

Submarine Institute of Australia Technology Conference Presentation

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Chief of Navy

15 October 2013

Minister Johnston, Mr Peter Horobin President of the SIA, Commodore Steve Davies Executive Director of the SIA, CEO DMO Mr Warren King, Mr David Gould, Ladies and Gentlemen. I thank the SIA for the opportunity to speak today. I am very happy to talk about the importance of the future submarine to the RAN. I will of course eventually talk about this topic but there are a number of other issues I want to speak about first.

Before I begin though, I want to recognise the Kuarna people, the traditional owners of the land upon which we meet today and pay my respects to their elders past and present.

I also want to publically acknowledge all the members of the RAN, and all the Federal, State and local government agencies that made last week's International Fleet Review (IFR) such a resounding success. The response from around the country has been overwhelmingly positive: 43% of people around the country watching TV on the Saturday night of the Review were watching the IFR fireworks; 2.85 million hits on the Ford Australia YouTube site on Saturday night, believed to be the single biggest number of hits for an event covered on YouTube.

The Australian National Maritime Museum had its highest ever single weekend visitation rate with 30,000 paying customers, three times their previous record. The biennial Pacific Maritime Exposition drew a record number of naval delegations and heavy hitters from industry, I think this justified our decision to run it coincident with the International Fleet Review. I could go on but I won't, suffice it to say that we think the Fleet Review made a very positive impact around the country and with ship visits to Perth, Albany, Adelaide, Melbourne, Hobart, Port Kembla, Sydney, Newcastle, Brisbane, Cairns and Darwin, I think we can safely say this was not just a NSW event.

For all of those people involved can I express my deepest gratitude; to see the swelling pride in the members of the RAN over the last week or so was for me worth it alone. But strategically the real value was engaging the public about what we do and who we are in a way that speeches and conferences can never do. And that of course leads me back to submarines.

For those of you who heard me speak at the main SIA conference last year, don't worry I will not repeat it all today, but I would say that that speech is the foundation upon which I have built this one. Its worth digging it out to refresh on the importance of protecting our ability to trade, something that has become quite central to where we have been taking Navy's public discourse over the last 15 months or so.

Overall, I remain pretty positive about the trajectory that the submarine enterprise is on at present. Over the last 2 years we have seen positive movement in most of the key indicators. We have had 3 submarines consistently running for around 14 months. This is of course the ultimate KPI in my mind. We have not had this sort of availability since early 2008.

Why has this turn around happened? Well, pretty simply because of the combined effort of the entire submarine enterprise. It has not happened spontaneously, nor without considerable effort; it has required some figurative 'pushing and shoving' but the enterprise has reacted well.

From a Navy perspective we have had both the Rizzo and Coles reports into different areas of our maintenance and sustainment system. They were complementary reviews, they were difficult reads, they were reviews that we could have written ourselves. In fact they were reviews in which Navy and DMO provided much of the data and perspectives. But the critical thing was that they were written by people outside of the organisation and this external look not only brought with it credibility but a different perspective. Between them it has allowed Navy in particular and the maritime section of the DMO to get back to basics and challenge some of the old thinking that was holding us back.

One of the most important things to emerge from Coles was the issue of submarine program benchmarking. This is one of the things that we most wanted out of the review

and it has certainly been a very worthwhile activity. This slide shows the five key areas that were benchmarked during the Coles review. This slide shows good improvement from 11/12 through to 12/13. It also has 13/14 year to date information with our assessment of where will land in June next year. This year was always planned to be a challenging year because of some of the legacy maintenance which is underway. This FY we are sitting at around 111% of planned MRD, our projected cost per MRD is below what we forecasted and to date we have had zero maintenance over runs. So far it has been another good year. Being able to talk about the health of the enterprise in an unclassified way with real data to make comparisons against is incredibly useful. It allows us to have an evidenced based discussion which is very useful internally, across the submarine enterprise as an informed customer to the Parliament.

I am not here to declare victory, far from it, but I am greatly encouraged to see some of these key indicators moving, in some cases quite substantially, in the right direction. The key though to sustaining the improvements is to deliver on the 10+2 operating cycle. ASC have developed a plan to achieve that, a plan which required Warren King, David Gould and I to take a long hard look at. We concluded that it was the only viable way to do this, so it is a plan which has been embraced and is supported across the enterprise.

Be in no doubt though, we MUST deliver on this. This outcome is not negotiable and the scrutiny and oversight will remain very much focused on ensuring we achieve this outcome.

The increased availability has allowed an excellent range of activities to be conducted from RIMPAC last year, TALISMAN SABRE 13, LUNGFISH right through to TRITON CENTENARY which is still underway off the NSW coast and PACIFIC REACH which has just concluded in Japan. This is giving our submarine workforce the experience it needs to continue to grow in skill levels. It has certainly improved morale in the force as they see the practical and tangible benefits of improved availability and a better operating profile.

We still face significant workforce challenges though, we are maintaining net growth in the submarine workforce thanks to a combination of a full training pipeline, strong trainee and experience building bunk management along with energetic rejoiner and overseas lateral

recruitment programs as well as a set of modest, but targeted, individual retention bonuses. We have certainly seen stabilisation in the separation rate as a result of the bonus program; this is giving us breathing space which, with increased activity levels and along with the general improvements in organisational culture from the New Generation Navy program, is allowing us to convince our people that we have turned the corner.

So how do our submarines fit in to the bigger picture, into our broader maritime strategy? Many of you have heard me talk about the increased pervasiveness of maritime trade, of our increased dependency on the free and open functioning of the maritime global trading system. For a land which 98% of our trade by volume goes by sea, where 40% of our two way trade is with three countries – China, Japan and Korea – and which must travel through some of the less settled maritime areas of the world, we really need to ensure that we do have a national oceanic consciousness. I think we are getting traction on that issue, particularly when it is put into the context of national prosperity rather than in traditional security terms. I would recommend you read the Chief of Army's recent Seapower Conference speech and also a piece by his speechwriter Cate McGregor on the ABC's *The Drum* website; two great examples of others who get it and making our case persuasively.

So the submarine's role in all of this is to simply deter and if required interdict those who would disrupt our ability to trade or our ability to project power when we must. Deterrence is a key concept in play here. An effective submarine capability will weigh heavily on the strategic calculus of a potential adversary in concert with the Australian Defence Force's other strike capabilities.

In the past it has not been fashionable to call our submarines an offensive capability. But we really need to move past that reticence, all serious militaries have offensive capabilities including a number in our region. There are still too many 'ring of steel' merchants who think our boats will sit off our own ports in time of conflict; as I have said before, what a waste of a capability. Our submarines are designed to operate forward in their primary missions of Anti Submarine Warfare and Anti Surface Warfare. ISR remains an important enabling capability but it is not the primary combat mission.

We must ensure that our debate on submarine roles is sensibly conducted and done so in an informed way. Without that sensible debate we will continue to have flawed discussions about the future submarine. Sensible discussions start by understanding our strategic geography, still an issue that is not grasped by some. The chart at Figure 1 says it all to most of us here, but it is just a map to others. It is crucial that we articulate the realities of where we might need to operate in the grand collective endeavour that is keeping the global maritime trading system free and open.

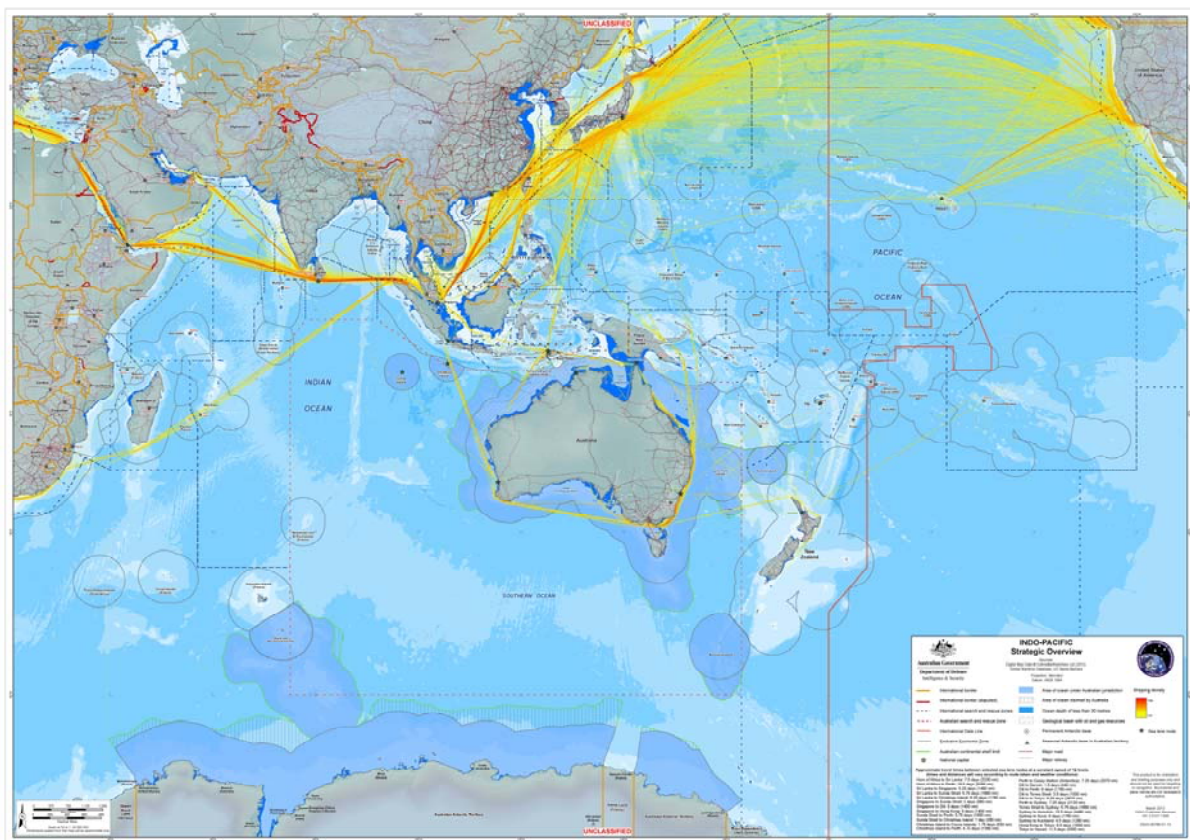


Figure 1 – Chart of the Indo-Pacific, showing major trade and transport links, Exclusive Economic Zones and national boundaries

If we have the right boat in the future then we will most certainly play into a potential adversary’s strategic calculus; if we do not, we won’t. It sounds a little reductionist to say that but it really is that simple.

We have been operating among the largest conventional boats running for the last 50 years or so. This is no coincidence, nor is it the whim of some gilded admiral; it is simply that our strategic geography has dictated it and successive Governments have supported the capability.

That is not to say that we should go straight to the biggest boat we can find. We should rigorously examine our needs against the strategic landscape we are now confronted with; we should look at what technological advances mean in the context of our planned mission set and ask how much harder, or easier, do any of these changes make it. We of course have been doing this.

Ultimately though Government will decide the level of resourcing that is applied to the submarine capability. My responsibility as the submarine capability manager is to provide the best advice possible from a capability perspective so that Government can weigh the risks and make the trade offs that inevitably need to be made in taking this sort of significant national decision.

There of course is still a lot of noise in the submarine debate. Nowhere is it more distracting and unhelpful than over the issue of nuclear propulsion. Both sides of politics have rejected a nuclear option at this time, yet it continues to pop up. There are some really simple truths that, in my view, we haven't really confronted. Firstly, without a domestic nuclear power industry and requisite educational facilities, generating the human capital to safely manage this significant technical challenge is very difficult. To put things into perspective, Navy has around two dozen submarine engineers at the key Lieutenant and Lieutenant Commander ranks – that's it!

Another is the hidden cost in running a nuclear submarine capability. There is an oft bandied figure that an SSN would be around \$2 billion a copy. Even if that were true, and I have the most severe doubts about that number, the cost of the specialised supporting infrastructure, the regulatory and safety regime and the industrial skill base that has been built up over decades in both the US and the UK dwarves that unit cost figure. We would need to develop much of this in Australia.

The personnel bill would more than double for the same amount for submarines that we currently have.

And the notion that we could simply out source all of the maintenance to the US is probably one of the more specious arguments put forward. What this sort of arrangement would give us is not a sovereign capability, it would be entirely beholden on others, is this what you want in a key strike capability?

As I have said in the past, this debate is in reality an academic one; it simply isn't viable this time around. If however, the debate is designed to map out a path to the submarine after next, in say 2050, then it may be worthwhile because nationally there are a number of decisions we would need to make in the next decade if that was the path that the nation wanted to go down. Even without distractions we have much to do in focusing the submarine enterprise on two things, maintaining the progress we have made with COLLINS and delivering on the 10+2 usage upkeep cycle and letting our project staff focus on working through options 3 and 4 for SEA 1000.

As always, I want to finish by talking about the men and women of the submarine force. How they have stayed the course through all of what they have had to put up with, including the torrent of negative public comment in the last five or six years, is a testament to their character and their professionalism. They know they will remain largely unsung in a world where recognition of the most banal made through social media is de rigueur. But unsung they must remain if they are to be an effective tool in the nation's military strategic tool kit. Unsung does not mean unappreciated and appreciated they certainly are; my responsibility remains to ensure they are well led and to argue for and win the resource levels needed to maintain a potent submarine capability. I think we owe them and their forebears an immense debt of gratitude.

I was very pleased to promote only the fourth submariner two star in the RAN's history when I promoted RADM Greg Sammut a couple of weeks ago. He has taken over from RADM Rowan Moffitt in the DMO having finished a spectacularly successful stint as DG Submarine Capability. I am sure he will fill Rowan's sizeable shoes in his new role. I also

want to thank Rowan for his efforts over the last few years; there has been no greater proponent for the submarine capability within Navy than he in recent years. Much of the grinding work that he has overseen will, like our submariners, be unsung, but it has been crucial foundation work for the success of the Future Submarine Project.

So, we have some clear tasks and aim points as a submarine enterprise, we have improving trends and indicators and we have a strong commitment to seeing this through. A journalist who I have known for many years said to me after my last ASPI speech, where I mounted what I thought was a fairly spirited defence of the submarine enterprise, that he was starting to feel like he would have to find something else in the Navy force structure to write critically about – our collective challenge is to make that a reality.