town

Northern Territory Government²

The NT Government expenditure budget in 2005-06 is \$2.56b. The major elements of the budget include:

- \$687m for Health and Community Services
- \$582m for Employment, Education and Training
- \$189m for Police, Fire and Emergency Services
- \$476m for Infrastructure

Australian Government

The Australian Government delivers funding from GST revenues to the Northern Territory Government and provides services in the Northern Territory through Australian Government agencies.

¹ Local Government Association of the Northern Territory

² Northern Territory Treasury

The Northern Territory Government, along with the Commonwealth Government, funds construction activity in the Northern Territory through provision and construction of public housing, in particular Indigenous housing via the Indigenous Housing Authority NT.

For Further Information

Contact: Please contact the Department of Business, Economic and Regional Development, Economic Development Division, for further information.

Phone: 1800 193 111

Website: www.nt.gov.au/business

Information current as at: June 2006

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