

“The Navy and the Nation”
CN Address to Australian Defence Magazine Conference
Hyatt Hotel
9 February 2016

Ladies and Gentlemen

I would like to thank the ADM for the opportunity to speak today. Those in the audience who have heard me speak over the last 12 months will hear me deliver some familiar themes and indeed similar statements. But it is important to state emphatically and repeatedly what is needed from defence and industry.

This year, the focus of my efforts is to draw the Navy and the Nation together in what I believe is a common endeavour. This is essential if we are to build 21st century Navy that is fit for purpose.

The most significant difference between navies that we command today and those of our predecessors is the fact that, in Australia’s case, the modern navy is increasingly embedded in the sinews and muscles of our nation.

We not only rely on our citizens for the men and women who voluntarily enlist, but we also rely on the national industrial base to operate.

In the past this was a paradigm reserved more for the world’s major maritime powers, such as the US, France, Britain and Japan. Nations such as Australia, saw their naval capabilities as adjuncts to those of parent nations.

In Australia’s case, this was Britain and the Royal Navy at first, then to some extent, the US. Partnership through a “Parent” Navy lens was ultimately what underpinned acquisition.

The latter half of the 20th Century saw this emphasis erode as multiple world-wide ship building markets began to redefine the capability market.

But as the 21th Century unfolds Australia, as an increasingly more influential middle power, recognises that the emphasis is progressively moving to partnerships based on common endeavour, particularly as systems complexity and capability interdependence begins to shape our acquisition practice.

This has made us think much more about **where** we invest in capability, not just **how much** we spend. This is an important point and one that begins to clarify the industrial needs of our current naval enterprise.

The navy, as indeed the army and the air force, are not just some kind of reserve national capability to be brought out in time of need.

Our modern navy needs to be increasingly a national enterprise, bringing together the private and public sectors of the economy to deliver a fundamental national objective – security above, on and under the sea.

That means Navy is not just about our ships or our sailors. Our Navy, Australia's Navy, is also about the national effort required to have a Navy, to maintain it and sustain it.

That national endeavour will ultimately manifest itself in a new industrial landscape for Australia. This endeavour underpins Navy's approach to Continuous Ship Building.

Continuous Ship Building

Continual Ship Building will draw industry, education, R& D, finance and skills sectors and our Australian and International defence partners together in ways never previously seen.

So why am I telling you this as Chief of Navy?

I do so because I don't just have to run the Navy of today. I have to ensure Australia is well placed so we have a modern, fit for purpose, operational Navy in the future. That is my responsibility.

Continuous Ship Building is the strategic capability by which this will be achieved and maintained for the better part of this century.

For the navy to redefine or revisualise itself as a national enterprise, both promoting and protecting the national interest, it is critically important that we see ourselves as a fighting system, not just as a collection of platforms.

I have said previously, the emphasis here is on SYSTEM and I shall return to this theme in a moment.

I spoke many times last year, both overseas and in Australia about the Strategy of Navies. The “Why” of having a Navy. This year you will hear me talk more of the “How” of Navy—and that means I will be discussing the industrial aspects of our naval planning and decisions.

All forms of this narrative, both the “why” and the “how” have been pointing towards the future. I have been aiming to provide to necessary direction to maximise the chances of future success.

I spoke in October last year at the Seapower Conference in Sydney - about industrial aspects of our nation's navalism. I also spoke about Continuous Ship Building, which had just been announced in August 2015 as the government's policy approach to recapitalising the Navy.

I am still not sure it is understood nationally that Continuous Shipbuilding is not just a change of pace for the creation of the Future Fleet, but a change of paradigm.

The key elements of this new conceptual architecture are: the navy as a national enterprise and the navy as a system.

The Navy as a Fighting System

What I am driving at here is a *core* doctrinal concept. The delivery of decisive lethality is the result of our entire system operating in a focused, networked and “joined up” way.

Air Force has discovered this in Plan Jericho – a fifth generation air force. In my view, Navy has been practising this way in certain areas for years (look at NCDS networking did for us) but we just have not utilised technology across Navy to do this as a whole – we must build our 5th generation Navy.

This means that our civilian intelligence personnel, our dockyard workers, our naval architects, our research scientists, our enlisted and commissioned personnel and the CEOs and employees of our defence industries must act collectively.

They also act in common purpose.

By doing so we can and will maximise the strategic effect of our platforms and their capabilities.

There are some key drivers here and those who have attended any recent ASPI or Seapower conference will have heard me espouse them – Navy’s five major tenets.

The Five Tenets of National Naval Capability

The centrality of **deterrence** as an outcome of decisive **lethality**; the importance of **availability** and **sustainment**, and, of course, **affordability**.

It is our job to ensure that future Australians have a navy that can project naval power and contribute to the ongoing peace and stability both regionally and globally.

And if the peace cannot be sustained then we will have built a national enterprise that will deliver a lethal Navy capable of prosecuting war on, above and below the sea.

Our ability to project power rests with our very ability to build, sustain and evolve ships over the long-term. We may not design them initially ourselves, and this is where partnership becomes important.

We will need to partner with those who can work alongside us in this endeavour—for the long term – this is a 30, 50 even 100 year endeavour!

So let's move to the business part of navies.

Availability

Deterrence can only have effect if our ships can sail; if our submarines can dive; and if our aircraft can fly.

Navies that are not operational don't deter or defend or provide government with strategic options.

Availability is the critical enabler of capability. I can have the best weapon system in the world, but it is useless if it can't leave the wharf. This has been my most ardent requirement in any discussion about the future Navy.

So, how do we ensure that we can manage our assets to deliver to government the forces necessary for our national maritime security.

There is no one answer, but what I can tell you that we need to do things differently from that which we do today.

And I can also tell you that there is a clear appreciation of this within Defence.

Continuous Shipbuilding as a strategy

And the concept of a Continuous Shipbuilding strategy is just one way to ensure naval vessels are acquired and sustained to guarantee this success.

Its different. Continuous Shipbuilding is about building evolution and innovation into availability.

A continuous and evolutionary ship building strategy enables us to ensure we have ships ready for future demands. It allows us to build agility into our system. It allows us to imagine the future and prepare for it.

Indeed, Continuous Ship building is the system whereby Defence and industry working together are able to generate the innovation that the Prime Minister has identified as central to Australia's future economic development.

The foundations we lay together (industry, Defence and Government) to build our ships will not be just concrete and steel. We have an opportunity at this juncture to invest in the Australian people – their ingenuity and their resilience.

Continuous shipbuilding provides the ability to look at analysis, design, construction and sustainment collectively, or, as I would prefer to describe it: thinking, designing and doing, not as a series of sequential activities, but as concurrent activities.

In fact, Continuous Shipbuilding is itself a macro-innovation that provides an opportunity to maximise affordability while increasing capability and availability.

The old way of acquiring ships and planning for mid-life upgrades no longer provides a solution to our larger more complex warships. It is unmanageable at best. We cannot plan a fleet we cannot afford to build, sustain and evolve through the life of type and into the next generations.

Certainty for Industry

Now let me turn to the most obvious, significant and welcome outcome for industry that will flow from Continuous Shipbuilding. It is certainty.

For the first time since we built warships in the country we will be building not just for the life of one project, but for sustained capability into the future. I'm already thinking about the next frigate after the future frigate.

Defence is currently negotiating a way forward to reduce the depth of skills loss across the ship building workforce and mitigate against a "cold re-start" after the completion of the current three ship Air Warfare Destroyer program.

If we get this right, in the future investment by industry will have no deadline or u-shaped valley of death into which CEO's are expected to charge without an exit strategy for their workforce.

Continuous Shipbuilding is an 'over the horizon' strategy, not an 'into the valley' strategy.

This is one of the most significant strategic industrial initiatives for our Navy and for Australia.

Why am I pushing this so hard? Well, I'm a Chief of Navy who finds himself in a very unusual position. Government has directed this and has set a demanding timeline.

It will take a completely different approach to achieve this (acquisition strategies, approaches to industry, investment profiles, infrastructure plans, even class basing) – but it also provides an opportunity to set a new paradigm.

To this end, with respect to our major surface combatants, I see our greatest opportunity existing if we approach our shipbuilding capability as a continuous program of building the fleet of major ships, not just considering each individual project. This is a true programmatic approach.

At some point in the future we will need to consider replacing our Air Warfare Destroyers.

We have an opportunity to include this in our calculus now, as we start the first serial in the continuous shipbuilding program that the Government announced on 4 August 2015—our future frigate program.

So let's look at how we make decisions now to strategically modernise our major surface combatant fleet not just future frigate.

The “Now What”

I want to reiterate some important factors I raised last year relevant to Navy and Industry.

I aim to hand over to the next CN, and his or her successors, a schedule of ship construction that is such that their diary will be full of keel laying and commissioning ceremonies, as naval vessels will roll off the production line at a steady drum beat.

As a result, I am looking for partners in industry that will not only deliver the required levels of readiness but, will translate cost effectiveness into enhanced readiness.

To support this outcome, industry in partnership with the tertiary sector needs to understand the importance of optimising the readiness of the current systems and capturing and managing the required knowledge to support the future system.

Industry needs to bring to the Naval Enterprise the latest in effective techniques to improve affordability, such as true Asset Management – not just at build, but through 25 to 30 years of life.

In saying this, I am not implying that I am loading-up industry with all this. We in Navy have our share of responsibility for meeting this demand. But industry needs to know that Navy sees you not just as a valued partner but as a central part of the modern naval enterprise.

If we, together, do not fully appreciate this enterprise approach we will never capture the opportunities generated by this ambitious program we are about to embark upon.

In supporting this outcome, industry needs to understand technology growth paths and the long-term implications of systems and technology providing operational availability at an affordable cost.

And industry needs to invest in itself; not just invest for the next project. I call it horizontal enabling—programmatic planning for the long-term.

I cannot over-emphasise the importance of this point, because in my mind it is not just about the first ship to roll off the production line. Rather, it's about the many generations of ships that will follow in the decades ahead.

This is inherently about availability! Looking beyond the build, we must design with sustainment in mind and build it as a package.

This means taking advantage of new technologies and systems, whether they are domestic or from the global market so that they can be integrated into both the build and sustainment activities.

This will enable the continuous building plan to evolve because, while the program will be enduring, the technology will advance.

This will be one of this Nation's greatest strategic investment campaigns.

In summing up.

The continuous build plan provides a critical opportunity to reorient our national naval enterprise to address the strategic demands of the twenty-first century.

As I have stated before, this is a make or break opportunity – we either realise it together, or we fail together.

That is why Continuous Shipbuilding is so important. I ask you all here to recognise what we can achieve as a nation if we can get our ship building plans right, and what it will mean to all Australians!

Let me finish with a quote I have used recently – I rather like it.

Its from Admiral Sir Louis Hamilton, one of my predecessors who was facing a government determined to drastically cut the fleet in 1948. In his final letter to the then Minister for Defence he wrote with great wisdom born of experience:

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.

Nearly seventy years later, his words still ring true.

Lets build this national Navy enterprise.

Thank you