

Article Information

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AUKUS - The Nuclear Submarines and the Defence Industry

The recent AUKUS nuclear submarine announcement by the combined governments of Australia, the United States and the United Kingdom is a watershed moment for the Australian Defence Force and its supporting Defence industry.

On 14 March 2023, the AUKUS alliance announced the planned pathway for Australia to obtain nuclear submarines and, broadly, how Australia plans to develop the capability to build and maintain them, to the estimated sum of AU\$368 billion over about 30 years.

What does this all mean? In this Insight, we summarise the AUKUS submarine announcement and its impacts on Australia's Defence Industry.

What is AUKUS?

AUKUS is a trilateral security pact between Australia, the United States, and the United Kingdom. The pact was announced on 15 September 2021 by (then) Prime Minister Scott Morrison, (then) UK Prime Minister Boris Johnson and the US President Joe Biden.

AUKUS arose out of the rapidly changing geo-political situation in the Indo-Pacific and will focus on military capability. The pact will include cooperation on nuclear submarine technology, cyber security, hypersonic missiles, electronic warfare, and information sharing.

To date, the most promoted development from AUKUS is that the United States will share nuclear propulsion technology with Australia, in a similar manner to how the United States has shared with the United Kingdom under their respective 1958 US-UK Mutual Defence Agreement.

Nuclear Submarines - Australia's Plan

The endeavour to build Australia's nuclear submarine force is a colossal one, and will be undertaken in several stages:

1. First, US and UK nuclear submarine forces will begin rotations to Australia, being based at naval base HMAS Stirling in Western Australia. This will begin from 2027, although the two nations will increase their visits to Australia from this year.
2. AU\$ 8 billion will be spent on upgrading HMAS Stirling to support this deployment.
3. In the early 2030s, Australia will purchase three US Virginia-class nuclear submarines, with an option to purchase 2 more.
4. Australia will commence building a new pattern of nuclear submarine, the SSN-AUKUS pattern, based on a UK design, from estimated project delivery time in the early 2040s. The intention is for Australia to build approximately eight SSN-AUKUS submarines, with the last delivered in the 2050 - 2060s.[\[1\]](#)
5. To support this huge project, a massive injection of funding will be invested into expanding Osborne shipyard in Adelaide, South Australia, commencing with \$2 billion being invested over the next four years. It is projected that the shipyard will triple in size, making Adelaide the hub of naval shipbuilding in Australia. In 2022, the then Federal Government announced that the shipyard would eventually be about 65ha.

These submarines will be conventionally armed, *not* nuclear armed. There will be no nuclear weapons aboard these

submarines.

Impact on Defence Industry

The impact that this project will have on the Australian Defence industry will be substantial.

It is estimated that over 20,000 direct jobs will be created across Australia over the life of this project, with about 5,500 of those jobs being based at Osborne alone.^[2] A shipbuilding training academy will be established at Osborne to produce the necessary apprentices as required.

The supply chain needed for the submarines will be extensive and without comparison to past Defence industry projects, requiring everything from traditional shipbuilders to software engineers.

On that note, the South Australian Government has recently announced a software engineering degree apprenticeship will be designed and delivered by a South Australian university in the next several years.

It will also be essential that Australia develop the nuclear skill base needed to build and maintain the submarines. While Royal Australian Navy officers will be embedded in US and UK submarines for training, Australia will need to create an educated civilian nuclear workforce rapidly in time for when the project begins in earnest. The opportunities for businesses to become part of Australia's future nuclear industry will be substantial.

Conclusion

The AUKUS announcement is by all measures a gigantic shift for Australia's Defence force, its naval capability, and the Defence industry. Notwithstanding current major naval projects such as the *Hunter*-frigate program, the *Arafura*-class Offshore Patrol Vessel, and the life-of-type extension for the currently serving diesel-electric Collins-class submarine, the opportunities for the Defence industry could be transformative.

Piper Alderman has nationally recognised lawyers with specialist expertise in legal matters affecting the Defence industry. Please do not hesitate to contact us should you require legal advice.

^[1] Department of Defence Media Release, "*AUKUS nuclear-powered submarine pathway*", 14 March 2023
<https://www.minister.defence.gov.au/media-releases/2023-03-14/aukus-nuclear-powered-submarine-pathway>.

^[2] Prime Minister Media Release, "*AUKUS Submarine Workforce and Industry Strategy*", 14 March 2023
<https://www.pm.gov.au/media/aukus-submarine-workforce-and-industry-strategy>.