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Opening Australia's "Black Box": The Domestic Debate over Submarine Production

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When Australia's currently ruling Liberal-led Coalition was in opposition, it campaigned on a promise to the Australian electorate that the next generation of Australia's 12-vessel strong submarine fleet would be built domestically. After the Coalition won in 2013, Prime Minister Tony Abbott signed an agreement with Japan in July of 2014 concerning the transfer of defense equipment and technology. Since then, speculation has been rife that Abbott was prepared to ditch the domestic production option for Japanese off-the-shelf subs, which raised a storm of protests within Australia.

For Victorians and South Australians, the debate over where and how the submarines will be produced is a decision that will have a very immediate and direct impact on their lives. The submarine program is expected to create around 500 new jobs in Australia, and South Australia's defense industries minister, Martin Hamilton-Smith, told *The Guardian* he estimates that "About 120,000 man-years of jobs depend on the future submarine program alone." This is particularly significant when one recalls that Australian manufacturing has already been negatively affected by the high Australian dollar and the mining boom, made vividly evident by the loss of at least 8,000 jobs with the closing of car manufacturing facilities by Holden, Toyota, and Ford.

Submarine production was a major factor in Victoria's state elections in November 2014 and in the internal challenge to Abbott's leadership in February 2015. The key issue of contention between the national ruling party and those mobilized against the Coalition agenda is jobs for Australian workers versus value for Australian taxpayers.

During Victoria's November state elections, South Australia's Labor premier, Jay Weatherill, campaigned on behalf of Victoria's then-Labor opposition leader, Daniel Andrews, to also lobby for protecting Australian manufacturing jobs. Labor's victory in that election has led to greater cooperation between Victoria and South Australia to advocate for producing as many of the submarines domestically as possible.

The agreement between Weatherill and Andrews to fund a joint campaign to keep the nation's A\$50 billion (US\$38.8 billion) future submarine project in Australia can be seen as part of a broader effort to maintain the resiliency of Australian manufacturing. The initiative, started in February 2015, will focus on policy, as well as running a public relations campaign. As the question of submarine production gets dragged into the national spotlight as a political issue, both sides will require media savvy and winning arguments to out-bedazzle their opponents.

On the other side, the government also has a strong argument that domestic production is not in Australia's best interest – fiscally or technically. Former Defense Minister David Johnston's remarks that the Australia Submarine Corporation (ASC) was not fit to "build a canoe" stems from ASC's multiple evident failures, such as the fact that they are \$350 billion over budget on their current contract to produce three air warfare destroyers for the navy. The *Collins* class submarine effort has also been beleaguered with long-running

Mina Erika Pollmann, recent graduate of Georgetown University's Edmund A. Walsh School of Foreign Service, explains that "Abbott faces [in the submarine decision] the daunting task of balancing the demands of his domestic constituents and the manufacturing industry, the strategic needs of the navy, and the requirements of their ultimately chosen international partner."

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problems, as chronicled in the infamous *Coles Report*. Abbott is trying to be financially responsible when he seeks the solution that will get the “most bang for the buck” when he spends Australian tax dollars.

Yet despite this, Abbott has been brought to his knees over the submarine issue when he assured Sean Edwards, a key Senator from South Australia, that ASC would be allowed to bid to build the next generation of Australia’s submarine fleet, when he needed the support of South Australian Liberals to survive the “spill” motion – an internal challenge to his leadership of the party – brought against him in February. Despite initial confusion over Abbott’s exact wording, as a result of that internal power struggle, Australia is currently seeking an international partner to work with the ASC.

In March 2015, Australia initiated its “competitive evaluation process,” expected to take ten months, to consider German, French and Japanese proposals. Bidders are required to submit a concept design within six months, and include a plan on how they will involve Australian industry. Japan recently cleared an important hurdle when their National Security Council approved sharing submarine technology data with Australia, though many technical and legal challenges remain as Japan still faces the daunting task of building a comprehensive weapons exporting infrastructure.

Furthermore, valid concerns about ASC’s competence must also be balanced against military thinking that advocates maintaining a sovereign submarine-building capability. Rear Admiral Rowan Moffitt, outgoing head of the future submarine program, told *The Sydney Morning Herald* in October 2013 that building submarines domestically is critical to the future of Australia by saying, “It’s going to be hard. Things will go wrong....But it’s right up there with our biggest ever national undertakings, along with the Olympics, the Harbour Bridge and the Snowy scheme.”

For any small country, like Australia, it is daunting to consider losing indigenous shipbuilding capacity, because once lost, it is unlikely to ever be rebuilt. If Australia pairs with Japan, Australia has to have the confidence that Japan will continue to be a faithful partner in meeting Australia’s maintenance and replacement needs, well into the distant future. But – sharing common values and concerns – perhaps no other country is as motivated to keep Australia engaged and capable in the Asia-Pacific as Japan is.

Cooperating with Japan is also a way to credibly signal to the U.S. that Australia is willing to do its part to share the burden of maintaining regional stability, by not only upgrading its own military capability, but also by helping another U.S. ally – Japan – expand its defense industry. Such signaling can help alleviate Australia’s abandonment concerns and demonstrate support for the U.S. “rebalance” to the Asia-Pacific. In this way, submarine technology cooperation with Japan advances Australia’s own national interest as well.

But perhaps the most important unintended consequence of making submarine *production* the focus of domestic debate is that it “clouds any deeper discussion ... over what kind of sub to build and how to use it,” as Alan Tidwell, a professor at Georgetown University, points out. Attention span and political capital are both limited resources, and if these are exhausted fighting over production, that means there is not enough investment being made in technological innovation or talent being devoted towards envisioning the future role of submarines in warfare. Far-sighted Australian statesmen should think beyond the next election cycle, and seriously consider where Australia might end up if the seas come to be dominated by unmanned undersea vehicles rather than submarines.

As it stands, the immediate priority for the Abbott government is simply getting the new submarines before the *Collins* class fleet is decommissioned in 2026/27. Abbott faces the daunting task of balancing the demands of his domestic constituents and the manufacturing industry, the strategic needs of the navy, and the requirements of their ultimately chosen international partner.

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