

Address by VADM Ray Griggs, Chief of Navy

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The Navy's role in the Maritime Century

Thank you Justin for the kind introduction and can I thank the Lowy Institute for the opportunity to speak here today.

Ladies and Gentlemen, what I'd like to talk to you about today is the link between navies and national security and prosperity, and in particular the Royal Australian Navy's role in relation to the maintenance of Australia's security and prosperity.

I believe this is a particularly important topic right now because Australia has entered a century which has already received many labels. But to me, as Chief of Navy, it is very much a Maritime Century and that is the label that I wish to focus on today.

Now, throughout this talk, when I use the term 'maritime', I use it in its broadest and most inclusive sense. Maritime certainly includes more than just about naval issues. Likewise, when I use the term land-centric, I am not referring to something being Army-centric.

My basic premise is that Australia is more reliant on the sea and the proper functioning of the global maritime trading system for our prosperity than at any time in the past. In short, we are absolutely reliant on good order at sea.

Yet we have a land centric mindset that underpins our strategic discourse. This mindset needs to be changed. We are a maritime nation and the sea's contribution to our prosperity needs to be properly recognised and reflected in our approach to our security thinking.

But why do I say we've entered a maritime century? And why is it particularly important now? After all you might think, we've had a globally connected economy for more than two centuries.

Surely maritime trade is nothing new and the links between it, economic prosperity and national power should be well understood? Are they though? If the historical linkages between trade, economic strength and military power need reinforcing then I can do no better than to recommend Paul Kennedy's two 'rise and fall' works on great powers and British naval mastery.

What I think has changed in recent years is the **pervasiveness** of maritime trade. Because Australia has always been connected to the world by sea, the huge growth in global maritime trade is less visible from an Australian domestic perspective.

But if you look at the Liner Shipping Connectivity Index (the LCSIndex) which measures the changes in coastal nations' connectedness via shipping networks, you will find that 75% of countries have seen an increase in their

connectivity since 2004.

Alongside this trend, there is an even greater growth in international container traffic. This has grown by an order of magnitude from about 40 million Twenty Foot Equivalent Units or TEUs in 1982, to over 500 million TEUs in 2008.

Even allowing for the Global Financial Crisis, the net effect of these trends is to place a lot more international trade on the oceans of the world – the effect of maritime trade is thus far more **pervasive**, more widespread than ever before.

Much of this trade is, of course, not in finished goods. It is instead in components for globalised industries. And many of these “just-in-time” international supply chains depend on consistently predictable deliveries.

In addition to the containerised traffic, there is Australia’s complete dependence on the free and uninterrupted movement of bulk carriers for shipping grains, oil and gas, ores and coal to our overseas markets – here, maritime trade is simply essential to Australia’s ability to benefit from our natural wealth.

We also depend on the bulk trades for imports. Without the constant import of petroleum products, Australia only has enough to supply the country for a few weeks. The economic and social dislocation would be massive if there was any significant interruption. Indeed, you could argue that we are now more dependant on maritime trade for the sinews of our economy than at almost any stage of modern Australian history.

Notwithstanding the growing importance of maritime trade, there is much more to the notion of a Maritime Century. The second major trend I wish to highlight is that, more than ever before, **humanity depends on maritime resources.**

The gradual extension of coastal state jurisdiction under the 1982 Law of the Sea Convention was driven primarily by the value nations have seen in two areas - offshore oil and gas and fisheries. Both of these have a direct connection to our national prosperity.

The offshore mineral resources industry is essentially a post-Second World War phenomenon. The first offshore drill rigs out of site of land were deployed in the late 1940s.

In Australia, it was the 1950s and 1960s before the West Australian and Bass Strait offshore fields were drilled commercially. Today, deep water drilling technology has created the capacity to tap into an even wider pool of resources.

Moving from energy to food, the proportion of the world's food sourced from the ocean is also growing. Again, starting in the 1960s, the efficiency and effectiveness of industrial scale fishing has enabled a near doubling in the per capita consumption of fish protein.

As wild fish stocks have been fished out or been insufficient to match demand, aquaculture production, usually located in littoral areas, has increased fifty-fold over a similar timespan. In 2006 marine aquaculture provided over 50 million tonnes of fish protein – and much of this fish farming occurs in the Asia Pacific.

Finally, I think that no matter what your view of climate change, it seems to me self-evident that today we place a lot more value on the **intrinsic worth** of our maritime environment – the focus on compulsory pilotage for vessels transiting the Great Barrier Reef is a practical testament to this. In addition, maritime tourism around Australia’s coasts makes a big contribution to our economy that is seldom mentioned.

I’d suggest to you that none of the trends I have outlined are going to be reversed – the 21st century is a maritime century, just as much as it is an Asian century. In fact, an Asian century will be even more maritime in nature by virtue of the region’s geography – Asia’s intra-regional trades and linkages are more maritime in character than either Europe or North America – and of course the region has more maritime boundary disputes than in any other region of the world.

SECTION 2

So what does this mean for Australia?

Clearly a key issue for Australia is how we can contribute to ensuring that the use of the sea, for a multitude of activities, remains free and uninterrupted. There is no doubt that no single nation can maintain the security of the maritime trading system. Like most things at sea, security on this scale must be a cooperative and collaborative venture.

A big problem for us in thinking through these issues is that our national security discourse has been overwhelmingly land centric. In some ways this is inevitable. Most human activity takes place ashore and that is where

decisions are made. But our national security debate has been a largely binary discussion between the disciples of the continental and the expeditionary schools of thought. This is a discussion which skews the overall perspective and ignores some important issues. As Michael Wesley said recently, what Australia needs is a well developed maritime imagination.

For the continentalists the focus is very much on the physical security of the homeland. The sea and surrounding and air above appear to be almost an embuggerance. We have enshrined it in the term 'the sea-air gap', a term that implies that the sea and air are devoid of features of interest or of value.

The continentalist approach has never, and will never, be an appropriate school of thought for an island nation and certainly not for one in a globalised world. And it simply can't work for a nation which needs to protect its sovereignty and sovereign rights thousands of miles from its coast.

Our maritime zones are about three times larger in area than continental Australia and our maritime search and rescue zone covers over eleven percent of the earth's surface. Our maritime zones contain a multitude of riches from oil & gas fields, fisheries, corals reefs to all the potential that goes with further exploration and exploitation of an environment we know less about than the surface of the moon.

If I can paraphrase the Chief of Air Force's recent comments, a continentalist approach 'misses the broader context that Australia's

prosperity, and indeed our way of life, is based around our ability to trade, and more precisely, to be able to trade across the oceans and airways.'

Some may think that the expeditionary school is more maritime focused but in reality it is just as land-centric as the continentalist school – it is just focused on land somewhere else. In this approach, the sea is really only to enable the force to be transported and resupplied. This is not in and of itself an inappropriate view in some circumstances, but it again does not fully answer the mail on what Australia really needs.

Both of these schools fundamentally ignore the inherent value of the sea to Australia. They ignore or gloss over our fundamental national need to have the ability to use the sea when and as we require.

There is, in my view, a third way – a maritime perspective, or school if you wish, which is rooted in the geo-strategic reality of our national situation.

I reiterate that when I say maritime I use this term in its broadest context. It is a view which incorporates all the elements of military power – it is a view that integrates all dimensions of national power.

The Chief of Army has said in the past that the nation needs its ADF more than it needs its Navy, Army or Air Force – I absolutely agree with his point, but would take it even further. We are too small to be anything other than an integrated force.

I am deliberately not using the term joint, because I see integrated as being beyond joint.

Integrated brings into play the capabilities of the rest of government and the broader non-ADF Defence capabilities that we rely on.

We do of course need each of the components of the ADF, they each bring capabilities in the domains on which they focus. What we do not need though is a duplication of functions. And above all we don't need a strategic mindset that ignores the very thing our nation is girt by.

Intellectually I think the 2009 White Paper largely represented this maritime outlook. As Minister Smith said here last week, there were three key strategic interests expounded in the 2009 White Paper: the defence of Australia from direct armed attack; the security, stability and cohesion of our immediate neighborhood; and the stability of the wider Asia Pacific region from North Asia to the Indian Ocean. The Minister made the point that these three enduring strategic interests remain in place for the 2013 White Paper.

I think a maritime outlook to our strategic thinking encompasses all of these key strategic interests. And in the third of these interests – the stability of the wider Asia Pacific region from North Asia to the Indian Ocean – I think a maritime outlook is simply essential for Australia to be effective in achieving its strategic goals.

It has always been curious to those of us in Navy why we as a country tend to think of ourselves as Pacific nation and very rarely as an Indian Ocean one. It took some vision in the 1960s and 70s to take the step of building HMAS STIRLING in Western Australia. It took just as much to seriously adjust the Navy's force disposition in the late 80s and into the 90s to create a two-ocean navy.

Many of us have spent many many months deployed in the Indian Ocean. In the early 80s in particular it was our real brush with the Cold War as the Government deployed ships as part of an independent presence in the Northwest Indian Ocean following the Soviet invasion of Afghanistan.

Today, in very different circumstances, we have HMAS ANZAC, the 53rd ship deployment to the Middle East Area of Operations since 1990.

The Indian Ocean is critical to the end-to-end global trading system on which Australia depends – whether ships come around the Cape of Good Hope, through the Suez Canal and the Bab-el-Mandeb or through the Straits of Hormuz. The goods or material they carry might not be bound for us, but, they are almost certainly bound for one of our major trading partners.

The Malacca Strait, for example, is the major eastern access to and from the Indian Ocean. About 30 percent of all world trade passes through it. This includes about 80% of all China's and Japan's oil imports.

In 2006, two-thirds of North Asia's LNG imports passed through the Malacca Strait – a percentage that may since have decreased a little due to the success of Australia's LNG export industry. That trade obviously passes up through the archipelagic sea lanes through Indonesia.

It is also notable that some recent domestic public discussion about the South China Sea has focused on more than just the territorial disputes. About two thirds of our exports and almost half our imports pass through this area. And for most of our key partners their interests are also significant. Of course the South China Sea issue is a complex, multi-layered issue, but the discussion about how it directly affects us is I think, useful.

SECTION 3

So what does this mean for Australia's Navy?

The advent of a maritime century means Australia's Navy must be part of Australia's overall national effort to engage with our region and we must be able to contribute to good order at sea.

Australia's ability to contribute capable forces to practical multi-lateral efforts makes us a valued partner and our diplomatic efforts are given strength by our ability to back up words with actions.

This is one of the key outcomes of our operational and regional deployments – they show case Australia's practical ability to engage with and assist regional partners.

What underpins and drives Navy's capacity to serve Australia in any capacity is its warfighting capability. The warfighting task is the key reason for our existence and to have a fighting service that can't is simply unacceptable. That is why we maintain our high end warfighting skills in

activities such as the recently completed RIMPAC exercise off Hawaii and the biennial TALISMAN SABRE series of exercises here at home.

Our key peacetime role is the broader maritime security role, which includes the SLOC protection mission and, domestically, border and offshore resource protection. Finally our international engagement activities provide key confidence building and training opportunities.

The point I am making here is that navies are an incredibly useful tool for government across a wide range of contingencies, not all of which need to involve the use of deadly force.

Moreover, navies are inherently international and collaborative – the seas remain the great global commons and because, as I have said, the international trading system is inherently global, we have a fundamental responsibility to contribute to its safe and effective operation.

I see this as being no different to our search and rescue responsibilities – we cannot expect help for Australian mariners around the world if we do not make a practical contribution in our area. Likewise, we cannot expect to be prosperous if we don't help maintain the system that underpins that prosperity.

To me this collaborative approach to the global maritime trading system is a great unifier to trading nations – the potential start point to unlock some of our more challenging tensions and rub points that exist.

But our engagement does not have to be about ships per se. A particularly important form of naval diplomatic engagement is through institutions like the ADMM+ Expert Working Group on Maritime Security, the Western Pacific Naval Symposium – an Australian innovation – and the much younger Indian Ocean Naval Symposium.

The Indian Ocean Naval Symposium or IONS, as it is known, is one of the few pieces of security architecture in the Indian Ocean region. It is still developing but it does represent an important gathering of naval chiefs from the Indian Ocean rim and it does offer a particular focus on the maritime security challenges we all confront.

Furthermore, all of the key global navies are represented at IONS either as members or as observers. This fact alone reinforces the point Minister Smith made last week about the global importance of the Indian Ocean.

At present the chairmanship of IONS is with my South African counterpart, I will take chairmanship in Perth in early 2014 at the next major meeting of IONS. This will be an important opportunity for the RAN to play a crucial role in the further development of this important grouping.

We of course have for some years participated in the Western Pacific Naval Symposium (WPNS) which has seen the development of standard operating procedures for Humanitarian Assistance and Disaster Relief as well as regular at sea interaction, mostly focused on mine counter measures and medical support.

There is no doubt that the new White Paper process will bring about a fresh look at the 2009 White Paper force structure. There is also no doubt that

given the new fiscal reality, some things will change. But given that our strategic interests remain the same, I am not expecting the basic foundations of the ADF to look that different.

You of course face choices about the type of force structure you have. Successive Governments always pursued a balanced fleet as part of a broader balanced force approach. However, we have rarely defined what this means. Various definitions exist, but to my mind, in the Australian context, it means the most cost-effective balance of warfighting capabilities that are required over the long term to defend our national interests.

This does not mean we must have a little bit of everything. It does mean we focus on those capabilities that are both difficult to reacquire if lost and those which make a significant contribution to Australian security. From a naval perspective these are the core warfighting capabilities – air warfare, surface warfare and under sea warfare.

I don't subscribe to the force expansion and warning time arguments that some expound – certainly not in relation to complex, high-technology, long-life capabilities like submarines, major surface combatants and combat aircraft.

These are capabilities not quickly acquired, nor brought up to operational standards and I think it quite fanciful and ultimately strategically dangerous to plan or act otherwise.

Rapid force expansion may have once held in raising an infantry battalion or building corvettes as we did in World War 2, but it simply does not hold for any of the Services today. We must accept that we are a come as you

are defence force. We may be small, but we had better be properly formed and able to do what we can well.

Looking through a maritime rather than a continentalist or expeditionary lens at the naval force structure there is one overriding factor in our strategic circumstance, we must have reach and endurance. If we accept that we may need to have presence at any of the key choke points of the Indian Ocean, then we must be able to deploy and then operate in a sustained way, at a considerable distance from Australia. Even if we were to operate in the north west approaches of the Malacca Strait as part of a multi-national regional force we need range and endurance.

If I turn to some specifics, Government is rightly looking at a range of options for the future submarine project ranging from the smaller European Military Off the Shelf option through to a new large conventional submarine design. I am less caught up in the numbers debate – the current Government policy on that is clear. I am more focused on ensuring that we get the best capability outcome for the resources that Government is able to put to the project.

The 2009 White Paper articulates the current Government position on what sort of submarine we seek but it remains incumbent on us to explore and fully understand what the various options give us as we move towards first pass consideration – and we continue this work.

The next big debate in naval terms will be over the replacement for the ANZAC frigates. Frigates have been the workhorse of navies for hundreds of years, nothing has changed in that regard. Every blue-water Navy has

them as a core part of the capability. Again, the 2009 White Paper had some very clear views on what was needed for us in a region where there was a considerable increase in the number of regional submarines. It is the frigates that provide Government with large amounts of flexibility and lots of options - but we do need to avoid the fitted for but not with trap particularly in tight financial times.

We are getting the ANZACs to a great level of capability but we are approaching the half way point in their life – this is clearly not sustainable for new acquisitions if we are to come as you are force living in a region which has a range of dynamic security challenges.

Our frigates will continue to range across the Indo-Pacific providing presence, showing resolve, protecting trade, building stronger ties with regional navies, enforcing sanctions, countering terrorism and piracy and enforcing sovereignty close to home and even in the deep Southern Ocean.

This is just a snap shot of the options they have provided Government in the last 15 years. Their utility is hopefully self-evident and the options they provide are considerable. That is why they are an essential part of any navy with a true maritime outlook.

The other big piece of the force structure going forward is the amphibious capability. There is no doubt that the power projection capabilities of the LHD, when combined with other parts of the broader ADF force structure is impressive. Maritime power projection is a critical capability for the ADF, particularly in its regional role of contributing to the security and stability of

the South Pacific and East Timor.

At its heart is the delivery of force from the sea, be that through naval bombardment or the use and support of land forces in an amphibious activity. Power projection however does not always involve the use of military forces in a 'hard power' way. HADR and non-combatant evacuation operations are of course a manifestation of the same foundation techniques and capabilities used for harder edged power projection missions in achieving important non-combat missions. In the LHD we will have the core of the ADF's hard and soft power projection capability.

One final thought on force structure – it is just as important to understand the cost of ownership as it is to understand the cost of acquisition. We have learnt the hard way what happens when you under resource the maintenance and sustainment of a maritime capability. This is complex work. There is no point in making it more complex by having a disparate fleet of ships and submarines that have little in common in terms of platform systems, sensors, training systems and the like.

In my mind this drives us toward having classes of ships with a similar heritage or design philosophy or for us to mandate key systems and suppliers so that we keep through life cost of ownership at the forefront of our acquisition decisions.

We still have to be smart in the way we do this because we can't afford to lose the advantage the taxpayer gets in the competitive nature of the early part of the acquisition process.

The work we have embarked on following the Rizzo Review into the maintenance and sustainment of our amphibious and afloat support ships has been significant and obviously informs my views about the costs of ownership.

I don't think people realize the scope and scale of the task we are undertaking post the Rizzo review. Of course while the catalyst was the failure of the support system for the amphibious ships we have not confined this work to that part of the force and have taken a system wide view of the issue.

In July I formally brought the Seaworthiness management system into force. This system is similar to, but not a copy of, the airworthiness system that we have had in Defence for decades. It builds on the seaworthiness board construct that was introduced by my predecessor in 2009.

There is also some very good work being done regarding total cost of ownership, reducing maintenance backlog and rebuilding the maritime engineering function. This last year has been about building momentum in the program and I am very comfortable that we have done this but there is still much to be done and we will continue to remain focused on it.

Turning to our culture, New Generation Navy, our cultural change program has just had its third birthday. All our indicators for NGN are positive. We are seeing Navy's measured culture moving in the right direction. We have seen significant drops in instances of Unacceptable Behaviour against a backdrop of a more open reporting culture.

We have noticed significant reductions in positive tests results for

prohibited substances and alcohol testing both of these in an environment of increased testing. We will never have zero incidence of these issues, but our people are making it very clear that they want to see people who are not living our behaviours and values held to account.

When I came to the job I said NGN would continue but that it would evolve. We are in the process of evolving the program to reflect the challenges that we face today. There will be more emphasis on the cultural dimension of the Rizzo work particularly on embedding a culture that supports the seaworthiness construct.

We are doing some work on developing a contemporary war-fighting culture which also must be central to our ability to achieve our mission. What we must ensure over this time is that NGN remains fresh with our people – hence the evolution we are driving at the moment.

Finally I would like to touch on the magnificent work that our people are doing in the border protection arena. It is worth stating here that Navy's job is to safely and lawfully execute the direction of Government. It always has been and always will be. We don't take positions on policy, we execute it.

In the execution of the current policy our people are operating in a very hazardous environment – rough weather in open ocean, crowded boats, desperate people unused to being at sea.

Against this backdrop and combined with the pressures of intense public scrutiny on this issue, our people are doing their job superbly – they do it with courage, professionalism, compassion and always do their utmost to ensure that those in peril at sea are safely dealt with. We are not, and never have been reluctant rescuers as some have tried to paint us.

Ladies and Gentlemen, thank you for your time – I'd be happy to take questions.