

Hon Martin Hamilton-Smith MP

Minister for Defence Industries

Thursday, July 28, 2016

LAND 400 Phase 2 takes another step forward

Today sees another great opportunity for South Australia's defence industry with the Department of Defence announcing the shortlisted bidders for delivering Army's next generation of armoured fighting vehicles.

The shortlisted bidders are BAE Systems Australia and Rheinmetall Landsysteme GmbH, with both companies having a substantial existing presence in South Australia.

LAND 400 Phase 2, is Australia's largest armoured fighting vehicle program since World War II and also one of the world's largest acquisitions of armoured fighting vehicles.

South Australian Minister for Defence Industries Martin Hamilton-Smith welcomed the announcement and congratulated both companies. He said that South Australian companies have the proven capacity and capability to undertake the program. It also provides a great opportunity for companies and workers in the northern suburbs to enter the defence industry and build a flexible workforce for South Australia's future.

The Minister also thanked General Dynamics Land Systems Australia for its submission and which has a substantial and ongoing presence in South Australia but which was not shortlisted.

Phase 2 of the program will deliver up to 225 vehicles to replace the in-service Australian Light Armoured Vehicles (ASLAV).

With local companies having built more military vehicles than any other Australian state since World War II, South Australia is the natural home for the program. South Australian industry is also currently responsible for the heavy grade sustainment of all of Army's current fleets of armoured fighting vehicles. LAND 400 will provide further opportunity to build on our industrial base and systems integration expertise.

A site at Edinburgh has already been identified as a '*Land Systems Precinct*'.

<http://www.defencesa.com/precincts/land-combat-system-precinct>

Background

Shortlisted bidders

- **BAE Systems Australia**, in partnership with Patria from Finland and Saab Australia, has bid the 'Armoured Modular Vehicle' 'AMV35'. The national headquarters of BAE Systems Australia has been located in Adelaide since 1953. In recent times the company has been responsible for the design, engineering and production of the \$1 billion upgrade of the in-service fleet of M113AS4 Armoured Personnel Carriers through the LAND 106 program.

- **Rheinmetall Landsysteme GmbH**, in conjunction with Northrop Grumman, has bid the 'Boxer (Combat Reconnaissance Vehicle)'. Rheinmetall Landsysteme GmbH has had a substantial presence in South Australia since 1988 through Rheinmetall Simulation Australia which supplies simulation and training services to Rheinmetall customers globally. Simulation and training will be a key capability for the LAND 400 program and the company's existing presence is a sound basis for building its future capability in the state.

Program

LAND 400 will deliver Army's next generation of armoured fighting vehicles with the firepower, protection and mobility to defeat increasingly lethal and adaptive adversaries well into the future. It will transform the Army's ability to defend Australia and its interests and is one of the world's largest acquisitions of armoured fighting vehicles.

The program will procure up to 675 armoured fighting vehicles of three types over 15 years and sustain and upgrade them over approximately 35+ years. The program is worth more than \$20 billion in the acquisition phase and a further \$30 billion in the sustainment and upgrade phase.

- Phase 2 of the program will deliver up to 225 vehicles to provide the mounted combat reconnaissance capability for Army and replace the in-service Australian Light Armoured Vehicles and was approved by the Federal Government in December 2014.
- Phase 3 of the program will deliver 450+ vehicles to provide the mounted close combat capability for Army and replace the in-service M113AS4 Armoured Personnel Carriers and was confirmed in the 2016 Defence White Paper.

The Commonwealth's selection of the successful bidder is due in 2017-18 and the first vehicles are expected to be delivered in 2020-21.

Precinct

Our vision is to create a Defence and industry '*Land Systems Precinct*' in the Northern Suburbs. This precinct will be dedicated to supporting all of Army's land combat systems. The centerpiece will be the '*Land Integration and Innovation Centre*' which will be focused on helping Army maintain its fighting edge on the modern battlefield.

Work to develop the '*Land Systems Precinct*' is well underway and will help drive investment and create jobs in support of the Northern Economic Plan. The precinct will provide an opportunity for workers to transition into the defence industry.

Army's 1st Armoured Regiment, which will use the LAND 400 vehicles, has already established a major presence at Edinburgh and this will grow to include a quarter of all the LAND 400 vehicles. The state is home to the expanded Cultana Training Area in the state's mid-north which is now the best all-weather training area for armoured fighting vehicles in Australia.

We are also home to the largest site in Australia of the Defence Science and Technology Group, Land Division which provides highly classified, long-term research in support of armoured fighting vehicle capabilities.

Quotes attributable to Minister for Defence Industries Martin Hamilton-Smith

The state is committed to supporting the LAND 400 program as it will transform the Army's ability to defend Australia and its interests and I'm delighted that there will maximum Australian input.

We congratulate BAE Systems and Rheinmetall on being shortlisted and progressing through to the next stage of this exciting program. We want companies based here in Adelaide to get the biggest possible slice of this work, supporting workers who are transitioning from industries like the automotive sector.

As an economy in transition, we need to do what we can to provide support for those workers to go from building Commodores and Cruises, to building submarines, frigates and armoured fighting vehicles. This program has the potential to generate hundreds of highly skilled, high tech jobs for years to come.

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