

LAND 400 Phase 3 – Infantry Fighting Vehicle (Acquisition)

Public Australian Industry Capability (AIC) Plan

Company Details

Hanwha Defence Australia Pty Ltd

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<https://www.hanwha-defence.com.au>

Company Overview

Hanwha Defence Australia (HDA) is a subsidiary of Hanwha Aerospace, a division of the vast Republic of Korea Fortune 500 conglomerate Hanwha Corporation. Hanwha Corporation has been operating in Australia since 2005 in areas including mining equipment, logistics and sustainable energy.

Headquartered in Melbourne, Hanwha Defence Australia was established in 2019 with an initial focus on Land Systems. The company signed a contract with the Commonwealth of Australia to supply self-propelled artillery systems under LAND 8116, a \$0.9 billion to \$1.3 billion project.

HDA signed acquisition and initial support contracts for LAND 400 Phase 3 with a combined value of approximately \$4.5 billion dollars at the end of 2023.

Hanwha vehicles will be manufactured in the Greater Geelong area of Victoria at the HDA Armoured vehicle Centre of Excellence (H-ACE).

Executive Summary

Defence Project Number: LAND 400 Phase 3

Contract Number: CASG/AVD/Con7189/7

HDA has entered into an Acquisition Contract with the Commonwealth of Australia to supply Infantry Fighting Vehicles (IFV), also known as the Redback AS21, for the Australian Defence Force (ADF). The contracted scope includes design and development, manufacturing, integration, assembly and testing of 129 IFV, including project management and provision of supporting infrastructure.

The contract price is \$3,809m AUD (GST inclusive) as at Effective Date with a Prescribed Australian Contract Expenditure (ACE) Percentage of 57.3%. This ACE percentage represents both the work packages undertaken by HDA as well as those subcontracted to Australian industry.

The duration of the Acquisition Contract is six years, with a forecast completion date of March 2029.

The Sovereign Industrial Capability Priority (SICP) which applies to LAND 400 Phase 3 is Land Combat & Protected Vehicles and Technology Upgrades (LC&PV). As specified in the contract documentation, this SICP seeks to enhance sovereign industrial capability in the design, development and manufacture of the IFV, including the integration of Government Furnished Equipment (GFE) systems and equipment, and the ability to upgrade the IFV to meet the challenges of the day.

Subcontracted Work

As at Effective Date, the total forecast value of subcontracted work by HDA for LAND 400 Phase 3 is approximately \$2.5b (GST inclusive) with an estimated ACE Percentage in excess of 39%. This ACE Percentage represents the component of work subcontracted by HDA to Australian industry.

This work includes the manufacture of hull and turret structures, C4i systems, training systems and selected components.

The table below summarises major work packages expected to be delivered by Australian Subcontractors:

| Major Australian Work Packages | | |
|---------------------------------------|--|---|
| Company Name | Location | Scope |
| APC Technology | 991 Port Road, Cheltenham SA 5014 | ASGVA Displays, Large Briefing Screens (c4i) |
| Corvus Technology Solutions | 25 Gatwick Road, Bayswater North, VIC 3153 | In-Arm Suspension Units (ISU): Component Production, Assembly and Testing |
| Electro Optic Systems (EOS) | 18 Wormald Street, Symonston ACT 2609 | Remote Weapon Stations |
| Elphinstone | 2 Ormsby Street, Burnie, TAS 7320 | Hull Structure Production |
| Thomas Global Systems (TGS) | 11 Murray Rose Avenue, Sydney Olympic Park NSW 2127 | Cross Domain System (CDS) and Infantry Fighting Vehicle Trainer (IFV-T) |

In addition to the Australian Subcontractors listed in the table above, the following companies are an Indigenous Enterprise, a Small to Medium Enterprise (SME), and/or a signatory to the Veterans' employment commitment. These companies have been shortlisted by HDA to potentially deliver work under the LAND 400 Phase 3 project:

| Indigenous, SME, and/or Veterans' employment signatory | | | |
|---|---------------------------|---|-------------------------------|
| Company Name | Location | Scope | Additional Information |
| Advanced Navigation | Sydney, NSW 2000 | Inertial Navigation System (INS) | SME |
| APC Technology | Cheltenham, SA 5014 | ASGVA Displays, Large Briefing Screens (c4i) | SME and Veterans' Signatory |
| AVI | Myaree, WA 6154 | Wifi Router | SME and Veterans' Signatory |
| Axalta Coating Systems | Marsden Park, NSW 2765 | Vehicle Painting (APAS): Supply and Technical Support | SME |
| CBG Systems | Hobart, TAS 7009 | Multispectral Camouflage System | SME and Veterans' Signatory |
| Corvus Technology Solutions | Bayswater North, VIC 3153 | In-Arm Suspension Units (ISU): Component Production, Assembly and Testing | SME and Veterans' Signatory |
| Electro Optic Systems | Symonston, ACT 2609 | Remote Weapon Stations | Veterans' Signatory |

| | | | |
|---|-------------------------------------|--|--------------------------------|
| Elphinstone | Burnie, TAS 7320 | Hull Structure Production | SME |
| HiFraser | Warriewood, NSW 2102 | AFSS: Component Manufacture, Assembly and Testing | SME |
| MMC Learning and Development | Burwood, NSW 2134 | Virtual Maintenance Trainer, Technology Enabled Learning | SME and Veterans' Signatory |
| Thomas Global Systems | Sydney Olympic Park, NSW 2127 | CDS and IFV-T Simulator: Component Production, Assembly and Integration Support | SME |

HDA will promote and explore opportunities to include SMEs in the supply chain where possible. By utilising domestic suppliers and sourcing local materials, this will lead to downstream job creation and will strengthen Australia's domestic manufacturing base.

Creation, Enhancement and Maintenance of Australian Industry Capabilities

HDA 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 regarding the creation, enhancement and maintenance of Australian Industry Capabilities (AIC):

- Tracked combat vehicle assembly and testing capability establishment
- Localisation of In-Arm Suspension Unit (ISU) to Australia
- Sovereign development of simulation capabilities and technology-enabled learning
- Delivery of in-country complex systems integration, general fabrication, support and maintenance for the Redback AS21 vehicle
- Design and development of electronic systems
- Production of specialist textiles for signature management

Hanwha - Armoured Vehicle Centre of Excellence

As part of HDA's commitment to the creation, enhancement and maintenance AIC, HDA has constructed the Hanwha - Armoured Vehicle Centre of Excellence (H-ACE) at the Avalon Airport Precinct in the Greater Geelong region. 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.

Stage 1 of H-ACE build was completed on 21 May 2024, 2.5 months ahead of schedule. The facility was officially opened in August 2024. Stage 1 consists of the appropriate facility requirements needed to Assemble, Test & Service the LAND 8116 Phase 1 Project as well as providing the appropriate Training and system integration facilities. Stage 1 construction of the facility involved over 1,600 jobs and exceeded both local Geelong procurement targets of 24% and Indigenous procurement targets of 4%.

Stage 2, currently under construction, consists of specific facility requirements for the LAND 400 Phase 3 Project. Construction commenced in December 2024, with the Production Hall 2 due for completion in late 2025 with the completion of works due in Q1 2026.

Localised production of the LAND 8116-1 Family of Vehicles (Fov) at the H-ACE is a significant milestone and marks the first time that HDA's parent company, Hanwha Aerospace, has established an overseas production facility, outside the Korean peninsula.

The landmark program has been a key enabler for HDA to establish an Australian supply chain and manufacturing base, to deliver sovereign capability. The establishment of H-ACE has had an immediate impact on the Geelong region, with the facility creating new, advanced manufacturing and technical roles that have been dormant in the region since the departure of the automotive industry.

Through the LAND 8116-1 & LAND400 Phase 3 programs and associated investment in the H-ACE, HDA aims to deliver key investments in critical infrastructure to support the growth of Geelong and surrounding regions.

Through co-location at the H-ACE, there will be direct end-to-end supply chain and regional benefits for HDA and it's supply chain, further supporting the development of the Geelong region as an industrial manufacturing location.

Future Work Opportunities

The source of supply is to be determined for the following goods and services:

| Work Packages | |
|---|---------------------------------------|
| Cable Harnesses (Power & Control) | Complex Fabrication & Machining Items |
| Final Drive & Power Takeoff | General Fabrication & Machining Items |
| Idler Arms and Rollers | Fasteners & Consumables |
| Vehicle Insulation | Filters, Gaskets, Fabrics & Textiles |
| Hydraulics, Pipes and Tubes | Cables Harnesses (RF) |
| Ventilating Fan | Alternator & Aux power unit |
| Cooling Systems | General Castings |
| Electronic Hardware (C4i, Power supply & signal switching, driver control unit) | - |

HDA will test the market for the work packages identified above through the Market Engagement process detailed below. HDA also intends to provide Australian industry with an opportunity to present the best Australian-developed solution with support where possible from the broader Hanwha Group to facilitate international demand for Australian industry solutions. This will enable potential future export opportunities.

Market Engagement for LAND 400 Phase 3 Acquisition Contract

HDA will conduct continuous market scanning throughout the LAND 400 Phase 3 Acquisition Contract through formal and informal engagement with industry. As part of HDA's AIC commitments, 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 HDA contracts.

Market solicitation activities for the LAND 400 Phase 3 Acquisition Project will continue to be presented on HDA's Australian Industry Portal (AIP). The next major series of work packages are anticipated to be released between Q3 and Q4 2025

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

HDA Representative Details

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