

Defence Portfolio

COMMITTEE INQUIRY QUESTION

(Question No. 6)

Senator Rex Patrick asked the Department of Defence, upon notice, on 06 August 2021:

Senator PATRICK: I need to have a reference. I need to at least have that as an informed decision. I'm happy if you want to take it on notice and come back to me. I don't want to put you in an awful position, but I do want to understand how you might score that. Mr Dalton, I'm interested in that for the submarine and for the OPV as well. I'm interested in your own views about the promises made at tender as part of the CEP versus what's happened in reality. I would like an answer on that for all three ships' platform and combat system separately, if that's possible. I'm happy for that to be taken on notice.

Ms Lutz: You won't get that separately for OPV and Hunter. They are combined.

Senator PATRICK: No, there will have been something that Luerssen offered.

Mr Dalton: We'll take that on notice and get you what we can. I can say that we are pretty good at contracting what they tendered in terms of AIC, and we have contracted it. Luerssen are on contract to deliver 60 per cent by value of their acquisition contract, and they're achieving beyond that right now. For Hunter there is an overarching head contract that covers the whole lot so, while I say that we haven't contracted the build of the ships yet, the overarching head contract has an absolute contracted requirement minimum of 58 per cent AIC by value of the acquisition contract. Everything that BAE do, they have to do so with the knowledge that they have to achieve that contracted delivery over the life of the program. Everyone is aware that inside the strategic partnering agreement, Naval Group have a binding contractual obligation to deliver at least 60 per cent AIC as a value of the total acquisition budget.

Senator Patrick - The Department of Defence provides the following answer to the Senator's questions:

Hunter class frigates:

BAE Systems Maritime Australia tendered 60 per cent AIC for the Batch 1 frigates. The Department of Defence has flagged to BAE Systems Maritime Australia an intent to contract a minimum of 60 per cent AIC for the Batch 1 frigates.

BAE Systems Maritime Australia is contracted to achieve a minimum of 58 per cent AIC over the life of the Hunter class frigate acquisition contract.

The Department of Defence anticipates that BAE Systems Maritime Australia will achieve greater than 60 per cent AIC over the life of the Hunter class frigate acquisition contract.

Arafura class offshore patrol vessel:

Luerssen Australia tendered an AIC of 60 per cent. Luerssen Australia are contracted for 60 per cent AIC and are forecasting to deliver 63 per cent.