



November 2017

# SENATE INQUIRY

Foreign Affairs, Defence and Trade References Committee

## Albury Wodonga Submission

Impact of Defence training activities and facilities on rural and regional communities



## 1.0 TERMS OF REFERENCE

On 8 February 2017 the Senate referred the following matter to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 30 November 2017: Impact of Defence training activities and facilities on rural and regional communities.

Matters specifically identified by the inquiry include:

- a. economic, social and environmental impacts;
- b. consultation and communication with local government and community organisations;
- c. investments in new facilities, infrastructure and operations;
- d. utilisation of local suppliers and service providers to achieve value for money;
- e. encouraging awareness of tendering opportunities for rural and regional businesses; and
- f. any other related matters.

## 2.0 INTRODUCTION

Recognised as the 20<sup>th</sup> largest city in Australia, Albury Wodonga is located on the Victorian-NSW border, 300km north of Melbourne and 580km south of Sydney on the Hume Freeway. Albury and Wodonga share a unique 'twin city' relationship, with a combined population of approximately 92,000 people, and an estimated labour force of more than 43,000 people.

Servicing and supporting a broader regional catchment of approximately 180,000 people, Albury Wodonga is a vital regional capital providing access to essential infrastructure, health and professional services, business, employment, education, culture, sports and recreation.

The combined economy is estimated at \$5.86 billion annually and is fuelled by approximately 7,000 businesses that export an estimated \$4.07 billion of products and services each year – demonstrating the strategic importance of Albury Wodonga's output to the broader region, state and nation.

From a value add perspective, the top three sectors are as follows:

- Rental, hiring & real estate - \$788.2 million;
- Public administration (including defence) – \$729.9 million;
- Manufacturing - \$716.386 million;

Defence have a strong presence in the region with the Latchford Barracks located in Bonegilla and Gaza Ridge Barracks located at Bandiana in Wodonga. The Army Logistic Training Centre is headquartered at Bandiana, providing effective logistic training to a large proportion of the national army. Retaining existing operations as well as considering opportunities to expand operational and training activity is greatly encouraged. Defence also own a large site of some 370ha in the primary residential growth corridor for Albury at Wirlinga, with a further 109Ha held at Ettamogah.

The following submission will explore the terms of reference, noting the need for greater communication between Wodonga and Albury Councils and Defence to establish mutually beneficial outcomes for businesses and the broader community.

### 3.1 Economic Impacts and proposed future investment

On an annual basis, Defence injects and estimated \$536 million into the Albury Wodonga economy derived from approximately 1,426 direct jobs. Combined with indirect effects, the sector outputs \$945 million and sustains a total of 2,750 local jobs. In terms of annual value add activity, it contributes \$386 million directly, and \$593 million in direct and indirect value-added activity. Defence personnel and their families rent a number of local properties, send their children to local schools, and make use of entertainment, healthcare and other facilities.

#### Impact Summary Report

Impact Summary	Direct Effect	Industrial Flow On Effect	Consumption Flow On Effect	Total	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	\$536.212	\$128.912	\$279.827	\$944.951	1.240	1.762
Employment (Jobs)	1,426	349	975	2,750	1.245	1.928
Wages and Salaries (\$M)	\$275.956	\$28.101	\$65.465	\$369.523	1.102	1.339
Value-Added (\$M)	\$386.918	\$46.785	\$159.834	\$593.536	1.121	1.534

*The economic impact was analyzed through REMPLAN economic modelling software.*

There has also been significant economic injections through past expansion activities. For example, the \$57.6 million (including design, materials and equipment) Wadsworth Barracks military warehouse at Bandiana was completed in 2016. The managing contractor for the development was local building firm, Joss Construction in a joint venture with national company, John Holland. The project utilized more than 300 contractors and is the third major warehouse in the area. There was also a \$27 million soldier-support warehouse (encompassing an area of 16,000 square metres) completed in 2010 and another distribution centre constructed in the 1990s.

It is evident that the sector is a key driver of employment and economic activity in the region and should be fostered for the long-term growth and sustainability of Albury Wodonga. Furthermore, with the twin city's strategic location between the nation's major capital cities, and an already strong defence presence, the region offers:

- Road rail and freight accessibility with Hume Freeway, Inland Rail Corridor with dual Intermodal terminals, and the Albury Airport with direct flights to Sydney, Melbourne and Brisbane.
- An abundant supply of vacant industrial land,
- An ideal climate for warehousing and storage of goods and equipment
- An enticing lifestyle offer, with the necessary facilities to facilitate army personnel and their families, and
- A wide range of transport and logistics suppliers and defence service providers.

Albury Wodonga is well positioned to take on expanded operational and training activities in the region.

***Recommendation: Defence should continue to foster its presence in Albury Wodonga, and consider future operational and training expansion opportunities to capitalise on existing strategic synergies.***

### 3.2 Consultation, communication and collaboration with government departments

While it is well understood that Defence must keep a relatively low profile to ensure a high level of security is maintained, the general lack of communication with council has implications on long term planning efforts, collaboration opportunities and in some circumstances, safety concerns.

As the governing body seeking to satisfy the current and future needs of the broader community, there should be a greater dialogue between council and Defence regardless of there being no regulatory requirement to do so. Council is not normally advised in advance of any planned capital investment, infrastructure or expanded training activities on Defence land, which could inform strategic planning efforts and developments surrounding their precincts.

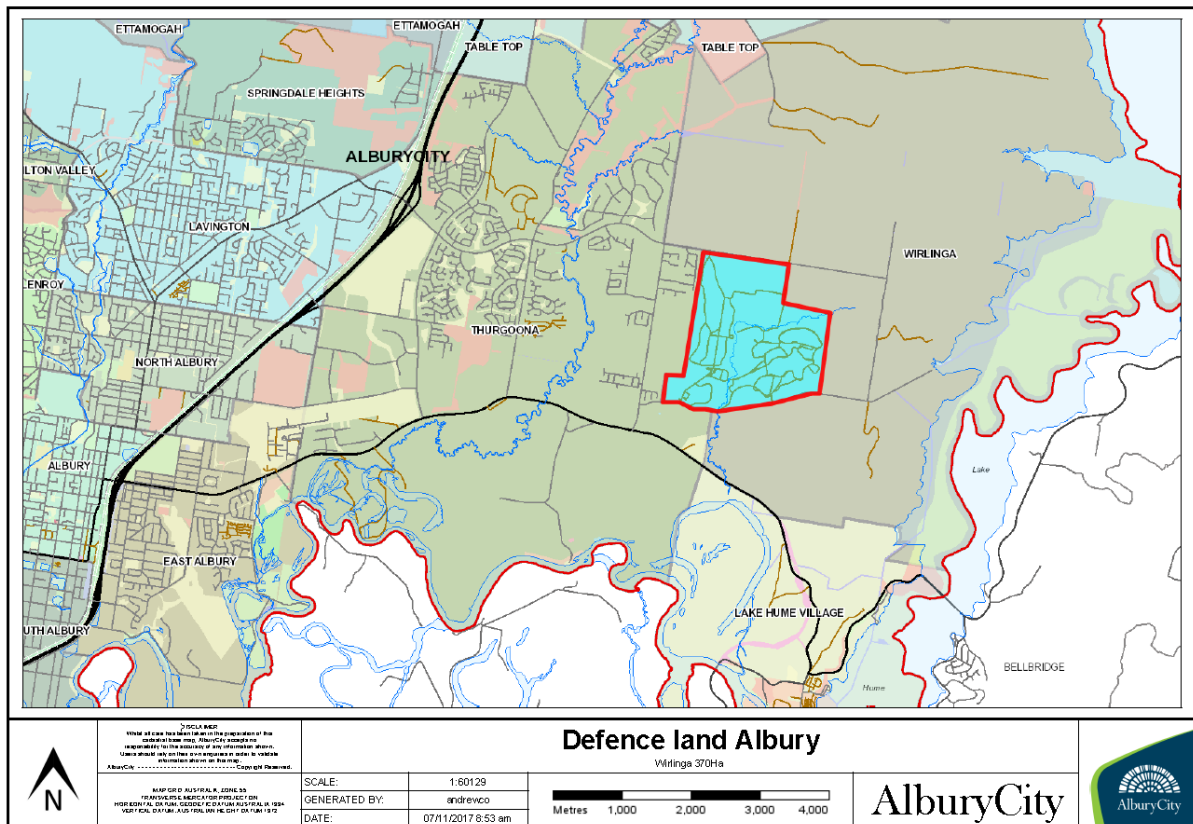
For example, the Defence site located on the north side of Whytes Road is on Commonwealth land, but the north eastern corner of the road's intersection is zoned commercial 2 which allows for the establishment of a 3000 square metre retail store under the Wodonga Planning Scheme. While council has not received a planning application for this site, it is conceivable that within the next 5-10 years a new supermarket or retail facility may be constructed presenting implications on all stakeholders within the area.

The intersection of Whytes Road and the Murray valley Highway is subject to an 80kph speed limit with a right hand deceleration lane for traffic heading south along Whytes Road. Current traffic generation along the southern side of the road has substantially decreased since the cessation of the former saleyards facility, now consisting of mainly residential traffic (accessing the rural lots further along Whytes Road), the organic composting businesses along the road, and the Defence facility.

Given the Commonwealth government is exempt from according with the Wodonga Planning Scheme, there is no data on the types or scale of vehicular trips made from this site. However, the uses and development of this site can continue without council scrutiny and may impact the safety of residents should this area attract more activity as a result of future developments.

Similarly, the northern intersection of Whytes Road to Murray Valley Highway is currently an unsealed road that provides access to Kenneth Watson Drive and Huon Hill, and there is discussion within council around the future upgrade of this intersection if the level of traffic increases. There is a section 173 agreement with the developer of Riverside Estate that seeks a roundabout at this location, although the contributing bodies for that roundabout are unclear.

On the NSW side of the border, Defence owns a significant tract of land (370Ha at Wirlinga, which lies within the primary residential growth corridor for Albury. AlburyCity encourages the Department of Defence to study potential long term de-commissioning and disposal of this site given the location in the heart of the city's major residential growth corridor.



If medium to long term infrastructure, land asset, development or training plans were voluntarily communicated to both council's, there may be opportunities to collaborate, and /or ensure our planners can appropriately respond to developments that impact decisions on density sizes, noise, investment attraction efforts, safety and a range of other variables in nearby locations.

This information could also enable councils to lend promotional assistance in showcasing tendering prospects to local suppliers, particularly smaller SMEs that are sometimes unaware and do not get fair access to these types of opportunities, but rather are informed by the local newspapers once works are already underway or are complete. This two-way communication model would create outcomes that consider and respond to the needs of all parties, while also mitigating any safety concerns.

Conversely, there appears to be strong, existing communication between Defence and council in a fire prevention and emergency management capacity through established local committees. For example, The Municipal Fire Management Committee meet quarterly to discuss fire prevention mechanisms and the Municipal Emergency Management Planning Committee meet at the same frequency to discuss emergency management issues. These groups are key to ensuring the ongoing safety of the community and allowing stakeholders to forward plan for any natural or preventable issues, and Defence's ongoing participation is valued.

***Recommendation: Communicate with Albury and Wodonga councils in advance on planned infrastructure, development or expanded training opportunities to better manage impacts, potential collaboration opportunities, and to inform long-term strategic planning efforts. Consider decommissioning and disposal of identified sites where there is a significant advantage to regional growth and development.***

### 3.2 Procurement

Defence must abide by the standard Commonwealth Procurement Rules in all dealings, but there is scope to have a greater dialogue between councils and local businesses to create mutually beneficial outcomes.

Currently, a range of local trade services are procured by Broadspectrum on behalf of Defence for minor works on existing establishments at the depot and bases. This contractor work is primarily for plumbers, electricians and the like, with low value, commercial items (i.e. materials) sourced locally.

Larger capital investment opportunities are advertised on AusTender with tenders normally awarded to a national company, which will then subcontract local building firms and suppliers as required. It is assumed that the appointed company will run advertisements in the local newspaper and other mediums to raise awareness. Yet, a number of local businesses have noted that existing procurement policies and processes are ineffective in raising awareness of opportunities as well as promoting the local capacity of small to medium sized businesses to service them.

If councils were informed in advance of Defence's capital works and training activities they could assist in circulating subcontractor opportunities to local businesses to provide fair access to all stakeholders. To enhance the outcomes of Defence activities in the region, strong pathways of communication need to be established between Defence, local councils, businesses and other stakeholders.

***Recommendation: The review of Defence procurement policy to improve the advertisement of subcontractor opportunities, as well as greater engagement with Councils and local businesses.***

### 3.3 Community use of Defence facilities

Prior to the events of September 11, 2001, community members often made use of Defence's facilities for sport and recreational purposes. However as would be expected, security significantly tightened at the barracks and prohibited community use of all facilities. While council appreciates the need for superior security measures, this has not supported the growth of sport and recreation participation and placed a greater demand on the existing amenities of both cities. With careful planning and consideration, Defence could enable community members to once again have access to both support and service demand, create strong community ties, and slow the decline / maintenance of existing sport and recreation facilities in Albury Wodonga.

Similarly, there are other defence facilities that are underutilised or are difficult to access as a result of heightened security measures including:

- The Defence Bank – accessing the bank is difficult for Defence personnel partners or ex-service people as security checks are required upon each visit. Potentially relocating the bank or adjusting security measures could work to alleviate this challenge.

- Cinema – this is an underutilised event space that is inaccessible to the public without Defence personnel accompanying community members.
- Army Museum – this has the potential to be a strong tourism asset, but it is only available by appointment given it is run by volunteers. It is recommended that the operating hours increase or the museum is relocated to a more prominent location that will attract organic foot traffic, such as the Bonegilla Migrant Experience.

***Recommendation: Reinstate community access to sport and recreation facilities at Bandiana to assist in offsetting the demand on council operated facilities. Consider ways to reduce heightened security measures for other underutilised Defence facilities.***

### **3.4 Summary of recommendations**

- Defence should continue to foster its presence in Albury Wodonga, and consider future operational and training expansion opportunities to capitalise on existing strategic synergies.
- Communicate with Albury and Wodonga councils in advance on planned infrastructure, development or expanded training opportunities to better manage impacts, potential collaboration opportunities, and to inform long-term strategic planning efforts. Consider decommissioning and disposal of identified sites where there is a significant advantage to regional growth and development.
- The review of Defence procurement policy to improve the advertisement of subcontractor opportunities, as well as greater engagement with Councils and local businesses.
- Reinstate community access to sport and recreation facilities at Bandiana to assist in offsetting the demand on council operated facilities. Consider ways to reduce heightened security measures for other underutilised Defence facilities.