

Defence & security opportunities

1. Investor proposition

Canberra, the defence and security policy and procurement centre of Australia is the natural location for large conglomerate defence and security corporations and specialist cyber security, advanced communications and radar, ICT and surveillance businesses alike. Canberra has:

- Strong demand for **information and data security products and services**.
- The **greatest level of government spending per capita in Australia (Figure 1)**. The Department of Defence spends \$1 billion p.a. directly in the ACT, and procures a further \$15 billion p.a. throughout Australia, generally by Canberra based decision makers.¹
- Widespread **contracting opportunities** stemming from the presence of key Australian Government client agencies and the multi-national corporations that focus on servicing Government.

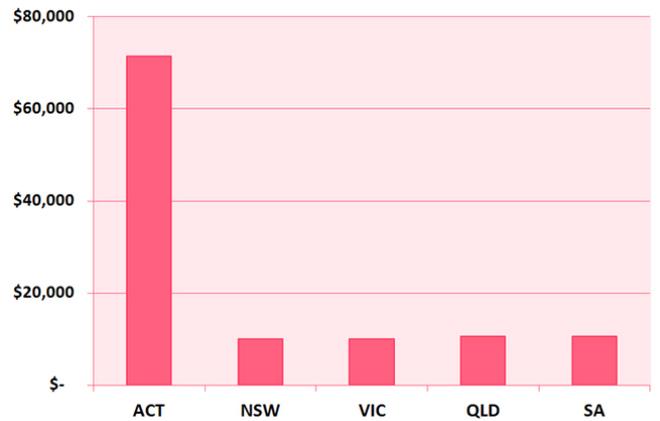
There are over 13,000 military and civilian Defence personnel in the capital region, and 10,000 private sector defence & security workers in the ACT. Multinational companies find that having a company office in Canberra also facilitates communication with other countries located in the East Asia time zone while taking advantage of the ACT's strong and stable political and legal environment.

Figure 2 shows the public/ private employment mix in key defence & security industries. It highlights that public sector demand and research provides ample business opportunity for the private sector in Canberra, particularly in the areas of:

- Computer systems design
- Engineering design, and
- Investigation and security services.

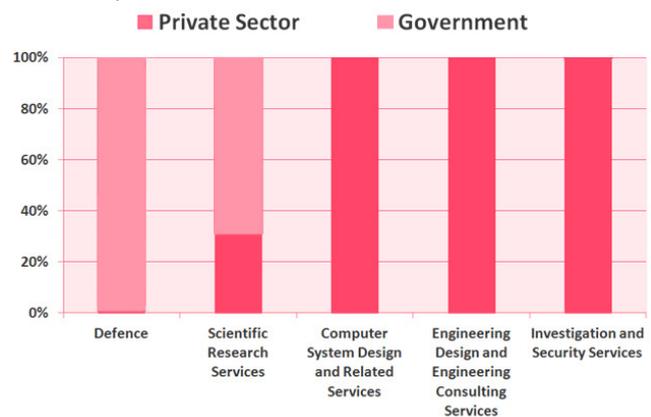
Figure 3 shows private sector employment size, concentration and growth over 5 years in these industries in Canberra.

FIGURE 1: Government spending per capita



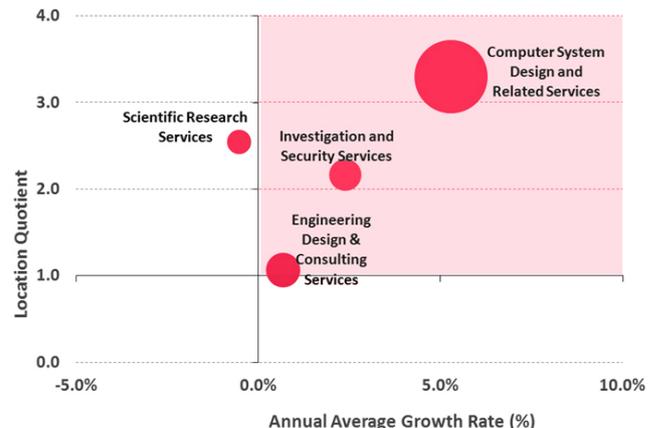
Source: ABS, 2012

FIGURE 2: Employment composition of key defence & security industries in the ACT



Source: ABS, 2011

FIGURE 3: Private sector defence & security employment size, growth & concentration²



1. Economic White Paper for the ACT. Total expenditure by the Australian Government on Defence was \$24.5 billion in 2011-12 (ABS Cat. No. 5220.0, page 30).
 2. A Locational Quotient > 1 reflects strength as the industry is over-represented. Source: ABS, Census (Place of Work), 2011.
 3. 2013 Defence White Paper, <http://www.defence.gov.au/whitepaper2013>.
 4. Australian Government's Defence Capability Plan 2012, <http://www.defence.gov.au/header/publications.htm>, page 12

2. Investment opportunities

There are strong opportunities for investors in the ACT, through provision of defence and security products and services, particularly cyber security, IT and surveillance products and services.

The Australian Government announced in January 2013 that a new Australian Cyber Security Centre would be set up in Canberra, as a hub for critical infrastructure service providers and industry partners protecting key networks and systems. Associated organisations include:

- Defence Signals Directorate.
- Defence Intelligence Organisation.
- Australian Security Intelligence Organisation.
- The Attorney General's Department's Computer Emergency Response Team.
- Australian Federal Police.
- The Australian Crime Commission.

Defence expenditure is expected to grow towards 2% of GDP over the long-term³, and include

- Partnering with and supporting industry and the science/innovation community.
- A strong emphasis on highest quality health support for ADF members.

Other, more specific, information on investment opportunities for industry is included in the Australian Government's Defence Capability Plan 2012. Included in this Plan is advice that Australia's in-country expenditure on electronics (including Wide Area Surveillance systems) is forecast to grow at an average of 12.4% per annum over the 4 years from 2012.⁴

3. Profile of defence & security sector

Major activities

Defence and security goods and services currently developed in the ACT region include:

- Specialist security and cyber security products, services and technologies.
- The design, development and manufacture of advanced radar and communications applications.
- Precision manufacturing and testing of space-based instruments and small satellites.
- Goods and services that are required to support defence and security operations and which are also likely to be used in other sectors, including human resource services, legal services, office information technology, health services, etc.

Defence surveillance and tracking operations also use technologies and services that form part of the space, satellite and spatial industry sectors in the ACT

Major players

Canberra's defence and security sector includes:

- Department of Defence including the Offices of the Chief of Defence Force, Secretary, Navy, Army, Air Force and other key elements such the Chief Information Officer Group.
- National security agencies such as the Australian Signals Directorate, Defence Intelligence Organisation, Australian Security Intelligence Organisation, Australian Federal Police, Australian Crime Commission and Australian Customs and Border Protection Service.
- Defence Materials Organisation which procures major purchases of military hardware and equipment.
- Multinational companies that are specialist defence-industry suppliers including:
 - British Aerospace.
 - Boeing.
 - Lockheed Martin.
 - Northrop Grumman.
 - Saab.
 - Thales.
- Locally headquartered companies that have grown into internationally successful organisations, such as:
 - Quintessencelabs – cyber security products empowered by quantum science.
 - CEA Technologies – advanced radar and communications solutions.
 - Electro Optics Systems – laser tracking systems.
 - Locata Corporation – radio location technologies.
 - Aspen Medical – defence health service providers.
- Research and education organisations such as:
 - Australian National University.
 - University of Canberra.
 - Australian Defence Force Academy.
 - ARC Centre of Excellence for Quantum Computation & Communication Technology.

Invest Canberra is the Australian Capital Territory Government's official investment promotion agency. Invest Canberra coordinates investor facilitation across Government to provide a case-managed service for major investors.