



SAMS

Strategic Agreement for Munitions Supply





SAMS - vital for Australia's Defence

Australia's Strategic Agreement for Munitions Supply (SAMS) is a cornerstone of the nation's self-sufficiency in meeting its defence munitions requirements. It represents world's best practice in securing a domestic strategic munitions capability.

Under SAMS, ADI's focus is to provide a domestic strategic capability to supply quality munitions for the Australian Defence Force (ADF) a policy reiterated by the Prime Minister, John Howard in 2001. As the capability grows and Australia's self-sufficiency strengthens, ADI is developing new global munitions markets and driving down local costs.

SAMS underpins ADI's \$A200M investment in its world-class munitions manufacturing facility located at Benalla. The purpose-built Benalla plant is the centre of ADI's powerful partnership with the Australian Commonwealth to meet the munition requirements of the ADF via close liaison with the Guided Weapons & Explosive Ordnance (GWEO) branch of the Department of Defence.

SAMS focuses on expanding Benalla's capabilities to:

- Meet the ever changing needs of the ADF
- Continually drive down costs and therefore prices
- Grow our expertise
- Develop commercial opportunities to maximise the utilisation of the facility and return profits which are shared with the Commonwealth.

SAMS, a 20 year rolling agreement with the Australian Commonwealth, saw the supply of small, medium and large calibre munitions begin in 1996. The contract is structured to ensure the Benalla facility has the capability to meet the current and future munitions requirements of the ADF.

At the expiration of the agreement the Commonwealth has the option to assume ownership of the Benalla facility.



Delivering quality munitions

ADI constructed its world-class Benalla facility under a "Build Own Operate Transfer" agreement with the Commonwealth. Under the SAMS agreement, ADI oversees the establishment, maintenance, operations and expansion of ADI's Benalla facility.



GWEO forecasts usage and then places orders and receives munitions for the three armed services from the Benalla facility.

ADI's first priority is to deliver a strategic capability to meet this Australian demand while delivering safe, reliable and high quality munitions. Our commitment to deliver quality products underwrites ADI's substantial through life product warranties.



The Benalla facility's annual single-shift capacity is pre-defined by the ADF's strategic requirements for each specific munition nature. The facility's present annual single shift capacity includes the production of:

Products	Quantity
Small arms ammunition	40,000,000 rounds
Medium calibre ammunition	2,000,000 rounds
Large calibre ammunition	50,000 rounds
500lb bombs	2000
2000lb bombs	600
Grenades (limited by fuze)	60,000
Misc: simulators, demo charges, charge spotting	

A surge capability is maintained through the exercising of additional production shifts.

ADI's munitions capability is responsive to new and emerging technologies. It maintains domestic and global alliances that deliver access to new and emerging technologies to ensure that ADI can provide expert advice and production capability tailored to the needs of the ADF.

Under SAMS, all munitions for the ADF are supplied at ADI's production cost (materials and labour). Capability payments are made independent of product costs for the purposes of ensuring the maintenance of the strategic capability. It is essential that the ADF continues to capitalise on this capacity to ensure that their future requirements can be met.

Changes to the Benalla facility's capability must be agreed between ADI and the Commonwealth after ADI proposes a business case. ADI funds all new capital commitments.



Benalla, a state-of-the-art facility

The Benalla facility was officially opened in August 1996. A state-of-the-art facility, it is unique in its Capability to produce and deliver a wide range of munitions dedicated to ADF's specific requirements.

As well as producing this wide range of munitions, the Benalla facility experts can evaluate and rectify munitions the ADF has purchased from overseas suppliers. This ensures that all inventories are constantly maintained at the required level.

Aligned with SAMS, ADI provides a "buy through" service for the ADF, sourcing and evaluating other munitions, leveraging off its purchasing power, industry knowledge and partnerships with other munitions manufacturers around the world. This delivers cost-effective sourcing of munitions products and trouble free procurement for ADF.

Just 2.5 hours drive from Melbourne, the Benalla facility provides employment for 350 skilled people and is securely housed in more than 40 buildings over 155 hectares.



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