

**Chief of Navy Speech**  
**to the Australian Strategic Policy Institute – Lockheed Martin**

**White Ensign Dinner**

**9 May 2013**

CHECK AGAINST DELIVERY

- Good Evening Ladies and Gentlemen. I would like to thank both ASPI and Lockheed Martin for putting on this dinner which I hope will become an important event on the maritime calendar. Both organisations, albeit in different ways, play an important role in Australian Defence and ultimately contribute to our common goal which is of course the enduring security and prosperity of this land.
- I am told the purpose of this speech is to describe Australia's naval development. This is a nice broad topic which means that I can pretty well talk about anything I want, which I will.
- What I would like to do is to build a little on my last ASPI speech in late 2011 which I gave around six months into my tenure as Chief.
- For those of you who were present you will know it was a pretty frank assessment of where we were at and what we had in front of us.
- As I approach the two year mark, I want to reflect a little on what the Navy has achieved over that period because collectively I think we have achieved a fair bit and, mercifully, you are not hearing quite as much about us in the same way that you were 18 months ago!

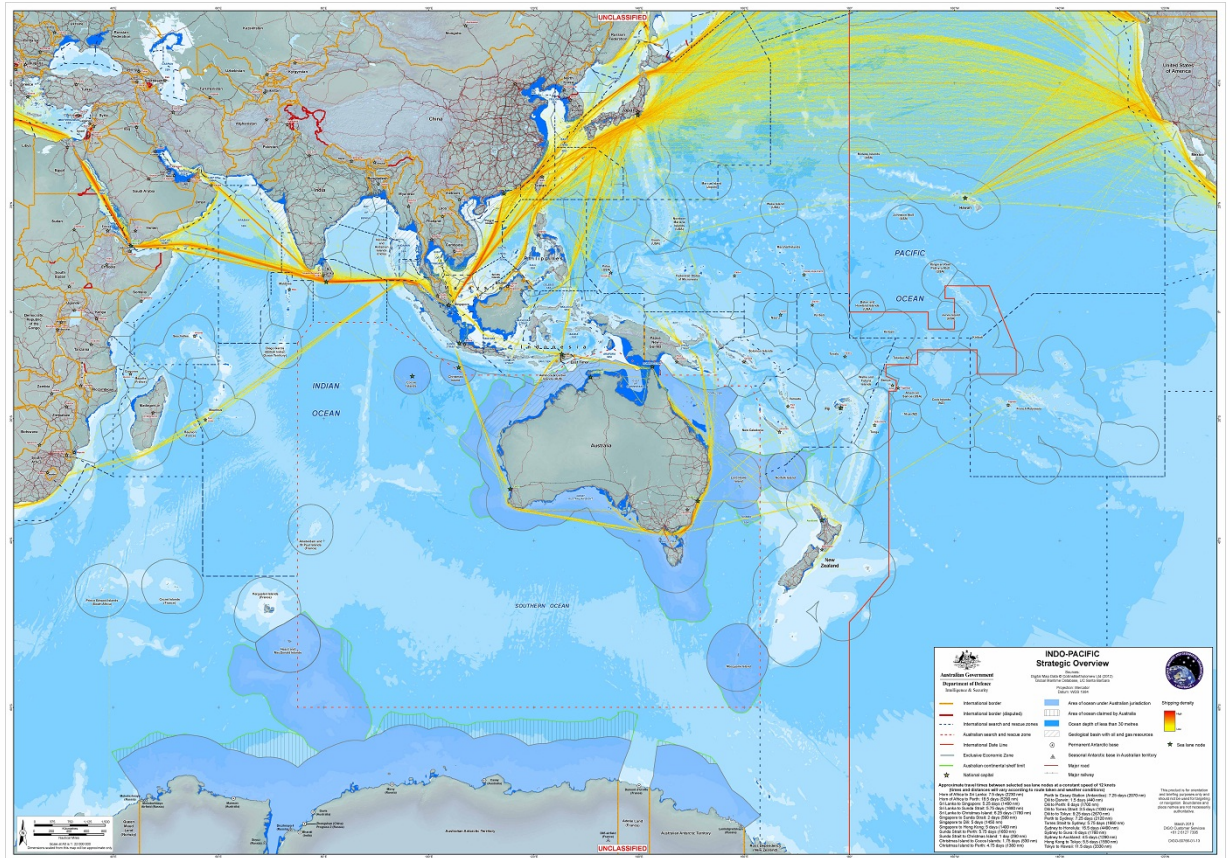
- In terms of structuring this talk, I want to focus on the strategic drum I have been beating regarding the need for a maritime school of thought to underpin and support our maritime strategy. I would then like to highlight a couple of key issues which we have been dealing with.
- At a national level, I have, over the last 8 months or so, sought to draw clear links between the Navy and its role in the joint force and the Nation's security and prosperity. There is no more important issue of relevance for the Navy – it is our fundamental reason for being.
- For too long, so much of Australian strategic thought has been almost exclusively locked in a rather binary discussion around the physical defence of the Australian continent or expeditionary warfare somewhere else in the world. These fundamentally land-centric approaches in my view lack relevance to our contemporary strategic circumstances and, as a result, increase strategic risk to Australia, because they fail to include in their calculus, Australia's critical dependence on the sea for our security, prosperity and way of life.
- Put simply, Australia's ability to have free access to the global maritime trading system is, in my view, our strategic economic centre of gravity. We may be able to dig up and extract, or raise and harvest, all manner of high quality resources; we may be able to produce exceptional components for globally distributed manufacturing processes; but if we cannot routinely, safely and predictably deliver them to market, then our prosperity is threatened.
- And if we do not have access to the resources and manufactures we import, then our economy will be equally diminished. As an example, our dependence on petroleum imports and the consequences of disruption to its supply are

not well understood for a subject so crucial to our economic health. I think we could say the same for the role trans-oceanic fibre-optic cables play in the operation of the internet on which we all depend.

- Maintaining the global maritime trading system is of course not something we can do on our own; and when I say on our own, I mean as a Navy, an ADF or as a nation. It requires collaboration and cooperation across all maritime focused nations. It requires trust and transparency which of course are underpinned by confidence building in our key relationships built up over time.
- This is why we actively engage in our region and beyond, a point made clearly in the White Paper released last week. Navies are good at this type of engagement; it is core business for us.
- So I think we need to more fully develop a Maritime School of Strategic Thought; one which generates an understanding of the true extent and nature of Australia's national interests; one that acknowledges that they do not simply stop at our coastline or offshore facilities or end at the limits of our Exclusive Economic Zone. Our national interests reach out into the world's trading routes well beyond our immediate vicinity. That is one of the reasons we have HMAS *Newcastle* enroute to the Middle East to participate in maritime security operations – the Navy's 55<sup>th</sup> individual ship deployment to the area since 1990 – because the safety of maritime trade through that region is crucial to Australia as well as to so many of our key trading partners and allies.
- A Maritime School of Strategic Thought relevant to us needs to be Australian in nature. For so many people, their view of the maritime environment is defined by our close association with the UK or the US, the two dominant

maritime forces of the last 200 years. We in the ADF have consistently not grappled with the issue of scale very well, either in articulating our force structure needs or in explaining to the public why our force structure looks like it does, is in the numbers it is and what limits this finite resource actually has. So scale needs to be put into perspective and we need to focus on those things that will make the most impact and carry the greatest strategic weight.

- I think the 2013 Defence White Paper has picked up on and strongly states a number of the themes that I have been talking about. It provides a comprehensive coverage of the inherently maritime nature of our strategic circumstances.
- Indeed the White Paper explores the powerful notion of the Indo-Pacific building on the discussion in the Asian Century White Paper and the National Security Strategy. It is an important construct when looking at our interests through the maritime lens, hence why I have the chart of the Indo-Pacific on the screen behind me.



- A critical part of the answer to me in all of this is the need for maritime security architectures. In the Pacific we are reasonably well served through a range of formal and informal arrangements.
- In the Indian Ocean however, a key strategic waterway for our continued prosperity, we are operating in what is essentially in a bit of a vacuum. The region has no formal security architecture and in my view sorely needs to have one. In a naval sense we are making small steps thanks to an Indian Navy initiative, the Indian Ocean Naval Symposium (IONS) and I am looking forward to becoming the Chair of IONS early next year and taking its development forward. But beyond IONS there is little in place.
- We will continue to champion the development of the maritime school of thought so that we can deepen the intellectual underpinning for the evolution of the maritime strategy.

- As I have said on numerous occasions, a maritime strategy is not about the Navy, it is inherently joint in a military sense and it is more broadly about having an integrated approach to the use of all elements of national power to ensure Australia's security and prosperity.
- Turning to the Navy itself, there have been three key areas of focus for us over the last couple of years. These are, delivering on our capability contract with Government, being ready for the future capabilities coming on line and continuing with reform and cultural change. They have consumed, as you would expect, much of our organisational energy.
- Ship availability was a key issue when I took over the job and it has occupied an immense amount of my time in the role. Of course the reason why it has is the fact that it is a Key Performance Indicator for Government.
- There is no doubt that given the small numbers in some of our fleet sizes, Navy's task in reliably meeting our readiness requirements is a complex one. We have had some ups and downs since late 2011 but overwhelmingly we are headed in the right direction.
- In Northern Australia our patrol boats have had a tough time doing a difficult job extremely well, but, they are more maintenance intensive than we would like. This is something we have been trying to fix through the *Armidale* Class Patrol Boat (ACPB) Remediation Program over the last 12 months and we have made progress on a number of key issues, but we still have more work to do. The only way forward is to keep the Team Armidale concept working and attack the issues jointly in conjunction with the Defence Material Organisation (DMO), Defence Maritime Systems (DMS) and other key industry stakeholders.

- They are good boats and importantly though, through all of the challenges of the ACPB availability issue, we have carefully managed it so that it has not had an adverse impact on the operational effect required in OPERATION RESOLUTE.
- Of course it is our people that make the key difference in this Operation; they have continued to make a significant difference under intense public scrutiny and we should all be very proud of them.
- Turning to the topic of the moment, this year we have had three submarines running pretty much all year, including periods of all three at sea concurrently. Our Material Ready Day (MRD) achievement is up 40% compared to last financial year. This is important in the context of the Coles Review and for the additional training throughput it allows. This helps to ensure the long term sustainability of the fourth submarine crew and how it positions us to start to think about building to the fifth.
- Available boat numbers will however fluctuate for a few years as we clear the remaining legacy issues in the rest of the fleet. Next year, for example, we will see a reduction from this year's achievement. It is critical to understand that this planned reduction, let me emphasise the word planned, is not misinterpreted. Our aim point in implementing the Coles Review recommendations is to reach a steady state in 2016/17. We now have achievable targets that will be met over the period through a clear and deliberate plan – a plan that all involved in must deliver on both individually and collectively as a submarine enterprise.
- There continues to be much written about our submarines, much of it valid, but when people start passing judgment on the military utility of the boats I do tend to bristle. The simple fact with submarines is when it comes to their

employment, if you are not intimately involved in their operations there is always going to be an unavoidable 'you don't know what you don't know factor.' I don't mean that in any disparaging way; I personally have learnt more in the last 3-4 years about submarines than in my entire career and I am still learning.

- It is of course easy pickings to beat up on the *Collins* Class but perhaps, just every now and then, we should reflect on the significance in national terms of what was achieved in our very first submarine construction outing. We didn't wade in at the shallow end of the pool; we jumped in to the deep end to build the largest and most complex conventional boat in the world at that time. Of course mistakes were made in an undertaking of this complexity, but they were not mistakes made by our tradesmen; there were poor equipment decisions, short-sighted logistic support concepts and a fundamental failure to implement adequate sustainment arrangements from the outset.
- In the final analysis, however, these have left us with reliability not capability issues – an important distinction if you are trying to be rational in this debate.
- These reliability issues are fixable and are being fixed, I know that fixing them is crucial to the future submarine discussion and subsequent Government decision making about that project. Indeed, it is crucial to the future of the submarine service itself, we are all seized by that!
- The key in the future submarine discussion is to ensure that we demonstrate we have learnt the lessons from this experience – the taxpayers rightly expect it. What I have learnt from visiting submarine building nations such as Spain, Sweden, the UK, South Korea and Japan is the way they have learnt from their experiences and that is through the importance they attach to incremental development of proven designs.



- As I have said publically in the past, we have been operating some of the largest conventional submarines available for the last 50 years for very good reasons.
- Those reasons are shaped by our strategic geography and the way we need to employ the submarine capability – neither of which has changed.
- Before getting away from submarines I again want to publically applaud the men and women of the submarine force for the way they go about their business. It is not easy to be associated with a capability that is the subject of such incessantly negative and often ill-informed comment. I firmly believe we have turned a corner with nearly all the key indicators showing improvement over the last 12 months. The future will not be free of setbacks, let's be realistic, but we are on the up and to a large extent this is overwhelmingly due to the professionalism of the people involved and the additional investment that has been made.
- So next time you line up to bag *Collins* spare a thought for all the men and women in the Navy, the DMO and in industry who are working incredibly hard to ensure this vital capability is as good as it is – and as a number of people who are sitting here tonight who have hunted *Collins* submarines can tell you, it is good.
- There are other parts of the Navy that are working incredibly hard as well; after all this period is one that I characterise as rebuilding the Navy. I think when the history of these years is written, what we did with the Rizzo and Coles Reviews will loom large. Implementation of the Rizzo review is effectively about Navy; rebuilding not only its engineering capacity but rebuilding what was a broken maintenance and sustainment system.

- The scale of what we are doing in Rizzo is still something that many people don't understand.
- I believe we have returned technical integrity to its rightful place in the forefront of our thinking and more importantly to our daily actions and decision making.
- We are making much better risk based decisions, we are re-skilling our technical sailors.
- We have put sustainment and maintenance before operations; the *Armidale* remediation plan, which resulted in over 330 additional days assigned to maintenance, is the clearest example of that.
- We have many more frequent discussions about design and operating intent; we hold ourselves and those that provide a service to us to account when that is required. Importantly, we are steadily regaining the 'fight to fix' outlook that I think we lost sight of at the height of the sustainment commercialisation phase.
- At the heart of this rebuild is the phased implementation of the Seaworthiness Management System. Last week we had our first Seaworthiness Convocation where members of the Seaworthiness Board and the key Seaworthiness practitioners in Navy and the DMO gathered to talk through the operation of the Seaworthiness System. The Airworthiness System has had these convocations for a number of years and I felt this needed to be a natural extension of our system. Seaworthiness Management is still a nascent system but we have been able to leverage off the considerable experience our people have in airworthiness management; importantly it is gaining real traction across Navy and the DMO.

- Turning briefly to new capability, I am sure many of you would now have seen LHD *Canberra* and the massively imposing sight it cuts across the Williamstown skyline. I am looking forward to seeing the ship at sea late this year for sea trials and getting our hands on it up in Sydney early next year for some extensive operational test and evaluation. It truly is a magnificent capability.
- Equally important for all of us in the ADF is the developing joint amphibious architecture. Our concepts are maturing, our joint Command and Control (C2) construct is developing, particularly the reorientation of the Deployable Joint Force Headquarters in Brisbane around this capability.
- We have completed our first phase of moving members of the Fleet Battle Staff from Sydney to Brisbane. This is something Navy resisted for far too long; my own view is that without the commitment to co-locate key elements of the battle staff we would not make the joint C2 construct we need a reality.
- The level of collaborative effort across the ADF on the development of the amphibious capability is terrific, particularly how Army have embraced the opportunities that it presents. I think it augurs well but we should not doubt the complexity of the challenge we face.
- We need to carefully manage expectations about what can be done and when. If we don't view this as a totally new capability and work at understanding what we can do with it, we will never exploit its full potential. To this end the US Navy and Marine Corps, the Spanish Armada and the Royal Navy and Royal Marines have provided us with first class assistance.
- In other projects, we now have 49 aviators in the US under training in Florida, preparing for the arrival of our first Seahawk Romeo helicopters early next

year. I was fortunate enough to fly in a United States Navy Romeo recently and I must say we have ourselves one hell of a combat aircraft.

- Our numbers in the US will build to around 112 next year to complete the training and gain experience with the aircraft before returning to Australia in 2015 as the new 725 Squadron.
- We continue to make ground in the cultural change arena. The New Generation Navy (NGN) is entering its 5<sup>th</sup> year. Rightly or wrongly NGN had become almost exclusively associated with unacceptable behaviour. That was a critical early focus, but NGN was always about much more than that. In February I launched the new strategy with three key areas of focus to encompass all the key aspects of our culture: firstly warfighting and seaworthiness culture (the connection between the two is of course fundamental and is intended to help people understand that interdependence); second is the culture of improvement and accountability that we need to have and thirdly what I would call the original NGN focus, the people centered, values based leadership that we need – remains a critical part of the program.
- We are executing Defence's Pathway to Change program by leveraging off NGN's strong acceptance in Navy and delivering Pathway through NGN; the two are inextricably linked and mutually reinforcing programs.
- In that vein I have recently appointed Strategic Indigenous and Strategic Islamic Advisers, to complement the Navy Strategic Women's Adviser, to give me a more complete view on key diversity issues and opportunities.
- These two new advisers are primarily to help me better understand some of the cultural issues that impact Navy's relationship with these important communities and of course to assist in ensuring that Navy genuinely has a

culture that is inclusive and attractive to potential indigenous and Muslim recruits.

- We of course still have some significant people challenges in Navy. The war for talent continues to rage and too many of our talented people leave before we would like them to, the training and experiences we provide them make them very attractive targets.
- We can never compete in monetary terms, which is why things like our culture and the sense of belonging to a contemporary, purposeful and inclusive organisation are so important. Ultimately our cultural change program is as much about sustaining and enhancing our capability, as much as any equipment purchase is, and it deserves similar attention.
- I remain very proud of what our people achieve on a daily basis, whether that is protecting our borders, contributing to a free and open maritime trading system, providing humanitarian assistance, honing their war fighting skills or operating ashore in Australia, Afghanistan, the UAE, Bahrain, the US , the UK, the Sinai or South Sudan, they are all collectively working hard on your behalf to ensure that we remain ready to execute Navy's mission - to fight and win at sea.
- Thank you and I look forward to your questions.