



MEDIA RELEASE

SENATOR THE HON ROBERT HILL

Minister for Defence

Leader of the Government in the Senate

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BIDS TO BUILD AIR WARFARE DESTROYERS ANNOUNCED

Defence Minister Robert Hill today announced that Defence had received three proposals from Australian industry for the role of shipbuilder in the \$4.5 to \$6 billion Air Warfare Destroyer project.

Proposals were received from ASC Shipbuilding, Northrop Grumman Ship Systems and Tenix Defence.

Defence is currently evaluating the three ship designer proposals from Blohm +Voss, Gibbs & Cox and Izar, which closed on 24 November 2004. The Department is also evaluating responses from BAE Systems, Raytheon Australia and Saab Systems for the Combat System-System Engineer, which closed on 10 December 2004.

“The construction of the Air Warfare Destroyers will be one of the most significant shipbuilding projects undertaken in Australia to date, and will provide an enormous challenge for Australian industry,” Senator Hill said.

“The AWDs will have the US sourced Aegis air warfare system as the core of their combat system, and will provide sustained maritime area air defence for deployed forces. The ship is expected to be highly interoperable with the US and other coalition partners.”

The proposals will now be the subject of rigorous and detailed analysis. Selection of the shipbuilder will be based on a number of key criteria including:

- Commitment to the principles of a long-term risk sharing arrangement with the Commonwealth and other industry partners for the construction of the AWDs;
- A cost, overhead and pricing structure that will enable the cost effective delivery of the AWDs, including the ability to build designs considering ‘whole of life’ costs;
- A sound record of past performance in building naval vessels;
- Commercial viability and financial backing;
- Access to the skilled workforce required to produce ships to the Commonwealth’s requirements;
- Willingness to provide open financial accounting data - including visibility through to the sub-contractor level - to the Commonwealth;
- Capacity to provide the Commonwealth with transparency and contractual influence over major sub-contractors; and
- Capacity to access sensitive technology required for the AWD project.

“Companies bidding for the AWDs were required to include Australian skills and training programs in their tenders, with Defence to fund companies for extra skills generation and training benefits in the programs,” Senator Hill said.

“The AWD project provides a massive opportunity for Australian industry to participate at both the prime and sub-contractor level. The project will also create new Australian jobs and skills and strengthen Australia’s strategic industrial base.”

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