

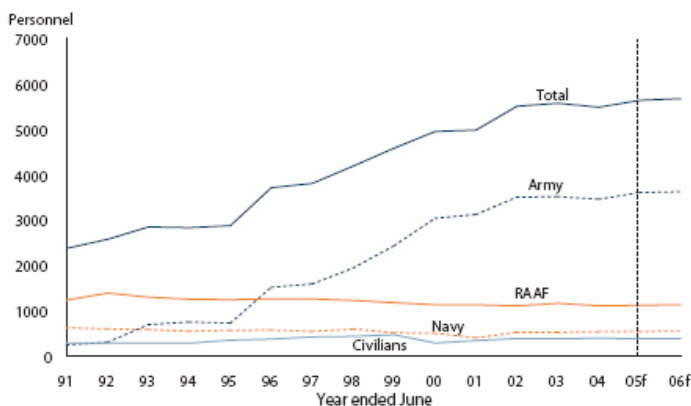
2015: Moving the Territory Ahead

Economic Development Summit

Defence Support Industry Fact Sheet

Background

Defence and the defence support industry are major contributors to the Northern Territory economy. The expansion of defence related activity and personnel in the Territory, particularly over the last decade, has resulted in significant opportunities for the NT to boost its defence support capability. Over 13,000 defence personnel and their dependants are based in the Territory, which is 6.5% of the population. Of all combat personnel in Australia, approximately 10% are based in the NT.



e: estimate; f: forecast
Source: NT Treasury, Department of Defence

Defence expenditure

In the Northern Territory, approximately \$828 million was spent on defence recurrent expenditure in 2003-04. Of this, \$399 million was attributed to salaries while the remainder was in operational spending. Around 5% of total consumption expenditure in the NT results from salaries paid to defence force personnel.



Source: ABS unpublished data

Defence contracts

Over 200 companies deliver a variety of products and services to Defence in the NT. In 2002-03 more than \$16 million of government gazetted contracts were awarded to 183 NT companies.

Over the past 10 years, the value and number of defence contracts with Territory businesses have increased with the expanded defence presence, greater levels of out sourcing of defence services and the increased capability of Territory businesses to meet specialised defence requirements.

These contractual relationships have provided opportunities for new capacity and capability to be developed, broadening and enhancing the local economy. As an example, during the East Timor operations, defence activities injected around \$240 million into the Territory economy.

As businesses continue to develop the capability to meet defence tender requirements, there are likely to be greater opportunities for local business investment in infrastructure and skills development. Nonetheless, local suppliers will need to be competitive against national and interstate competitors. Previous examples of locally awarded contracts include maintenance and repair of Leopard Tanks and Fremantle Class patrol boats, the servicing of RAAF aircraft and the provision of medical and security services.

A number of new Defence activities and major Defence platforms are soon to be based in the NT for the first time. One of these platforms is the Abrams Tank. Forty-one of these tanks will be based at Robertson Barracks alongside a number of other heavy armoured vehicles. All of these platforms will require Through Life Support (TLS - light and deeper level repairs and maintenance). While previously a great deal of TLS has been delivered in the southern states, opportunities will exist to provide this capability in the Territory with significant potential benefits for local business.

Defence housing impact

The Defence Housing Authority (DHA) currently manages around 2300 dwellings in the Northern Territory. The DHA plans to further invest \$70 million in the Lee Point suburban development. The project will involve 300 new DHA homes and a further 350 allotments available for public sale.

The defence population contributes to the NT economy through higher consumption and investment in addition to the skills and participation of partners in the workforce. A substantial proportion of defence partners who are not permanent defence force members work full time in the local economy.

Government Defence Industry activities

The NT Government maintains a Ministry of Defence Support in recognition of the significant presence of Defence and its contribution to the NT economy.

The Defence Support Division (DSD) was established to improve Government's focus on liaising with Defence and intensifying its effort in developing the Territory's defence support industry. The Division provides a range of liaison and facilitation services aimed at building the capacity and capability of the Territory's defence support industry and local industry's engagement with Defence and Defence prime contractors.

Industry and Economic Policy Division
Department of Business, Economic and
Regional Development
November 2005