



THE HON. GREG COMBET MP
Minister for Defence Personnel, Materiel and Science

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**AIR WARFARE DESTROYER (AWD) ALLIANCE -
SHIPBUILDING CONTRACT WITH BAE SYSTEMS AUSTRALIA**

Greg Combet, Minister for Defence Personnel, Materiel and Science, has announced that ASC, on behalf of the AWD Alliance, has signed a contract with BAE Systems Australia Defence for the construction of hull blocks for the Hobart Class AWD.

BAE Systems Australia Defence has joined the Newcastle NSW based FORGACS Group in winning hull block construction work worth a total of around \$450 million.

This will create about 450 direct jobs, as well as many more through sub contractors and suppliers.

“The AWD Project now has major work sub-contracted in three states and this demonstrates that the Alliance is delivering on its commitment to distribute work to Australian Industry,” Mr Combet said.

The AWDs will be built using a modular construction method involving fabricated and pre outfitted hull blocks which are then joined together to form a completed ship.

The contracts announced today will see 66 blocks (70 per cent) built at BAE Systems Australia Defence’ and FORGACS’ sites with the remaining 27 blocks (30 per cent) built at ASC’s facility in Osborne, South Australia.

Cairns-based company AIMTEK, trading as NQEA, had previously been selected by the Air Warfare Destroyer Alliance as the preferred suppliers for the work now contracted to BAE Systems Australia Defence after a highly competitive tender evaluation process.

NQEA had provided the AWD Alliance with written assurances that it could meet the Alliance’s requirements; however NQEA subsequently advised the Alliance that it was seeking to restructure its business and needed more time to meet its financial obligations.

The AWD Alliance, in fairness to the other short listed bidder, therefore decided to enter into negotiations with both shortlisted bidders, NQEA and BAE Systems Australia Defence, for AWD Hull Block construction.

This was done in the interests of fairness and probity, and with a view to executing a contract with the supplier which best satisfies the Alliance requirements.

As a result of those negotiations, and with BAE Systems Australia Defence having demonstrated its ability to meet the Alliance’s requirements, the Alliance selected BAE Systems Australia Defence as preferred supplier and has entered into a contract for hull block construction.

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