Hi everyone,

The latest CRS update report on Virginia class procurement can be found here; this complements the recent CRS update on SSN(X).

§47E(d) has sent you a link to "20220725 - CRS - Navy-Virginia-SSN-774-class-procurement-background-and-issues-for-Congress" (BN50069567) from Objective.

Open in Navigator
Double click on the attachment

Published: https://objecdc6.id.BN50069567/document/versions/published

IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.
Thanks – that looks like we have the key things covered.

M

Mikaela James
P: s47E(d)
M: s47E(d)

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Hi Miki

s22 went through the CRS report for us. Key topics were:

- legislative proposals for AUKUS submarines (covered off mostly in our Congressional back-pocket SEB)
  - inclusion in the NDAA, number of Virginias authorised in the transfer
  - timing of transfers
- impact of the transfers on US industrial base and force structure (covered in our Congressional SEB)
- workforce shortfalls (hopefully covered in WF-led briefs)
- regional engagement (covered in the IE SEB)

s33(a)(i)

Happy to draft points on this if you think worthwhile.

Thanks
s47E(d)
Thanks – can someone please check if anything in here likely to get raised at Estimates that we haven’t already covered in our briefs?

Mikaela James
P: +M:

IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.

All – if the below link doesn’t work you can try this one:


IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.
Hi all,

In case you haven’t seen it, CRS released a report late last week on the Virginia class submarine program: https://s3.documentcloud.org/documents/23821307/rl32418-1.pdf#page22

There is a section on the Administration’s legislative proposal for ship transfer (page 18), §47C

Also some commentary on the optimal pathway more broadly, including AUS investment in the US and UK industrial bases, and implications of VCS transfer on the US Navy’s 30 year shipbuilding plan - on pages 14-17.

Haven’t read the rest of the report in great detail yet but let us know if you have any questions.

Thanks

Sent from my iPhone

IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.
Dear all,

I am just clearing a new brief related to the congressional research article. Leisa, Miki or I will send to you for distribution.

Alex

Sent from my iPhone
Do we have any points to contextualise the role of the area that wrote the article?

Sent from my iPhone

Begin forwarded message:

From: "Lees, Megan MS" <megan.lees@defence.gov.au>
Date: 29 May 2023 at 10:38:58 am AEST
To: "Mead, Jonathan VADM" <jonathan.mead@defence.gov.au>, "Buckley, Matthew RADM" <matthew.buckley@defence.gov.au>, "Kelton, Alexandra MS" <alexandra.kelton@defence.gov.au>, "Pitchell, Alison MS" <alison.pitchell@defence.gov.au>, "Mansell, Todd DR" <todd.mansell@defence.gov.au>, "Miller, Michele MS 2" <michele.miller2@defence.gov.au>
Cc: "Craig, Leisa MRS" <leisa.craig@defence.gov.au>
Subject: news.com article re US and subs [SEC=OFFICIAL]

OFFICIAL

Fysa

AUKUS US-Australia nuclear submarine deal in chaos | news.com.au — Australia’s leading news site

Megan Lees
First Assistant Secretary Executive | Nuclear Powered Submarine Taskforce
Department of Defence

T: 47E(d)
E: megan.lees@defence.gov.au

IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.
Key tips below and full brief with article and relevant text from report in the attached.

**Q&A**

- The Congressional Research Service is a non-partisan shared staff to congressional committees and Congress members.
  - It is a research and analysis service that delivers reports that examines issues from a variety of perspectives and reports on all sides of an issue.
  - It does not necessarily reflect the views of the Administration nor Congressional members.
- As its own disclaimer state, CRS reports should not be replied upon for purposes other than public understanding of information.
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Mikaela

Thanks very much

Jonathan

Sent from my iPhone

> On 29 May 2023, at 8:28 pm, James, Mikaela MS <mikaela.james@defence.gov.au> wrote:
> 
> All,
> 
> Further to Alex's email, please see attached an estimates brief on the CRS report. The News.com.au article and relevant section of the report are included.
> 
> Sent from my iPhone
> <Budget Estimates - CRS Report.docx>
From: Kelton, Alexandra MS
Sent: Monday, 29 May 2023 11:23 AM
To: Lees, Megan MS
Cc: Mead, Jonathan VADM; Buckley, Matthew RADM; Petchell, Alison MS; Mansell, Todd DR; Miller, Michele MS 2; Craig, Leisa MRS; James, Mikaela MS
Subject: Re: news.com article re US and subs [SEC=OFFICIAL]

We have answers to these but the team will put it in a stand alone brief with each q and a as per the article for ease of reference

Sent from my iPhone

On 29 May 2023, at 10:38 am, Lees, Megan MS <megan.lees@defence.gov.au> wrote:

OFFICIAL

Fysa

AUKUS US-Australia nuclear submarine deal in chaos | news.com.au — Australia’s leading news site

Megan Lees
First Assistant Secretary Executive | Nuclear Powered Submarine Taskforce
Department of Defence
T: s47E(d)
E: megan.lees@defence.gov.au

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- not sure who is on duty but here are the TPs for the qb on the crs report.

Sent from my iPhone

Begin forwarded message:

From: "James, Mikaela MS" <mikaela.james@defence.gov.au>
Date: 29 May 2023 at 8:28:09 pm AEST
To: "Mead, Jonathan VADM" <jonathan.mead@defence.gov.au>, "Craig, Leisa MRS" <leisa.craig@defence.gov.au>, "Lees, Megan MS" <megan.lees@defence.gov.au>, "Mansell, Todd DR" <todd.mansell@defence.gov.au>, "Miller, Michele MS 2" <michele.miller2@defence.gov.au>, "Petchell, Alison MS" <alison.petchell@defence.gov.au>
Cc: "Kelton, Alexandra MS" <alexandra.kelton@defence.gov.au>, "Buckley, Matthew RADM" <matthew.buckley@defence.gov.au>, "Lees, Megan MS" <megan.lees@defence.gov.au>, "Mansell, Todd DR" <todd.mansell@defence.gov.au>, "Miller, Michele MS 2" <michele.miller2@defence.gov.au>, "Petchell, Alison MS" <alison.petchell@defence.gov.au>
Subject: Additional brief on CRS Report

All,

Further to Alex’s email, please see attached an estimates brief on the CRS report. The News.com.au article and relevant section of the report are included.

M

Sent from my iPhone
Handling Note: The Congressional Research Service released a report on 22 May 2023 on the US Navy’s Virginia Class Attack Submarine Procurement. It touches on the implications of the AUKUS optimal pathway and outlines several issues for Congress to consider. A News.com.au article was released by Jamie Seidel on 29 May 2023 titled ‘Cold feet’: Big problems emerge in controversial US-Australia submarine deal. It suggests that “the US seems to be getting cold feet over giving Australia one of its most secret weapons, with a new report revealing eight critical, unanswered questions”.

Key Messages

- The Congressional Research Service is a non-partisan shared staff to congressional committees and Congress members.
  - It is a research and analysis service that delivers reports that examine issues from a variety of perspectives and reports on all sides of an issue.
  - It does not necessarily reflect the views of the Administration nor Congressional members.
  - As its own disclaimer state, CRS reports should not be relied upon for purposes other than public understanding of information.

- As per the 14 March leaders announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).
  - We are working with Congress on this and in ensuring seamless implementation of the pathway.
  - This includes ship transfer legislation which will enable the transfer of in-service Virginias to Australia.

Q&A

- The Congressional Research Service is a non-partisan shared staff to congressional committees and Congress members.
  - It is a research and analysis service that delivers reports that examine issues from a variety of perspectives and reports on all sides of an issue.
  - It does not necessarily reflect the views of the Administration nor Congressional members.

- As its own disclaimer state, CRS reports should not be relied upon for purposes other than public understanding of information.
When will the deal be authorised?

- Leaders announced the optimal pathway on 14 March this year, and Australia is working closely with the Administration to implement all aspects of the pathway.
- As per the announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).
  - We are working with Congress on this and in ensuring seamless implementation of the pathway.
    - This includes ship transfer legislation which will enable the transfer of in service Virginias to Australia.
- Pleased to see that the Administration has submitted a number of draft legislative proposals to Congress to implement some of the early necessary of the pathway.
  - The speed at which this is happening highlights the US’ strong commitment to the AUKUS endeavour.
  - Australia looks forward to engaging with Congress and our Administration colleagues as the proposals progress.
- If pressed on timing
  - Please to see that that the Administration has moved swiftly and already submitted legislative proposals to Congress.
  - We are working with the Administration and Congress on the swift passage of these proposals.
  - The boats are planned to be transferred to Australia from the early 2030s.

Will it approve the sale of two, or “some other number” of US submarines?

- Pleased to see that the Administration has submitted a number of draft legislative proposals to Congress to implement some of the early necessary of the pathway.
  - Australia looks forward to engaging with Congress and our Administration colleagues as the proposals progress.
- The legislation proposal would authorise the transfer of up to two in-service Virginias to Australia.
  - The third submarine would be sold off the production line, using the standard foreign military sales case process (and therefore does not require explicit Congressional ship transfer approval).
  - As announced, Australia also has the option to purchase an additional two Virginia class submarines off the production line if required.

When will these submarines be removed from the US Navy?

- As leaders announced on 14 March, starting in the early 2030s, pending Congressional approval, the United States intends to sell Australia three Virginia class submarines, with the potential to sell up to two more if needed.

Will they be old submarines? Newly-built submarines? Or a mix of both?

- Australia will acquire three Virginia class submarines from the US, subject to Congress approval, with the potential for up to two more if needed.
• The Virginia class will be a mix of in-service vessels and new construction vessels.

• If pressed on the mix
  o The legislative proposal submitted by the Administration to Congress would authorise the transfer of up to two in-service Virginias to Australia.
  o The third submarine would be sold off the production line, using the standard foreign military sales case process (and therefore does not require explicit Congressional ship transfer approval).
  o As announced, Australia also has the option to purchase an additional two Virginia class submarines off the production line if required.
• In all scenarios the submarines will have the highest standards of quality and safety.
  o Virginia Class submarines are a world leading capability.

How much will Australia pay? And how much will it subsidise the upgrade of US shipyards?

• We will not confirm the full overseas investment due to commercial in confidence sensitivities, noting some elements are still subject to negotiation.
• But I will say the Australian Government has committed to a fair and proportionate investment in the US industrial base to secure early delivery of Virginias for Australia – critical to mitigate a capability gap.
• Australia’s investment will expand the US industrial base to increase submarine maintenance and production capacity.
• In the short term, the investment will secure early delivery of Virginias for Australia and mitigate a capability gap.
• In the longer-term, these activities will significantly bolster industrial capacity and resilience for all AUKUS partners – getting more AUKUS submarines in the water quicker.
• Australia is also investing significantly in our domestic industrial capacity, workforce and infrastructure, approximately $30 billion to 2055.
• This will deliver a major boost to Australian industry, jobs, infrastructure and capability to keep our nation safe.
• If pressed on the funding:
  o We expect the funding will potentially be used for:
    ▪ Enhancements of deep and intermediate-level maintenance facilities to mitigate the force structure reduction from transferring Virginia class submarines to Australia.
    ▪ Pre-purchasing submarine components and materials, so they are on hand at the start of the maintenance period – saving time.
    ▪ Outsourcing less complex sustainment and expanding planning efforts for private sector overhauls to reduce backlog.
    ▪ Increasing the Virginia class production rate to replace the transfers to Australia and build additional submarines Australia can buy off the line.
Addressing the need to support technology transfer and design for SSN-AUKUS.

Increasing workforce capacity – which will benefit all AUKUS partners.

Can the US meet its own submarine needs as well as those of Australia?

- The United States’ commitment to sell Virginia class submarines to Australia is significant.
  - The transfer of in-service Virginias to Australia will impact the US industrial base and force structure.
  - Our investment will ensure the US can accommodate this critical phase of the optimal pathway.
    - Virginia class submarines are a critical phase of the optimal pathway and will ensure Australia has no capability gap.
    - It will bolster the US maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.
    - This will help get boats into the water faster for all AUKUS partners.

Will the project make any difference in deterring China?

- As leaders’ announced, the pathway will expand our individual and collective undersea presence in the Indo-Pacific and contribute to global security and stability in the region.
- It will ensure there is no capability gap for Australia and we will have an operational nuclear powered submarine capability in the 2030s.
- This means all the AUKUS partners will be operating SSNs in the 2030s, which is strategically significant.
- The pathway will also elevate all three nations' industrial capacity to produce and sustain advanced and interoperable nuclear-powered submarines for decades to come.

What are the risks versus the benefits of giving Australia such immensely secret nuclear and submarine technology?

- As leaders said at the time of the announcement, for more than a century, our three nations have stood shoulder to shoulder to help sustain peace, stability, and prosperity around the world, and the steps of the optimal pathway will help us to advance these mutually beneficial objectives in the decades to come.
  - Australia is fully committed to protecting US technology.
I cleared this yesterday so all good

Thanks

Sent from my iPhone

On 30 May 2023, at 8:20 am, @defence.gov.au> wrote:

OFFICIAL

Thanks Miki, updated and seeking FAS IP&A clearance per the below:

Congress (including response to the US Congressional Research Service Report)
1. Congress is an important part of the partnership as we work together with the Administration to ensure we have the necessary frameworks to enable AUKUS cooperation.
   1. The entire US system has moved quickly to begin implementing AUKUS.
   2. The speed at which this is happening highlights the US’ strong commitment to the AUKUS endeavour.
2. The Congressional Research Service is a non-partisan shared staff to congressional committees and Congress members.
   1. It is a research and analysis service that delivers reports that examines issues from a variety of perspectives and reports on all sides of an issue.
   2. It does not necessarily reflect the views of the Administration nor Congressional members.
   3. As its own disclaimer state, CRS reports should not be replied upon for purposes other than public understanding of information.
3. As per the 14 March leaders announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).
   1. We are working with Congress on this and in ensuring seamless implementation of the pathway.
4. The Administration has submitted three draft legislative proposals for AUKUS Submarines to Congress, including:

   1. ship transfer legislation which will enable the transfer of in service Virginias to Australia – critical to mitigate a capability gap;

   2. a proposal to establish a mechanism for Australia’s fair and proportionate investment in the US industrial base, per the Australian Government’s commitment – which will help to expand the US industrial base to increase submarine maintenance and production capacity to meet the needs of the pathway; and

   3. draft legislation to enable training of Australian contractors under the foreign military sales program – enabling Australia to grow the sovereign industrial base workforce at the pace we need to become sovereign ready.

5. If pressed on numbers of submarines to be transferred/mix:

   1. The legislative proposal submitted by the Administration would authorise the transfer of up to two in-service Virginias to Australia.

      1. The third submarine would be sold off the production line, using the standard foreign military sales case process (and therefore does not require explicit Congressional ship transfer approval).

      2. As announced, Australia also has the option to purchase an additional two Virginia class submarines if required.

   2. In all scenarios the submarines Australia will acquire from the United States will have the highest standards of quality and safety.

      1. Virginia Class submarines are a world leading capability.

6. Recognise US Congress will want to be kept abreast of progress in implementing the pathway, just as the Australian Parliament and Australian people would expect.

   1. We continue to work with Congress on the best means and approaches to do this, including new robust trilateral governance mechanisms now the consultation period has concluded.
OFFICIAL

Thanks – a few suggestions below.

M

Mikaela James

P: 
M: 

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Hi Miki

For clearance, and I will add to PDMS:

**Congress (including response to the US Congressional Research Service Report)**

8. Congress is an important part of the partnership as we work together with the Administration to ensure we have the necessary frameworks to enable AUKUS cooperation.

   1. The entire US system has moved quickly to begin implementing AUKUS.
   2. The speed at which this is happening highlights the US’ strong commitment to the AUKUS endeavour.

9. The Congressional Research Service is a non-partisan shared staff to congressional committees and Congress members.

   1. It is a research and analysis service that delivers reports that examines issues from a variety of perspectives and reports on all sides of an issue.
   2. It does not necessarily reflect the views of the Administration nor Congressional members.
   3. As its own disclaimer state, CRS reports should not be relied upon for purposes other than public understanding of information.

10. As per the 14 March leaders announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).

   1. We are working with Congress on this and in ensuring seamless implementation of the pathway.

11. The Administration has submitted three draft legislative proposals for AUKUS Submarines to Congress, including:

   1. ship transfer legislation which will enable the transfer of in service Virginias to Australia – critical to mitigate a capability gap;
   2. a proposal to establish a mechanism for Australia’s fair and proportionate investment in the US industrial base, per the Australian Government’s commitment – which will help to expand the US industrial base to increase submarine maintenance and production capacity to meet the needs of the pathway; and
   3. draft legislation to enable training of Australian contractors under the foreign military sales program – enabling Australia to grow the sovereign industrial base workforce at the pace we need to become sovereign ready.
12. If pressed on numbers of submarines to be transferred/mix:

1. The legislative proposal submitted by the Administration would authorise the transfer of up to two in-service Virginias to Australia:
   1. The third submarine would be sold off the production line, using the standard foreign military sales case process (and therefore does not require explicit Congressional ship transfer approval).
   2. As announced, Australia also has the option to purchase an additional two Virginia class submarines if required.

2. In all scenarios the submarines Australia will acquire from the United States will have the highest standards of quality and safety:
   1. Virginia Class submarines are a world leading capability

13. Recognise US Congress will want to be kept abreast of progress in implementing the pathway, just as the Australian Parliament and Australian people would expect.

1. We continue to work with Congress on the best means and approaches to do this, including new robust trilateral governance mechanisms now the consultation period has concluded.

Thanks
547E(d)

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you have received this email in error, you are requested to contact the sender and delete the email immediately.

On 30 May 2023, at 7:42 am, s47E(d)@defence.gov.au wrote:

OFFICIAL

ALCON, I have had an advance warning on the below tasking heading to us.

Can we please have an overall update to the brief, including a response to the US congressional Research Service report (AUKUS US-Australia nuclear submarine deal in chaos | The Advertiser (adelaidenow.com.au) and s22

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s22
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One for tomorrow but so I don’t forget.

It would be good to ensure we have TPs for each of the questions in the crs report (list captured on last page of this brief). M

Sent from my iPhone

Begin forwarded message:

From: "James, Mikaela MS" <mikaela.james@defence.gov.au>
Date: 30 May 2023 at 7:51:57 am AEST
To: @defence.gov.au>, s47E(d)
Subject: Fwd: Additional brief on CRS Report

- not sure who is on duty but here are the TPs for the qb on the crs report.

Sent from my iPhone

Begin forwarded message:

From: "James, Mikaela MS" <mikaela.james@defence.gov.au>
Date: 29 May 2023 at 8:28:09 pm AEST
To: "Mead, Jonathan VADM" <jonathan.mead@defence.gov.au>, "Craig, Leisa MRS" <leisa.craig@defence.gov.au>, "Lees, Megan MS" <megan.lees@defence.gov.au>, "Mansell, Todd DR" <todd.mansell@defence.gov.au>, "Miller, Michele MS 2" <michele.miller2@defence.gov.au>, "Petchell, Alison MS" <alison.petchell@defence.gov.au>
Cc: "Kelton, Alexandra MS" <alexandra.kelton@defence.gov.au>, "Buckley, Matthew RADM" <matthew.buckley@defence.gov.au>, 44" s47E(d) @defence.gov.au>, s47E(d)
Subject: Additional brief on CRS Report

All,
Further to Alex’s email, please see attached an estimates brief on the CRS report. The News.com.au article and relevant section of the report are included.

Sent from my iPhone
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IMPORTANT: This email remains the property of the Department of Defence. Unauthorised communication and dealing with the information in the email may be a serious criminal offence. If you have received this email in error, you are requested to contact the sender and delete the email immediately.

From: @defence.gov.au
Sent: Friday, 14 July 2023 6:00 PM
To: @dfat.gov.au, @defence.gov.au
Cc: Kelton, Alexandra MS <alexandra.kelton@defence.gov.au>; Blix, Sophia MS <sophia.blix@defence.gov.au>
Subject: Contingency TPs: Anti-AUKUS op-ed [SEC- OFFICIAL Sensitive]

---OFFICIAL- Sensitive---

Evening

s22

we’ve prepped the below contingency TPs, based on existing content in response to the Congressional Research Service Report in May

Welcome any views/additions, in case this comes out over the weekend.

s22
OFFICIAL

Thanks [REDACTED], no concerns or edits from me for the proposed response.

We could add in if you wanted at the end that:

- As a co-equal branch of the US government, Congress has a critical role in enabling the AUKUS cooperation.
  - Appreciate bipartisan Congressional support for AUKUS to date.

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OFFICIAL

Hi Phoebe and [REDACTED], appreciate your urgent review of draft response for [REDACTED] query to DPMO. I don’t think we need to comment on hypotheticals or proposals in CRS report and have utilised our existing Congress TPs.

Regards

Questions from [REDACTED] – [REDACTED]

The US Congressional Research Service has done a fresh report on Virginia class, this time looking at AUKUS impact on US availability.


A couple of elements I want to get a response on this arvo please.
1) The report warns that if the Virginias transferred to Australia are not replaced, that will leave the US fleet 30 per cent short of its target for the number of submarines. Is the Govt concerned that such a stark assessment might influence US congress deliberations and jeopardise our ability to secure Viriginias?

2) the report also floats as an option a "division of labour" where the RAN doesn't get nuclear-powered submarines and essentially relies on the US to conduct undersea missions on our behalf. That frees up Australian defence funds for other military capabilities. What does MinDef think of that idea? Is it something he repudiates?

**Draft Response – Attributable to a Spokesperson**

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- Congress is an important part of our partnership with the United States.

- Australia is working with the Biden Administration to ensure we have the necessary frameworks in place to enable cooperation through AUKUS to progress.

- The United States’ commitment to sell Virginia class submarines to Australia is significant.

- Our investment into the US industrial base will ensure the United States can accommodate this critical phase of the Pathway.
  - It will bolster the United States maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.
  - This will help get boats into the water faster for both Australia and the United States.

- Australia is also investing significantly in our domestic industrial capacity, workforce and infrastructure, approximately $30 billion to 2055.

- We appreciate the United States’ commitment to ensuring Australia has the capability we need to respond to the challenges of our strategic environment.

- We will engage closely with Congress as they continue deliberations over legislation related to AUKUS.

**Background**

**Key Quotes on US Congress**

**Deputy Prime Minister – Interview ABC AM (28 July 2023)**

"Look, we're confident about the processes that are underway in the US. I mean, obviously, Congress can be a complicated place as legislation makes its way through it, but actually, we're encouraged by how quickly it is going through it and we are expecting that there will be lots of discussions on the way through. But fundamentally, we have reached an agreement with the Biden Administration about how Australia acquires the nuclear-powered submarine capability and we're proceeding along that path with pace."

**Ambassador Rudd – Interview, RN Breakfast, ABC (10 August 2023)**

"In the four months that I've been in Washington as ambassador, I have spent a lot of time with both Republicans and Democrats as either chairs or ranking members of the Senate and House Committees, Foreign Relations Committee, the Foreign Affairs Committee and the Armed Services Committees and others. And so what's fairly plain is that whenever a significant piece of legislation goes through the Congress, once the administration has presented its draft, it is normal and natural for individual committees to have their say and to reflect their views. It becomes part of a complex negotiating process in and between the
committees and between the committees and the administration. But based on every assurance that I've received so far from senior Republicans and senior Democrats, Australia's core interests in terms of ship transfer legislation, core interests in terms of the future technology transfer between the two countries will be supported by sufficient numbers both within the House and the Senate to secure passage. It won't be an even process. Making legislation in the United States is about as tidy as making sausages. That is never a process to be observed too closely. But then again, our own democracy functions, often on similar lines. So, let's just sit back and allow the US political process to go through its various stages through until the end of this year."

**US Secretary of State – AUSMIN Press Conference, 29 July 2023**

"Could I just reaffirm that confidence because I think it is important to note this is a process, congress has a vital role to play in that process and we're working through the details, but there is robust bipartisan support and a commitment to move forward."

**Sen Wicker – The Australian - ‘Double the subs or we’ll sink AUKUS’, Adam Creighton 29 July 2023**

Senator Wicker told The Australian last week he expected the submarine approval, which has become a bargaining tool for Republicans in the context of a broader fight over defence spending, to be granted "by the end of the year". The group stressed their support for the "vitally important" AUKUS agreement, but expressed concern the agreement risked undermining the US fleet of attack submarines, which had fallen short of the military's desired requirement of 66.

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**From:** $47F @defence.gov.au

**Sent:** Monday, 21 August 2023 2:33 PM

**To:** $47E(d) @defence.gov.au; Craig, Leisa MRS <leisa.craig@defence.gov.au>; $47E(d) @defence.gov.au

**Cc:** $47F @defence.gov.au; $47F @defence.gov.au; $47F @defence.gov.au;

**Subject:** Fw: US Congressional report on submarines

Hello,

Please see below from $47F .

Would be keen for a proposed response, if possible?

Thanks

$47F

---

**From:** $47F @afr.com

**Sent:** Monday, 21 August 2023 2:09:08 PM

**To:** $47F

**Subject:** US Congressional report on submarines

⚠️ **EXTERNAL EMAIL:** Do not click any links or open any attachments unless you trust the sender and know the content is safe. ⚠️

Hello,

The US Congressional Research Service has done a fresh report on Virginia class, this time looking at AUKUS impact on US availability.
A couple of elements I want to get a response on this arvo please.

1) The report warns that if the Virginias transferred to Australia are not replaced, that will leave the US fleet 30 per cent short of its target for the number of submarines. Is the Govt concerned that such a stark assessment might influence US congress deliberations and jeopardise our ability to secure Virginias?

2) the report also floats as an option a "division of labour" where the RAN doesn't get nuclear-powered submarines and essentially relies on the US to conduct undersea missions on our behalf. That frees up Australian defence funds for other military capabilities. What does MinDef think of that idea? Is it something he repudiates?

Thanks

--

Foreign Affairs and Defence Correspondent
P: 47F
M: 47F
Twitter: 47F
T: 47F

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Thanks looks good

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Alex, thanks for your time on the phone. Revised lines following discussion:

- As the Deputy Prime Minister said, “…our submarines are easily the most important platform that we operate.” (Statement, 18 August 2023)

- All AUKUS partners remain committed to delivering a conventionally-armed nuclear-powered submarine capability for Australia, and the Pathway to achieving it as announced on 14 March 2023.

- Congress is an important part of our partnership with the United States, and we will engage closely with Congress as they continue deliberations over legislation related to AUKUS.

Background

- Our investment into the US industrial base will ensure the United States can accommodate this critical phase of the Pathway.

  - It will bolster the United States maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.
  - This will help get boats into the water faster for both Australia and the United States.
Hi Phoebe and [REDACTED] appreciate your urgent review of draft response for [REDACTED] query to DPMO. I don’t think we need to comment on hypotheticals or proposals in CRS report and have utilised our existing Congress TPs.

Regards

[REDACTED]

Questions from [REDACTED]

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Draft Response – Attributable to a Spokesperson

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- Congress is an important part of our partnership with the United States.

- Australia is working with the Biden Administration to ensure we have the necessary frameworks in place to enable cooperation through AUKUS to progress.

- The United States’ commitment to sell Virginia class submarines to Australia is significant.

- Our investment into the US industrial base will ensure the United States can accommodate this critical phase of the Pathway.
- It will bolster the United States maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.

- This will help get boats into the water faster for both Australia and the United States.

- Australia is also investing significantly in our domestic industrial capacity, workforce and infrastructure, approximately $30 billion to 2055.

- We appreciate the United States’ commitment to ensuring Australia has the capability we need to respond to the challenges of our strategic environment.

- We will engage closely with Congress as they continue deliberations over legislation related to AUKUS.

**Background**

**Key Quotes on US Congress**

**Deputy Prime Minister** – *Interview ABC AM (28 July 2023)*

"Look, we're confident about the processes that are underway in the US. I mean, obviously, Congress can be a complicated place as legislation makes its way through it, but actually, we're encouraged by how quickly it is going through it and we are expecting that there will be lots of discussions on the way through. But fundamentally, we have reached an agreement with the Biden Administration about how Australia acquires the nuclear-powered submarine capability and we're proceeding along that path with pace."

**Ambassador Rudd** – *Interview, RN Breakfast, ABC (10 August 2023)*

"In the four months that I've been in Washington as ambassador, I have spent a lot of time with both Republicans and Democrats as either chairs or ranking members of the Senate and House Committees, Foreign Relations Committee, the Foreign Affairs Committee and the Armed Services Committees and others. And so what's fairly plain is that whenever a significant piece of legislation goes through the Congress, once the administration has presented its draft, it is normal and natural for individual committees to have their say and to reflect their views. It becomes part of a complex negotiating process in and between the committees and between the committees and the administration. But based on every assurance that I've received so far from senior Republicans and senior Democrats, Australia's core interests in terms of ship transfer legislation, core interests in terms of the future technology transfer between the two countries will be supported by sufficient numbers both within the House and the Senate to secure passage. It won't be an even process. Making legislation in the United States is about as tidy as making sausages. That is never a process to be observed too closely. But then again, our own democracy functions, often on similar lines. So, let's just sit back and allow the US political process to go through its various stages through until the end of this year."

**US Secretary of State** – *AUSMIN Press Conference, 29 July 2023*

"Could I just reaffirm that confidence because I think it is important to note this is a process, congress has a vital role to play in that process and we're working through the details, but there is robust bipartisan support and a commitment to move forward."

**Sen Wicker** – *The Australian* - 'Double the subs or we’ll sink AUKUS', Adam Creighton 29 July 2023

Senator Wicker told The Australian last week he expected the submarine approval, which has become a bargaining tool for Republicans in the context of a broader fight over defence spending, to be granted "by the end of the year". The group stressed their support for the "vitally important" AUKUS agreement, but expressed concern the agreement risked undermining the US fleet of attack submarines, which had fallen short of the military's desired requirement of 66.

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Thanks
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Good afternoon all

Thanks for your support to date $22
We’ve consulted this across your teams already, with thanks, and have added sections to address the updated Congressional Research Service report released on 15 Aug.

We will be putting this to Alex K for clearance tomorrow afternoon. Grateful for any red lines by 1400 tomorrow, Wed 23 Aug. A final version of the TPs will be distributed once cleared.

Kind regards

Phoebe

Phoebe Greentree
Assistant Director-General
International and Strategic Policy
Policy, Strategy & Engagement Division
Australian Submarine Agency

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RESPONSES TO THE CONGRESSIONAL RESEARCH SERVICE REPORT – 15 August 2023

If asked: Does a decision on whether to provide authority for selling Virginia-class boats to Australia need to be made by Congress in 2023, or could it be deferred until 2024 or later?

- As per the AUKUS Leaders announcement on 13 March in San Diego, we understand Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).

- We are keen to work with you [Congress] to ensure seamless implementation of the pathway.
  - This includes ship transfer legislation to enable the transfer of in service Virginias to Australia, which is critical to mitigate a capability gap.

- Australia is keen to see passage of AUKUS legislation through Congress by the end of this year.

- Passing legislation this year will send a strong deterrent message, and also enable critical activities to proceed over the next 12 months, such as:
  - Streamlining processes for Australian contractors to embed in US shipyards, to help us build our industrial workforce.
  - Australia investing in the US industrial base, so we can start to help relieve pressures across your industrial base as soon as possible.
  - Conducting the first US submarine tender-supported maintenance period, in Western Australia in the second half of 2024, which will build Australian capability in the lead up to SRF-West.
  - Allow Australia to make the necessary investments to become sovereign ready, and mitigate a capability gap.

- If pressed on timing for the transfer:
  - On current planning, and subject to timely passage of legislation, the boats would transfer to Australia from the early 2030s.

If asked: Should an authorization for transferring Virginia-class boats to Australia, if one were to be provided, be for up to two Virginia-class SSNs, as requested, or for some other number, such as up to three, up to five, or three to five?

- We understand legislation is needed to authorise the transfer of two in-service Virginias to Australia.
  - We expect the third submarine would be sold off the production line, using the standard processes (and therefore does not require explicit Congressional ship transfer approval).

- As announced, Australia expects to have the option to purchase an additional two Virginia class submarines off the production line if required.
If asked: Does Congress have sufficient information on the specific elements of the proposed AUKUS SSN pathway to adequately assess the merits of selling Virginia-class boats to Australia? Is the executive branch being adequately forthcoming in providing Congress with such information?

- The AUKUS pathway is designed in phases, based on mutual commitments from each nation, to deliver nuclear-powered submarines to Australia at the earliest possible date.

- The pathway has already begun, with the first visit of the US SSN to Australia since the announcement occurring in early August [USS North Carolina, Western Australia, 4 to 8 August], with more visits to come.
  - The United Kingdom will increase visits to Australia beginning in 2026.

- The pathway is designed to support Australia’s development of the infrastructure, technical capabilities, industry and human capital necessary to produce, maintain, operate, and steward a sovereign fleet of conventionally-armed, nuclear-powered submarines.

- The pathway for Australia’s acquisition of conventionally-armed, nuclear-powered submarines is squarely in all our interests. It will:
  - Enable more allied countries to operate SSNs in the Indo-Pacific – complicating adversary planning during the decisive decade of the 2030s.
    - With three allied countries operating their own sovereign nuclear-powered submarine capabilities, it changes the calculus for adversaries’ military planning.
  - Enhance allied submarine construction and industrial capacity by delivering a fourth allied submarine construction yard – showing our collective resolve to stay at the leading technology edge for decades to come and over time, realise more allied boats in the water faster.
  - Provide an additional allied maintenance facility in close proximity to key areas of operations at HMAS Stirling on Australia’s west coast.
  - Create stronger and more resilient AUKUS supply chains.
  - Bolster our contribution to deterrence and help avert conflict.

- As a co-equal branch of the US government, Congress has a critical role in enabling the AUKUS cooperation.

- AUKUS submarine legislative proposals are critical to key AUKUS outcomes.

- Welcome Congress’ consideration of legislative proposals to enable early steps for AUKUS pathway implementation.
  - Appreciate bipartisan Congressional support for AUKUS to date.

- We acknowledge the continuing US legislative process to debate and implement these proposals.
  - Look forward to continuing to work with Congress to ensure the legislation is as fit for purpose as possible, and best aligns with both nations’ interests.
If asked: When, exactly, would Virginia-class SSNs sold to Australia be removed from U.S. Navy service (or delivered directly from the U.S. production line) and transferred to Australia?

- As leaders announced, the transfers are proposed to occur from the early 2030s, pending Congressional approval.
  - Specific timing would be negotiated as part of the procurement process.

If asked: Which Virginia-class boats, specifically, would be sold to Australia—would they be existing Virginia-class boats with less than 33 years of remaining expected service life, or newly built Virginia-class SSNs with full 33-year expected service lives, or some combination?

- The Virginia class submarines Australia acquires would be a mix of in-service vessels and new construction vessels.
  - The exact vessels to be transferred, subject to passage of legislation through Congress, are yet to be determined.
- In all scenarios, the submarines will have the highest standards of quality and safety.
  - Virginia Class submarines are a world-leading capability.
  - The transfers and sale will ensure Australia has no capability gap as we look to transition away from diesel-powered Collins class submarines.

If asked: How much would Australia pay for each Virginia-class boat that it would purchase?

Adjusted for their remaining expected service lives, how would those sale prices compare to the $4.3 billion procurement cost of a new VPM-equipped Virginia-class boat with a full 33-year service life?

- We cannot confirm the full overseas investment due to commercial in confidence sensitivities, noting some elements are still subject to negotiation.
- In terms of investment into the US submarine industrial base, the Australian Government has committed to a fair and proportionate investment to expand the US industrial base to increase submarine maintenance and production capacity.
  - This will help to mitigate impacts of the transfers of in-service vessels to Australia, and secure delivery of Virginia class submarines to Australia – critical to mitigate a capability gap.
  - If pressed: The Australian Government has committed to invest up to $3 billion (USD) in the US submarine industrial base.
- In the short term, the investment will help to boost US industrial capacity, giving confidence to the US’ ability to deliver Virginia class submarines to Australia with minimal impact.
- In the longer-term, these activities will significantly bolster industrial capacity and resilience for all AUKUS partners – getting more AUKUS submarines in the water quicker.
If asked: How much additional funding would Australia provide as “a proportionate financial investment” for the U.S. submarine construction industrial base?

- The Australian Government has committed to a fair and proportionate investment in the US industrial base to increase submarine maintenance and production capacity.
  - This will help to mitigate impacts of the transfers of in-service vessels to Australia, and secure delivery of Virginia class submarines to Australia – critical to mitigate a capability gap.

If asked: Will the U.S. submarine construction base be able to build, in the 2030s, new SSNs for the U.S. Navy to replace Virginia-class boats sold to Australia (and in addition to SSNs already envisaged for U.S. Navy use prior to the AUKUS announcement?)

- The United States’ commitment to sell Virginia class submarines to Australia is significant.
  - We acknowledge the transfer of in-service Virginias to Australia will impact the US industrial base and force structure.
  - Our investment will ensure the US can accommodate this critical phase of the optimal pathway.
    - It will bolster the US maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.
    - This will help get boats into the water faster for all AUKUS partners.

If asked: What would be the impact of a three- to five-boat reduction in the size of the U.S. SSN force on the ability of the U.S. SSN force to perform day-to-day and wartime missions?

Particularly noting U.S. Navy’s 66-boat SSN force-level goal, and if the boats sold to Australia were not quickly replaced through the construction of additional Virginia-class boats for U.S. Navy?

- The United States’ commitment to sell Virginia class submarines to Australia is significant.
  - We acknowledge the transfer of in-service Virginias to Australia will impact the US industrial base and force structure.
  - Our investment will ensure the US can accommodate this critical phase of the optimal pathway.

- The AUKUS pathway will enable more allied countries to operate SSNs in the Indo-Pacific in the 2030s – which we expect to be a strategically significant decade.
  - With three allied countries operating their own sovereign nuclear-powered submarine capabilities, it changes the calculus for adversaries’ military planning.

- It is in all our interests to have more allied submarines in the water over the next decade.
If asked: What would be the net impact on collective allied deterrence and warfighting capabilities of selling three to five Virginia-class boats to Australia, while pursuing the construction of three to five replacement SSNs for the U.S. Navy?

What would be the deterrent impact of Australia being a second allied operator of multiple SSNs (with the United States) in the Indo-Pacific region?

How would Australia’s use of the three to five Virginia-class boats compare to how they would be used if retained in U.S. Navy service?

- As AUKUS Leaders’ announced, the pathway will expand our individual and collective undersea presence in the Indo-Pacific and contribute to global security and stability in the region.

- It will ensure there is no capability gap for Australia and we will have an operational nuclear-powered submarine capability in the 2030s.

- This means all the AUKUS partners will be operating SSNs in the 2030s.
  - More boats in the water will preserve a favourable balance of forces in the Indo-Pacific, and underpin a powerful conventional deterrent against adversaries who would attempt to forcibly alter the regional order.

- More than just the number of boats, AUKUS cooperation will give us an ‘asymmetric advantage’, with our three countries cooperating closely on sensitive capabilities.

- The pathway will also elevate all three nations’ industrial capacity to produce and sustain advanced and interoperable nuclear-powered submarines for decades to come.

If asked: How will the costs for Australia’s acquisition, operation and support for the Virginia-class boats have on Australia’s ability to fund other military capabilities, including those that could contribute to collective allied deterrence and warfighting capability?

- In late April, the Australian Government released its response to the Defence Strategic Review, which sets out a blueprint for Australia’s strategic policy, defence planning and resourcing over the coming decades.

- Australia will invest in capabilities that are relevant to the risks we face, including enhanced long-range capabilities across all domains.

- The Government has directed that Defence must have the capacity to:
  - defend Australia and our immediate region;
  - deter through denial any adversary’s attempt to project power against Australia through our northern approaches;
  - protect Australia’s economic connection to our region and the world;
  - contribute with our partners to the collective security of the Indo-Pacific; and
- contribute with our partners to the maintenance of the global rules-based order.

- The Government has also made decisions on immediate six priority areas for action, including:
  - investing in conventionally-armed, nuclear-powered submarines through the AUKUS partnership;
  - developing the ADF’s ability to precisely strike targets at longer range and manufacture munitions in Australia;
  - improving the ADF’s ability to operate from Australia’s northern bases;
  - lifting our capacity to rapidly translate disruptive new technologies into ADF capability, including through AUKUS, in close partnership with Australian industry;
  - investing in the growth and retention of a highly-skilled defence workforce; and
  - deepening our diplomatic and defence partnerships with key partners in the Indo-Pacific.

If asked: What are the benefits and risks of transferring U.S. submarine technology and naval nuclear propulsion technology to Australia for a project that reportedly envisions building as few as three to five AUKUS SSNs?

- As Leaders said at the time of the announcement, for more than a century, our three nations have stood shoulder to shoulder to help sustain peace, stability, and prosperity around the world.

- The steps of the optimal pathway will help us to advance these mutually beneficial objectives in the decades to come.
  - Australia is fully committed to protecting US technology.

If asked: How should the assessment to authorise the sale of Virginia-class boats to Australia take into account considerations of: U.S. relations and nuclear cooperation with Australia and the UK; U.S. relations with other countries in the Indo-Pacific region; and the overall political and security situation in the Indo-Pacific region?

- The Indo-Pacific is being reshaped and our strategic environment is becoming more challenging.
  - Competition is increasing economically, militarily, strategically and diplomatically, alongside a contest of values and narratives.
  - A large-scale military build-up is occurring without transparency or strategic reassurance.
  - Rising tensions and reduced warning times are contributing to the risk of military escalation or miscalculation.

- AUKUS is critical to strengthening our ability to protect our interests, individually and collectively with key partners.
- Australia sees enhanced defence capabilities as essential for lowering the risk of conflict in our region, as well as contributing to collective security.

- These enhanced defence capabilities make Australia a more capable security partner, better able to support the rules-based order and respond to our strategic environment.

- The AUKUS pathway will expand our individual and collective undersea presence in the Indo-Pacific and contribute to global security and stability in the region.

- It will ensure there is no capability gap for Australia and we will have an operational nuclear-powered submarine capability in the 2030s.

- This means all the AUKUS partners will be operating SSNs in the 2030s.

- More boats in the water will preserve a favourable balance of forces in the Indo-Pacific, and underpin a powerful conventional deterrent against adversaries who would attempt to forcibly alter the regional order.

- The pathway will also elevate all three nations' industrial capacity to produce and sustain advanced and interoperable nuclear-powered submarines for decades to come.
On the two suggestions in your CRS read-out, the submarine industrial base lines (what AUS contribution could contribute to) are based on the Administration’s covering text from their original proposals on 2 May. Suggest finding/directing O’Rourke to those if publicly accessible.

Cheers

Assistant Director International Engagement
Policy, Strategy and Engagement Division
Australian Submarine Agency

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On 24 Aug 2023, at 7:01 pm, @defence.gov.au wrote:

Hi [PROTECTED] and team

Please see attached the Congress narrative cleared by Alex Kelton, after consultation with B1-reps in IP DIV, DIP DIV, AUKUS AdCap, PM&C and DFAT.

3. Answers to the CRS report updated to address questions from the 15 August version

There were no changes to the priority outcomes document I sent through last week.

Please let me know if any questions!

[PROTECTED]

Assistant Director International Engagement
Policy, Strategy and Engagement Division
Australian Submarine Agency

@defence.gov.au
I am sending this email from the land of the Ngunnawal and Ngambri people, and acknowledge the Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the lands and waters of Australia and pays respect to Elders, past, present and emerging. I also acknowledge the service of Aboriginal and Torres Strait Islander people, who have contributed to the defence of Australia in times of peace and war.

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<AUKUS Submarines - Congress key messages - HPSE cleared - foruse.docx>
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- It is a research and analysis service that prepares reports examining issues from a variety of perspectives.

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As per the 14 March Leaders announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).

- We are working with Congress on this and in ensuring seamless implementation of the pathway.

- This includes ship transfer legislation, which will enable the transfer of in-service Virginias to Australia.
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<tr>
<th>Prepared by:</th>
<th>Cleared by Division Head: Alexandra Kelton, FADG, Policy Strategy &amp; Engagement</th>
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<tbody>
<tr>
<td>Name, Position, Branch</td>
<td>Name: Alexandra Kelton</td>
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<tr>
<td>Mob: XXXX XXX XXX Ph: XX XXXX XXXX</td>
<td>Position: FADG</td>
</tr>
<tr>
<td>Date: D Month YYYY</td>
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* This should be confirmed by the appropriate authority.
Alex

For awareness – I haven’t read the updated report yet, but key points offered by Post below.

Phoebe

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Dear all

The Congressional Research Service has updated its Virginia Class Submarine report. The new report (5 Sep) can be found: https://crsreports.congress.gov/product/pdf/RL/RL32418

I’m going through the two copies now but wanted to flag that the update had occurred. I can provide a more detailed breakdown tomorrow if desired but some quick initial points:

- The summary section upfront is unchanged.
- The key updates appear to be in the “Issues for Congress” section.
- In the updated version, the “Issues for Congress” have been split into the two elements: the proposed sale of VCSs to Australia; and the proposed transfer of naval nuclear propulsion technology (NNPT) to Australia.
  - These issues may have been split into two elements because the report put forward two alternative options to the Optimal Pathway. One in which US transfers NNPT to Australia so that Australia can construct three-to-five SSN AUKUS Submarines, but does not transfer VCSs. The other option is transferring neither VCSs or NNPT.
  - These two elements have a more fleshed out “arguments from supporters” and “arguments from sceptics” than previous version. An example of a new sceptic argument, the report questions whether Australia building three to five SSNs is worth the risk of transferring NNPT to Australia (p.23)
Phoebe, team,

has undertaken a comparison of the recent CRS report and the July CRS report. Please see below for his findings.
Thanks,

§47E(d)

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From: §47E(d)@defence.gov.au
Sent: Monday, 21 August 2023 6:26 PM
To: §47E(d)@defence.gov.au
Cc: §47E(d)@defence.gov.au;
§47E(d)@defence.gov.au
Subject: CRS Report [SEC=OFFICIAL]

OFFICIAL

Hi §47E(d) – I’ve gone through the updated CRS Report and compared to the last version of 6 July. Write up below. Happy to expand further.

Kind regards

§47E(d)

- Attached AFR Article of 21 August reports on a Congressional Research Service (CRS) Report “released last week”, “the first examination by the CRS of the impact of the proposed AUKUS sale on the US submarine fleet and production.”
- The report in question, “Navy Virginia (SSN-774) Class Attack Submarine Procurement: Background and Issues for Congress” (the VCS Report), is an iterative report that is continuously updated by the CRS, going back to at least July 2022.
- The VCS Report’s latest version was released 15 August, an update to the 6 July version.
- The latest VCS Report version includes:
  - An additional paragraph on AUKUS’ impact of the size of the US SSN force.
  - An additional table that summarises alternatives to optimal pathway (these alternatives were in the previous version, this just adds a summary table).
  - The overview of factors/questions for Congress to consider has been expanded upon, although is broadly still the same factors/questions.
  - The section on the impact of AUKUS on US deterrence and warfighting capability has included an additional paragraph on from point of view of AUKUS sceptics – that Australia’s money could be spent better on other military capabilities rather than VCSs.
  - The section on Industrial Base Capacity, Technical Risk, and Cost Effectiveness includes an addition paragraph from AUKUS supporters point of view (Australia can protect SSN technology) and one from sceptics (Australia gaining SSN tech provides another entry point for adversaries, regardless of the strength of Australia’s protective security regime).
- The rest of the updates to the VCS Report provide additional background, mostly around AUKUS and VCS legislative activity from the Senate.
Impact of Suze of U.S. SSN Force

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<td>&quot;Under the Navy’s FY2024 30-year (FY2024-FY2053) shipbuilding plan, the Navy’s SSN force—without the sale of any Virginia-class boats to Australia—is projected to include 50 SSNs in FY2035 and either 55, 57, or 60 SSNs in FY2045. The FY2035 figure of 50 SSNs represents a shortfall of about 24% relative to the Navy’s SSN force-level goal of 66 boats, while the FY2045 figures of 55, 57, and 60 boats represent shortfalls of about 17%, 14%, and 9%, respectively, relative to the Navy’s SSN force-level goal of 66 boats. Selling three Virginia-class boats to Australia by FY2035, and not replacing them through the construction of additional Virginia-class boats by FY2035, would reduce the projected number of SSNs in FY2035 to 47 boats, which would increase the percentage shortfall in the number of&quot;</td>
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Potential Alternative of a U.S-Australian Division of Labor

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<td>Table 3: Proposed AUKUS SSN Pathway and Potential Alternative</td>
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<tr>
<td>Table 3 is a summary of the options provided under “Potential Alternative of a U.S-Australian Division of Labor”, which was in 15 July version. No new information included.</td>
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Issues for Congress

| One issue for Congress is whether to approve, reject, or modify DOD’s AUKUS-related legislative package for the FY2024 NDAA sent to Congress on May 2, 2023, including the requested authorization for the transfer of up to two Virginia-class SSNs to the government of Australia in the form of a sale, with the costs of the transfer to be covered by the government of Australia. In considering this issue, Congress may assess the relative merits of DOD’s AUKUS related legislative package and the above-described potential |

| One issue for Congress is whether to approve, reject, or modify DOD’s AUKUS-related legislative package sent to Congress on May 2, 2023, including the requested authorization for the transfer of up to two Virginia-class SSNs to the government of Australia in the form of a sale, with the costs of the transfer to be covered by the government of Australia. In considering this issue, Congress may assess the relative merits of the proposed AUKUS SSN pathway and the above-described variations of the potential alternative of a U.S.-Australian |
alternative of a U.S.-Australian division of labor, and, as a part of that assessment, consider several factors, including but not limited to the following:

- whether a decision on providing authority for transferring Virginia-class boats to Australia needs to be made by Congress as part of (or in parallel with) Congress’s action on the FY2024 NDAA, or could be deferred until a future time;
- whether Congress has sufficient information on the specific elements of the AUKUS SSN project (including elements addressed in some of the bullet points below) to adequately assess the merits of DOD’s AUKUS-related legislative package for the FY2024 NDAA sent to Congress on May 2, 2023, including the requested authorization for the transfer of up to two Virginia-class SSNs, and whether the executive branch is being adequately forthcoming in providing Congress with such information;
- whether an authorization for transferring Virginia-class boats to Australia, if provided, should be provided for up to two Virginia-class SSNs, as requested, or for some other number, such as up to three, up to five, or three to five;
- when, exactly, Virginia-class SSNs sold to Australia would be removed from U.S. Navy service (or delivered directly from the U.S. service). As a part of that assessment, Congress may consider several questions, including but not limited to the following:

- **Timing of a decision on whether to provide authority.** Does a decision on whether to provide authority for selling Virginia-class boats to Australia need to be made by Congress in 2023, or could it be deferred until 2024 or later?
- **Number of boats to include in an authorization.** Should an authorization for transferring Virginia-class boats to Australia, if one were to be provided, be for up to two Virginia-class SSNs, as requested, or for some other number, such as up to three, up to five, or three to five?
- **Sufficiency of information available to Congress.** Does Congress have sufficient information on the specific elements of the proposed AUKUS SSN pathway (including elements addressed in some of the bullet points below) to adequately assess the merits of selling Virginia-class boats to Australia? Is the executive branch being adequately forthcoming in providing Congress with such information?
- **Dates that sold boats would be removed from U.S. Navy service.** When, exactly, would Virginia-class SSNs sold to Australia be removed from U.S. Navy service?
production line) and transferred to Australia;

• whether the Virginia-class SSNs sold to Australia would be existing Virginia class SSNs with less than 33 years of remaining expected service life, or newly built Virginia-class SSNs with full 33-year expected service lives, or some combination;

• the prices that Australia would pay for the Virginia-class boats;

• the amount of additional funding that Australia would provide as “a proportionate financial investment” for the U.S. submarine construction industrial base;

• the ability of the U.S. submarine construction base in the 2030s to build for the U.S. Navy, as replacements for the sold Virginia-class boats, SSNs that would be in addition to those already envisaged for procurement for U.S. Navy use prior to the announcement of the AUKUS agreement;

• the impact of a three- to five-boat reduction (i.e., roughly 6% to 10%) in the size of the U.S. SSN force on the ability of the U.S. SSN force to perform SSN missions of interest to the United States;

• the net impact on collective allied deterrence and warfighting capabilities of transferring three to five Virginia-class boats to Australia while pursuing the construction of three to five replacement SSNs for the U.S. Navy;

from U.S. Navy service (or delivered directly from the U.S. production line) and transferred to Australia?

• **Specific boats that would be sold.** Which Virginia-class boats, specifically, would be sold to Australia—would they be existing Virginia-class boats with less than 33 years of remaining expected service life, or newly built Virginia-class SSNs with full 33-year expected service lives, or some combination? (As noted earlier in this report, in May 2023, Australian officials reportedly stated that the first two Virginia-class boats to be transferred would be in-service boats, each with more than 20 years of remaining expected service life, while the third would be a newly built Virginia-class boat, purchased directly off the U.S. production line, with a full 33-year expected service life. In combination, the sale of such boats would transfer more than 73 boat-years of SSN capability from the U.S. Navy to Australia’s navy.)

• **Prices of boats that would be sold.** How much would Australia pay for each Virginia-class boat that it would purchase? Adjusted for their remaining expected service lives, how would those sale prices compare to the $4.3 billion procurement cost of a new VPM-equipped Virginia-class boat with a full 33-year service life?
the benefits and risks of transferring U.S. naval nuclear propulsion technology and U.S. submarine technology to Australia for a project to build as few as three to five AUKUS SSNs; and broader considerations relating to U.S. relations and nuclear cooperation with Australia and the UK, U.S. relations with countries in the Indo-Pacific region other than Australia, and the overall political and security situation in the Indo-Pacific region.

- Australia's investment in U.S. submarine industrial base. How much additional funding would Australia provide as “a proportionate financial investment” for the U.S. submarine construction industrial base? (Some press reports have stated that Australia would provide $3 billion for the U.S. submarine construction industrial base or collectively for the U.S. and UK submarine construction industrial bases.)

Deterrence

- Changed subheading from “Deterrence” to “Deterrence and Warfighting Capability:”
- Added at the end of para: “Skeptics might also argue that the costs for Australia of acquiring, operating, and supporting the Virginia-Class boats could reduce, perhaps significantly, funding within Australia’s military budget for other Australian military capabilities, including capabilities that might contribute to collective allied deterrence and warfighting capability”

Industrial Base Capacity, Technical Risk, and Cost Effectiveness

- Added: Supporters could argue that Australia is fully capable of, and fully committed to, protecting U.S. submarine and U.S. naval nuclear propulsion technology.
  - Additional source (44) added in cliff notes to support. The source is the Public Report.
- Added: Sceptics could argue that notwithstanding
Australia’s capability for, and commitment to, protecting U.S. submarine and U.S. naval nuclear propulsion technology, sharing this technology with another country would increase the number of potential entry points that China, Russia, or some other country could attempt to penetrate to gain access to that technology.

547E(d)
Senior Policy and Visits Officer | Australian Submarine Agency
Embassy of Australia, Washington DC

W: 547E(d)
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For your awareness – we’re making sure all our TPs and briefing cover-off on the below.

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Dear all

The Congressional Research Service has updated its Virginia Class Submarine report. The new report (5 Sep) can be found: https://crsreports.congress.gov/product/pdf/RL/RL32418

I’m going through the two copies now but wanted to flag that the update had occurred. I can provide a more detailed breakdown tomorrow if desired but some quick initial points:

- The summary section upfront is unchanged.
- The key updates appear to be in the “Issues for Congress” section.
- In the updated version, the “Issues for Congress” have been split into the two elements: the proposed sale of VCSs to Australia; and the proposed transfer of naval nuclear propulsion technology (NNPT) to Australia.
  - These issues may have been split into two elements because the report put forward two alternative options to the Optimal Pathway. One in which US transfers NNPT to Australia so that Australia can construct three-to-five SSN AUKUS Submarines, but does not transfer VCSs. The other option is transferring neither VCSs or NNPT.
  - These two elements have a more fleshe out “arguments from supporters” and “arguments from sceptics” than previous version. An example of a new sceptic argument, the report questions whether Australia building three to five SSNs is worth the risk of transferring NNPT to Australia (p.23)

Kind regards
Hi all

We noticed there's another update to the CRS report (11 Sept) on your link below

As far as I can tell, the key update from the 5 Sept version is the inclusion of reference to the Defense News series from the weekend but let us know if you spot anything else significant we should track

Cheers

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Hello!

Thanks for forwarding on, these are always an interesting read!

We have responses to the questions in the August CRS report.

Cheers
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From: $47E(d)@defence.gov.au>
Sent: Friday, 8 September 2023 9:20 AM
To: $47E(d)@defence.gov.au>
Subject: FW: CRS Report - Virginia Submarine Procurement (Background and Issues for Congress) [SEC=OFFICIAL]

OFFICIAL

Hi $47E(d)

$22

$47E(d)

Cheers,
$47E(d)

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From: $47E(d)@defence.gov.au>
Sent: Thursday, 7 September 2023 2:37 PM
To: $47E(d), $47E(d)@defence.gov.au>
Subject: FW: CRS Report - Virginia Submarine Procurement (Background and Issues for Congress) [SEC=OFFICIAL]

OFFICIAL

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From: $47F$47F@dfat.gov.au>
Sent: Thursday, 7 September 2023 1:25 PM
To: $47E(d)@defence.gov.au>
Subject: FW: CRS Report - Virginia Submarine Procurement (Background and Issues for Congress) [SEC=OFFICIAL]

OFFICIAL

$47F

- hey

$47E
Forwarding for your interest – couple of interesting write-ups from CRS (which you may have already been sent).

What’re you up to these days at ASA?

More importantly, hope you’re keeping well -

---

From: §47F
Sent: Thursday, 7 September 2023 11:41 AM
To: §47F <§47F @dfat.gov.au>
Cc: §47F <§47F @dfat.gov.au>
Subject: CRS Report - Virginia Submarine Procurement (Background and Issues for Congress) [SEC=OFFICIAL]

OFFICIAL

Hi §47F

Couple of particularly interesting reports from CRS this week, particularly Navy Virginia (SSN-774) Class Attach Submarine Procurement: Background and Issues for Congress.

It includes ‘key questions for Congress’, arguments for and against the proposed sale of the 3-5 Virginias, and arguments for and against the technology transfer.

Further, other areas also of interest including an outline of the optimal pathway, as well as a deeper dive on the class itself.

Perhaps §47F will find useful next week as an introduction.

Separately (and second to the above), also attaching Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress. This was more of a personal read this morning however covers changing US fleet architecture (types of ships and how they’re used in combination), shifts to a more distributed fleet architecture (you’ll recall Aquilino’s comments but also reattaching), China’s modernisation (well summarised – see p. 14 in particular), and the size of the US navy (quite liked the bit on the total number of ships in US Navy not necessarily a reliable indicator of the fleet’s ability to perform its stated missions).

§22

§47F

§47F
Senior Policy Officer
Pacific Security Capability Section
Department of Foreign Affairs and Trade
IF RAISED

If raised: Response to CRS report – 11 September

- The Congressional Research Service is a non-partisan shared staff to Congressional committees and Congress members.
  - It is a research and analysis service that delivers reports that examines issues from a variety of perspectives and reports on all sides of an issue.
  - It does not necessarily reflect the views of the Administration nor Congressional members.
  - As its own disclaimer state, CRS reports should not be relied upon for purposes other than public understanding of information.

- As per the 14 March Leaders announcement, Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).
  - We are working with Congress on this and in ensuring seamless implementation of the pathway.
  - This includes ship transfer legislation, which will enable the transfer of in-service Virginias to Australia.

If raised: Detail on AUKUS submarine proposals

- Pleased to see legislative proposals to enable critical elements of the AUKUS nuclear-powered submarine pathway are under consideration by Congress.
As AUKUS Leaders noted in the Optimal Pathway announcement on 14 March, the sale of in-service Virginias to Australia is subject to Congressional approval.

- Australia is keen to see legislation passed this year that would authorise this.

Congress is also considering legislation that would also enable the maintenance of US submarines in Australia (and the United Kingdom) under Submarine Rotational Force – West.

- This is critical to upskill the maintenance capacity of the Australian workforce and ensure we are ready to receive our Virginia class submarines from the early 2030s.

As we have said previously, the Australian Government has committed to a fair and proportionate investment in the US industrial base.

- The proposed Submarine Security Activities Account is a mechanism that would enable this investment.
  - Through this Account, our contribution will support increased US production, maintenance capacity and force structure to the benefit of both of our nations.
  - This investment will secure timely delivery of Virginias for Australia.
    - This will ensure Australia has a sovereign nuclear-powered submarine capability in the early 2030s, as we look to commence retiring the Collins class.

Also pleased to see the introduction of draft legislation to enable training of Australian contractors under the foreign military sales program.

- This will enable Australia to grow the sovereign industrial base workforce at the pace we need to become sovereign ready.
  - It will ensure the right people are getting the right training.
If raised: Number of Virginia class submarines

- Acknowledge the legislative proposals submitted are draft and will evolve as Congress works through its consideration processes.
  - Australia welcomes ongoing engagement with Congress and the Biden Administration on these proposals.

- As AUKUS Leaders noted in the Optimal Pathway announcement on 13 March (San Diego), Australia will acquire three Virginia class submarines from the United States, subject to Congressional approval, with the option of two more if needed.
  - The legislation would authorise the transfer of up to two in-service Virginias to Australia.
  - The SFRC draft legislation also authorises the sale of the third submarine to be bought off the production line, using standard processes.
  - As agreed with the Administration, Australia also has the option to purchase an additional two Virginia class submarines off the production line if required.

If pressed: Figure for industrial base investment

- It will be a fair and proportionate investment to help the US expand its submarine production and maintenance capacity to accommodate this critical phase of the pathway.
• This will help get US boats out of maintenance and off the production liner faster to realise timely transfer of Virginia submarines to Australia whilst also helping to ensure the US Navy’s Virginia class submarine capability meets US needs.

- Investments in our collective and domestic industrial bases will also boost the resilience of submarine supply chains for all AUKUS partners.

- Australia’s contribution to the US submarine industrial base will boost Australia’s defence capability.

• It will ensure there is no capability gap for Australia and we will have an operational nuclear-powered submarine capability from the 2030s.

• This means all the AUKUS partners will be operating SSNs in the 2030s, which is strategically impactful.

If pressed: is $3 billion the figure for Australia’s industrial base investment?

• As stated, Australia will make a significant contribution to the US industrial base.

If raised: What will Australia’s investment be used for?

• Australia’s investment will expand the US industrial base to increase submarine maintenance and production capacity.

• The legislation would establish a ‘Submarine Security Activities Account’, which would enable Australia to contribute to expansion activities (both through our investment and the purchase of Virginia class submarines), such as:

  - Pre-purchase of submarine components and materials, so they are on hand at the start of the maintenance period without delay.

  - Enhancements to maintenance facilities.

  - Increasing the Virginia class production rate to replace the transfers to Australia and build additional submarines Australia can buy off the line.

  - Increasing workforce capacity – which will benefit all AUKUS partners.

• In the short term, the investment will secure timely delivery of Virginias for Australia and mitigate a capability gap.

• In the longer-term, these activities will significantly bolster industrial capacity and resilience for all AUKUS partners – getting more AUKUS submarines in the water quicker.

If raised: Why does Australia need to invest in the US industrial base when the United States has the far larger defence budget?

• The United States’ commitment to sell Virginia class submarines to Australia is significant.

• Our investment will ensure the US can accommodate this critical phase of the optimal pathway.
- It will bolster the US maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.

- This will help get boats into the water faster for both Australia and the US.

- Virginia class submarines are a critical phase of the optimal pathway and will ensure Australia has no capability gap.

- Boosting US industrial capacity to deliver Virginia class submarines – mitigating a capability gap – will benefit Australia by giving us the space to concentrate on growing and uplift Australian industry.

- This will help ensure we can deliver Australian-built SSN-AUKUS submarines to schedule and cost.

- Australia is also investing significantly in our domestic industrial capacity, workforce and infrastructure, approximately $30 billion to 2055.

- This will deliver a major boost to Australian industry, jobs, infrastructure and capability to keep our nation safe.
RESPONSES TO QUESTIONS RAISED BY THE CONGRESSIONAL RESEARCH SERVICE

Latest report released on 11 September.

If asked: Does a decision on whether to provide authority for selling Virginia-class boats to Australia need to be made by Congress in 2023, or could it be deferred until 2024 or later?

- As per the AUKUS Leaders announcement on 13 March in San Diego, we understand Congressional approval is required for one aspect of the pathway (transfer of in-service Virginias to Australia).

- We are keen to work with you [Congress] to ensure seamless implementation of the pathway.
  - This includes ship transfer legislation to enable the transfer of in service Virginias to Australia, which is critical to mitigate a capability gap.

- Australia is keen to see passage of AUKUS legislation through Congress by the end of this year.

- Passing legislation this year will send a strong deterrent message, and also enable critical activities to proceed over the next 12 months, such as:
  - Streamlining processes for Australian contractors to embed in US shipyards, to help us build our industrial workforce.
  - Australia investing in the US industrial base, so we can start to help relieve pressures across your industrial base as soon as possible.
  - Conducting the first US submarine tender-supported maintenance period, in Western Australia in the second half of 2024, which will build Australian capability in the lead up to SRF-West.
  - Allow Australia to make the necessary investments to become sovereign ready, and mitigate a capability gap.

- If pressed on timing for the transfer:
  - On current planning, and subject to timely passage of legislation, the boats would transfer to Australia from the early 2030s.

If asked: Should an authorization for transferring Virginia-class boats to Australia, if one were to be provided, be for up to two Virginia-class SSNs, as requested, or for some other number, such as up to three, up to five, or three to five?

- We understand legislation is needed to authorise the transfer of two in-service Virginias to Australia.
  - We expect the third submarine would be sold off the production line, using the standard processes (and therefore does not require explicit Congressional ship transfer approval).

- As announced, Australia expects to have the option to purchase an additional two Virginia class submarines off the production line if required.
If asked: Does Congress have sufficient information on the specific elements of the proposed AUKUS SSN pathway to adequately assess the merits of selling Virginia-class boats to Australia? Is the executive branch being adequately forthcoming in providing Congress with such information?

- The AUKUS pathway is designed in phases, based on mutual commitments from each nation, to deliver nuclear-powered submarines to Australia at the earliest possible date.

- The pathway has already begun, with the first visit of the US SSN to Australia since the announcement occurring in early August [USS North Carolina, Western Australia, 4 to 8 August], with more visits to come.
  - The United Kingdom will increase visits to Australia beginning in 2026.

- The pathway is designed to support Australia’s development of the infrastructure, technical capabilities, industry and human capital necessary to produce, maintain, operate, and steward a sovereign fleet of conventionally-armed, nuclear-powered submarines.

- The pathway for Australia’s acquisition of conventionally-armed, nuclear-powered submarines is squarely in all our interests. It will:
  - Enable more allied countries to operate SSNs in the Indo-Pacific – complicating adversary planning during the decisive decade of the 2030s.
    - With three allied countries operating their own sovereign nuclear-powered submarine capabilities, it changes the calculus for adversaries’ military planning.
  - Enhance allied submarine construction and industrial capacity by delivering a fourth allied submarine construction yard – showing our collective resolve to stay at the leading technology edge for decades to come and over time, realise more allied boats in the water faster.
  - Provide an additional allied maintenance facility in close proximity to key areas of operations at HMAS Stirling on Australia’s west coast.
  - Create stronger and more resilient AUKUS supply chains.
  - Bolster our contribution to deterrence and help avert conflict.

- As a co-equal branch of the US government, Congress has a critical role in enabling the AUKUS cooperation.

- AUKUS submarine legislative proposals are critical to key AUKUS outcomes.

- Welcome Congress’ consideration of legislative proposals to enable early steps for AUKUS pathway implementation.
  - Appreciate bipartisan Congressional support for AUKUS to date.

- We acknowledge the continuing US legislative process to debate and implement these proposals.
  - Look forward to continuing to work with Congress to ensure the legislation is as fit for purpose as possible, and best aligns with both nations’ interests.
If asked: When, exactly, would Virginia-class SSNs sold to Australia be removed from U.S. Navy service (or delivered directly from the U.S. production line) and transferred to Australia?

- As leaders announced, the transfers are proposed to occur from the early 2030s, pending Congressional approval.
  - Specific timing would be negotiated as part of the procurement process.

If asked: Which Virginia-class boats, specifically, would be sold to Australia—would they be existing Virginia-class boats with less than 33 years of remaining expected service life, or newly built Virginia-class SSNs with full 33-year expected service lives, or some combination?

- The Virginia class submarines Australia acquires would be a mix of in-service vessels and new construction vessels.
  - The exact vessels to be transferred, subject to passage of legislation through Congress, are yet to be determined.
- In all scenarios, the submarines will have the highest standards of quality and safety.
  - Virginia Class submarines are a world-leading capability.
  - The transfers and sale will ensure Australia has no capability gap as we look to transition away from diesel-powered Collins class submarines.

If asked: How much would Australia pay for each Virginia-class boat that it would purchase? Adjusted for their remaining expected service lives, how would those sale prices compare to the $4.3 billion procurement cost of a new VPM-equipped Virginia-class boat with a full 33-year service life?

- We cannot confirm the full overseas investment due to commercial in confidence sensitivities, noting some elements are still subject to negotiation.
- In terms of investment into the US submarine industrial base, the Australian Government has committed to a fair and proportionate investment to expand the US industrial base to increase submarine maintenance and production capacity.
  - This will help to mitigate impacts of the transfers of in-service vessels to Australia, and secure delivery of Virginia class submarines to Australia – critical to mitigate a capability gap.
  - If pressed: The Australian Government has committed to invest up to $3 billion (USD) in the US submarine industrial base.
- In the short term, the investment will help to boost US industrial capacity, giving confidence to the US’ ability to deliver Virginia class submarines to Australia with minimal impact.
- In the longer-term, these activities will significantly bolster industrial capacity and resilience for all AUKUS partners – getting more AUKUS submarines in the water quicker.
If asked: How much additional funding would Australia provide as “a proportionate financial investment” for the U.S. submarine construction industrial base?

- The Australian Government has committed to a fair and proportionate investment in the US industrial base to increase submarine maintenance and production capacity.
  - This will help to mitigate impacts of the transfers of in-service vessels to Australia, and secure delivery of Virginia class submarines to Australia – critical to mitigate a capability gap.

If asked: Will the U.S. submarine construction base be able to build, in the 2030s, new SSNs for the U.S. Navy to replace Virginia-class boats sold to Australia (and in addition to SSNs already envisaged for U.S. Navy use prior to the AUKUS announcement?)

- The United States’ commitment to sell Virginia class submarines to Australia is significant.
  - We acknowledge the transfer of in-service Virginias to Australia will impact the US industrial base and force structure.
  - Our investment will ensure the US can accommodate this critical phase of the optimal pathway.
    - It will bolster the US maintenance and production capacity for nuclear-powered submarines and boost the resilience of the submarine supply chain.
    - This will help get boats into the water faster for all AUKUS partners.

If asked: What would be the impact of a three- to five-boat reduction in the size of the U.S. SSN force on the ability of the U.S. SSN force to perform day-to-day and wartime missions?

Particularly noting U.S. Navy’s 66-boat SSN force-level goal, and if the boats sold to Australia were not quickly replaced through the construction of additional Virginia-class boats for U.S. Navy?

- The United States’ commitment to sell Virginia class submarines to Australia is significant.
  - We acknowledge the transfer of in-service Virginias to Australia will impact the US industrial base and force structure.
  - Our investment will ensure the US can accommodate this critical phase of the optimal pathway.

- The AUKUS pathway will enable more allied countries to operate SSNs in the Indo-Pacific in the 2030s – which we expect to be a strategically significant decade.
  - With three allied countries operating their own sovereign nuclear-powered submarine capabilities, it changes the calculus for adversaries’ military planning.

- It is in all our interests to have more allied submarines in the water over the next decade.
If asked: What would be the net impact on collective allied deterrence and warfighting capabilities of selling three to five Virginia-class boats to Australia, while pursuing the construction of three to five replacement SSNs for the U.S. Navy?

What would be the deterrent impact of Australia being a second allied operator of multiple SSNs (with the United States) in the Indo-Pacific region?

How would Australia’s use of the three to five Virginia-class boats compare to how they would be used if retained in U.S. Navy service?

- As AUKUS Leaders’ announced, the pathway will expand our individual and collective undersea presence in the Indo-Pacific and contribute to global security and stability in the region.

- It will ensure there is no capability gap for Australia and we will have an operational nuclear-powered submarine capability in the 2030s.

- This means all the AUKUS partners will be operating SSNs in the 2030s.

  - More boats in the water will preserve a favourable balance of forces in the Indo-Pacific, and underpin a powerful conventional deterrent against adversaries who would attempt to forcibly alter the regional order.

- More than just the number of boats, AUKUS cooperation will give us an ‘asymmetric advantage’, with our three countries cooperating closely on sensitive capabilities.

- The pathway will also elevate all three nations’ industrial capacity to produce and sustain advanced and interoperable nuclear-powered submarines for decades to come.

If asked: How will the costs for Australia’s acquisition, operation and support for the Virginia-class boats have on Australia’s ability to fund other military capabilities, including those that could contribute to collective allied deterrence and warfighting capability?

- In late April, the Australian Government released its response to the Defence Strategic Review, which sets out a blueprint for Australia’s strategic policy, defence planning and resourcing over the coming decades.

- Australia will invest in capabilities that are relevant to the risks we face, including enhanced long-range capabilities across all domains.

- The Government has directed that Defence must have the capacity to:

  - defend Australia and our immediate region;

  - deter through denial any adversary’s attempt to project power against Australia through our northern approaches;

  - protect Australia’s economic connection to our region and the world;

  - contribute with our partners to the collective security of the Indo-Pacific; and
• contribute with our partners to the maintenance of the global rules-based order.

• The Government has also made decisions on immediate six priority areas for action, including:
  - investing in conventionally-armed, nuclear-powered submarines through the AUKUS partnership;
  - developing the ADF’s ability to precisely strike targets at longer range and manufacture munitions in Australia;
  - improving the ADF’s ability to operate from Australia’s northern bases;
  - lifting our capacity to rapidly translate disruptive new technologies into ADF capability, including through AUKUS, in close partnership with Australian industry;
  - investing in the growth and retention of a highly-skilled defence workforce; and
  - deepening our diplomatic and defence partnerships with key partners in the Indo-Pacific.

If asked: What are the benefits and risks of transferring U.S. submarine technology and naval nuclear propulsion technology to Australia for a project that reportedly envisions building as few as three to five AUKUS SSNs?

• As Leaders said at the time of the announcement, for more than a century, our three nations have stood shoulder to shoulder to help sustain peace, stability, and prosperity around the world.

• The steps of the optimal pathway will help us to advance these mutually beneficial objectives in the decades to come.
  - Australia is fully committed to protecting US technology.

If asked: How should the assessment to authorise the sale of Virginia-class boats to Australia take into account considerations of: U.S. relations and nuclear cooperation with Australia and the UK; U.S. relations with other countries in the Indo-Pacific region; and the overall political and security situation in the Indo-Pacific region?

• The Indo-Pacific is being reshaped and our strategic environment is becoming more challenging.
  - Competition is increasing economically, militarily, strategically and diplomatically, alongside a contest of values and narratives.
  - A large-scale military build-up is occurring without transparency or strategic reassurance.
  - Rising tensions and reduced warning times are contributing to the risk of military escalation or miscalculation.

• AUKUS is critical to strengthening our ability to protect our interests, individually and collectively with key partners.
- Australia sees enhanced defence capabilities as essential for lowering the risk of conflict in our region, as well as contributing to collective security.

- These enhanced defence capabilities make Australia a more capable security partner, better able to support the rules-based order and respond to our strategic environment.

- The AUKUS pathway will expand our individual and collective undersea presence in the Indo-Pacific and contribute to global security and stability in the region.

  - It will ensure there is no capability gap for Australia and we will have an operational nuclear-powered submarine capability in the 2030s.

- This means all the AUKUS partners will be operating SSNs in the 2030s.

  - More boats in the water will preserve a favourable balance of forces in the Indo-Pacific, and underpin a powerful conventional deterrent against adversaries who would attempt to forcibly alter the regional order.

- The pathway will also elevate all three nations' industrial capacity to produce and sustain advanced and interoperable nuclear-powered submarines for decades to come.