

American Chamber of Commerce

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Introduction

Good afternoon to you all and thank you for the opportunity to talk to you about the Navy; who we are, what we do, and where we are headed. In doing so I also want to focus on Navy's workforce challenges, on organisational cultural change and on leadership. I trust that there are insights for everyone in the discussion.

I assumed Command of the Navy 8 months ago, after three years 'out of Navy'. During that absence I was engaged, firstly in the Force Structure Review as part of the last White Paper team; it was this review that put together the force structure that became Force 2030 - which is the Government's blueprint for the future ADF. Afterward I spent 12 months building the Strategic Reform Program, or SRP, which I will talk about later, followed by a very hectic, fascinating and rewarding 13 months as Deputy Chief of Joint Operations out at Bungendore near Canberra.

These experiences have left me firmly focused on three things; delivering Navy's part of Force 2030, ensuring Navy is at the forefront of Defence's reform agenda and ensuring that Navy delivers ready and capable forces to the Chief of Joint

Operations for employment on operations. For me that has translated into my three stated priorities for Navy: meeting our contract with Government in terms of current capability, ensuring we are ready for the new capabilities coming on line in the coming years and continuing our cultural change and reform journey.

If you relied totally on media reporting you would probably not have a great view of your Navy or the people who form it. My aim, by the end of today's talk is to restore some balance and perspective in your perception of your Navy. The Navy is a 111 year old national institution; an organisation of 18000 full and part time, uniformed and civilian personnel. It is an organisation with about \$18 billion in capital assets and an effective operating budget of about \$3 billion per annum.

Our people serve, they don't just do a job - an important point to make. Overwhelmingly they are terrific people, they and their families sacrifice a lot that most Australians take for granted; they work in a dangerous and unforgiving domain that is the sea and they do it well. I am frankly never happier than when I am out of Canberra talking to our people on the waterfront or out at sea - they are what allows us to perform and it is certainly a great honour for me to lead them in this role.

What is it that we do? The truth is that you don't see a lot of it - most seaborne activity is invisible to the average citizen and the relationship between the assured use of the oceans and our national prosperity - indeed our national survival - is not something that penetrates the consciousness of most. Perhaps running the 'supermarket shelves' test is the best way to make the point. Take everything off the shelf that has in some way been reliant on sea transport and see what is left - the answer is not much! Turn it around the other way, how much of our export earnings are reliant on the safe use of the sea - just about all of it. So, why isn't this at the forefront of your mind? Partly this problem exists because of the nature of maritime work. Much of what maritime industries - shipping, fishing and offshore resource exploitation, as well as what the navies do to protect them, happens out of sight of land. All too often it is also out of mind. This presents a perennial challenge for all navies, just as it does for maritime industry.

What are we doing right now? OPERATION RESOLUTE, which is the ADFs contribution to the Government's border protection mission, remains Navy's biggest single operational commitment. Every day we seek to provide seven Armidale patrol boats to this mission. For certain periods of the year we also provide a major fleet unit to assist, most recently this was HMAS TOBRUK but the Hydrographic ships are regular

contributors in that role. Navy has recently taken on the manning of the Transit Security Elements from Army and Air Force in our RESOLUTE ships; these are the security teams that assist the boarding parties in managing Suspected Irregular Entry Vessel arrivals. This is a good development as it is getting more of our younger sailors to sea where they can also progress their competency logs and gain some valuable operational experience. Of course the dangers inherent in RESOLUTE were brought into sharp relief on 15 December 2010 off the rocks on Christmas island. Our people were magnificent, simply magnificent in the most appalling and dangerous of conditions and in the most tragic of circumstances. Their actions on that day are, I think, the true indicator of the quality of our people and of the intrinsic nature of Australia's Navy. The RESOLUTE task is a relentless one, it is thankless and of course is conducted in the full glare of intense public scrutiny. Our people are out there every single day doing this task fantastically well and their contribution goes largely unrecognised.

Navy's overall contribution in the Middle East Area of Operations, or MEAO, has been slowly growing. In August I accompanied Minister Clare into Afghanistan, it was my second visit there in 12 months and I was certainly impressed to see some of the change and progress that has been made; this time my focus was very much on what Navy people are doing to contribute to the joint fight. We have people in a wide range

of positions, from working on the front line with the Mentoring Task Force to some key Headquarters and support positions; they are universally well respected and, along with the up to 25 or so personnel at the national headquarters in AL MINHAD, are making a great contribution. Of course we have the frigate in the MEAO doing a sterling job across the counter piracy, counter terrorism and general maritime security missions. I think it is important to note that it is our 22nd year of contributing a major fleet unit to operations in this part of the world and we have maintained a continuous presence there since early 2001. Our people in Bahrain are playing a key role in the Combined Maritime Forces organisation, both supporting the US Fifth Fleet and through the command role we have with Task Force 150, which runs the broader maritime security mission in the Middle East.

We have a small number of people in the Sinai as part of OPERATION MAZURKA and a handful in Southern Sudan supporting the UN mission there. We have people ashore in the headquarters in Timor and have been active in the Solomons, with personnel attached to the Headquarters there and through provision of Landing Craft support to the Operation. The Landing Craft have also been active in East Timor and in the Pacific in support of the US led civil assistance program Pacific Partnership and of course our divers and Mine Counter Measure folk continue to do very important explosive ordnance disposal work across the region through OPERATION RENDER SAFE; removing the threat of unexploded WW2

ordnance, the most recent of which was in Papua New Guinea. All in all we have about 600 personnel deployed on operations today doing a terrific job. As we speak we are deploying a small contingent to assist in the Queensland floods, just as we did last year in the Queensland and Victorian floods and following Cyclone Yasi.

Finally we are currently supporting Government research efforts in the Australian Antarctic Territories, with a hydrographic survey element onboard the MV Aurora Australia doing vital marine survey work in the deep Southern Ocean.

When you combine our operational and raise, train and sustain activities you can expect to see around 23-24 ships and submarines at sea on most days, this rises to around 32-33 during peak training periods. Out of a fleet of around 50 ships this is a pretty good outcome, given that there will be other ships ready to go to sea but alongside and there will be ships in various stages of planned maintenance.

Sustaining our current fleet has been challenging. Submarine availability has been problematic, at present we have three submarines running in their operating cycle - this is where I need to be so that I can conduct operations and continue to grow both submarine force numbers and experience. We lost too many good submariners in the latter part of the last decade, much of that due to very strong economic conditions in

WA, but some of it due to our own management and the culture within the submarine force. We have seen steady progress in rebuilding our submariner numbers and now have a healthy submarine training pipeline. Our submarine technical workforce however remains very fragile, and unfortunately, very attractive to technically focussed industries.

In the surface ship community we have had challenges in the amphibious and afloat support fleets. This is an area that was not as well resourced in sustainment funding as it should have been. Any of you who have read the Rizzo review on this would see the scale of the challenge. This review, and the subsequent suite of recommendations, has been important for me and the Chief Executive Officer of the Defence Materiel Organisation to help focus our teams on rebuilding our engineering capability and reinforcing the importance of the technical integrity of our ships. In Navy, we came to view engineering as an overhead and not the key enabler that it is in a high technology organisation.

Looking further ahead we have a very exciting period of new capability delivery. Around August we will see the first of our new amphibious ships (known as the LHD) arrive in Port Philip for its final assembly over at Williamstown. It is the largest ship to commission into RAN service. It is larger than our old aircraft carrier MELBOURNE, by some 7000 tonnes and represents a quantum leap in our amphibious capability. Our biggest risk is

treating it like just another ship and adopting old sustainment and operating strategies. We cannot survive on the adage of “we know boats” with these LHDs.

In 2014 we will see new combat helicopters for Navy with a new variant to the Seahawk helicopter. It re-introduces an important capability in dipping sonar; which will allow us to conduct anti-submarine warfare in a way that we have not for some time.

Not long after the LHD enters service, we will see the first of the Air Warfare Destroyers, which are currently being assembled in Adelaide. This is the first time we will have used the AEGIS combat system, one of the most powerful naval air defence systems in the world. Again, it is a big step up for us.

Then, of course, there is the future submarine, the offshore combatant vessel, and in the mid-2020s a new frigate to replace the ANZACs. It is a very exciting time on the hardware front.

As I alluded to earlier, there is no doubt that our reputation has taken a battering over the last couple of years, some of it absolutely justified but some of it not. This is having an effect on our people and this concerns me. They are resilient, of course, but over time these things do take their toll. That said the answer ultimately lies with us. It's our reputation and only

we can fix it. As I have indicated, our people are of first rate quality. I have already mentioned the outstanding efforts of our sailors on operations around the world today. I am certainly not going to retreat to the “few bad apples” defence; personally I think that is a lazy organisational response. We do have people who fall short of the standards we expect; we always have and will - just like any other organisation in the country. The important thing is the organisational response, ensuring we have an open reporting culture, that we consistently hold people to account and that the underlying culture is inspiring our people to excel rather than strive for mediocrity

A number of you would be aware of our cultural change program, New Generation Navy (NGN). It was started by my predecessor, in April 2009, in order to address the cultural changes we thought we needed to make for Navy to meet the challenges of delivering future capability with a clear focus on Force 2030. Importantly it was not a reactive program. It was not implemented because of an incident but because of where we saw Navy needing to be moving to in terms of leadership, structures and culture; so that it was well positioned for the significant challenges that the introduction of the significant new capabilities I have just mentioned would bring.

The New Generation Navy program, now in its third year, is starting to make some inroads into modernising our structures, our leadership approach and our culture. I am determined to

ensure that our people see NGN as a vibrant and dynamic program; one that is delivering tangible benefits and improvements.

We have had our Navy values of Honour, Honesty, Loyalty, Integrity and Courage for around a decade. One key feature of the NGN program was the introduction of 10 signature behaviours, which, if lived by, will take us toward the organisation we need to be and deliver the culture that will sustain us. These behaviours are critical to the success of the program. I don't expect that everyone will get them right every day. In fact I am realistic enough to know that, at this stage of the program, if we have people just realising that they are falling short of the behaviours, we have already shifted the culture in the right direction. As you all know cultural change is slow and hardwiring the signature behaviours into the organisation will take time. That said, I think we are seeing definite signs that the behaviours themselves are resonating with our people, particularly, but thankfully not exclusively, with our younger members.

Throughout this process people want a clear understanding of what is expected of them. People need to know the direction in which the organisation is heading and the important part they play in it.

The program includes new Navy leadership development training for all ranks – focussed on being an ethical leader and mentor. This training occurs strategically throughout a person's career, building on experience and knowledge at vital stages of their career development. Senior officers and senior sailors complete a 3 day leadership development workshop that includes a 360 degree feedback process – I see self awareness as a key facet of good leadership.

Junior officers now complete new leadership modules as part of new entry training and junior leadership training. Junior sailors now complete revised modules on leadership and mentoring as part of their existing promotion courses. In the last two years alone, 4110 personnel have undergone this new training. This formal training is also supported by leadership coaching and mentoring programs.

I think it is a good sign when I talk to our people and they are excited about the quality of the leadership training they are getting. They understand how important it is to them individually and to the Navy's future. At the end of the day, these programs won't succeed due to senior leadership commitment alone, they absolutely must be reinforced by coalface leadership. Likewise, it is the leadership abilities of our sailors and officers executing the mission, whether that be

protecting our borders or on a counter piracy patrol off the Horn of Africa, that translate into operational success. I don't subscribe to a particular leadership formula or fad - leadership is a messy business, it's situational and contextual and intensely personal. That is why we teach principles and a framework. There is also a strong moral dimension to leadership in a military setting - we should never forget that, at the end of the day, our people are expected to put their lives on the line and, in combat, be a part of taking the lives of others.

An important part of the cultural challenge in the military is providing the setting that develops the essential warfighting ethos and fighting spirit that allows people to do what they must in extreme situations, without skewing things that then adversely impact their day to day existence in the Navy. We can't afford to have a culture for the everyday and a separate culture when on operations. Similarly we can't afford for the culture to lead the Navy to lose sight of what is needed to achieve its ultimate purpose - I think there is no doubt that in the past that has occurred, particularly when there have been extended periods without significant operational activity.

I would contend that getting this balance right is a particularly tricky challenge. It requires a very clear articulation of the intellectual dimension of this in a way that must be understood

right through the Navy. It requires our people to be adaptable, compassionate, tough and resilient and to have that most important of attributes - moral courage. Getting that into the right package, and translating that into consistent results in a predominantly young workforce performing their duties in the harsh and demanding maritime environment, is no easy task.

There are still the detractors and 'nay sayers' out there but I am heartened to see that they are being overpowered by our younger people in uniform and the public service – and many of the longer servers as well - who truly believe in our reform journey; they see the future of the Navy as their future and are enthusiastically embracing the changes.

I have embarked on a series of NGN challenges to focus the Navy on the cultural change we need to make. We have a lot of the deeper change work going on in the background; it is not obvious on a day to day basis so I am building these challenges around our values and signature behaviours and presenting them every couple of months to bring the program to the front of people's minds.

The first challenge was to try and correct the skewing of our personnel appraisal system through a truth in reporting challenge. This is critical so that we can use our performance

appraisal system to identify our future leaders and the development opportunities that they need.

The second challenge got more external air time than I really wanted when I challenged Navy people to think hard about the need to travel and to adopt a no win, no loss approach to travel allowances. I think this is a responsibility we owe the general tax payer and is in line with our signature behaviour of 'Be cost conscious'. There is no doubt this challenge has generated considerable discussion in Navy and, through this, allows a broader discussion on cost consciousness.

I will continue with these challenges to demonstrate my continued commitment to the NGN Program, and as I mentioned, as a way of bringing the program back to the forefront of people's minds on a regular basis and giving them something practical to focus on. I think this is essential in ensuring the program doesn't slip from the consciousness.

The success of NGN is something that is critical to our future. Like everyone else in the room, the war we fight every day is the war for talent. In an economy which is close to full employment and particularly where technically trained personnel are in such high demand, this is a very tough fight. I simply don't have the same levers that many managers in the private sector have, particularly when it comes to the

remuneration. In my mind, that increases the importance of the less tangible aspects of the employment package and this is where both culture and leadership are absolutely critical. We ask a lot of our people and we need to get the balance right between the mission requirement and their wellbeing. Obviously, the operational imperative must prevail in particular circumstances. Sometimes though, I think we have extended that outlook to circumstances when there really is more flexibility. We have some terrifically flexible workplace policies in place, but our take up of them is still lower than it probably could be. One thing I can do, in very limited numbers, is to recruit laterally from other navies and we do that whenever we can, particularly from the British and Canadian Navies. We have been doing this since the RAN first formed. The recent round of retrenchments that have been announced in the UK have certainly given us an opportunity to help the Royal Navy offer an alternative so that their people can follow their chosen profession. We are working closely with them to maximise any benefit we can get from this.

The SRP is a reform program in which I have a strong sense of personal ownership and the Navy community well understands it is something that I expect us all to be leading. Frankly we have not really hit the hard part of the reform program yet. The next few years are when the reform driven cost reduction targets ramp up. My key message on the SRP is around why we are doing it – to help fund Force 2030 and as elements of that

force come into service, that rationale becomes clearer to our people.

The important thing is that Navy delivers real reforms rather than masking cost cutting strategies as reform. This would merely replicate past errors in my view. In Navy we are seeing some great and sensible initiatives being driven from our junior people and I think that the Navy community is beginning to realise that good ideas are really being listened to.

Despite the challenges I have spoken about today I have a fair degree of optimism about Navy's future. We have fundamentally good people, they remain committed to our mission and they believe it is a worthy one. We have a very exciting and challenging recapitalisation program ahead and we live in a time when the strategic forces are maritime in nature. This is the Asia Pacific century which inherently means it is a maritime century. I believe that Force 2030 is the right force structure for the ADF and Navy's part of that force is critical.

I hope that has given you a sense of where Navy is at and where we are headed, there are a range of issues I simply didn't have time to cover and I am more than happy to fill in any gaps in Q&A. Thanks for listening.