



18 July 2017

Mr Esteban García Vilasánchez

President
Navantia
Calle de Velázquez, 132
28006 Madrid, Spain

Dear Esteban

As you may have seen, ASC Shipbuilding and Austal have announced they are joining forces to offer an Australian shipbuilding solution to the three shortlisted SEA5000 Frigate program Designers.

The purpose of our collaboration is to secure a sovereign naval shipbuilding capability for Australia. This agreement will combine the strengths and experience of Australia's two leading naval shipbuilders to lower risk and improve Australian industry competitiveness for the Frigate program.

Our coming together offers you, as a SEA5000 tenderer, a proven, low risk partner to support your Frigate solution to meet the Commonwealth's objective, as stated in the 2016 Defence Whitepaper, of developing sovereign Australian naval shipbuilding capability.

For your consideration with reference to the requirements of the request for tender issued to you by the Commonwealth, the teaming of ASC Shipbuilding and Austal offers the following:

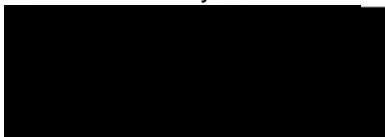
- Established and proven competitive Australian shipbuilding operations including workforce and processes for the construction of major surface combatants.
- A large and experienced group of Australian based naval architects and designers familiar with design for manufacture to Australian Defence requirements.
- Established and proven domestic supply chains numbering over 1000 Australian companies across the country through which Australian Industry Participation can be maximised.
- Established and demonstrated track record of building vessels in Australia at internationally competitive quality and cost for sale overseas.

The attached document briefly outlines these capabilities and describes how the inclusion of the joint ASC Shipbuilding – Austal team can support you in delivering a cost competitive and low risk SEA5000 shipbuilding solution that effectively manages program and workforce transitions.

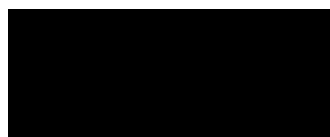
It is our intent that ASC Shipbuilding and Austal will form a joint entity or similar commercial structure, fully supported by the in-country expertise of both our companies. We propose this entity to be engaged with you, in your role as Prime Contractor for the SEA5000 Frigate program, as the shipbuilding sub-contractor at the Osborne SA Techport facilities.

We are excited about the possibilities that our teaming creates for naval shipbuilding in this country and we look forward to discussing this opportunity with you further in the near future.

Yours sincerely



Mr Mark Lamarre
Chief Executive Officer
ASC Shipbuilding



Mr David Singleton
Chief Executive Officer
Austal



18 July 2017

Mr John Hudson

Managing Director UK Maritime Sector
BAE Systems
Cobham House, 9 Warwick Court
London WC1R 5DK, United Kingdom

Dear John

As you may have seen, ASC Shipbuilding and Austal have announced they are joining forces to offer an Australian shipbuilding solution to the three shortlisted SEA5000 Frigate program Designers.

The purpose of our collaboration is to secure a sovereign naval shipbuilding capability for Australia. This agreement will combine the strengths and experience of Australia's two leading naval shipbuilders to lower risk and improve Australian industry competitiveness for the Frigate program.

Our coming together offers you, as a SEA5000 tenderer, a proven, low risk partner to support your Frigate solution to meet the Commonwealth's objective, as stated in the 2016 Defence Whitepaper, of developing sovereign Australian naval shipbuilding capability.

For your consideration with reference to the requirements of the request for tender issued to you by the Commonwealth, the teaming of ASC Shipbuilding and Austal offers the following:

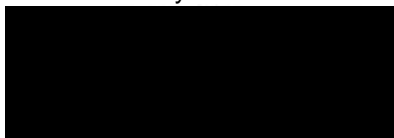
- Established and proven competitive Australian shipbuilding operations including workforce and processes for the construction of major surface combatants.
- A large and experienced group of Australian based naval architects and designers familiar with design for manufacture to Australian Defence requirements.
- Established and proven domestic supply chains numbering over 1000 Australian companies across the country through which Australian Industry Participation can be maximised.
- Established and demonstrated track record of building vessels in Australia at internationally competitive quality and cost for sale overseas.

The attached document briefly outlines these capabilities and describes how the inclusion of the joint ASC Shipbuilding – Austal team can support you in delivering a cost competitive and low risk SEA5000 shipbuilding solution that effectively manages program and workforce transitions.

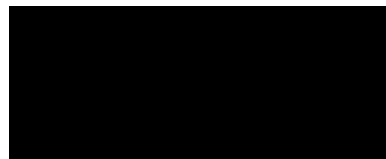
It is our intent that ASC Shipbuilding and Austal will form a joint entity or similar commercial structure, fully supported by the in-country expertise of both our companies. We propose this entity to be engaged with you, in your role as Prime Contractor for the SEA5000 Frigate program, as the shipbuilding sub-contractor at the Osborne SA Techport facilities.

We are excited about the possibilities that our teaming creates for naval shipbuilding in this country and we look forward to discussing this opportunity with you further in the near future.

Yours sincerely



Mr Mark Lamarre
Chief Executive Officer
ASC Shipbuilding



Mr David Singleton
Chief Executive Officer
Austal



DGFF/OUT/2017/478

Bruce Carter
Chairman ASC Shipbuilding
ASC South Building 01
640 Mersey Road North
Osborne SA 5017



Dear Bruce,

**SEA 5000 FUTURE FRIGATE PROGRAM – REVIEW OF DRAFT
CORRESPONDENCE TO SEA 5000 TENDERERS**

References:

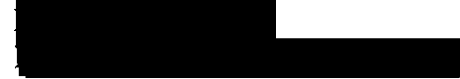
A. Email from Bruce Carter to Kim Gillis, dated 9 June 2017

1. Thank you for your email of 9 June 2017 to which you attached draft letters to the SEA 5000 Tenderers (Reference A).
2. As you are aware, the SEA 5000 Competitive Evaluation Process (CEP) is ongoing, and as part of that process, a Request for Tender (RFT) has been issued to the participants. The participants are required to prepare their tenders on the basis of the RFT issued to them. In light of the recent announcements from ASC and Austal, the Commonwealth has written to the participants in the CEP to confirm that the announcements do not change the requirements in the SEA 5000 RFT.
3. I note that as the RFT is a confidential document, ASC and Austal do not necessarily have the benefit of having access to the SEA 5000 RFT.
4. With the above in mind, I neither approve nor reject the attached draft letters.
5. However, I would ask that ASC and Austal do not make assumptions in relation to the Future Frigate program in the letters and would therefore suggest ASC removes the references in the letters to
 - a. acceptance by a SEA 5000 tenderer of your offer to partner will ensure their 'Future Frigate program' achieves any Commonwealth objective;
 - b. ASC/Austal leading the shipbuilding for the SEA 5000 Future Frigate program; and
 - c. the phased transition of responsibilities from the designer to the shipbuilder.

6. I would also recommend that ASC consults the Department of Finance in relation to these letters before they are issued if it has not already done so.



Mr Brian Hickey
Acting Director Future Frigates SEA 5000
Ships Division
Capability Acquisition and Sustainment Group
PO Box 7904
CANBERRA, ACT 2610



13 June 2017