

TRANSCRIPTS

AUKUS AGREEMENT AND THE HUNTER DEFENCE INDUSTRY

March 20, 2023

PAUL TURTON: Just recently, Prime Minister Albanese was in the US to finalise the AUKUS agreement, which will see us acquire eight nuclear-powered submarines. And then over the weekend, I read that the US has approved the sale of about a billion dollars worth of Tomahawk missiles to us. So what does all of this geopolitical manoeuvring tell us? Shortland MP Pat Conroy is Defence Industry Minister, he is also the Minister for International Development and the Pacific, and he joins us online. Pat Conroy. Good morning. Thanks for coming on.

MINISTER FOR DEFENCE INDUSTRY, PAT CONROY: My pleasure Paul

TURTON: Nine newspapers ran a fairly alarming series of articles last week on the threat posed by China. How would you describe the current risk?

CONROY: Well, I think I describe it as a broader challenge in the region. We face the greatest strategic uncertainty since 1945, and we're also seeing the biggest arms build up in our region since 1945. There is a regional arms race going on. When you combine those two facts with a conclusion from the 2020 Defence Strategic Update - that said that we've lost the ten year warning horizon for any regional conflict - means that the Albanese Labor government's been forced to act, and to increase investment in our defence capabilities. Because ultimately, the first task of any national government is to protect the citizens of our country.

TURTON: If anything happens in the near to mid-term, though, Tomahawk missiles and the AUKUS subs will be too late, won't they?

CONROY: Well, the Tomahawk missile acquisition is to equip our Hobart class air warfare destroyers, and we envisage that happening in the second half of this decade. Obviously, the acquisition of nuclear propelled submarines would occur from 2033 onwards. And that's why,

obviously, we're investing in the ADF right now. I made significant announcements around January around investing in mobile rocket artillery, the HIMARS system, and new naval strike missiles for the Navy. And obviously, the Defence Strategic Review report and the government's response to that will be released in April, which will focus on the near to medium term as well. But you're absolutely right, the submarines is one part of that. And the new capabilities won't be coming online until next decade.

TURTON: Australians have a love hate relationship with Paul Keating, of course. I wonder how you're feeling. He's described some of your most senior members, Richard Miles and Penny Wong, as seriously unwise. And he says that the AUKUS decision is the worst international decision by a Labor government in 100 years. What's the reaction within the party been to those I would describe as unhelpful comments from the former Prime Minister?

CONROY: I think disappointment is probably a fair word. No one in the current Labor government wishes to criticise the Hawke/Keating government. They were one of, if not the best government, of the post World War II era, and they did some great things that have set the country up for success. The point I made when asked about this late last week, is that Government ended in 1996. We're now in 2023, and we're dealing with the circumstances 27 years on. And those circumstances are the greatest strategic uncertainty since World War II, a regional arms race, and we're reacting to that. So I don't want to really get into Mr Keating's remarks. I just think that the government is doing what we've been elected to do, which is to protect the country and to drive increased ADF capability. These submarines really are critical capability that will help deter conflict because they are so capable. They place question marks in the minds of any potential adversary because they are the apex predator of the oceans. They are the most advanced fighting machines that people could possibly buy. We don't want them to fight, but their actual existence actually deters conflict in our region, and that's why we're acquiring them.

TURTON: Part of the sale from Prime Minister Albanese, of course, has been that they'll generate local jobs. Professor John Quigan from the University of Queensland has done the basic maths, he says a \$368 billion AUKUS program delivering 20,000 local jobs, that's \$18 million per job. So they're not great in terms of job creation, are they?

CONROY: Well, that's a grossly simplistic analysis that I reject completely. The point of AUKUS is a technology sharing agreement. And the point of AUKUS, particularly on the submarines, is to do two things. One, is to equip Australia with nuclear powered submarines to increase our ADF capability. Secondly, it's to generate another shipyard between the three AUKUS partners capable of building nuclear powered submarines, so that there'd be two in the United States, one in Great Britain and one in Australia. So this is about having that industrial capability to build nuclear powered submarines. Now, a byproduct of that, a very welcome byproduct of that, is that we will create at least 20,000 well paid, secure jobs doing the most advanced industrial undertaking this country has ever done. And I'd make the point that that 20,000 job figure doesn't include a single job in the supply chain. There will be tier two and tier three suppliers that will win work in our construction of submarines and constructing the UK and US submarines that will provide jobs and technology uplift for those companies. And just as the Collins class build upgraded and lifted the capacity of Australian manufacturers throughout the country, building SSN AUKUS will do the same thing for Aussie manufacturers in that period, including in the Hunter. We built part of the Collins class submarines in the Hunter and our

manufacturing sector benefited from that enormously. So the jobs are a welcome byproduct. But we are not spending 0.15% of GDP to create 20,000 jobs. We're spending that money to advance the capabilities of the ADF and to establish a sovereign shipyard to construct nuclear submarines. And as part of that, 20,000 jobs will be created. So Quigan's analysis is rubbish, to be quite frank.

TURTON: Pat Conroy. What about the opportunities for the Hunter region, then? The unions over the last decade or two have been complaining about the 'Valley of Death'. The fact that we've lost our capability in regard to shipbuilding. I understand that there are other opportunities in related technologies. Of course, it's not just about the shipbuilding, but do you think the Hunter will play a big role?

CONROY: I think there's real opportunities. Obviously we have to be competitive, but we've got a great local Australian defence industry in the Hunter. I'm always careful not to single companies out, because they could be tendering for work right now, but I visit Hunter defence companies all the time and they're doing great work winning contracts all over the place. The last one I visited was Nupress in Cardiff, that's winning work on both land vehicles and in the aviation sector. And in fact, I visited them also at the Avalon Airshow, where they were part of the Hunter defence display. So Hunter companies are in a really good position. We've got some of the most advanced Defence companies in the country and just as we provided parts into the Collins class, just as we built modules for the air warfare destroyers, I think there's a real scope for us to compete and win work there. The jobs bonanza out of this project will not be limited to South Australia or West Australia. There's real scope for the Hunter to win work.

TURTON: Have you given up any hope of having Newcastle, the Port of Newcastle, as the east coast subs base? From what we understand, Kembla is front runner.

CONROY: Well, there's plenty of debate around it, but the fact is that the Department of Defence has not finished its study and has not provided recommendations to government. So at this moment, everything is conjecture about it. Obviously, the last government nominated Brisbane, Port Kembla and Newcastle as the three locations for Defence to look at, but they haven't come back yet. I know obviously lots of people are talking about Kembla, but we're very much focussed on getting the framework around the optimal path for the submarines right, in terms of investing in the shipyard in Adelaide, in the new facilities we need in the west, and to start the acquisition process. And then, when time is right, we'll make an announcement about the east coast base for the submarines.

TURTON: Pat Conroy, given all of the stuff that's in your entry at the moment, do you need to be elevated to the senior ministry? Should you be in Cabinet?

CONROY: That's not a question for me, Paul. It's very cheeky of you to ask that. I love my job and it's a real privilege to work with the Prime Minister and the Deputy Prime Minister, Richard Marles, and the Foreign Minister, Penny Wong. And I just get to - whether it's defence industry, fighting for a capable ADF and the jobs that go with it, or rebuilding our relationship in the Pacific, or helping lift people out of poverty around the world. I just think I'm so privileged to have those Ministerial roles. And I never forget that I can't be a Minister if I'm not a Member of Parliament. So fighting every day to deliver for Shortland is so exciting. But it's a privilege to be in Parliament and it's a privilege to be a Minister and it's the greatest privilege of my life. So I'm just happy to serve wherever the Prime Minister sees fit.

TURTON: Pat Conroy, you've got a busy week in Parliament. We'll let you get to it.

CONROY: Thanks, Paul. Have a great morning.

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