



CAPT A. Whittaker, CSM, RAN
Director DMAP Commercial Programs
& Hydrographic Sustainment (CN67)
Navy Capability Division

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our reference
phone

Director assisting Pacific Maritime Branch
Pacific Division
CP4-6-136 (Campbell Park Canberra – Annex)
Navy Headquarters
Canberra 2600 Australia

Subject Contract Number 005/2023_D – Public Australian
Industry Capability Plan

Executive Summary

The Commonwealth of Australia (CoA), through the Defence Maritime Assurance Program (DMAP) Panel, is acquiring two Damen Azimuth Stern Drive (ASD) 2111, 50t bollard pull, tugs under Contract 005/2023_D. The design, build and delivery of the ASD 2111 tugs will provide a cost-effective means for the Royal Australian Navy (RAN) to provide harbour towage support in local Australian ports.

Damen fully recognises Australia's commitment to supporting local industry with a fundamental outcome of the project being the commercial sustainment of the tugs by Australian industry through life of type. Through established and proven processes Damen will ensure:

- tangible knowledge exchange from our international partners to the Australian Defence industry, and
- the smooth transition of Damen's significant ship support experience to the Australian industrial environment with the primary focus being on sustainment.

It is firmly understood that the CoA needs a partner with this endeavour who has significant shipbuilding and sustainment experience and is willing to share knowledge, appropriate intellectual property and individual skills.

The value of the Contract is approximately \$28m with an ACE percentage of 47% of the procurement of the 2 x ASD 2111 for the sustainment of the tugs over the life of type (est. 25 years).

The 2 x ASD 2111 tugs will be delivered to the CoA by February and May 2025 respectively, ready for acceptance and insertion into the Australian support arrangements.

Damen Shipyards Gorinchem B.V.

Avelingen-West 20
4202 MS Gorinchem
The Netherlands

P.O. Box 1
4200 AA Gorinchem
The Netherlands

phone +31 (0)183 63 99 11
fax +31 (0)183 63 21 89

info@damen.com
damen.com





Subcontracted Work

There are limited opportunities for Australian subcontractors associated with the delivery of the 2 x ASD 2111 tugs. Damen Services Brisbane, an Australian company, will be responsible for the initial delivery of the tugs to their Australian homeport, the provision of familiarisation training, and be the first point of contact for all warranty matters.

The long-term opportunities for Australian industry lie with the sustainment of the tugs once delivered over their life of type.

ANZ Industry Capabilities

A vibrant and competitive Australian industry is vital for the successful delivery of Australia's National Shipbuilding Plan; however, this objective should not impede the quality and timeliness of any approved shipbuilding program. The tug build, with operational capability due in 2025, will be heavily reliant upon established supply chains both in Australia and overseas. Therefore, to maximise opportunities for competitive ANZ industry, Damen will implement proven systems and processes established that will ensure value-for-money for the CoA:

These processes:

- capitalise on Damen's significant experience building more than 5000 vessels and transferring their knowledge and skills to local markets,
- provide structured and proven resourcing and workforce plans,
- establish a long-term transfer of capability, skills and experience, and
- set the platform for the growth of a local shipbuilder into building different designs and targeting the export market.

Future Work Opportunities

Specific future opportunities exist for Australian Industry under current Defence Marine Support Services contracts for the 2 x ASD 2111 tugs which will include:

- the operation and maintenance of several Government Furnished Assets (tugs),
- the provision of towage services in various ports around Australia in ports they operate in, or via subcontracting arrangements where they don't,
- navigation training,
- maritime survey,
- training (tug master) of Naval Personnel at select locations, and
- ad-hoc services and Survey and quote based work in support of the Royal Australian Navy.

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Market Engagement

Delivery of the AIC Plan will initially be led by the ASD 2111 Project Manager for the design, build and delivery of the vessels. After ownership transfers to the RAN, responsibility for maximising Australian industry involvement will transfer to the Damen Service Brisbane manager. For both Damen managers, the responsibility for delivering the AICP outcomes will be secondary roles, however, they will be fully supported by their respective teams.

The management of the Australian arm of the supply chain will include purchasing, engineering and commercial managers. The aim will be to select the best aspects of Australian supply chain management practice, combine with Damen's established supply support procedures, and thereby provide a best-of-class method for the development and maintenance of a healthy supplier community.

Yours sincerely,

Jurriaan van de Beek
Project Manager
Damen Shipyards Gorinchem B.V.

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