Strengthening
Australia’s capability
Defence, security and economic prosperity
BAE Systems Australia’s contribution to economic prosperity

**ECONOMIC CONTRIBUTION**

$1.30bn AUD
GDP contribution in FY 2015 - 2016

- **$700m AUD** Direct Economic Contribution
- **$210m AUD** Indirect Economic Contribution
- **$380m AUD** Induced Economic Contribution

**RESEARCH & DEVELOPMENT**

- **$268m AUD** R&D investment in Australia over 5 years
- **R&D investment in AUD per employee**

**PROCUREMENT**

- **$360m AUD** Goods procured from Australian suppliers
- **1600 Australian suppliers**

**EXPORTS**

- **$81m AUD** From sales abroad (exports)
- **6%** Exports account for over 6% of company turnover

**OUR PEOPLE**

- **7,560** FTE jobs in 2015
- **3,300** Direct jobs
- **1,590** Supply chain jobs
- **2,660** Workforce consumer supported jobs

Employment across Australia

- **Henderson** 19%
- **Edinburgh Parks** 27%
- **Richmond** 22%
- **Garden Island** 3%
- **Williamstown** 3%
- **Williamtown** 25%
- **ACT** 3%
- **NSW** 3%
- **QLD** 3%
- **NT** 1%
- **SA**

25 Operational branches across Australia

**PRODUCTIVITY**

- **40%** Labour productivity was over 40% higher than the national average

**Source:** "The impact of BAE Systems on Australia," by Oxford Economics (November 2016), Broadwall House, 21 Broadwall, London, SE1 9PL, UK

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BAE Systems Australia is a defence and security company, with a long history of supporting Australia’s armed forces and national security.

Since 1953, we have worked purposefully to create a unique domestic capability that is today an integral part of a stronger, more sovereign Australian industry, and one that is better able to deliver the unique solutions the nation needs.

As we continue to work with our partners to enhance our collective capacity to protect the nation, we will look for new opportunities to support the country to continue its transition to a high technology economy. This philosophy underpins our commitment to Australia, where our contribution goes well beyond the products and services we provide.

We work closely with hundreds of Australian companies, educational institutions, the Australian Defence Force and the Commonwealth Government to increase their capability to better protect the nation. We partner across the breadth of the supply chain, actively transferring skills, expertise and knowledge in a drive for continuous improvement.

It is our belief that this approach contributes to a stronger and more sustainable sovereign industry.

The 2016 Defence White Paper makes clear that Australia’s defence and security challenges are rapidly changing and that to meet these challenges the country must be strategic in planning for the future. We are committed to working with the Commonwealth Government to support this, and in providing the Australian skills, expertise and innovation required to deliver the sovereign capability advantage Australia will need in the years to come.

The extent of the benefits our work has yielded for the nation was recently underlined by an independent report that confirmed in 2015/16, we contributed AUD$1.3 billion of economic value for the country, sustained over 7,500 full-time jobs and employed a fulltime workforce whose productivity is more than 40% higher than the national average.

Our work also has a broader impact on the Australian economy through our sustained investment over the past five years of nearly AUD$500 million in capital expenditure, research and development, and growing the talents and skills of our people.

We have a long and successful history in working together and plan for a mutually valuable partnership in the future.

Sir Roger Carr
Chairman

GDP contribution
AUD$1.3 billion
FY2015-16

Our cyber defence, intelligence and financial crime division, BAE Systems Applied Intelligence, works with Federal and State Governments and Australia’s largest organisations to help defend against cybercrime and meet the challenges of a complex, connected world.

Our work in Australia helps to fuel the local economy, harness Australian innovation through a vibrant, national supply chain, and generate careers that make a difference today and for future generations.
An **Australian** defence and security company

Our rich heritage, established networks and supply chains, together with our ability to leverage the strengths of our global organisation, enables us to provide diverse capabilities and products in Australia and for export.

Whether it is sustaining current capabilities or delivering advanced and technologically superior capabilities, we have developed the skills and experience in Australia to support the Australian Defence Force wherever and whenever we can.

As a result of the way we work, and our commitment to program execution, our people have a reputation for delivering what they have promised. Today every individual forms part of a highly skilled workforce who collectively work on more than 35 major defence projects.

From Williamtown in New South Wales where we sustain Australia’s Hawk MK 127 Lead-In Fighter fleet, to Henderson in Western Australia where we support the delivery of an advanced Anti-Ship Missile Defence program for the ANZAC class frigates.

From Melbourne in Victoria where we are producing some of the world’s most significant research on malware and systems vulnerabilities, to Adelaide in South Australia where we conduct some of the most advanced manufacturing for the world’s largest defence industry program the F-35 Lightning II.

Across the nation, our people have the ideas and innovation that give us the confidence that we will continue to play a major role in Australia’s Defence future.
Working in an industry at the forefront of high-tech engineering provides us with a responsibility to nurture and inspire the next generation of Australian scientists, engineers and innovators.

Today, with support of over 40 programs designed to grow young peoples’ passion and interest in Science Technology Engineering and Mathematics (STEM) from primary school level through to tertiary education, we are helping to grow the scientists and engineers needed to safeguard Australia’s defence and security capabilities. We are also building capacity in cyber skills, data analytics and other jobs of the future by employing and training staff and participating in internship programs.

We employ some of the most skilled people in Australia, working to design, build and sustain some of the most complex defence systems in the world and help defend our nation and some of our largest businesses against cybercrime and online threats.

We recognise the value of our employees and contractors and continuously look for ways to invest in developing the talent of our workforce.

Training is a key component of how we promote the development and productivity of our people. Our programs include leadership seminars, engineering and project management courses.

In 2015, we invested AUD$4.5 million across all of our training programs. These programs reached our own employees as well as hundreds of contractors and agency workers whose skills and experience will impact on the economy more broadly.

Recruiting new talent is not only an investment in our future workforce, but it also provides new and diverse perspectives, critical to ensuring that innovation flourishes.

Since 2014, we have recruited a total of 87 graduates and we are aiming to employ new graduates each year across a variety of roles including engineering, project management, finance and IT.

Investing in our people

We employ around 2,200 engineers and highly skilled technicians.

Developing skills for the future

We account for approximately 10% of the Australian defence industry workforce.

Our productivity is more than 40% higher than the national average.

NEXSUS

The Next Generation School and University Scholarship (NEXSUS) is just one program that we support in Australia. It provides opportunities and financial support for senior secondary or university students enrolled in subjects that underpin STEM to gain meaningful work experience of up to four years.

Undergraduate NEXSUS Student, Emily Breakwell, acknowledges the value of the opportunity of working with the Aerospace business at Williamtown NSW.

“The NEXSUS program has been the most amazing experience due largely to the incredible team I am working with. This experience has been completely invaluable and has enabled me to grow as a person and as an engineer.”

We recognise the value of our employees and contractors and continuously look for ways to invest in developing the talent of our workforce.
Growing the capability of Australian industry

Growing the capability of Australian industry is an essential part of how we do business. We seek to maximise Australian industry involvement for all of our projects and harness Australian innovation through our participation and support for a vibrant, national supply chain.

This approach means we support one of Australia’s largest Defence supply chains, purchasing AUD$360 million worth of goods and services from around 1,600 Australian suppliers and supporting around 1,500 Australian jobs through our supply chain expenditure.

Support for our local supply chain goes beyond our national operational footprint. In 2012, we joined the Commonwealth’s Global Supply Chain initiative with the creation of our Global Access Program, which ensures our local suppliers have access to worldwide opportunities.

Through this program, we provide Australian businesses with opportunities to participate in our company’s extensive international supply chain and provide resources to support development small-to-medium enterprises (SMEs). This includes expertise in fields such as proposal writing, estimating, engineering, procurement and quality.

AUD$360 million purchased from around 1,600 Australian suppliers

A commitment to Reconciliation

As an Australian company we recognise the importance of engagement with Aboriginal and Torres Strait Islander communities, and of achieving meaningful Reconciliation outcomes. As part of our Reconciliation Action Plan we have developed new recruitment and retention policies to attract, retain and develop Aboriginal and Torres Strait Islander people, and through the development of a targeted supplier strategy we are increasing the participation by Aboriginal and Torres Strait Islander businesses in our Australia-wide supply chain.

Every AUD$10 of direct GDP contribution impacts the broader economy by AUD$18

Industry collaboration

Better prediction of corrosion is the focus of collaborative work we are undertaking with the Commonwealth Government’s Defence Science and Technology (DST) Group.

The work aims to improve how corrosion is managed on Australian Defence Force platforms.

Reducing the cost of corrosion maintenance is a major challenge for the defence industry. In 2016, we delivered the first corrosion algorithm into a major international defence program.

Ashley Searl, General Manager, Weapons Systems said: “This work brings together the cutting-edge capabilities in corrosion management technologies from both teams. “We will continue to work with DST Group to help better predict when corrosion will occur, improving scheduled maintenance requirements.”
Internationally competitive

Through our partnerships, we contribute skills and experience to commercialise defence technology and export home-grown ideas. For example, we make the Nulka Active Missile Decoy – Australia’s largest and most successful regular defence export – now installed on approximately 150 Australian, US and Canadian warships. We also export sophisticated sensor systems to the US based on indigenous technology to support Australia’s Over-The-Horizon capabilities.

Worth around AUD$80 million in 2015, our exports help to deliver the scale required for continued investment in Australian technology. This enables us to be competitive in international markets, to grow, and to maximise the export potential for Australia’s defence industry.

We invest 4 x more per employee in research and development than the rest of the economy

Our Australian Supply Chain at work

The global F-35 program is the largest and most advanced military aircraft program in the world. More than 3,000 F-35 Lightning II (Joint Strike Fighters) will be produced by 2030 for a number of countries, including Australia.

In Australia, we provide advanced manufactured components for the program and this is a good example of how we support and involve SMEs in our supply chain. In South Australia, we manufacture titanium elements for F-35 vertical tails and RUAG Australia treats and paints these parts.

Mr John Teager AM, Managing Director, RUAG Australia, said “We are fully committed to growing the manufacturing sector in South Australia. Our facility at Wingfield is unique in Australia, and provides the necessary services and global competitiveness to allow Australian aircraft component manufacturers to compete for lucrative contracts.”

The ongoing relationship with Australian companies has developed an exportable Australian capability.
Maintaining an edge

At the heart of the Commonwealth Government’s strategic approach to protecting the nation is ensuring that the Australian Defence Force consistently maintains its capability edge, while preparing for more complex and high-tech conflicts of the future.

The nature of the threats is now changing and are no longer solely physical. They have extended into cyberspace, and come from organised, stealthy criminal groups, activists and nations.

We believe that defence and security work can, and should be completed in Australia. We are working to provide leading edge capabilities in a way that increases the skills of the domestic workforce, and ensures sovereign control over those technologies we advance. This supports the Commonwealth Government’s economic plan to ensure Australia continues to successfully transition from the mining investment boom to a stronger, more diversified, new economy.

As global and regional security threats increase in uncertainty and complexity, Australia remains a strategic country for our global business. We will continue to work as a strategic partner to the Australian Defence Force and Commonwealth Government, and to our commercial customers, to utilise new technology to deliver increased capability, and to do so in a way that benefits the entire nation.

Supporting a stronger, more diversified Australian economy
Our heritage: Over 60 years in Australia

1979
Awarded first radar support contract

1953
Bristol Aeroplane Company began testing the first generation air defence missile systems at Woomera in 1953

1991
Subcontract win to build two Jindalee Over The Horizon Network radars

1995
First development contract as the Australian lead for the NATO Evolved Sea Sparrow Missile

2000
Operational release of the Ship Air Defence Model used for maritime air defence analysis around the world

2007
NULKA active missile decoy provides protection for 100 Australian, US and Canadian navy ships

2008
High Frequency sensor systems exports to the US begin

2011
Completion of HMAS Perth, the first anti-ship missile defence upgrade on the ANZAC class of ships

2013
First parts delivered to Marand’s F-35 vertical tail fin assembly line

2014
First of two Landing Helicopter Docks, HMAS Canberra, delivered (biggest ship in the Royal Australian Navy)

2016
AMV35 selected for Land 400 (combat reconnaissance vehicle) evaluation

2016
Lead sustainment role for F-35 delivering high tech Australian jobs

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