



MEDIA RELEASE

SENATOR THE HON ROBERT HILL

Minister for Defence

Leader of the Government in the Senate

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TENDERS CALLED TO BUILD AIR WARFARE DESTROYERS

The Federal Government has today advertised for Australian shipbuilders to bid for one of Australia's largest and most complex Defence projects, the Navy's Air Warfare Destroyers (AWDs).

Defence Minister Robert Hill said a Request for Proposal (RFP) will be released and the terms of the proposal will be available from Monday, 18 October 2004.

"The proposal will be for the construction of three AWDs in Australia," Senator Hill said.

"The RFP will be available to qualified shipbuilding organisations that have entered into agreements with the Commonwealth in relation to confidentiality and related matters."

Senator Hill said tender documents for the \$4.5-\$6 billion project have been developed by Defence in consultation with independent commercial adviser Carnegie Wylie & Company.

The tender for the construction of the AWDs will remain open for approximately nine weeks. Defence will then evaluate tender responses, with Government to receive a recommendation on the preferred shipbuilder in March 2005.

Once appointed, the preferred shipbuilder will be in a position to assist the Commonwealth select the preferred design for the AWD in mid 2005.

Senator Hill said tenders will be sought on an alliance-style contract basis, with the vessels to be built in Australia. The successful shipbuilder will be majority Australian-owned and be required to satisfy a range of price and non-price 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 will be 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.

The AWDs represent a quantum leap in the air warfare capabilities of the Royal Australian Navy. The vessels, which are to be introduced into service from 2013, will be equipped with the world-class AEGIS radar that is capable of detecting and defeating multiple hostile aircraft and missiles at ranges in excess of 150 kilometres.

The AWDs will also have an anti-submarine and anti-shipping capability, together with the potential for the ships' sensors to be used to detect ballistic missiles in flight. They will provide significantly increased protection from air attack for troops being transported and deployed and long-range air warfare defence for a Navy task group.

As outlined earlier this year, the Government has asked the international design houses Blohm & Voss of Germany; Gibbs & Cox of the United States and Izar of Spain to produce evolved concept designs based on their existing ship classes the *Sachsen* Class F124 Frigate; the Arleigh Burke Class Guided Missile Destroyer; and the *Alvaro De Bazan* Class F100 Frigate respectively.

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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