



HELPING TERRITORY BUSINESS WIN DEFENCE CONTRACTS ... (FROM LEFT) WARD KELLER LAWYER BRADLY TORGAN, AIDN-NT HEAD KERRYN SMITH AND US LAWYER BILL SAVARINO. PHOTO: GLENN CAMPBELL

THE GROWTH IN DEFENCE WILL NOT JUST BENEFIT THE COMPANIES THAT WIN CONTRACTS. YOU'LL LIKELY SEE THE WHOLE OF THE NORTHERN TERRITORY BENEFIT.



OPPORTUNITY KNOCKS

There are lucrative contracts to be won by Northern Territory companies from the US Defence build-up in Darwin.

But experts say that NT business must be good enough to do the work – being “local” isn’t enough – and must understand the rigorous tendering process.

The Territory chapter of the Australian Industry Defence Network and leading law firm Ward Keller brought lawyer and US Defence contract expert Bill Savarino to Darwin to explain to business owners how to “bid” for work.

America plans to co-invest \$2 billion in the Territory over the next 10 years upgrading RAAF Base Darwin, Robertson Barracks, RAAF Base Tindal, and the Kangaroo Flats, Bradshaw Field and Mt Bunday training grounds.

The Australian Defence Department intends to spend \$20 billion in

northern Australia over the next two decades in infrastructure, maintenance and personnel.

Mr Savarino says NT companies are capable of tendering for many of the US contracts, including construction, design, professional services, logistics, maintenance, supplies and transport – either as prime contractors or, more likely, as subcontractors.

Darwin-based construction company Sunbuild has already won a \$2.4 million American contract at RAAF Base Darwin.

Mr Savarino met dozens of business people during his time in Darwin.

He held three information forums, including a breakfast event and a masterclass, followed by one-on-one sessions – all subsidised through the support of the NT Government.

“I’m very impressed by the calibre of business here,” says Mr Savarino, who is based in Washington DC. “I’ve met some incredibly

enthusiastic, sharp contractors.

“And the NT Government is fantastic in driving this and supporting business – you wouldn’t get that sort of support in the States.

“Things are looking good for the Northern Territory.”

He says tendering conditions for US Defence work are “very different” from Australian procedures.

“Contractors need to understand the regulations and understand how to use them.”

The biggest difference is the requirement for a “bond”, an insurance policy to ensure companies:

- Can do what they say they can do in their tender
- Meet performance targets
- Protect subcontractors

The US bonds are typically 220 percent of the project value, compared with Australia’s 5 percent.

“The US Government is very risk averse on foreign procurements,” says Mr Savarino. “They want to make sure they’re not buying a pig in a poke.”

Bond insurance premiums can be high.

Mr Savarino accepts that the US bond will frighten many companies, especially smaller firms, but he says there is discretion to lower the bond or even remove it.

AIDN-NT chief executive Kerryn Smith says Territory businesses should “position themselves” now to be ready for work on the American military build-up.

She says preparations should include forming relationships with bigger companies that are likely to be prime contractors. For many tiered suppliers, this could be an opportunity to provide their products and services to new primes, or do more work with existing primes.

Ms Smith says it’s still early days with US procurement and what will be on offer has not yet been released.

But she says the AIDN-NT and other organisations, such as the Chamber of Commerce and Master Builders Association, will continue to help advertise work packages to Territory business.

“There’s no entitlement just because you’re local. You have

to win work on merit.

“Our role is to help suppliers pre-position themselves so that they can qualify to win work.”

Other major Territory projects in the pipeline include the start of the onshore oil and gas industry, the possible expansion of Darwin LNG and the Inpex plant, the \$200 million Landbridge hotel, the doubling in size of Darwin Port, the \$100 million shiplift facility, the rejuvenation of Darwin and Alice Springs city centres, the truck depot on the outskirts of Darwin and several mines going into operation.

“There are so many projects – many are taking off at the same time,” says Ms Smith. “It’s unprecedented.”

She says Top End companies can benefit by not only winning contracts in their own right but being local partners and subcontractors for big interstate and international companies.

“We want to be the support and maintenance hub for the north, and indeed, the Indo-Pacific region.”

“We want to strengthen our industrial support base in the Territory.”

Mr Savarino says that unlike oil and gas spending, Defence expenditure tends to be more consistent and less vulnerable to market variations.

“Defence is a long-term game,

which means things are looking up for Darwin. It’s a city where people are flexible – they can react to opportunities very quickly and the business community is tight and supportive.

“The growth in Defence will not just benefit the companies that win contracts. You’ll likely see the whole of the Northern Territory benefit.

“And as that happens, it is foreseeable that more and more people will see the potential of the region and invest here.”

Mr Savarino has been working with Ward Keller American-born lawyer Bradley Torgan, who is also experienced at US procurement law and can provide local support for businesses tendering for US Defence work.

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