

Chief of Navy Address in the ADC Boardroom

Brisbane

6 March 2018

Distinguished Guests, Ladies and Gentlemen,

Good afternoon to you all,

Australia has one of the largest maritime domains in the world, and it faces three oceans — the Indian, the Pacific and Southern — with a coastline of more than 32,000 nautical miles.

Ten per cent of the world's sea trade passes through Australian ports.

Australia relies on the sea for 98 per cent of our exports — and for a substantial proportion of our domestic freight.

- Australia exported more than \$337 billion in goods and services in 2016, amounting to one fifth of our economic activity.
- Australia is a minerals and energy superpower. In 2016, we exported more than \$140 billion in minerals and energy.
- We are the world's largest exporter of coal and iron ore, and one of the world's largest exporters of LNG.
- We have the world's largest reserves of a range of metals and minerals including gold, iron ore, lead, nickel, zinc and uranium.
- Australia is among the top 10 agricultural exporters in the world. In 2016, we exported more than \$47 billion in

agricultural and fisheries products, accounting for more than two-thirds of our agricultural production. We are the world's largest exporter of beef and wool.

- Manufacturing makes up \$44 billion or 13 per cent of our exports. Australia's manufacturers are linking into global value chains and developing high value-added products and services including research and development, design and engineering.

Our \$1.6 trillion economy is dependent on shipping being able to freely navigate the oceans and conduct maritime trade, especially through the massive economic trading artery that runs from the Middle East, across the Indian Ocean, through the South China Sea, past Japan and on to North America.

Not only is Australia 'girt by sea' but dependent on the sea for its wellbeing and in the future Australia will only become more reliant on the seas not only as the highways of the globalised world economy, but also for food and other natural resources.

An efficient, safe, and secure maritime domain is integral to Australia's future.

The role of the Australian Navy in peace time is to provide what the old naval prayer calls 'a safeguard for those who pass upon the seas on their lawful occasions' in other words a Navy that can deter attacks by having available, sustainable and affordable lethality.

In practice this means we are committed, subject to government direction, to securing the freedom of the seas so that the commerce of the world can build the wealth of nations. Trade is the basis for global prosperity.

But the seas especially those that lie on our shores are becoming more congested and contested.

Many regional countries continue to invest in advanced naval and civil maritime capabilities. Terrorists and other criminals use the relatively porous maritime boundaries of the Indo–Pacific as transit routes.

Australia is increasing its investment in ensuring maritime security in our region. Whether it be:

- supporting confidence-building measures and cooperation among regional coast guards and maritime enforcement bodies,
- assisting in efforts to counter terrorism,
- helping support regional littoral states to develop comprehensive national maritime strategies,
- striving to ensure international law, especially UNCLOS, is respected and implemented to protect freedom of navigation and uphold the sovereign rights of coastal states in their exclusive economic zones, and
- ensuring the Navy is able to act as a safeguard for those who pass upon the seas on their lawful occasions through the greatest recapitalisation of the Navy since the Second World War.

The 2016 Defence White Paper set out the Government’s plan for the recapitalising the Navy, including 12 regionally superior conventional submarines, nine future frigates optimised for anti-submarine warfare and 12 offshore patrol vessels.

These new capabilities with the highest levels of military capability and scientific and technological sophistication, will be critical to the Australian Defence Force’s ability to protect our interests in our immediate region.

To ensure that the investment in new naval capabilities outlined in the 2016 Defence White Paper can be delivered, the government in 2017 released the Naval Shipbuilding Plan.

The Plan provides the foundation for create a long-term, sustainable naval shipbuilding and ship sustainment capability that is critical to Australia's strategic and economic interests for many decades.

The Plan is the largest, most complex and technically difficult advanced manufacturing challenge this nation has ever contemplated.

It is a national endeavour requiring contributions, support and engagement from all of Australia's States and Territories, from nearly all sectors of the Australian industrial base, and from nearly all other sectors of the Australian community, including the research and development and education and training sectors as well as the union movement and the professional associations.

There must be a fundamental shift in thinking about what the naval enterprise is, where it fits in to our national architecture, and how it relates to the national economic infrastructure.

As one of my predecessors, Admiral Sir Louis Hamilton, wrote:

A navy does not drop from the clouds. It is a miraculous and delicate instrument, a creation of nerves as well as steel, united with blood as well as rivets, it is in many ways the greatest expression of a nation's genius.

To me the Naval Shipbuilding Plan provides the nation and the very many sectors of the Australian industrial base and broader community which its touches, whether directly or indirectly, to re-imagine themselves, examine the assumptions we make,

re-engineer the way we operate, redefine relationships and ultimately our re-shape our national identity.

It provides the opportunity to transfer cutting edge knowledge, technology and skills into Australia.

It provides us the opportunity to innovate and embrace new ways of doing things, of integrating invention into the way we conceive, design and deliver the systems and platforms that are needed by the Navy to act as a safeguard for Australia.

It provides the opportunity to invest with confidence not only in new buildings, manufacturing equipment and techniques but also in redesigning our organisations and management systems to embed flexibility, adaptability and agility.

It provides the opportunity for Australia's workforce, whether in uniform or in industry, to exercise their imaginations and initiative within the framework of clear strategic direction to develop new relationships, attitudes, behaviours, and approaches.

It provides the opportunity to find new ways of partnering with our universities, TAFEs and research organisations because they play an essential role in providing the needed professional and technical skills.

It provides the opportunity to find new ways of engaging with the finance sector to develop funding models which will enable the growth and success of this national endeavor.

It provides the opportunity to redefine how industry engages with domestic and international markets and competitors, and especially the opportunity to expand into new markets and grasp export opportunities.

It provides the opportunity for governments at all level and industry to find new, innovative ways of encouraging growth, undertaking taxation reform, and the development of new skills in Australia.

Overall these opportunities will create jobs in industry sectors which will be critical to our future prosperity, accelerate the growth of Australia's economy, and show our nation genius.

And for those sectors which are not directly involved in Naval Shipbuilding, this national endeavor will have flow on consequences – better educated, more innovative, and superior skilled workforce, an industrial base that knows how to encourage innovation, be cost-competitive and sustainable, a finance sector that is open to new finance arrangements, governments who have experience in better supporting emerging industries grow and become globally competitive.

Finally, it provides the opportunity for us all to highlight the importance of Australia's maritime domains to the nation's broader national security interests and economic well-being, and in doing so develop in us all an island-consciousness which is so fundamental to our future success.

As you can see the Naval Shipbuilding Plan holds far reaching implications — not just for the Defence Industry, but for the future economic life of the nation.

The Australian business community, whether directly or indirectly involved with the recapitalization of the Navy, will play a fundamental role in ensuring success of the national enterprise whether through investing in the shipbuilding and associated industry, the R&D sector, working with our educational institutions to produce better skilled and more innovative workers, bringing new technologies to Australia, or identifying new innovative mechanisms for partnering across industries and with government.

This is not just a change of pace for the shipbuilding and maintenance industry, this is an opportunity to change of paradigm for the nation and its businesses must seek to grasp the opportunities that will flow.

Thank you.