

EXPANDING THE AUKUS SUPPLY CHAIN



ABOVE: Interior view of the BAE Systems Barrow-in-Furness yard and a nuclear-powered submarine under construction.

IN EFFORTS TO establish a deep and robust local supply chain in support of AUKUS, the Albanese Government has announced the development and extension of two programs to assist local industry to tap into the supply chains of our AUKUS partners. These are:

- The Australian Submarine Supplier Qualification program (AUSSQ) has been expanded, linking businesses in Australia to the United Kingdom's submarine supply chains for the first time as well as building on the success of the pilot in growing access to supply chains in the US.
- ASC and BAE Systems Australia have launched a new supply chain qualification program, giving

Australian industry the opportunity to contribute to the SSN-AUKUS build program across both Australia and the UK (see next entry).

Less than a year after the launch of Australian Submarine Supplier Qualification Program (AUSSQ), the Government is investing an additional AUD\$21 million to significantly expand this program and add to the 13 companies that have achieved supplier qualifications to date.

Of this amount, AUD\$6.9 million will

go towards supporting Australian suppliers to provide priority sustainment services to the UK submarines participating in the Submarine Rotational Force – West (SRF-West) activities at HMAS Stirling, in Western Australia.

This work will validate and qualify Australian businesses against 20 service types identified by Babcock International Group as being in high demand across the Astute-class submarine supply chain, and give local industry a direct link to UK sustainment requirements.

A further AUD\$14 million is being invested to expand the existing AUSSQ program that is qualifying Australian companies to join the Huntington Ingalls Industries (HII) Newport News

Shipbuilding supply chain in the US. This next tranche will see businesses with expertise in composites, glass-reinforced plastics, furniture and joinery able to compete for opportunities in US nuclear-powered submarine and aircraft carrier supply chains, the Government stated.

AUSSQ is delivered by HII Australia through H&B Defence, a joint venture between HII and Babcock. H&B Defence was established to deliver the full range of sovereign capabilities required for Australia's nuclear powered submarine program – from workforce and infrastructure to defueling, decommissioning, waste management and long term sustainment – ensuring readiness for both Virginia class submarines and SSN AUKUS.

“The AUSSQ program is already demonstrating the quality contribution that Australian companies can make to AUKUS supply chains, supporting export opportunities and Australian jobs,” Defence Industry Minister Pat Conroy said last month.

“Australian industry support to US and UK maintenance activities not only helps keep their submarines at sea, it also strengthens Australia's industrial capability to support Australia's future fleet of conventionally-armed, nuclear-powered submarines.”

Babcock Australasia acting chief executive officer Leah Grantham said that the recent maintenance period on the Royal Navy (RN) nuclear submarine HMS Anson at HMAS Stirling demonstrated how the skills and partnerships being built directly support the work that will ramp up at SRF West in coming years.

“The upskilling of Australian companies to UK supply chain standards

ensures they are ready to support Royal Navy Astute class submarines in Australia, while also enabling them to compete for work directly within the UK submarine supply chain. It demonstrates our commitment to creating real, two way industrial opportunities under AUKUS,” Ms Grantham said.

In preparation for RN force rotations at SRF-West from 2027, H&B Defence has commenced selecting the first Australian suppliers to undergo capability and uplift assessments across 20 service types.

H&B Defence is working closely with subject matter experts from Babcock's UK operations on this next phase to ensure alignment with UK nuclear powered submarine supply chain entry requirements.

Validation activities will also streamline compliance requirements across

the US, UK and Australia, reducing duplication and establishing a single, consistent framework under the AUSSQ banner. This means clearer, faster and more reliable qualification pathways for Australian suppliers seeking to participate across both international AUKUS programs.

The increased AUSSQ scope also follows the recent announcement that Babcock will manufacture complex submarine assemblies at its Rosyth facility in Scotland for HII's Virginia-class Block VI fast-attack submarines, further reinforcing the trilateral industrial partnership underpinning AUKUS.

ASC-BAE INDUSTRY PROGRAM

A new supply chain qualification program, led by Australia's sovereign submarine partners ASC and BAE Systems, will



Image: BAE Systems

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give Australian industry the opportunity to contribute expertise and capabilities to the supply chains for both the Australian and UK SSN-AUKUS build programs.

The program is creating new pathways for Australian industry, particularly small and medium enterprises (SME), to participate in a globally-integrated submarine construction enterprise.

The ASC-BAE Systems SSN AUKUS supply chain qualification program is designed to progressively qualify Australian businesses, allowing them to demonstrate their capability, maturity and readiness for potential inclusion in the SSN AUKUS supply chain.


Importantly, the program recognises that sovereign capability does not sit solely within traditional defence suppliers or the large primes. It is structured to support capable Australian SMEs, including those new to defence, that bring advanced manufacturing, engineering and industrial expertise applicable to submarine construction.

For industry, the value lies in visibility and certainty. The qualification pathway provides Australian businesses with a clearer understanding of the technical, quality and assurance standards associated with nuclear powered submarine programs, enabling more informed investment and capability development decisions.

To support this ASC and BAE Systems will initially seek expressions of interest from Australian suppliers able to produce a range of metal fabrications, from small to large structural fabrications. This opportunity will be open to current defence suppliers and companies seeking to enter the defence industry supply chain.

With construction start on Australia's first SSN AUKUS submarine in Osborne by the end of this decade on track, around 5,500 jobs will be created to support this in South Australia alone.

The opportunity also extends beyond Australia. Businesses that qualify may be well positioned to contribute to the UK's own SSN AUKUS submarine build, embedding Australian suppliers within an international supply chain underpinned by long-term demand.

 **Table 1: Investments in undersea warfare**

Capability Element	Approved Planned Investment (2026-27 to 2035-36)	Unapproved Planned Investment (2026-27 to 2035-36)	Total Planned Investment (2026-27 to 2035-36)
Conventionally-armed, nuclear-powered submarines and infrastructure	\$11bn	\$60bn - \$85bn	\$71bn - \$96bn
Collins class submarines	\$810m	\$7bn - \$10bn	\$7.8bn - \$11bn
Undersea warfare and uncrewed maritime systems	\$1.8bn	\$3bn - \$4bn	\$4.8bn - \$5.8bn
Underwater range systems	\$160m	\$300m - \$400m	\$460m - \$560m
Future investments	nil	\$10bn - \$15bn	\$10bn - \$15bn
Total	\$14bn	\$80bn - \$115bn	\$94bn - \$130bn

As preparations continue for construction of Australia's first SSN-AUKUS submarine at the Osborne shipyard later this decade, the qualification program is helping to lay the foundations for a resilient and globally connected Australian supplier base.

[Click for more information on SSN-AUKUS supply chain opportunities.](#)

2026 NDS SUBMARINE FUNDING

According to the 2026 National Defence Strategy (NDS), the AUKUS enterprise will be funded to the tune of AUD\$71-\$96 billion over the next decade, as Australia invests in a nuclear-powered submarine construction program and related infrastructure.

The AUKUS Pillar I Optimal Pathway sets out the trilaterally agreed roadmap to deliver an enduring and sovereign conventionally-armed, nuclear-powered submarine capability for the Royal Australian Navy (RAN).

Phase One of the Optimal Pathway will see up to four US Navy Virginia-class submarines and one Royal Navy Astute-class submarine commence rotations to Submarine Rotational Force – West (SRF-West) in 2027. SRF-West will play a role in

ABOVE: Funding for undersea warfare as outlined in the 2026 NDS.

helping Australia build the necessary operational and industrial capabilities and skills to be sovereign ready and capable of safely owning, operating, sustaining and regulating a fleet of conventionally-armed, nuclear-powered submarines from the early 2030s.

Under Phase Two, the RAN will acquire three Virginia-class submarines commencing in the early 2030s, with the option to request a further two.

Phase Three involves the delivery of the eight Australian-built SSN-AUKUS submarines, which will be based on a design to be built for the UK. Australia will commence construction of its first SSN-AUKUS submarine at the Osborne Naval Shipyard outside Adelaide by 2030, the Government has stated. Delivery of the first SSN-AUKUS to the RAN is expected in the early 2040s.

A projected AUD\$30 billion will be invested at Osborne over the coming decades to create the new Osbourne Submarine Construction Yard.

The Government is also budgeting AUD\$7.8-\$11 billion over the next



decade to ensure the RAN's legacy Collins-class submarines remain operational relevant and available, with a life-of-type extension planned to push service life into the 2040s.

US SUBS OFFICE STOOD UP

The US Navy's (USN) Direct Reporting Portfolio Manager (DRPM) for Submarines has established the Submarine Industrial Base (SIB) Program Office to execute the industrial base strategy needed to build and sustain the nation's submarine fleet.

The office builds on work previously carried out under the Maritime Industrial Base Program and reflects the alignment of submarine industrial base efforts under the DRPM for Submarines.

Now in the early stages of the largest submarine recapitalisation effort in nearly 50 years, the USN is required to deliver one Columbia-class ballistic missile submarine and two Virginia-class attack submarines each year while sustaining the current fleet. Meeting that demand requires a stronger, more resilient industrial base with greater supplier capacity, advanced manufacturing capability and a larger skilled workforce.

Working closely with shipyards, suppliers, educational institutions and industry partners, the SIB Program Office executes a whole-of-government, whole-of-industry strategy to increase capacity, capability and workforce across the submarine industrial base.

ABOVE: Virginia-class fast attack submarine USS Oregon. Image: US Navy

Its supply chain, advanced manufacturing and workforce development efforts work together to strengthen suppliers, scale technologies that improve production and sustainment, and grow the skilled workforce pipeline the industrial base depends on. **DTR**

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