Aerospace industry in New South Wales

Australia has a proud history in the aerospace industry with many early Australian pioneers in air travel, people such as Sir Charles Kingsford Smith and Bert Hinkler. Other notable figures include Nancy Bird Walton, the Australian female pioneer aviator.

Aircraft manufacturing and maintenance and repair have been an integral part of the development of the Australian aerospace industry, beginning in the 1920s with the development of the first military aircraft. However by the 1990s, Australia had ceased to manufacture large passenger aircraft. Small aircraft manufacturing still continues with Gippsland Aeronautics and Delta Corporation leading the way.

Today the Australian aerospace industry competes in the world market as a niche manufacturer and supplier of components for international aircraft manufacturers such as Boeing and Airbus. Approximately 20% of the industry's output is exported[1].

The Australian aerospace industry consists of four segments:

- Commercial aircraft and parts
- Military aircraft (including UAVs), parts and guided missiles
- Maintenance, repair and overhaul
- Light aircraft and parts.

Light aircraft and parts make up approximately 1.7% of the industry. Commercial aircraft parts manufacture accounts for 34% of the market with the manufacture of military aircraft, parts and guided missiles accounting for 33.5%[2]

The manufacturing industry is dominated by four major players:

- Australian Aerospace
- Boeing Australia Holdings
- BAE Systems Australia Holdings Limited
- Hawker Pacific Pty Ltd

who account for 53% of the industry[3].

(For a more in-depth analysis of the aerospace industry, refer to the MSA Info sheet – 'The aerospace industry in Australia'.)

In **New South Wales**, the aerospace industry is mainly concentrated in the Sydney, Hunter, Illawarra, New England and Shoalhaven regions. Maintenance, repair and overhaul (MRO) activities are carried out at airports throughout the state. 27.6% of Australia's aircraft manufacturing and MRO business are located in New South Wales. [4]

Note: *MSA uses as its main data sources, the latest statistics available from the Australian Bureau of Statistics (ABS) and the National Centre for Vocational Education Research (NCVER). This may result in variations between MSA's data and the data collected by other sources.*

[1] IBISWorld C2824 *Aircraft manufacturing in Australia* accessed March 2011 pg 5
[2] IBISWorld *C2824 Aircraft Manufacturing in Australia* accessed March 2011 pg 16
[3] IBISWorld *C2824 Aircraft Manufacturing in Australia* accessed March 2011 pg 29
[4] IBISWorld *C2824 Aircraft Manufacturing in Australia* accessed March 2011 pg 23

Employment in the Aerospace industry in New South Wales

Employment data is released by the ABS quarterly (February, May, August and November). The data tables only give data to the ANZSIC group level. Class 2394 Aircraft Manufacturing and Repair Services is included in the data for Group 239 Other Transport Equipment Manufacturing together with:

- 2391 Shipbuilding and Repair Services
- 2392 Boatbuilding and Repair Services
- 2393 Railway Rolling Stock Manufacturing and Repair Services, and
- 2399 Other Transport Equipment Manufacturing n.e.c.

May 2010 figures showed that an estimated 7,000 people in New South Wales were employed in Group 239 Other Transport Equipment Manufacturing[5]. All employees were males employed full-time.

From these figures it is difficult to generalise employment for the aerospace industry in New South Wales with any accuracy.

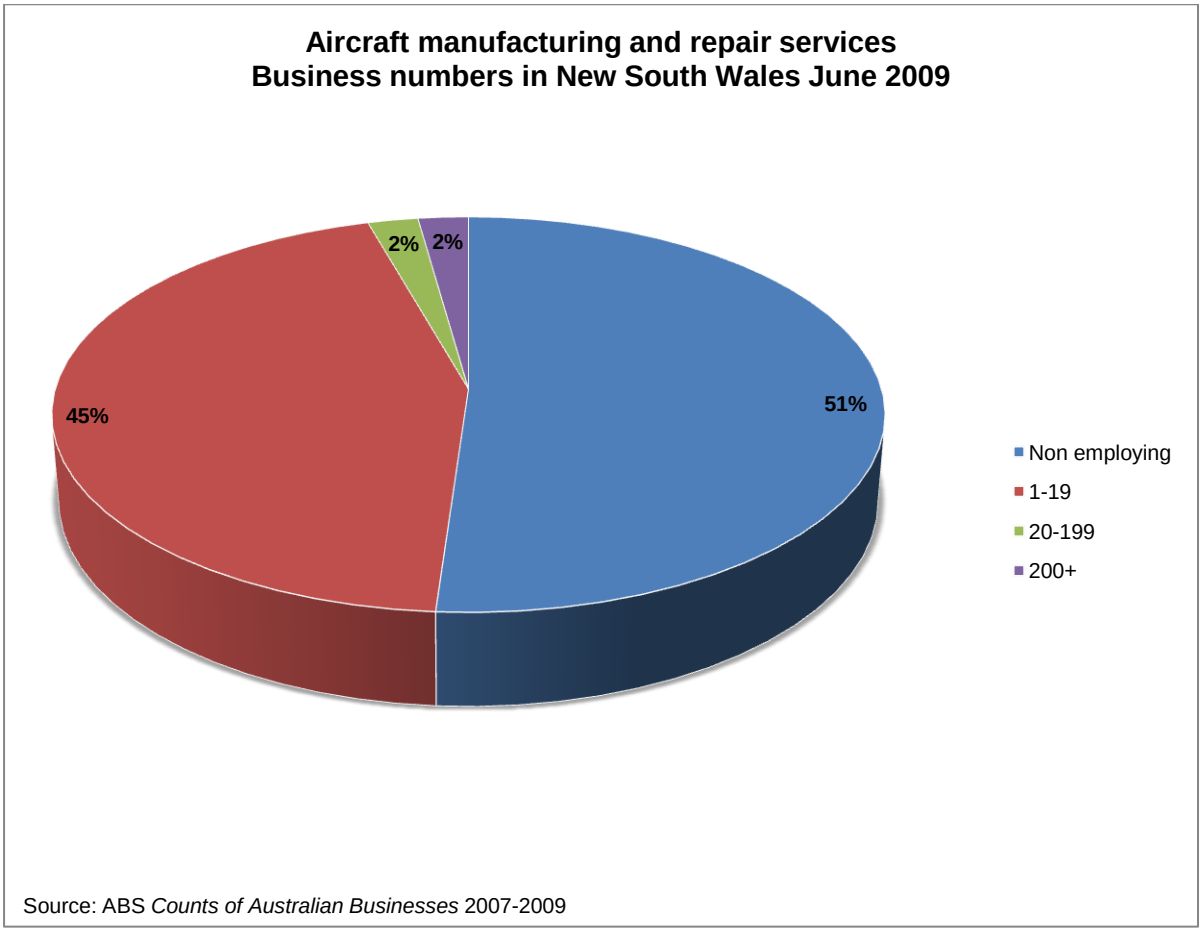
Note: It is not possible to obtain data relating to job-share arrangements from the ABS.

[5] Australian Bureau of Statistics *Labour Force* May 2010

The Aerospace industry in New South Wales – business numbers

The ABS publishes 'Counts of Australian Businesses, including Entries and Exits' annually. Data is sourced from the Australian Bureau of Statistics Business Register (ABSBR). The most recent publication for the Financial Year 2008–09 has been used for this information sheet. Businesses are classified by the number of employees.

In 2008–09 there were 272 businesses operating in New South Wales within the aircraft manufacturing and repair services industry[6]. This data includes the maintenance, repair and overhaul sector. The majority of businesses were either non-employers (that is, they hadn't submitted an Income Tax Withholding (ITW) statement to the Australian Tax Office (ATO) for five consecutive years) or small businesses employing between 1 – 19 people[7].



Source: ABS *Counts of Australian Businesses* 2007-2009

[6] Australian Bureau of Statistics *Counts of Australian Businesses* 2007-09
[7] Australian Bureau of Statistics *Counts of Australian Businesses* 2007-09

Skills and training

The Education and Work report is published by the ABS annually. The most recent edition of Education and Work May 2010 was published in November 2010. Data published in the Education and Work report is classified according to the Australian Standard Classification of Education 2001 (ASCED).

In Education and Work May 2010, the most relevant classification is the narrow field: 0315 Aerospace engineering and technology. This classification includes (but is not limited to):

- 031501 Aerospace engineering
- 031503 Aircraft maintenance engineering
- 031599 Aerospace engineering and technology n.e.c.[8]

Education and Work May 2010 only contains data relating to the broad field '03 Engineering and Related Technologies'[9] and is too broad to be considered within this document.

The Aerospace maintenance, repair and overhaul sector is covered by the MEA07 Aeroskills Training Package. There are 17 qualifications in the Training Package ranging from Certificate II to Advanced Diploma[10]. This Training Package was released in March 2008, and updated in November 2010 to include a new qualification - Certificate IV in Aeroskills (Armament).

These aircraft maintenance qualifications support comprehensive skills development needs for aerospace industry personnel involved in the maintenance, repair and overhaul of aircraft and aircraft components. Specifically designed qualifications meet the competency requirements identified by the Civil Aviation Safety Authority (CASA) for people to become Licensed Aircraft Maintenance Engineers (LAME).

Note: The training data within this information sheet contains information relating to this Training Package (MEA07) as well as previous Training Packages. There is no Certificate I level qualification in the Aeroskills Training Package.

[8] Australian Bureau of Statistics *Australian Standard Classification of Education 2001*
[9] Australian Bureau of Statistics *Education and Work May 2010*
[10] National Training Information Service www.ntis.com.au

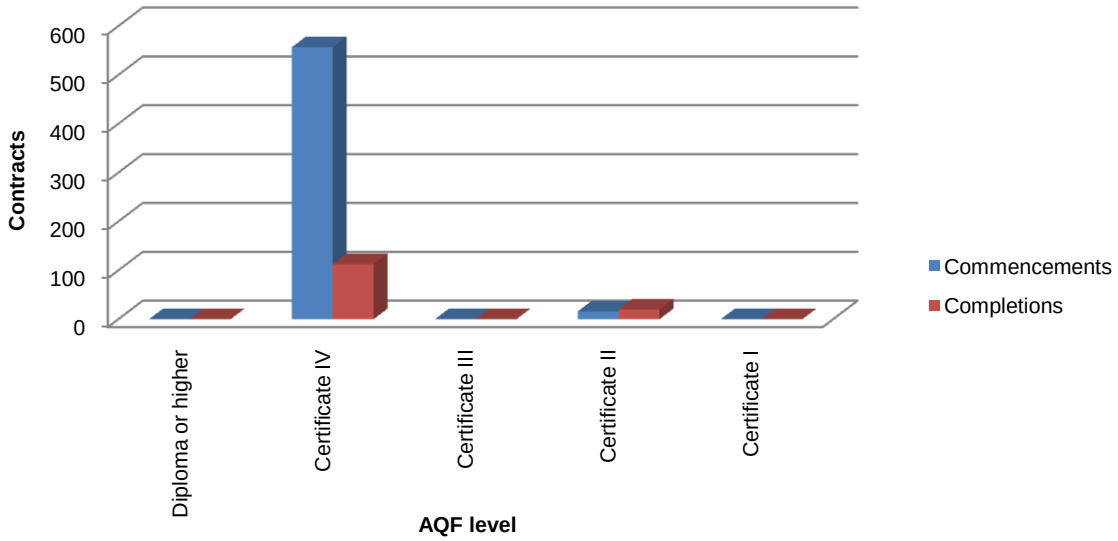
The National Centre for Vocational Education Research (NCVER) collects data on commencements and completions in vocational education qualifications via two instruments – the "National Apprentice and trainee collection" and the "National VET provider collection". The "National Apprentice and trainee collection" includes data for all formally notified apprentices and trainees attending either publicly funded or private Registered Training Organisations (RTOs). The "National VET provider collection" only contains data from publicly funded institutions such as Technical and Further Education (TAFE) colleges. Data is collected for the apprentice and trainee collection quarterly and for the VET provider collection annually. This data can also be accessed via NCVER's database – VOCSTATS.

In 2009, 573 people in New South Wales commenced a formal contract of training in a qualification from an MEA Training Package, while 133 people completed a formal contract of training. Over 84% of commencements and completions were at Certificate IV level.

The qualification that had the most commencements and completions was Certificate IV in Aeroskills (Mechanical) - in 2009, 216 people commenced this apprenticeship. They accounted for nearly 40% of contract commencements.

In the same year, 52 people completed an apprenticeship in Certificate IV in Aeroskills (Mechanical) which was 39% of all contract completions[11].

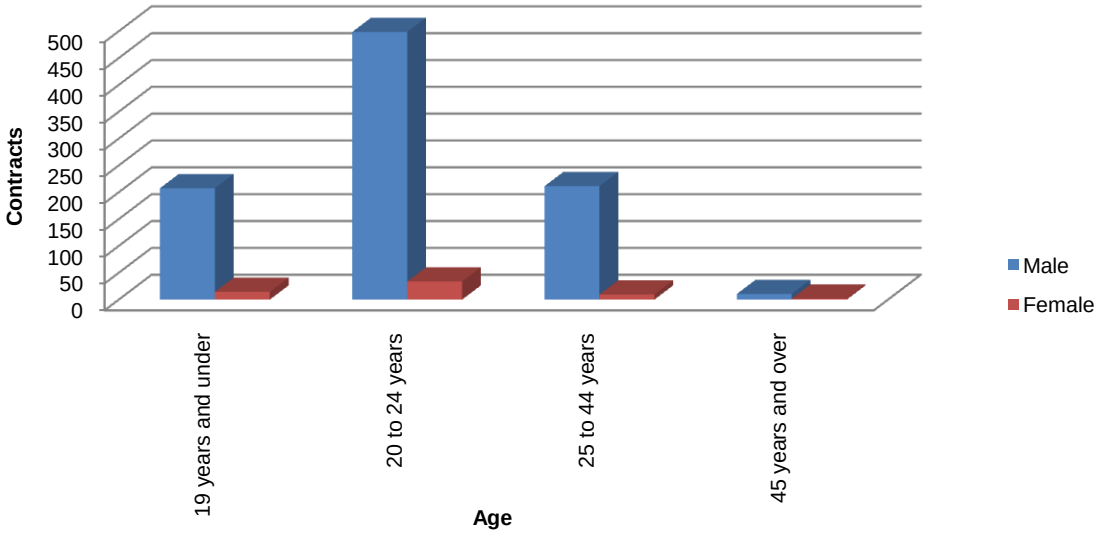
There were no traineeships or apprenticeships at Certificate III or Diploma level or higher in 2009.



Source: NCVER *VOCSTATS* accessed October 2010

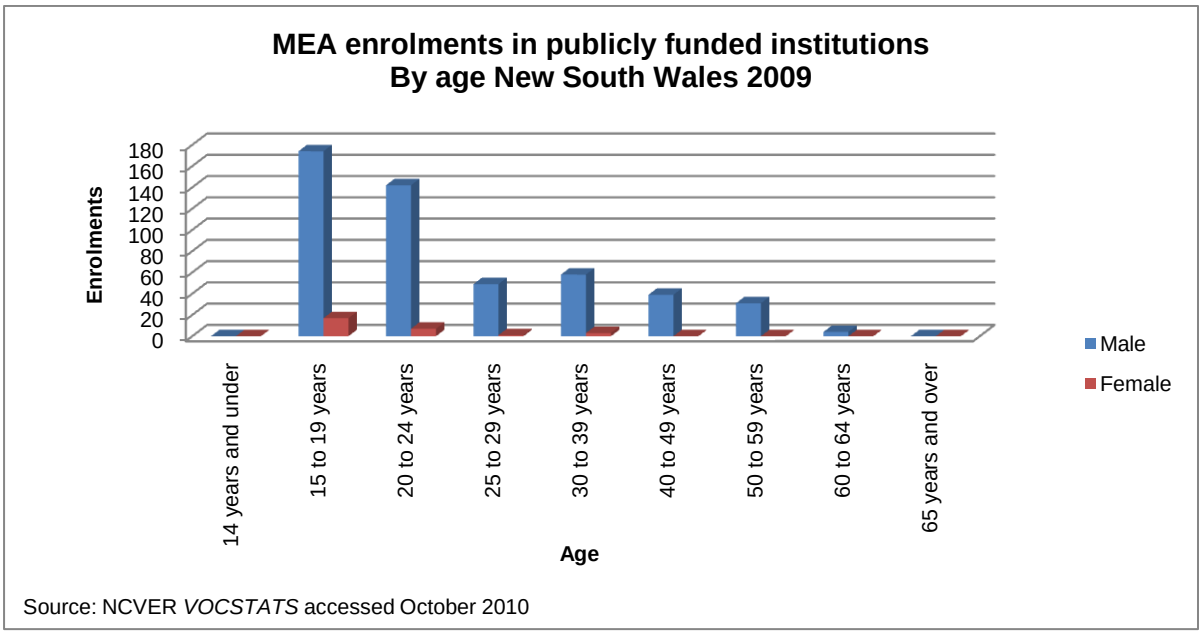
[11] National Centre for Vocational Education Research *VOCSTATS* accessed October 2010

At the end of 2009, there were 988 people in New South Wales undertaking an apprenticeship or traineeship from an MEA Training Package. 928 contracts were held by males, with females holding 60 contracts. 532 apprentices and trainees were aged between 20 and 24.

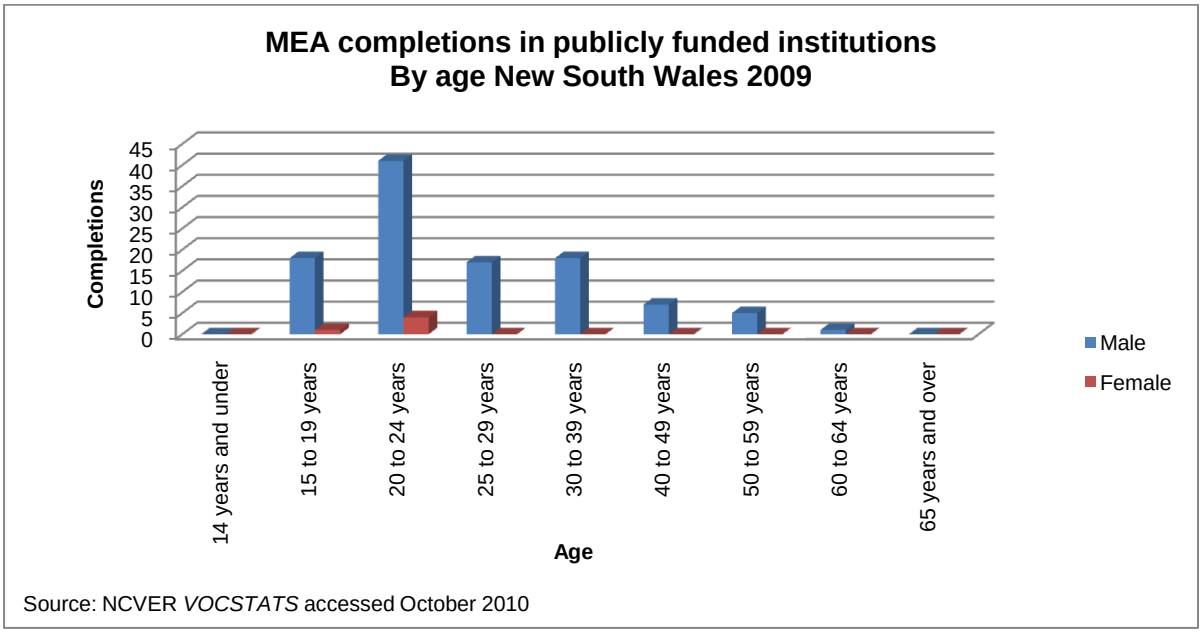


Source: NCVER *VOCSTATS* accessed October 2010

During 2009, 525 people in New South Wales commenced an MEA qualification at a publicly funded training provider and 112 people completed a qualification from an MEA Training Package.[12].



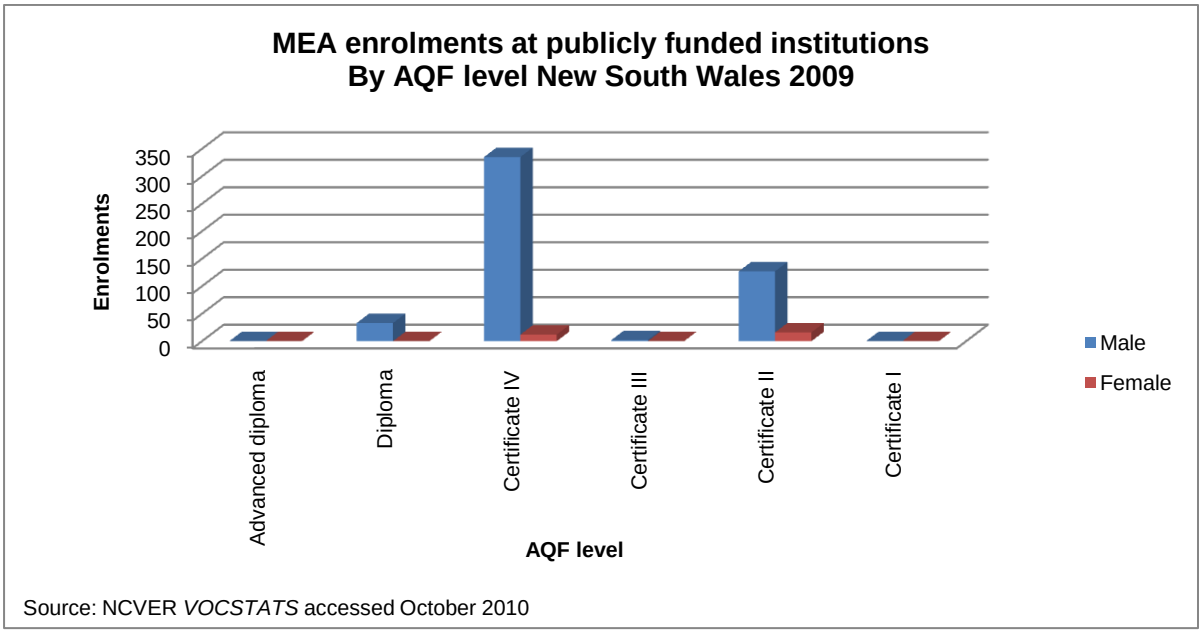
Source: NCVER *VOCSTATS* accessed October 2010



Source: NCVER *VOCSTATS* accessed October 2010

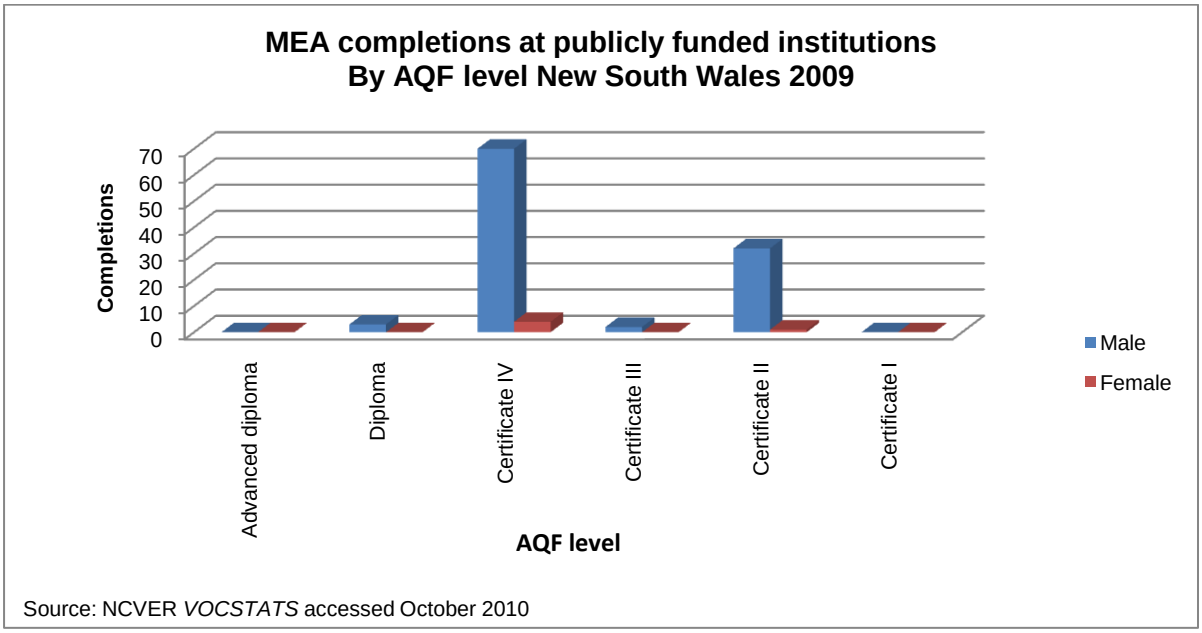
[12] National Centre for Vocational Education Research *VOCSTATS* accessed October 2010

In an industry sector where men make up the majority of workers, it is to be expected that men also make up the majority of enrolments. Just over 94% of all commencements were male, with the largest course enrolment (239) being males enrolling into Certificate IV in Aeroskills (Mechanical)[13].



Source: NCVER *VOCSTATS* accessed October 2010

As with commencements, males made up the majority of completions with 107 graduating in 2009. The qualification with the most completions (37) was Certificate IV in Aeroskills (Mechanical)[14].



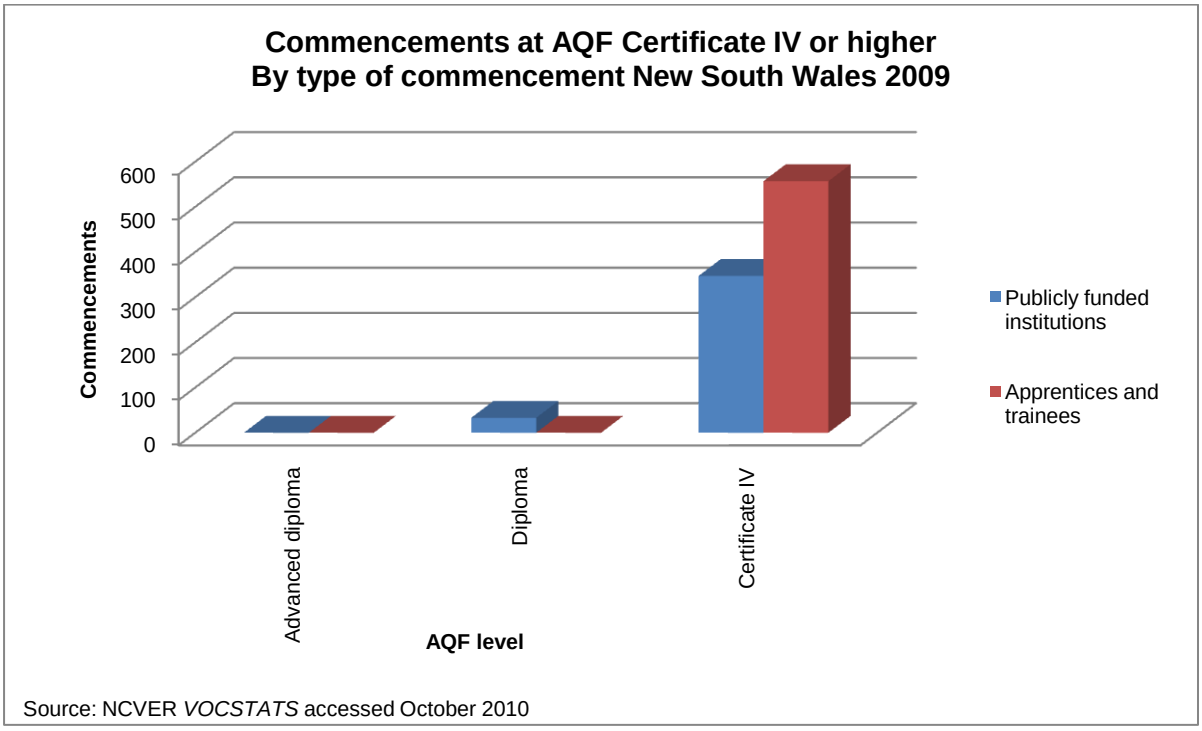
Source: NCVER *VOCSTATS* accessed October 2010

[13] National Centre for Vocational Education Research *VOCSTATS* accessed October 2010
[14] National Centre for Vocational Education Research *VOCSTATS* accessed October 2010

Unlike other industry sectors covered by MSA Training Packages, the minimum trade qualification for an Aircraft Maintenance Engineer is at Certificate IV level. The number of contracts at Certificate IV level is significantly higher than in any other sector, and in Aerospace, makes up the majority of contracts. The same applies with the VET provider enrolments. There were no training contracts at Diploma level[15].

In New South Wales in 2009, 557 people commenced a traineeship or apprenticeship at Certificate IV level, while there were 380 enrolments through a publicly funded institution at Certificate IV level. There were no commencements at Advanced Diploma level in New South Wales in 2009.

Note: Due to the way data is collected, the two sets of data are not mutually exclusive.



Source: NCVER *VOCSTATS* accessed October 2010

[15] National Centre for Vocational Education Research *VOCSTATS* accessed October 2010

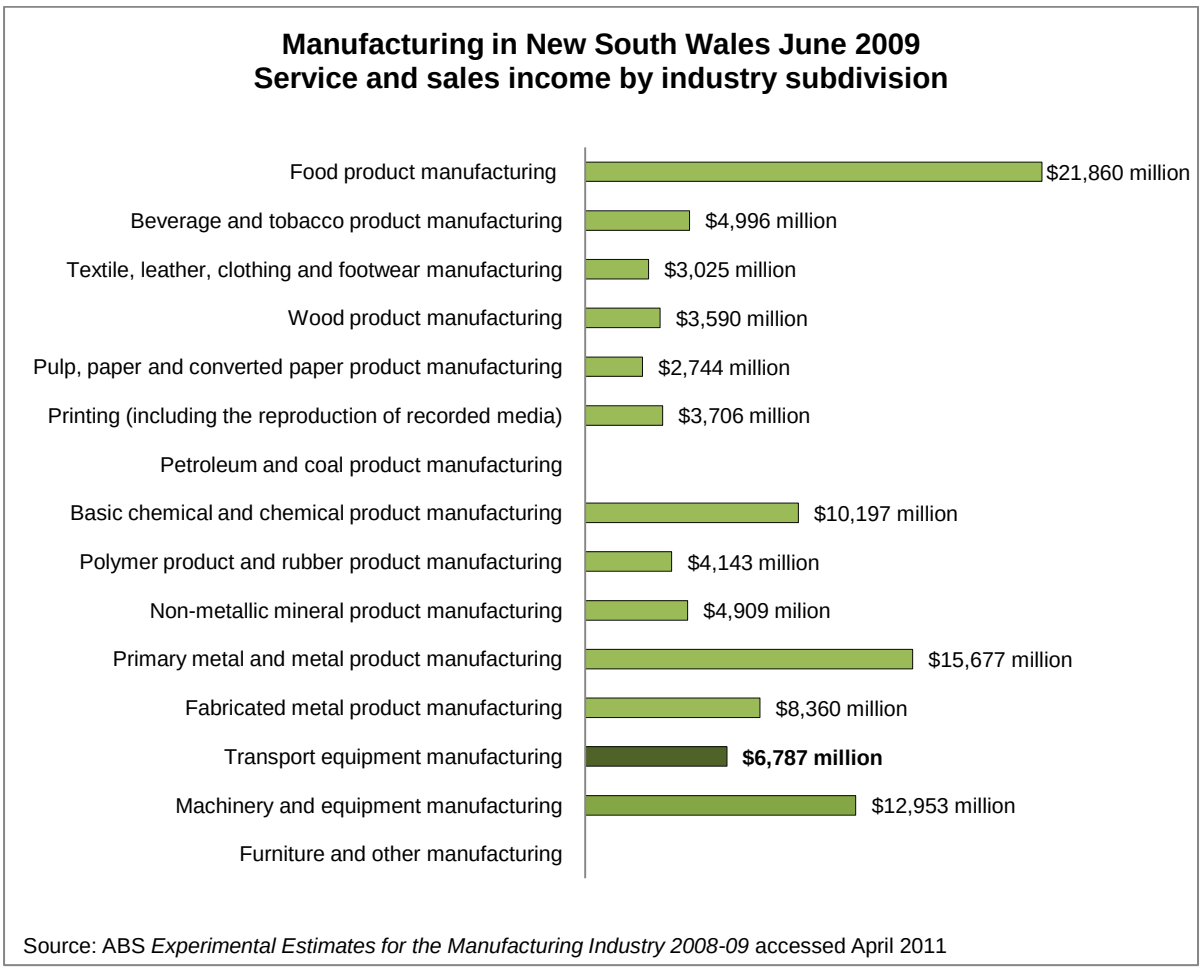
Contribution to the economy

One measure of Gross Domestic Product (GDP) is 'industry value added' (IVA). In the Financial Year ending June 2009, the Aerospace industry contributed over $1.56 billion to the Australian economy, making it the largest contributor within the Transport equipment manufacturing industries[16].

Another measurement of contribution to the economy is 'sales and service income'. At the end of June 2009, the Transport equipment manufacturing industries in New South Wales employed 22,537 people and had a sales and service income of approximately $6.79 billion. This was approximately 5.43% of the sales and service income for manufacturing in New South Wales in 2009.[17]

Note: Information in the graph below relating to the following sectors is not publicly available from the ABS:

- Furniture and other manufacturing
- Petroleum and coal product manufacturing



Source: ABS *Experimental Estimates for the Manufacturing Industry 2008-09* accessed April 2011

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[16] Australian Bureau of Statistics *Experimental Estimates for the Manufacturing Industry 2008-09* accessed April 2011
[17] Australian Bureau of Statistics *Experimental Estimates for the Manufacturing Industry 2008-09* accessed April 2011