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[UK Parliament](#) > [Hansard](#) > [Lords: 16 March 2023](#) > [Lords Chamber](#) > [AUKUS Defence Partnership](#)

AUKUS Defence Partnership

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Statement

The following Statement was made in the House of Commons on Tuesday 14 March.

“With permission, Madam Deputy Speaker, I wish to make a Statement about the AUKUS defence partnership. Yesterday, the Prime Minister, standing alongside the President of the United States and the Prime Minister of Australia, announced that our three nations would be jointly developing a conventionally armed—I stress that—nuclear-powered submarine, the SSN-AUKUS, which will come into service in the late 2030s.

Before I provide the House with more details about this landmark announcement, it might be beneficial for colleagues if I provide a brief summary of how we got here. For more than 60 years, the UK and the US have successfully collaborated on the development of nuclear submarines. This unprecedented co-operation goes to the very core of our special relationship. Currently, with the support of the United States, we have a fleet of five Astute-class submarines, with a further two boats to be built. These world-class vessels are an essential component of our defence and security apparatus in a more contested world.

More recently, Australia has also recognised the need for a stealthier and more enduring underwater capability to deter threats to the peace and stability of the Indo-Pacific. That is why back in September 2021, my right honourable friend the Member for Uxbridge and South Ruislip, Boris Johnson, while Prime Minister, announced to the House a pivotal new defence partnership involving the United States, Australia and the UK, otherwise known as AUKUS. The partnership involves two pillars: first, the joint development of a nuclear-powered, conventionally armed submarine capability for Australia; and secondly, the creation of a suite of complementary technologies, among them hypersonics and cyber. It is the first of those pillars that I wish to focus on today.

For the past 18 months, we have been working closely with our trilateral counterparts to understand Australia’s requirements, to make a detailed technical assessment and to set out the optimal pathway for delivering this unique platform. As the Prime Minister said last night, this scoping period has now concluded and a solution has been identified.

The SSN-AUKUS will be based on the design for the UK’s Astute-class submarine replacement, SSN(R), which has been under development for several years. SSN-AUKUS will build on these firm foundations by incorporating cutting-edge US submarine technology, including the propulsion plant, combat systems and conventional weapons, but this boat will not just be of benefit to the Royal Australian Navy. It is now clear to us that the SSN-AUKUS, which is an evolution of SSN(R), should now become the UK’s future platform as well, providing the future attack submarine requirement for the Royal Navy as well as the Royal Australian Navy.

As yesterday’s refreshed integrated review underlines, we are having to contend with an increasingly volatile and complex environment, with multiple adversaries seeking to undermine our rules-based international order. In response, the deepening of our defence partnership offers three distinct advantages. First, it bolsters our undersea capability. It will give us the ability to deter future threats in the underwater battlespace, to protect our nuclear deterrent and our vital sea lines of communication and to fulfil a range of military tasks, including anti-surface and anti-submarine warfare, land attack and intelligence gathering.

Secondly, AUKUS will bring a truly global and interoperable capability for our nations that is not just capable of operating in the Indo-Pacific, but strengthens our contribution to NATO in Europe. It will enable us to operate in the high north, where the impact of climate change is opening new military and commercial shipping access to the north Atlantic, and it will ensure that three like-minded nations with shared interests on the global stage can work together even more closely.

Thirdly, and finally, AUKUS helps us share the burden of research and development costs, not just giving us access to some of the most advanced technology on the planet, but allowing us to integrate our supply chains and provide greater resilience at a time of growing resource costs and inflationary pressures. It will also open up further opportunities for technology sharing and interoperability across the defence context.

The first SSN-AUKUS for the Royal Navy will be built in the United Kingdom and delivered in the late 2030s, taking full advantage of our many decades of experience in building nuclear-powered submarines. To support SSN-AUKUS, Australia has committed to making a proportionate financial investment in our submarine industrial base. SSN-AUKUS will support thousands of new jobs at Barrow-in-Furness and Derby and throughout the national supply chain. These are truly centres of excellence, and I am proud to say that they stand ready to support Australia in this endeavour. It is particularly good news that Rolls-Royce UK will be building the nuclear reactors for all of Australia's submarines.

We intend for the first SSN-AUKUS to come into service with the Royal Australian Navy in the 2040s, and Australia will receive substantial support to develop and operate these nuclear-powered submarines. Submariners from the Royal Australian Navy have already begun to train with the Royal Navy to gain the relevant experience and, alongside the US, the Royal Navy intends to increase the number of submarine deployments to Australia from 2026, building on the successful visit to Australia by HMS Astute in 2021. The United States has also signalled her intention to provide Virginia-class attack submarines to the Royal Australian Navy, with Australia planning to acquire three. Taken together, this plan is consistent with Australian sovereignty and international obligations. It systematically and carefully builds Australia's ability to safely and securely operate, maintain and sustain SSNs.

It goes without saying that compliance with non-proliferation requirements is paramount, and I reassure the House that throughout this process we will remain fully committed to setting the highest non-proliferation standards. We are undertaking every step in a way that reflects our long-standing leadership in global non-proliferation and our steadfast support for the nuclear non-proliferation treaty. We have been clear that we will pursue this endeavour in a way that sets a strong precedent for states seeking to develop a naval nuclear propulsion capability. We have consulted, and we will continue to consult regularly and transparently with the International Atomic Energy Agency with respect to the development of a suitable nuclear safeguards approach. The IAEA director-general has expressed his satisfaction with our engagement.

This is a momentous journey for us all. For maritime nations such as the UK, as well as Australia and the US, maintaining a capability advantage over potential adversaries is essential. For the UK, AUKUS represents an historic opportunity for a deep, enduring and mutually beneficial partnership with two of our closest allies—a partnership that will strengthen the resilience of our nuclear submarine enterprise and will bring with it investment and high-skilled, high-wage jobs, as well as an even stronger and more capable Royal Navy submarine force. The United Kingdom will now begin embarking on delivering SSN-AUKUS, along with our allies. I look forward to keeping the House updated on how it progresses. I commend this Statement to the House.”

🕒 11.48am

Lord Coaker >

(Lab)

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My Lords, I start by saying that His Majesty's Opposition fully support the AUKUS defence partnership that has been announced by the Government. It is a multi-decade agreement with two of our closest and strongest allies. It is of immense importance when we look forward to the threats we face now and in the future. It strengthens our strategic security and prosperity in the Indo-Pacific. As such, it should be seen as a national endeavour and a statement of our intent, with our allies and our friends, to stand up for freedom, democracy and human rights across the world.

Can the Minister reassure us, notwithstanding the obvious immediate threat to Ukraine from Russia and the fact that the first of these new submarines is some way off, that we have the surface fleet and the strategic alliances that we need to deal with the threats that we now face in that region? Or is it the case that, if we are to commit to the Indo-Pacific tilt, more resources will be needed in numbers of ships and planes and protection for the carriers?

There will obviously be a welcome boost to defence jobs, with these new submarines being built in Barrow and with nuclear work in Derby, as well as elsewhere across our country. Given the very real current skills shortage, how will the Government work with industry to ensure that we have the necessary skilled workforce to actually do this building? Can the Minister give us some idea of how many jobs are expected to be created? Can she also confirm the number of additional submarines to be built for the UK and

what size this will eventually bring the UK's submarine fleet up to? The first SSN-AUKUS for our UK Navy will commence in the late 2020s and will be operational as early as the late 2030s. What steps are the Government taking to ensure that these costs and timelines will be kept to?

Alongside those issues, I commend the Government on the steps they have taken to work with the International Atomic Energy Agency to alleviate concerns around nuclear proliferation requirements. The agreement involves the transfer to Australia of technology, equipment and a naval nuclear propulsion capability. Can the Minister lay out clearly for the Chamber how this agreement maintains our compliance with the nuclear non-proliferation treaty and what steps the Government have taken or will take to reassure those who may be upset by this agreement? Of course, this must not prevent us taking measures for our security and that of others, but the Government quite rightly have been sensitive to the consequences, not only for countries such as China but as regards what others may think and that those countries may try to use it as a justification to act. Crucially, can the Minister confirm that the director-general of the IAEA has expressed their satisfaction with our engagement and that we will work closely with the IAEA over the coming years?

The UK's former National Security Adviser, Sir Stephen Lovegrove, said of the pact:

“It is perhaps the most significant capability collaboration anywhere in the world in the past six decades.”

He said that because it is not just about submarines but, as pillar 2 of the agreement describes, about cyber, hypersonics, artificial intelligence and so on. Little detail has been given about this, so could the Minister give us any further updates on the sort of collaboration that may take place under pillar 2?

The integrated review says that £3 billion will be invested across the defence nuclear enterprise. Can the Minister confirm that resources are there to properly fund this pact over its lifetime and that those resources will not lead to cuts in the budget elsewhere? Would not all our defence, including this, be helped by a timescale rather than an aspiration to reach 2.5% of GDP on defence spending? I remind the Minister that that has not been the case since 2010.

Finally, as I said, we can be proud of this endeavour as a country. It will help to ensure that we protect our interests, not only in Europe but beyond in the Indo-Pacific, working with others to support democracy and freedom as we have always done. As such, His Majesty's Opposition fully support it and wish it well.

Lord Lee of Trafford >

(LD)

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My Lords, we on these Benches very much welcome the AUKUS partnership announcement and Statement for the whole range of fairly obvious reasons that the noble Lord set out. However, has the Minister seen the comments in yesterday's *Times* from Rear Admiral Philip Mathias, a former director of nuclear policy and of the Trident value-for-money review? He said:

“The performance of the Submarine Delivery Agency has been abysmal. Astute class submarines are being delivered late by BAE ... HMS Vanguard's refit by Babcock has taken more than seven years; and ... The in-service date for HMS Dreadnought”—

originally 2024—now will not come through until the early 2030s. Have the Government done any work at all as regards submarine construction refit on comparing the performance of Barrow and our shipbuilding industry with the performance achieved in the United States and France? That would be a very interesting comparison. In addition, given that we are likely to have an increase in our submarine fleet, which would be very welcome, what plans are there to increase and train the number of submariners who will be needed for those future boats?

The Minister of State, Ministry of Defence >

(Baroness Goldie) (Con)

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My Lords, I am sorry for the delay—I was caught on the hop. I thought that the noble Lord, Lord Lee, might take a little longer but, however brief his contribution, it is welcome.

I first thank the noble Lord, Lord Coaker, for his warm reception of the announcement on AUKUS. I am particularly grateful for his important recognition of the reality of the geopolitical environment in which we all exist today. I think the IR refresh has poignantly delineated that, building on what we identified in 2021 but quite rightly pointing out that events have moved at a pace that we

perhaps had not anticipated. We therefore have to be ready to deal with that.

I am very grateful to the noble Lord for particularly recognising the significance of the AUKUS announcement. As a child I lived very near the Clyde, and I can remember when these sorts of events were happening. This is almost on par with the agreement of 1958 between the UK and the United States—it is that sort of seismic milestone. I think the noble Lord recognises that, and I am grateful to him for doing so.

To address the remarks from the noble Lord, Lord Lee, with reference to our preparedness to take this on, I too read the letter in yesterday's *Times* and I have great respect for our former senior personnel within our Armed Forces. I think I can say on the challenges that have confronted the MoD over a period of perhaps 10 to 15 years on procurement—I have said before at this Dispatch Box that I do not in any way seek to rewrite history or pretend that these challenges did not exist—that precisely because we encountered them, we have dramatically reformed how we deal with procurement. To be fair, that has been recognised in recent years by both the National Audit Office and the Public Accounts Committee.

Very good progress has now been made on the Astute programme, as the noble Lord is probably aware. We have in the water four of our Astute-class submarines—in fact, it could even be five—but the recent one, “Agincourt” is on sea trials, and then we have one more to go. Therefore, I think we have five in the water and then “Agincourt”, and the seventh one is being completed. Very good progress is being made. I am satisfied that, with the procurement reforms that have been made within the MoD, there is a much greater resilience and a much more robust framework and process, not least because we have had a frank talk with industry, as it has to play its part in this. We are laying out our expectation from industry at a very early stage, so that there are not these extraordinary debates five years down the line about what the MoD thought it was ordering. When we manage the contract for an important procurement delivery, we now have a senior responsible officer, who will not change every five minutes but will be in place for a meaningful period during the conduct of the contract. Therefore, I seek to reassure the noble Lord that, although I absolutely respect the right of the *Times* letter writer to air his views, we can see tangible change, both in the MoD and in the conduct of industry, and that is bearing fruit.

The noble Lord, Lord Coaker, also asked whether the two aspirations of Euro-Atlantic security and the Indo-Pacific tilt are in some way mutually exclusive. No, they are not; they are two important tandem activities for the UK Government and for defence. As he will be aware, within the integrated review refresh, the primary immediate threat was indeed Euro-Atlantic security and the illegal incursion by Russia into Ukraine. We see that as a short to medium-term threat. However, for the reasons identified in the IR refresh, we regard the Indo-Pacific tilt as now having happened and to be sustained. He will be aware of what the MoD has been doing to sustain that, not least with the carrier strike group 21 and with the permanent deployment of our two vessels, “Tamar” and “Spey”, out in the south-east China seas. They are playing an important role.

The noble Lord asked particularly about jobs, and it is perfectly clear, with the combination of work that will come to Barrow and to Rolls-Royce in Derby, that we anticipate that thousands of jobs will be created in the UK. As he will understand, I hesitate to put a precise number on that, but no one can pretend that this is other than a very positive narrative for defence and for employment in the UK.

He also raised the important issue of skills, which are critical for how we deliver on this trilateral partnership. Two things are happening: our industry partners themselves are being proactive in engaging in initiatives and programmes to encourage the enhancement of skills and retention of skilled personnel, but we have also established within MoD a defence nuclear enterprise, people and skills programme. That is to develop a sustainable and skilled workforce to support the defence nuclear programme. A range of activities is now being undertaken to increase the nuclear sector engagement with young people and to attract talent from a more diverse background. I think I can say that for young, aspiring STEM individuals who seek a really challenging career in a field in which they are interested, this must be near the top of the attraction stakes in what it offers.

The noble Lord raised the number of submarines, and I think I covered that in responding to the noble Lord, Lord Lee. The issue of cost was also raised, and of course costs are relevant. If we take that in a twofold manner, they are, first, the immediate costs that we anticipate will be necessary. We spent £2 billion last year in both Barrow and Derby. As the noble Lord will be aware, the recent announcement intends that part of the announced £5 billion—£3 billion—will be to sustain the nuclear enterprise. The £2 billion will run for a period of three years. That is devoted to the nuclear enterprise as well, excluding Dreadnought, which is of course covered by a separate contingency funding package with the Treasury.

On the International Atomic Energy Agency, the statement the director-general issued on Tuesday was helpful. I am sure the noble Lord has looked at it. It is a very full statement, but what struck me was that it would not have been possible for him to make that statement with its detailed content if there had not been the closest engagement with the trilateral partners in AUKUS. Of course, it is not a matter of saying that we look to the director-general to approve a project or to express support for it. This is an independent

testing entity, and the job of the IAEA is objectively, professionally and completely neutrally to assess what we are doing, but it is perfectly clear from the level of engagement that there is a very positive relationship with the IAEA. That will continue. The noble Lord will be aware that its board meets regularly, and the director himself proposes to submit a report to the next session of the board of governors in June 2023.

On the wider issue of non-proliferation, again there is a very good story to tell. In the document—I feel a bit like a stage manager with props here—there is a particularly interesting section at page 33, which outlines Australia’s credentials and credibility in this field. It makes a very positive read. Australia has an extremely good record with the IAEA, which should provide reassurance and comfort. We also anticipate that, as this all progresses, all three partners will be regularly reporting to and engaging with the IAEA.

As to whether this could lead to more countries wanting to acquire nuclear-propelled submarines, it might very well do, but we all recognise the fundamental difference between a mode of propulsion and a nuclear-armed submarine, which is something entirely different. Therefore, all we ask is that, if other countries are minded to pursue that technology for propulsion, they too are vigilant about these important safeguards and criteria and the need to work closely with the IAEA.

The noble Lord also asked about collaboration under pillar 2. That is obviously slightly further into the future, but it is an exceedingly exciting part of the general programme. We anticipate that, as we make progress on pillar 1, which is to build the nuclear-powered submarines, that will remain a trilateral responsibility and will not be broadened out. As we learn from that process and begin to identify in these intricate sciences—whether it is hypersonics, cyber or whatever—we will certainly be open-minded about discussing with other interested parties how we might take these issues and who might be able to make a positive contribution. It is premature to make a more specific comment about that just now, but we can anticipate a very exciting potential for discussion on pillar 2 as we progress with the programme.

The noble Lord, Lord Coaker, and perhaps the noble Lord, Lord Lee, also raised resources and the 2.5% of GDP. I am very clear that that was a welcome announcement by the Chancellor, because I see it as much more than some roseate dream we might hope to deliver in future; I see it as a statement of intent. That is what the Government are minded to do, and it is contingent only on the economy’s ability to sustain it. Because of the manifest recognition by the Prime Minister, the Chancellor and the Government of the world of threat in which we live and the character of the geopolitical complexity that now surrounds us, noble Lords will understand that this is a very potent statement of intent and a very healthy indication that this Government are prepared, even in difficult economic times, to do the heavy lifting when it comes to the security of our country and our ability to contribute to global security through our alliances and partnerships.

I think I have managed to cover the points raised. If I have omitted anything, I undertake to write to noble Lords and have a look at *Hansard*.

🕒 12.08pm

Lord Stirrup >

(CB)

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My Lords, the AUKUS programme, if executed well, will be very good news for this country. If executed badly, it could be a disaster. The Minister has given us some comforting words on reforms to procurement processes and engagement with industry, but it must be said that the performance of BAE Systems Submarines has been pretty woeful in recent years. Of course, it is not for the Government to run private companies, but industrial performance in this programme will be of strategic importance to this country. What long-term mechanisms and processes are in place to monitor and audit industrial performance, and what leverage will the Government have over the industries concerned? Industrial underperformance in this programme will need to be dealt with swiftly and ruthlessly—something that has not happened before.

The Minister said that the senior responsible owner would be in place for a “meaningful period”. What does she mean by a “meaningful period”? With regard to skills, which are a crucial area in this programme, she talked about what the Ministry of Defence is doing, but this is surely a nationwide issue requiring a nationwide effort. If this ambitious programme is to succeed, we will need all sorts of skills and all sorts of different people. Industries across the country are suffering from shortages—they cannot find sufficient welders—so is there not a case for a government-wide approach to ensure we have a sufficient skills base for such ambitious programmes as this?

Baroness Goldie >

(Con)

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The noble and gallant Lord makes a number of important points; let me try to deal with them.

On the management of contracts and the willingness to have teeth and bite where that is necessary, I think the noble and gallant Lord would be encouraged to see the complete difference in approach in the MoD now compared with some years ago. That is partially because the MoD has woken up to the need to be much more effective in how it manages these enormous contracts with vast sums of taxpayers' money. To be honest, it is also because we felt the bite from teeth—from your Lordships in this Chamber, from our friends in the other place, and from entities such as the National Audit Office and the Public Accounts Committee. These were unpleasant experiences for the MoD but what they signalled was an absolute need to radically reform and revise what we were doing.

In addition to all that, the one word of comfort I can offer to the noble and gallant Lord is this: bear in mind that this is a trilateral arrangement and agreement. There is, therefore, a triumvirate interest in ensuring that nobody is slipping and everybody is keeping up to the mark. That will be an added enhancer to how we monitor and regulate the performance of the contract.

On the important matter of skills, industries are already engaged—I have seen it at first hand—in really imaginative programmes in their communities with young people. I have been hugely encouraged when I have seen how they operate in different parts of the country. They are engaging with both primary and secondary schools. They are making these critical connections with young people, many of whom then make the choice not only to follow a career in technology but to do it with a particular company. That is one very positive way of trying to increase the skills base available to our industry partners.

At government level, particularly in the Department for Education, there is a recognition of the unrelenting need to reappraise constantly how we seek to improve the provision of skills and ensure that education is aligned with what the economy and industry are asking for. I do not have at my fingertips the details of what we have done so far but I would be happy to write to the noble and gallant Lord about that.

Lord Browne of Ladyton >

(Lab)

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My Lords, welcome as this Statement is, there is nothing at all in it about the financial or opportunity costs of this partnership. Is it true that it will cost \$245 billion over three decades? How much of that cost will we bear? Which budget will it come out of? In answering a question today posed by the noble Lord, Lord Swire, on the fourth Oral Question, the Minister—the noble Baroness, Lady Penn—indicated that all nuclear capability would be charged from some other part of the budget. I do not understand that to be the case but, if it is the case, it is a change; if it comes with this, it is very welcome. How much is this going to cost, is it going to come from the existing Ministry of Defence budget and what will be the opportunity cost of that if that is correct?

Given that China poses threats in every domain, not just under the water, what assessment have we made of Australia putting so many of its eggs in this exquisite capability basket, given that we will depend on it in all these other domains to be an active ally with capability?

Baroness Goldie >

(Con)

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On cost, the noble Lord will not be surprised that I am unable to give specific figures, for what I think are widely understood reasons. I imagine that differing levels of cost will apply because, for example, the role of the United States is based on it having an established Virginia class of submarine being built; as the noble Lord will be aware, part of the agreement is Australia seeking to buy three of those. There are now huge issues for Australia in creating the infrastructure that it will need to build the submarines, so, again, it is anticipated that its costs will be different from those of either the US or the UK.

For our own part, as is indicated, we in the UK have been investing in our submarine-building infrastructure. Some £2 billion was announced last year to support the Dreadnought class of submarines. The recent integrated review refresh announcement of £5 billion—obviously, I am rounding the figure up for ease of use—will be split into three, spread over two years, to sustain the nuclear

enterprise. My understanding is that the additional £6 billion, which will be spread over three years—£2 billion per year—is also allocated to the nuclear enterprise, excluding the Dreadnought enterprise. That is money that we know is going to be there, and we are therefore able to budget appropriately.

It is important to go back to what the Prime Minister and the Chancellor have clearly indicated: that, having regard to the turbulent world in which we live, they see defence as a national primary responsibility and priority. They are prepared to work, even in difficult economic circumstances, to ensure that we do as much as we can to sustain a powerful and effective defence capability.

I turn to the last part of the noble Lord's question, which was about this perhaps being a unique solution for Australia. Australia must make its own strategic decision about what it seeks and what it wants. Eighteen months ago, it identified that it had a need and that the best way to respond to that need was to seek a nuclear-propelled submarine. It is positive and gratifying that it then looked to the United Kingdom and the United States. As the noble Lord will be aware, we have a long-standing and close relationship on the construction of submarines. Australia has made a perfectly balanced decision that this type of submarine, propelled as it is by nuclear propulsion, offers huge advantages: it is far more effective in itself; it can circumnavigate the globe without coming up; it is difficult to detect; and it is much more efficient to run. For those who, naturally, care about the environment, it produces a cleaner form of emissions than, for example, a diesel-powered submarine.

Australia has looked at this closely and come to its own strategic, sovereign decision about what it wants. We should all feel very proud that it wants the UK to be part of this vital partnership in delivering what it seeks.

Lord Cormack >

(Con)

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My Lords, should we not derive some comfort from the fact that the crucial meetings in the United States took place immediately after a very amicable meeting between the Prime Minister and President Macron? Is it not absolutely crucial that while we pursue AUKUS vigorously we do not neglect the fact that our European allies are extremely important, particularly bearing in mind what is going on at the moment?

Baroness Goldie >

(Con)

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I cannot disagree with one word of what my noble friend says. As I said earlier, the IRR indicated that the primary threat at the moment is Euro-Atlantic security because of Russia illegally invading Ukraine; that is our immediate defence priority in the short to medium term. However, that is without prejudice to our sustainment of the Indo-Pacific tilt.

My noble friend is quite right: our relationship with France on a bilateral basis is strong and good. Although I am not privy to the detail of what the Prime Minister spoke to President Macron about, I am sure that they discussed a huge range of issues, including how we can promote a free and open Indo-Pacific, in which France has a very important role to play.

Lord Fox >

(LD)

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My Lords, a number of noble Lords have mentioned concerns over industrial performance in delivering on this contract. I think I heard the Minister say that, because there are three parties involved, it would be embarrassing if we did not keep up to time. I suspect that that is just one of the things that would be a problem; it would also be extremely expensive. My noble friend asked a specific question about what benchmarking is being done between the industrial complex in this country and that available in both France and the United States. Can the Minister please answer that?

Baroness Goldie >

(Con)

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To be absolutely accurate, I did not use the word “embarrassing”. Nothing on which I represent the MoD on at this Dispatch Box is ever to be embarrassing; it is a privilege to represent the MoD in this Chamber and to do so on such a positive occasion as this one. I do not have details as to how the benchmark will apply, nor an answer on whether there is to be some measurement of appraisal against what other countries do. I undertake to investigate that, and if there is any information that I can share with the noble Lord, I will do so.

Baroness Bennett of Manor Castle >

(GP)

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My Lords, following on from the question asked by the noble Lord, Lord Browne of Ladyton, we are talking about a very high-cost method of military defence, financially and in terms of resources. Are the Government aware of the level of controversy in Australia about the AUKUS project? There are concerns about the secrecy of the initial signing, which the Australian Greens described as reflecting a democratic deficit, concerns about setting off a regional arms race, and concerns about where it will leave Australian sovereignty and control over its Armed Forces. Australia has signed up twice previously to have nuclear-propelled submarines and subsequently withdrawn from those projects. Are the Government taking adequate account of the political risks involved?

Baroness Goldie >

(Con)

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The Government live in the same world as Australia. Australia, the United Kingdom, the United States and many of our partners and allies are very conscious that the level of threat confronting us is virtually unprecedented. We must be equipped to deal with that.

I will not seek to speak on behalf of the Australian Government. They made an analysis of what they required in their defence capability and to enhance their ability to preserve the rule of law and order within that region, and to ensure that international law is upheld by all parties and all countries. I can only conclude that Australia came to the view that this would be a very sensible and valuable addition to its defence capability. Certainly, in so far as addressing the challenges to which I have just referred, this would seem to be a sound decision on the part of the Australian Government. It is not for me to comment on Australian politics, but the Prime Minister of Australia has been very clear, as was evidenced by his presence in America when this announcement was made on Tuesday, that this is a very important development for Australia and a very significant addition to the ability to address any threats or breaches of law that may arise in the region.

Lord West of Spithead >

(Lab)

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My Lords, this is a very brave and bold decision. I am delighted that it has been made. We are in an era when we need that. However, as has already been highlighted, there are problems within our submarine world. The performance by BAE Systems has not been good. The whole Astute programme has been a problem. The Minister says that we are now on top of that. I am delighted that we are, but one of the joys of this new package is that it enables our nuclear enterprise, which creeps along at the very edge of the capability of our nation, technologically, scientifically and in an engineering sense, to get a boost and maybe move up a notch.

On the SRO ensuring that this follows track, the most successful programme that we ran on a large scale in this country was the Polaris programme. That came in one day early and under budget, because one man was put in charge of it with direct access to the Prime Minister. He could chop people’s legs off if they were not doing what they were supposed to do. Will the SRO have that sort of direct line of responsibility to ensure this? If this goes wrong, my goodness me, it will be a disaster.

Baroness Goldie >

(Con)

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If the SRO had these powers, I would be tempted to bring him into this Chamber to address some of the interrogatories.

I indicated to the noble Lord, Lord Lee, that Astute was accompanied by significant problems but, as I said earlier, boat 7—that is “Agamemnon”—will be the final in class. Boat 6 is still at build stage—that is “Agincourt”—but the other five are now operative, so I think we have a perfectly healthy situation.

The noble Lord is right that, as has already been indicated in the Chamber, a very robust assessment will need to be kept on this programme. As I said to the noble Lord, Lord Fox, it is not a question of embarrassment and falling down on the job but that, with three eyes focused on what we are trying to deliver, there is a third leg to the protections of that robust surveillance of the contract. I am sure that the senior responsible owner will be in place for a meaningful period. As the noble Lord, Lord West, is aware, my Secretary of State is very conscious of, and vigilant about, ensuring that where these major procurement projects are under way, he knows first-hand what is happening. He will be watching this like a hawk.

Lord Mountevans >

(CB)

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My Lords, the importance of the sea lanes and underwater cables is widely known, and submarines are very valuable in this domain. It is well acknowledged that the latest generation of Russian submarines are a great deal better than what they have had in the past. Can the Minister say anything about the nature of the co-operation on this occasion and further co-operation with the United States, bringing together all the experience and expertise of the US Navy and the Royal Navy in this domain? How will it affect the design of the new AUKUS submarines?

Baroness Goldie >

(Con)

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I am not an engineer or a naval technical expert on ship build, but I would say that he is quite right. There is now a repository of skills and experience that will contribute greatly to how this type of submarine is designed. It has already been established, because it is now being known as SSN-AUKUS, that it takes us a step further than where we originally thought that we would be with a successor to Astute. Those aggregated skills are very important, and I am sure that they will be put to very valuable effect in determining the final design of the submarine.

Lord Reid of Cardowan >

(Lab)

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My noble friend Admiral Lord West, while welcoming the Statement, said—and I noted this carefully—that it was a very brave decision. If any of my civil servants or military advisers had said, “Minister, this is a very brave decision”, I would probably have avoided it. That has been given substance by the lack of anything concrete in terms of cost. On an enterprise of this size, there must be some idea of the ballpark figures. We already have the example of HS2. I am not going to go down that track—no pun intended—but there is a figure in the public domain, mentioned by my noble friend Lord Browne, of \$245 billion over 30 years. That is a substantial amount of money, and it will be even more substantial when inevitably, like all procurement in the Ministry of Defence, it increases over the next 30 years. Can the Minister have a stab at it again and tell us the realm of possibility on which this decision was taken? It cannot have been taken without Ministers having any idea of how much it is going to cost.

Baroness Goldie >

(Con)

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While the noble Lord’s noble friend Lord Coaker has remained positive about this, as his right honourable friend in the other place did, I am slightly disappointed at the rather despondent demeanour of the noble Lord, Lord Reid. This has been universally regarded as one of the most important and exciting announcements for UK defence and our Royal Navy capability that we have seen in decades. This is a hugely important development. I am in no doubt whatsoever that the Government have made the right decision to proceed with this. It is a tribute to the United Kingdom that Australia and the United States thought that we were a valuable and reliable partner to bring into this.

On the cost, I will not stand here uttering figures which I have no foundation to justify, however much the noble Lord might want to tempt me into doing that. We cannot put a precise figure on the cost of building one SSN-AUKUS submarine. It is a decades-long programme. The final figure will depend on a number of factors, and it will include the final design, how many we build and when we build them. We recognise in terms of cost that this is a hugely important commitment, but we also have no hesitation in saying that, for the security of the country and our ability to contribute with Australia and the United States to a more globally secure world, it is absolutely the right decision to take.

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