

# The Australian

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## Military presence makes investment sense

- **HOTSPOTTING:** Terry Ryder
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### **INVESTORS and developers prepared to look nationally for opportunities could do worse than track military movements.**

There is a considerable buzz in Adelaide over the \$8 billion Air Warfare Destroyer project at Techport and the impending influx of 1200 new personnel at the Edinburgh defence base, a \$500 million undertaking to occur next year.

The economy of Wagga Wagga is energised by its status as the heart of military training in NSW. All three strands of the defence forces have a presence there, including the Australian Army Recruitment Training Facility at Kapooka, the Royal Australian Air Force at Forest Hill and the Royal Australian Navy training facilities.

The RAAF Base Wagga is the largest ground training base in the air force -- its 1500 staff provide aviation trade training to all three military services and graduates about 4500 trainees a year.

The army's Kapooka facility puts 3500 recruits through intensive training each year, as well as 1750 army reservists.

Defence is a core industry in the economy of Wagga Wagga and the Murrumbidgee region, with economic output estimated at \$350m a year.

Defence and government administration provides almost 10 per cent of jobs in the region, double the NSW average for this sector.

Its importance increased in 2007 when \$60m was spent on upgrading training and accommodation facilities at RAAF Base Wagga.

But right now the place to be is Townsville.

The North Queensland city, recently anointed as "deputy capital" of Queensland, already has a considerable military presence, but it's about to get bigger.

Defence and government administration provides 11 per cent of jobs in Townsville and creates economic output measured at \$1.39bn.

Currently, ADO Townsville employs more than 6000 people and supports almost 8000 partners and dependent children (about 9 per cent of the region's population).

Townsville is home to the army's 3rd Brigade, based at Lavarack Barracks, one of the largest defence bases in Australia, with 4000 military and 700 civilian personnel. There are also army amphibious operations at Ross Island Barracks and the permanent and reserve air force at RAAF Base Townsville.

Last month, Exercise HAMEL -- regarded as the most complex training activity undertaken by Australian forces, involving more than 6000 soldiers, sailors and airforce personnel, including US and New Zealand troops -- poured \$5m into the Townsville economy. The economic impact will become considerably larger when Sydney's 3rd Battalion Royal Australian Regiment (3RAR) is relocated to Townsville next year, adding 1500 personnel to the

city's military presence.

David Crisafulli, Deputy Mayor and chair of the economic development committee, says the upcoming expansion will give Townsville the largest military presence in the nation.

Crisafulli says the city's military presence brings into the community people with high-disposable income. "It's recession-proof money which has a flow-on effect through other parts of the local economy," he said. "There isn't a single sector that doesn't benefit."

James Cook University, another key component of the Townsville economy, has published "a holistic analysis of the socio-economic impact of the Australian Defence Organisation and its interaction with the city of Townsville", focussing on the impact of the upcoming expansion.

The direct economic impact of Defence in Townsville includes annual spending of \$150m on locally produced goods and services, and \$330m in wages to its personnel.

But the economic influence stretches further than the \$490m in direct spending because it leads to a further \$656m worth of output in the region. In total, ADO Townsville accounts for 10.3 per cent of regional gross domestic product.

The report says the preparatory work to expand ADO Townsville will generate \$1.1bn of direct and indirect spending in the local economy.

"Once the integration of 3RAR in ADO Townsville is completed in 2012, the local economy will receive a 1.5 per cent boost in GDP growth," it says.

"ADO Townsville's impact on the local economy will simultaneously increase from 10.3 to 11.6 per cent once the expansion is completed."

It says the expansion will lead to sustained demand for housing, healthcare, education and childcare in the local community.

Crisafulli says there will be big opportunities for the construction industry.

"While Defence Housing Australia has produced some additional stock, the combination of a delay and shortage in the on-barracks accommodation and an existing shortfall in the rental market presents a golden opportunity for investors," he says.

"Those relocating will need to find a place to live by the end of 2011 and this will place big demand on the housing industry to meet this shortfall."

Crisafulli says this will add another strand to an economy which is the most diverse in Australia outside of the capital cities.

Terry Ryder is the founder of [hotspotting.com.au](http://hotspotting.com.au)

[ryder@hotspotting.com.au](mailto:ryder@hotspotting.com.au) (<mailto:ryder@hotspotting.com.au>)

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