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LAND8116 Phase 1 – Protected Mobile Fires (Acquisition)

Public Australian Industry Capability (AIC) Plan

Company Details

Hanwha Defense Australia Pty Ltd

Level 5, 550 Bourke Street Melbourne, Victoria 3000, Australia

<https://www.hanwhadefense-intl.com/Australia/main>

Executive Summary

Defence Project Number: LAND8116 Phase 1

Contract Number: CASG/LSD/Con12428/1

Hanwha Defense Australia (HDA) has entered into an Acquisition Contract with the Commonwealth of Australia to supply Self-Propelled Howitzers (SPH) and Armoured Ammunition Resupply Vehicles (AARV), also known as the Huntsman AS9 and AS10 vehicles respectively, for the Australian Defence Force. The contracted scope includes design and development, manufacturing, integration, assembly and testing of 30 SPH and 15 AARV including project management and provision of supporting infrastructure.

The contract price is \$1,017m AUD (GST inclusive) as at Effective Date with a Prescribed Australian Contract Expenditure (ACE) Percentage of 46.4%.

The duration of the Acquisition Contract is seven years, with forecast completion date on 29 March 2028.

The Sovereign Industrial Capability Priority (SICP) which applies to LAND8116 Phase 1 is Land Combat & Protected Vehicles and Technology Upgrades. As specified in the contract documentation, this SICP seeks to enhance sovereign industrial capability in the design, development and manufacture of the SPH and AARV, including the integration of Government Furnished Equipment (GFE) systems and equipment, and the ability to upgrade the SPH and AARV to meet the challenges of the day.

Manufacture of Batch 1 vehicles (two SPH and one AARV) will occur in the Republic of Korea to enable refinement of the Huntsman variant design, to facilitate training and technology transfer to Australian industry and in order to meet Commonwealth schedule requirements. Vehicle production will transfer to Australia for Batches 2 - 6, with HDA undertaking vehicle assembly and testing at the Hanwha – Armoured Vehicle Centre of Excellence (H-ACE) in the Geelong Region, prior to delivery to the customer.

Subcontracted Work

HDA will subcontract hull and turret structure manufacturing, C4i systems, training systems and selected components for manufacture.

As at Effective Date, the total forecast value of subcontracted work in LAND8116 Phase 1 is \$591m with an estimated minimum ACE Percentage of 16%. The table below summarises work packages being delivered by AIC Subcontractors.

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AIC Subcontractor Details		
Company Name	Location	Scope
Hanwha Aerospace Co. (HAS), formerly Hanwha Defense Co. (HDC) Ltd	86, Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea	HAS is responsible for the manufacture of Batch 1 vehicles and the supply of various systems and components for all Batches. Notably, HASC is transferring significant technology to HDA and to Elphinstone Pty Ltd to enable the Project's AIC outcomes.
Elphinstone Pty Ltd	91 Terra Nova Drive, Wynyard, Tasmania 7325	Elphinstone will manufacture the hull and turret structures for Batches 2-6 of the Project. This includes fabrication, machining, spall liner installation and painting.
Kongsberg Defence Australia (KDAu) Pty Ltd	Unit 3, 18 Brindabella Circuit, Canberra Airport ACT 2609	As the C4 partner for this Project, KDAu is responsible for managing the design and development, integration, testing and delivery of the AS9 and AS10 C4i Systems.

In addition to the AIC Subcontractors listed in the table above, the following Australian companies have also been engaged by Hanwha to deliver work under the LAND8116 Phase 1 project:

Subcontractor Details			
Company Name	Location	Scope	Additional Information
Axalta	H-ACE Geelong, VIC 3220	Vehicle Painting (APAS): Supply and technical support	
Bisalloy Steel	Unanderra, NSW 2526	Armoured Steel: Production and supply for export to Republic of Korea (Batch 1) and domestic consumption (from Batch 2)	SME
CBG Systems	Derwent Park, TAS 7009	Multispectral Camouflage System	SME
HIFraser	Warriewood, NSW 2102	Automatic Fire and Explosion Suppression System (AFESS): Supply, assembly and testing	SME
MMC Learning and Development	Burwood, NSW 2134	Computer based training	SME
Penguin Composites	Penguin, TAS 7316	Fuel Tank: Production	SME
Safran Electronics and Defence Australasia	Botany NSW, 2019	Direct Fire Sight: Supply and support	
Sigma Bravo	Phillip, NSW 2606	Training Analysis: (work package completed)	SME
Thales Australia	Melbourne, VIC 3005	Ordnance Integration Program (OIP): Support Services	Veteran Employment Commitment

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Creation, Enhancement and Maintenance of Australian Industry Capabilities

HDA's AIC Strategy is to go beyond meeting the requirements for its AIC output, with an enduring goal of building National Capability. Hanwha seeks to identify industrial candidates with the capability and interest to supply to Defence and adjacent sectors such as mining, to enable cross-pollination and to leverage transferability of specialist equipment, capabilities and skills.

HDA commits to the following activities in regard to supporting the creation, enhancement and maintenance of Australian Industry Capabilities:

- Tracked combat vehicle assembly and testing capability establishment.
- Delivery of in-country complex systems integration, general fabrication, support and maintenance for Huntsman hull and turret structures.
- Electronic systems design and development.
- Production of specialist textiles for signature management.

Hanwha also intends to provide Australian industry with an opportunity to present the best Australian-developed solution to the Global User Community. This will enable potential future export opportunities.

Hanwha – Armoured Vehicle Centre of Excellence

As part of HDA's commitment to the creation, enhancement and maintenance of Australian Industry Capability, HDA is progressing plans to construct the H-ACE in the Greater Geelong region. Australian owned and operated company BUILT was awarded the design and construct contract in Q3 2022. Construction of the H-ACE design, build and commissioning phases are significant for three main reasons:

- This expenditure drives economic activity among industries other than Defence.
- The bulk of the expenditure is front-loaded, meaning the project will have an immediate impact on industrial activity in a region centre.
- The facility will provide enduring benefits to the Greater Geelong community and to the Defence industry nationally through its capabilities and workforce requirements, enabling continuity in ACE for decades to come.

Significant investments have already been made by HDA to support site assessment and selection, preliminary design and preparation, with the vast majority of this expenditure being with Australian companies.

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Future Work Opportunities

The source of supply is still yet to be determined following goods and services:

Work Packages	
Casting and Forging	General Machining and Fabrication items
Conveyor Structure	Pipes and Tubes
Electronic Boxes	Production Line Consumables
Factory and Production Line Fit Out items	Textiles/ Rubber for the Vehicle

Hanwha continues to seek cost effective, local providers for the supply of these work packages, utilising the Market Engagement process detailed below.

Market Engagement for LAND8116 Phase 1 Acquisition Contract

HDA will conduct continuous market scanning throughout the LAND8116 Phase 1 Acquisition Contract through formal and informal engagement with industry. As part of Hanwha's AIC commitments, annual industry briefings will be hosted to ensure Australian industry are aware of any new, current or potential opportunities to deliver work as part of this Contract or as part of any other Hanwha contracts.

Market solicitation activities for the LAND8116 Phase 1 Acquisition Project will continue to be presented on Hanwha's Australian Industry Portal (AIP). With tender market testing now complete the next major series of work packages are anticipated to be released between Q1 2023 and Q2 2023.

Potential suppliers can sign up to the AIP at: <http://hanwha.benchon.com/>

AIC Manager Details

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Authorised on behalf of Hanwha Defense Australia Pty Ltd by:

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