

Introduction

Good evening to you all and thank you for the opportunity to talk tonight about my impressions during the six months I have been Chief of Navy about the state of the RAN and where we are headed.

I came to the job after three years 'out of Navy', having been engaged firstly in the Force Structure Review (FSR) and White Paper in 2008, building the Strategic Reform Program and then 13 months as Deputy Chief of Joint Operations out at Bungendore. These three experiences have left me pre-disposed to focus on three outcomes: Delivering Force 2030, ensuring Navy plays its part in delivering the SRP, and, that Navy is providing the right support to the Commander Joint Operations (CJOPS) as the Australian Defence Forces' (ADF's) operational commander. Navy in the post 2007 command and control structure is really only about one thing - making us ready to fight and win at sea. CJOPS will use Navy assets and people to conduct operations and do the fighting, and our firm focus in Navy must be on the raise train sustain aspects of capability management.

I will structure tonight's discussion along the following lines. Firstly I would like to talk about the role of Chief of Navy, what Navy is doing at present, and then talk to you about Navy's big challenges and opportunities as we go forward.

But before that I would like to quickly outline what I see as my core responsibilities:

First and foremost I am the professional leader of a 110 year old national institution with an incredible history and currently an 18000 strong full and part time uniformed and civilian team of whom I am extremely proud. It is an organisation with about \$18 Billion in capital assets and an effective operating budget of about \$3 Billion per annum.

- Incorporated within that responsibility is the role of principal maritime advisor to CDF and, through him, to Government.
 - The role brings with it considerable mentoring and stewardship responsibilities for the organisation's culture and reputation and of course those traditions that remain relevant to a 21st Century Navy.
 - The other equally significant element of this leadership responsibility is the role of capability manager and ensuring our maritime forces maintain readiness to fight and win at sea.
- The second and equally important dimension of my role as CN is my contribution to the Defence senior leadership team.

Operationally our people continue to perform exceptionally well.

Operation RESOLUTE remains our biggest single operational commitment. Our normal daily allocation of seven Patrol Boats (*Armidale* Class Patrol Boats) has been increased to eight or at times nine during the year with one of our *Leeuwin* Class Hydrographic ships also being near permanently assigned for the last 9 months. Navy has also taken on the Transit Security Element task in our RESOLUTE vessels for the next two years which has provided a useful means of getting more of our junior sailors to sea where they can progress their training and gain

some valuable operational experience. Of course the dangers inherent in RESOLUTE were again tragically brought into sharp relief one year ago today off Christmas Island with the arrival of SIEV 221. Our people were magnificent, simply magnificent in the most appalling of conditions and in the most tragic of circumstances. Their actions on that day are I think the truest indicator of the quality of our people and of the intrinsic culture of our organisation. The RESOLUTE task is a thankless and relentless one, but one conducted under an almost forensic level of public scrutiny. Our people's resilience and the way they shine under public scrutiny is, I believe, commendable and the fact is the bulk of their fine work goes largely unrecognised. I will continue to work toward ensuring they get the recognition I believe they deserve.

In August I accompanied Minister Clare into Afghanistan. It was my second visit there in 12 months and I was impressed to see some of the change and progress that has been made. This time my focus was on what Navy people are doing to contribute to the joint effort. We have officers and sailors in many roles, from patrolling on the front line with the MTF as Explosive Ordnance Disposal or Improvised Explosive Device specialists, to some key HQ and support positions; they are universally well respected. We also have about 25 people at the national Joint Task Force HQ in Al Minhad who are doing great work. Of course we have the frigate in the Middle East Area of Operations (MEAO) doing a sterling job across counter piracy, counter terrorism and general maritime security missions. We are now in our 22nd year of Major Fleet Unit operations in the Middle East. Our people in Bahrain are key assets within the Combined Maritime Forces organisation, both supporting the US Fifth Fleet and the coalition efforts through the Task Force 150 Command role. We are also building important regional partnerships

through these activities. Today, the Royal New Zealand Navy has two staff embedded in the Australia CTF 150 team and will shortly have a boat's crew deploy onboard HMAS *Melbourne* for the next MEAO rotation. Navy also has one Chief Petty Officer working within the Republic of Singapore Navy CTF 151 team.

Looking more broadly, 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.
- People ashore in the headquarters in Timor and we have been active in the Solomon Islands with Heavy Landing Craft (LCH) support to Operation ANODE.
- We had a command element, medical and dental specialists and the LCH active in East Timor and in the Pacific in support of the US led civil assistance programme Pacific Partnership.
- Navy divers continue important assistance work across the Pacific through Operation RENDER SAFE; removing the threat of unexploded WW2 ordnance.
- On any one day we have about 600 personnel deployed on operations doing a terrific job.

But these are not the only Navy people who are 'out there' – there are many other ships, aircraft and teams getting on with their work practically every day of the year. Combining both operational and training efforts Navy has on any one day around 23-24 ships and submarines actually at sea, rising to around 32-33 during peak training periods. From a fleet of 53 ships this is a good outcome given that there will be other ships that are able to go to sea but alongside for varied reasons and there will be

ships in different stages of their operating cycle which includes maintenance in accordance with the vessels design.

In all, our output compares very well with other navies. Indeed, I would suggest that we have one of the more intensive seagoing regimes amongst medium sized navies of the world. We certainly have one of the most expansive operating areas to cover.

We do need, however, to do more work on improving broader public understanding of what a fleet of ships can reliably deliver. A ship's operating cycle consists of periods of running at sea, alongside for crew based training and maintenance, and contractor supplied medium and deep level maintenance. The problem for us is that when you have small numbers of a particular vessel type, or small fleets of dissimilar orphan ship types, (the amphibious and afloat support and hydrographic ship fleets are prime examples) any minor variation from the cycle can start to have readiness impacts. If you surge a small force, there needs to be a period of reconstitution. This applies to both ships and their crews. We need to explain that reality – as well as manage it effectively. At its very basic level we need people to understand that a fleet of two of anything doesn't guarantee you one at all times. (Think of the minimum 1:3)

We have some great capability stories too. I will talk about HMAS *Choules* and the Landing Helicopter Dock (LHD) ships later but the one I want to mention up front is the ANZAC Class anti-ship missile defence (ASMD) upgrade. I have followed this project for a number of years and have had a deal of involvement in the early phases. HMAS *Perth* completed the upgrade in Western Australia and returned from Hawaii a couple of months ago where the system was put through its paces in a

much more demanding environment than we can provide here. The results were first class. We have a serious capability improvement here and at the heart of it is world leading radar technology developed down the road at Fyshwick. The ship's company of *Perth* love what their ship can do; there is a real excitement about the project and rightly so. The remainder of the class will be progressively upgraded starting next year and I will work with DMO to ensure this great project is completed by the end of 2017.

When I took Command of the Navy, I felt that there were three priorities for me to focus upon. After six months of investigation and reflection I am satisfied they remain right.

My first priority is getting the RAN back to the point where we are delivering on our contract with Government in terms of availability of current capability.

My second priority is ensuring that we are well positioned as a Navy to introduce the LHDs, Submarines, Air Warfare Destroyers (AWDs) and our new helicopters in the most efficient way.

My final priority is staying the course with the cultural change and reform journey on which we are currently embarked.

I will now talk about a few of our challenges.

- *Educating the public on the importance of the sea*- sea blindness is a term coined in the UK to describe what was considered a lamentable lack of understanding by the British public of the sea

and the importance of the Navy. It has been picked up in other places and I have even heard people suggest '*tongue in cheek*' that changes be made to our national anthem by replacing 'girt by sea' with 'girt by beach' to better represent our country's general awareness. I think it is wrong to try and sustain the argument that the Australian public is not aware of the Navy, but I think we do need to do more to explain what we do and how that contributes to our national prosperity and indeed our national survival. It is confounding that many people observe the array of merchant ships at anchor off Australian ports like Newcastle but not relate that readily back to national wealth. Of course a lot of our merchant traffic occurs off the sparsely populated North West coast of Australia and plies its trade largely unseen by the Australian public. My point here is that the relationship between the assured use of the oceans and our national prosperity is not something that penetrates the consciousness of most people. Partly this is due to the fact that most of the action happens out of sight of land and all too often out of mind. When the public sees its Navy, it is generally when it is alongside a wharf or coming in and out of harbour. This presents a perennial challenge for us. Maritime strategy is similarly opaque for some reason and notions of sea denial, sea control and maritime power projection are not well understood and equally not well articulated. I am initiating some work in this area next year to develop some plain language explanations of what our maritime concepts are that are simple and compelling.

- ***Naval Force structure*** - there is an ongoing debate about the shape of our naval force structure, some of it is misinformed in my view. We are a medium sized navy with a balanced force structure. That balanced force structure has been repeatedly endorsed by

successive governments on both sides of politics as being the most appropriate for our circumstances. The balance in the force structure allows for the greatest flexibility and utility of our naval force. We have a multi dimensional approach to the defence of Australia and its interests; a balanced force structure compliments this. Warfare at sea, like warfare more generally, is about action and reaction, the offensive advantage is blunted by developments in defensive capabilities and the cycle continues. Those who favour single dimensional approaches to our force structure are in my view introducing greater strategic risk and underestimate the influence that our Navy has in our region. Over-specialised forces inevitably become victims of strategic surprise – what we need to do is maximise the number of options that can be presented to Government.

- ***Availability and Sustainment*** – moving away from the more esoteric, there is no doubt that ship availability has dogged us over the last twelve months in particular; it has been largely confined to two areas, amphibious and afloat support and submarines. There is no doubt that Government has an eminently reasonable expectation that if we say we will meet a certain level of capability availability then we will – commensurate with the funding we are provided. We have been in a dark place and thankfully due to the efforts of a great many Navy, DMO and contracted personnel we are on the way back with our amphibious availability. On Tuesday we commissioned HMAS *Choules* into the fleet; she is a fantastic ship with an excellent capability and will provide a terrific bridge to the LHDs. The venerable *Tobruk* has had extensive maintenance this year and has been running again for about 5 weeks, she will require continued attention given her age but she represents a significant

capability through to the introduction of the first LHD. Minister Smith announced on Tuesday that the Government will purchase an additional commercial offshore support vessel to provide assured coverage particularly for Humanitarian Assistance and Disaster Relief (HA/DR).

- ***Submarine availability*** This is also a key issue for me as our submarines are a potent strategic capability. I need three submarines at sea so I can meet both my operational requirements and at the same time grow the force both in terms of numbers and experience. You are aware that the Minister released part 1 of the Coles Review on Tuesday. First and foremost, I want to emphasise that this review presents Navy, Defence and Industry with an invaluable opportunity to address a number of longstanding issues that have challenged us throughout the life of the *Collins Class*. Importantly, it will assist us in driving the reform that has already commenced, and I welcome the early recommendations as to how we can further improve our current efforts. This is of course only Part 1 with the preliminary findings and initial recommendations being based on a series of interviews, including with our people. It is important to understand that the report reflects what we told Mr Coles. He notes in his report that the next phase will involve gathering hard evidence, which will lead to more conclusive findings that will help me as the capability manager to move forward with our national strategic submarine capability. As I have mentioned, reform is already underway, including work by the Defence Materiel Organisation to finalise a new performance based In Service Support Contract (ISSC), Navy's initiatives under a continuous improvement program to remediate inventory systems and maintenance regimes, and Industry's efforts to improve

efficiency. A key issue out of Part 1 of the Coles Report is about better co-ordination between the key stakeholders.

- I reject, however, some of the slants in media reporting over the last couple of days. We are acutely aware of the experience levels in the submarine force and we have tailored the operations appropriately, this is something that Submarine Force Commander, the Fleet Commander and I have been extremely conscious of. Similarly, when it comes to safety – we follow a stringent licensing and certification process, as we bring boats out of maintenance, to verify our submarines and crews are ready for a return to full and extended operations at sea. I will not compromise that process or the rigour of the risk analysis underpinning it. We are also uncompromising in raising and addressing any defects that affect the safety of our people and submarines, and maintain strong oversight of the condition of our fleet from ashore. I don't want our submarine Commanding Officers feeling pressured to stay underway if they have a defect they feel they need assistance with rectifying – and I don't believe that they are. Notwithstanding our need to build experience, the professionalism of our submariners should not be doubted.
- ***Turning to the surface fleet:*** work on implementing Mr Paul Rizzo's Review is well underway. We have made a number of internal resource allocation decisions to give the Rizzo work the appropriate momentum. Both Warren King and I are working hard on ensuring that we provide some relief on the waterfront particularly in the amphibious and afloat support Systems Program Office (SPO) and the Surface Force Command. The key theme from the review for our amphibious and afloat support fleet was one of systemic under resourcing which, when combined with

trying to manage a diverse and ageing number of different ship types, resulted in the failure of our processes. It was not that we didn't have the theory right- we did- but with the LPAs in particular we started behind the eight ball with respect to configuration and maintenance management and we had progressively stripped away some of the key checks and balances in favour of self audit. There was a small dedicated team who worked hard to keep things together but eventually they were overwhelmed and the system failed. The responsibility rests with those of us still serving, and a number who are not. We were frogs in the slowly boiling pot of water - the problem was that no one jumped out!

- I know I have the full support of the CDF and the Secretary in tackling this challenge. While I have made the point previously that Rizzo is about much more than engineering, and making that clear to some sections of the Navy is particularly important, reinvigorating our engineering capability is nonetheless central to moving forward. We have for far too long viewed engineering as an overhead and not as a mission enabler. Overheads end up being cut and not invested in. In correcting this we face significant competition with other organisations around the country seeking engineering talent. We are all fighting to attract and retain the same technical talent pool. In Navy we are trying a broad range of initiatives to demonstrate that we have shifted from an overhead view to an enabling view of this critical workforce. This has included some very tightly targeted bonuses, industry outplacements – including the recent arrangement we have entered into with Ford Performance Racing and a broader professional development program. This will take time and there is no easy fix.

- ***Workforce shape and external workforce pressures*** - we are grappling with having a workforce that is the wrong shape. Right now I have around 3000 people in the training force which is more than double what I really need. The lay up of two Anzacs due to insufficient Marine Technicians (MT's), the decommissioning of two LPAs, and the extended unavailability until recently of *Tobruk* for the last 13 months or so has prevented us qualifying around 600 people who would have otherwise reduced the overall size of the training force. With *Choules* and *Tobruk* operational in 2012, this situation will improve but it is going to take some considerable time to wash through. This of course adds further pressure on the trained force. The other shape issue is the shortages we have at the senior sailor and mid ranking officer level. This requires us to keep up our retention efforts and to try and maximise any lateral recruitment opportunities such as the Royal Navy downsizing might offer.
- In our Western Australian based Fleet (submarines and *Anzac* Frigates) we have a real strategic workforce vulnerability driven by the resource sector. Our people are well trained and keenly sought; we need to manage this considerable external pressure very carefully.
- ***Accepting new capability*** - While working to deliver current capability to Government we are simultaneously ramping up for three important periods of capability transition. These are the LHD, the AWD and the Seahawk Romeos. Our biggest threat in these transitions is in thinking they are routine. They are not! The LHD in particular is a quantum leap for us and takes us from 30 years of frigate force mentality back into the capital ship arena and all that entails for the entire Defence organisation. *Choules* provides an

excellent capability bridge to them particularly in gaining experience in operating a dock and electric pod propulsion. In capability terms the LHD will shift the way we conduct our amphibious training and operations. It will not be just about what Navy wants to achieve, it will be about what the ADF needs to achieve for the capability as a whole. I know the reality of a serious expeditionary warfare capability is coming into sharp focus within the Defence senior leadership group. The announcement regarding the 2nd battalion of the Royal Australian Regiment as a dedicated amphibious battalion is a lead indicator, as are the changes Navy will be making to tactical command and control structures to better support the deployable joint force headquarters construct and provide a more robust Command and Control arrangement. We will need to work very closely with the VCDF as the joint capability authority to ensure that many of the less obvious enabling functions to this capability are properly coordinated and integrated.

- I think it critical that we commit to this truly joint capability by looking beyond the single service raise train and sustain lens. The protection of shipping, maritime trade and our economy; nominally known within Navy parlance as Sea Lines of Communication or SLOCs remains an essential sea control mission that may or may not be related to the expeditionary mission. Aspects of submarine capability likewise will need to continue to be pursued while we re-orientate around the amphibious capability.
- Throughout these transitions we will be re-learning some important skills. The Seahawks will bring us back into the dipping sonar game, one we have been out of for far too long and this will lead to a significant improvement in our organic ASW capability. The

AWD will of course take us back down the path of having a serious Area Air Warfare capability particularly when combined with the Wedge tail AEW&C to which Navy is also contributing people. Looking ahead when the SM6 missile comes into inventory it will be an even more formidable capability against the most contemporary of threats.

- ***Reputation and Reform.*** 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. They are resilient of course but these things do take their toll. The answer ultimately lies with us. It's our reputation and only we can fix it. There is nothing wrong with the quality of our people; I have already mentioned the events off Christmas Island 12 months ago as an example. The New Generation Navy program, now in its third year, is starting to make some deep 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 in terms of an improved leadership and organisational culture. There are still the detractors and 'nay sayers' out there but, I am heartened to see that they are being over powered by our younger people in uniform and APS – and many of the longer servers as well - who truly believe in what we are trying to do; 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, I am building these challenges around our values and signature behaviours and presenting them every couple of months to make the program more

tangible. The first challenge was to try and correct the skewing of our personnel appraisal system through a truth in reporting challenge. 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 I have certainly now got the Navy talking about it which is good!

- The SRP is something close to my heart and the Navy well understands it is something that I expect us to be at the forefront of. 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 cuttings 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. Of course resourcing Rizzo is a challenge that will place additional pressure on the pace of Navy's reform work.
- I know I have taken the liberty of stealing a few more minutes of your time than allotted but the importance of these issues confronting Navy are of too much national significance to be dismissed lightly. There are still many matters upon which I have not touched. Overall tonight though I have tried to give you a frank summary of where I think our Navy sits; we do have a full plate of

challenges to deal with as we transition both in terms of capability and culture. But it is an incredibly exciting time for Navy; we are almost unique amongst the world's navies right now given the transformation we are undergoing.

- I'll finish though where I started and that is talking about our people. We have had a national Navy for 110 years and we are of course now coming to the end of our centenary year as the RAN. Over that time there have been tens of thousands of men and women who have served this country in both peace and war with great humility, determination and courage. Those who serve today carry on in that vein; they are decent hard working people from right across this land and many others. They play their important part in providing for this nation's security and prosperity extremely well; I am incredibly proud of them and so should you be.

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