



THE HON DR BRENDAN NELSON MP **Minister for Defence**

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\$3 BILLION AMPHIBIOUS SHIPS WILL STRENGTHEN ADF, BOOST AUSTRALIAN INDUSTRY

The Australian Defence Force (ADF) will obtain one of the largest and most advanced amphibious deployment systems in the world following the Government's selection today of a preferred tenderer for the supply of two amphibious ships.

Subject to successful contract negotiations, the preferred tenderer is Tenix. Defence will now enter negotiations with Tenix leading to a contract for delivery of the ships between 2012 and 2014.

At a cost of approximately \$3 billion, this decision will greatly enhance Australia's ability to deploy forces in strength when needed or to provide assistance in time of natural disaster. With their integrated helicopters and watercraft the ships will be able to land over a thousand personnel by sea and air, along with their vehicles, the new Abrams tanks, artillery and supplies. Each ship will also be equipped with medical facilities, including two operating theatres and a hospital ward.

In order to provide value for money, both tenderers – Australian companies – proposed partial overseas builds with a high degree of Australian fitout. Much of the combat and communications systems integration and installation - the 'smart stuff' - will be done by Australian industry, which will be able to make the most of project opportunities in the leading edge technologies – electronics, systems engineering and integration, and design development.

So that we could ensure the best possible outcomes for Australian industry and the ADF, the Government decided to consider the Amphibious Ship and Air Warfare Destroyer proposals in concert. Our decisions today mean that for decades into the future Navy's ships will be backed by world-class industry support from Australia's naval engineering and electronics industries. They also mean that hundreds of smaller and medium enterprises can now look to the future with confidence.

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The Government has ensured the Landing Helicopter Dock contract will lay the groundwork for Australian industry to provide full in-service support for the life of the ships. This will provide a steady and reliable source of demand on industry that, over ship life, will amount to several times the value of the actual construction program.

This decision shows that the procurement reforms the Government introduced in 2003 are working.

Approximately one quarter of the construction of the amphibious ships will take place in Australia. The construction of the superstructure and the majority of the fitout will occur in Melbourne, with an estimated value of up to \$500 million. The majority of combat system design and integration work will take place in Adelaide, worth up to \$100 million for the South Australia economy. There will also be further work contracted to other states.

The amphibious ship project reflects our insistence on real world business procedures, especially tight governance, disciplined budgeting and strong risk management.

Our service men and women deserve the very best equipment to do their jobs. These ships will provide Navy and Army personnel with the satisfaction of operating state-of-the-art sea, air and land systems in the defence of Australia; but also with the ability to provide large-scale humanitarian assistance, at home or to our neighbours, in time of natural disaster.

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