

### **The AUKUS Treaty – *Flawed Approach Missing Australia's Interests***

Nuclear submarines are an undeniably good thing for the defence of Australia, and they should have been acquired long ago. After the first few American submarines, the balance of our fleet will be designed and built in a joint project with the UK. In the United Kingdom BAE Systems PLC is the sole source for building submarines and is protected from competition by UK legislation dating back to 2008. So, any treaty with the UK on building submarines is in effect an agreement on construction of Australian submarines by BAE Systems.

Why would Australia put in place a treaty which limits its commercial rights?

The first problem is the glaring omission. There is no protective guaranteed minimum workshare for Australia in the design and construction of the Australian boats. This existential project could become just local assembly of imported parts. Flat-pack submarines?

This is astonishing given the lack of genuine Australian industrial content in the Hunter class and other recent projects, with the disasters in sustainment revealed by the ANAO LHD report. Note that under the current, flawed, policy, all that is needed to qualify as Australian content is an ABN.

The treaty states Australia will not ‘...hinder legitimate access to their markets and to their Government contracts in the field of defence.’ In effect, Australia will have to treat British companies as Australian, with no considerations of Australia’s broader defence, employment or economic interests.

Does this clause go further than just the AUKUS project?

Instead of saying ‘...identify and support opportunities...’ it should mandate a minimum industrial content for Australia at every level and stage of the design and construction of the submarines, not just building wharfs or sheds.

This is not an issue of economics. It is an issue of national defence when facing an uncertain world.

Hard experience has taught that to sustain Australia’s navy in an operational state it must have its industrial resources engaged here in Australia and not playing catch-up after systems or overseas industries fail.

Under the treaty, Australia will be led by the nose on the design of the boats for Australia. Although article IV says each party is sovereign over its own program, this is made meaningless in Australia’s case since the treaty gives the UK the lead and final approval rights on the design, and Australia ‘participates’ by paying bills and providing some labour. Of course, the UK team should lead the design effort, but Australia must have the right to veto anything which substantially detracts from its requirements for the boats for which it is paying. There are much more industrial naval skills in Australia than the committee may realise, almost totally outside the Department of Defence.

Parliament must move to insist the treaty is altered to protect a minimum, sovereign and essential level of Australian industrial content. Else Australia will be exporting billions of dollars to support British industry and, eventually, maybe, receive submarines with the same dismal sustainment outcomes as that of our surface ships.