

Electro Optic Systems Holdings Limited (ABN: 95 092 708 364) Submission

Submission to the Senate Foreign Affairs, Defence and Trade Committee inquiry into Australian support for Ukraine.

Introduction

As an ASX-listed organisation and one of Australia's largest sovereign defence exporters that supports multiple Australian companies through its supply chain, Electro Optic Systems Holdings Limited ('EOS') welcomes the opportunity to provide a submission to this inquiry. EOS thanks the committee members for their ongoing commitment to supporting Australia's defence industry.

This submission will focus upon providing constructive recommendations on the following two parts of the inquiry's terms of reference:

- Timely, coordinated and comprehensive support.
- Coordination at the whole-of-government and whole-of-country level.

Background

EOS acknowledges the dire situation on the battlefields of Ukraine and recognises the importance of continued international support to bolster Ukraine's defence against Russian aggression. Since 2022, EOS has actively supported Ukraine's defence efforts through the export and donation of our products. EOS's products have been exported or donated by a number of countries to the Armed Forces of Ukraine in support of their national defence:

- In 2022, 44 of EOS's remote weapon systems (RWS) were included in a package of Bushmaster Protected Mobility Vehicles donated by Australia to Ukraine.
- In 2023, the US government donated 14 'Vampire' counter uncrewed aerial systems (CUAS or counter-drone) which included EOS's Australian designed and built lightweight gimbal as the base of the system. The 'Vampire' is now employed by the Ukrainian Navy to protect ports from drone attack.
- In late 2023, EOS announced it would be delivering several of its products, including both RWS and several of its 'Slinger' counter-drone products, via donations to be made by European countries and the United States. These include the RWS for nine 30mm CUAS Gun Trucks donated by the US, 16 CUAS RWS to be donated by a Western European country and 110 RWS fitted to Armoured Personnel Carriers to be donated by another Western European country.

EOS is supportive of the strategic impetus to grow Australia's sovereign defence industrial base and is appreciative of the efforts being delivered through the Defence Industry Development Strategy. This strategy provides a more conducive environment for companies like EOS to refine our products and contribute to enhancing Ukraine's military capability, while also supporting the growth of Australian sovereign industry.

Through EOS' experience and expertise as one of Australia's largest defence exporters, the following recommendations have been developed to enhance Australia's ability to support Ukraine with a more timely, coordinated and comprehensive approach, enabled by a whole-of-government and in turn a whole-of-country contribution.

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Recommendation 1: Include a greater proportion of Australian equipment in Australian donations.

Recommendation 2: Establish mechanisms for improved communication between government and defence industry.

Recommendation 3: Support defence industry opportunities to train Ukrainians in Ukraine.

Recommendation 1: Include a greater proportion of Australian equipment in Australian donations

In the past two years, most of the equipment manufactured by EOS that has reached Ukraine has been donated by countries other than Australia, mostly by the United States or Western European countries. To make the most of Australian-manufactured equipment being donated to Ukraine, EOS recommends maximising opportunities for Australian-manufactured military equipment in Australian donations to Ukraine. While this approach supports the growth of Australia's sovereign defence industrial base, it also allows the government to demonstrate to other countries the world-leading products being developed by Australian defence industry.

Recommendation 2: Establish mechanisms for improved communication between government and defence industry

While the government's support has been critical in enabling EOS to provide support to Ukraine, the establishment of a mechanism for crossflow of information between defence industry and government agencies, outside of a formal export application process, would improve the coordination of the overall support effort. Defence industry would benefit by increased engagement, including via the provision of classified briefings from government agencies such as Defence, to enhance industry's understanding of battlefield conditions and the evolving character of the conflict. This would also enable industry to update government on the current use of equipment already in operation in Ukraine as well as inform future supply considerations.

Since 2022, EOS has received feedback on the use of their products by the Armed Forces of Ukraine via open-source information posted to the internet by Ukrainians themselves. Through this source, EOS learned the Ukrainians had modified the EOS RWS that had been donated by the Australian government. They removed the donated machine guns and installed automatic grenade launchers as they were determined to be more effective weapons for the battles they expected to fight. The EOS RWS can be configured for the automatic grenade launcher but doing so requires alternate components and software, meaning the system was not being used to its full potential by the Ukrainian soldiers. EOS can easily supply the required components, but there is no mechanism for formally communicating this to the Department of Defence. A direct feedback loop into government is essential to ensure that the Australian contributions remain relevant and coordinated.

EOS recommends the establishment of a quarterly working group to enhance the whole-of-government and whole-of-country support to Ukraine.

Recommendation 3: Support defence industry opportunities to train Ukrainians in Ukraine

EOS recommends the Australian government provide funding and diplomatic support to enable Australian defence industry companies to provide training to Ukrainian soldiers. While EOS has put in place a framework to partner with a Ukrainian company to provide sustainment of EOS systems operating in Ukraine, the effect would be enhanced if EOS was supported to send its staff forwards with the government's support. The provision of training aids could also be employed to enhance the use, configuration, and maintenance of the donated equipment.

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Conclusions and Moving Forward

EOS supports the desire of the Australian government to support Ukraine in their fight to defend their territory and sovereignty. There are, however, elements of coordination that can be improved moving forward.

The recommendations put forth by EOS aim to increase the proportion of sovereign Australian equipment in Australian military donations, improve communication channels between government and the defence industry, and enhance training opportunities for Ukrainian soldiers on Australian equipment.

EOS stands ready to collaborate with government agencies and stakeholders to implement these recommendations effectively, ensuring a coordinated and comprehensive approach to support Ukraine's defence needs. With a commitment to fostering stronger ties and leveraging Australia's defence industry expertise, EOS remains dedicated to contributing to the security and stability of Ukraine in the face of ongoing challenges.

Once again, EOS would like to thank the committee for this opportunity to provide its views and thank them for their efforts to enhance the coordination of support to Ukraine.

About EOS

EOS has been at the forefront of technical innovation in defence and space for over three decades and has grown to become one of the largest Australian defence and space technology exporters.

The business was founded in 1983 and publicly listed on the ASX in 2002. EOS's global headquarters is in Canberra, and it operates offices and sites in New South Wales, Victoria, Queensland, Western Australia, New Zealand, the US, the UAE, Singapore, and Germany.

EOS products are manufactured using Australian-owned and developed intellectual property. It sources more than 83 per cent of the parts and 72 per cent of the value of every product from an Australian supply chain comprising approximately 146 local small and medium enterprises.

The EOS Group operates in two sectors:

- **EOS Defence Systems** specialises in technology for weapon systems optimisation and integration, as well as Intelligence, Surveillance and Reconnaissance (ISR) for land warfare. Its key products are remote weapon systems ('**RWS**'), and counter-unmanned aircraft system ('**CUAS**') products.
- **EOS Space Systems** includes all EOS space and communications businesses and operates as two entities — EM Solutions and Space Technologies. EM Solutions provides global satellite communications services and systems. Space Technologies specialises in applying EOS-developed optical sensors to detect, track, classify and characterise objects in space and remains integral to research and development across the group.

The two business units share a close interrelationship. One of EOS's market advantages is the accuracy of its kinetic and directed energy weapon systems — technology that was borne from EOS's space capabilities.