

**2015 Goldrick Seminar**  
**3 December 2015**  
**Setting the Scene**  
**Vice Admiral P.D. Jones AO, DSC RAN (retired)**  
**President of the Australian Naval Institute**

Distinguished guests  
Ladies and Gentlemen

Good morning and I also extend a warm welcome to the 2015 QintetiQ Goldrick Seminar.

It is my task to briefly set the scene for this Seminar. In doing so I will try to put the 2016 Defence White Paper, as it affects maritime capabilities, into context.

Since the early days of Federation there has been an appreciation by Governments and the Australian people that a blue water navy is vital to our national security. That Navy must be able to operate with the pre-eminent naval power of the time, be it Britain or the United States. There would be times however when it had to operate on a unilateral basis.

Prime Minister Alfred Deakin was one of the great proponents for an Australian Navy and he saw three main roles for the Navy.

- The first was as a national institution that would help foster an Australian identity,
- the second was to be a bulwark to any invasion; and
- finally to work with the Royal Navy to ensure the free flow of trade.

In 1906 Deakin wrote to the Governor General Lord Denman and said,

“Nowhere are maritime communications more important than to Australia, seeing that our dependence upon sea carriage is certain to increase rather than diminish as population and production advance”<sup>i</sup>.

110 years later his prophecy has come true. This increase is not only borne by our growth and massive increase in exports but also by an area he would have been unlikely to have foreseen that is globalization. In the period from 1906 to 1950 Australia became more self sufficient, particularly in manufacturing. Manufacturing grew from about about 13% of our GDP to 23% in 1950 and would reach its peak of 29% in 1960. But due to reductions in tariffs and globalization it has shrunk to just 6.2%.

I make this point because it highlights the even greater importance on sea trade for Australia. Unfettered use of the sea is not just vital for our balance of payments but, probably no time since the First Fleet, sea trade is vital for us to maintain the very sinews of our advanced society.

This dependence on the sea also emphasises the scale of the mission should the ADF have to protect our sea lines of communication.

While we await details contained in the 2016 Defence White Paper, the Government as we all know has announced a commitment to a continuous shipbuilding program. As the new Minister for Defence, Senator Payne rightly said and I quote

"the Government, the Department of Defence and Australian industry, working with selected international partners, will need to work closely together to develop a plan that ensures we can deliver these critical Defence capabilities - frigates, offshore

patrol vessels and submarines in a manner and way that meets schedule, cost and capability requirements."

This is a significant national undertaking that will require a growth in our industrial capacity.

A rolling program for our surface ships, based on a destroyer/frigate strength or around a dozen ships has been possible since about 1950. It will also be potentially so for submarines depending what the future submarine size will be in the Defence White Paper.

The desire for a sustainable rolling program which delivers ships in batches so reducing project risks and nurturing the skilled workforce needed for such complex ships is the norm among medium and large naval powers. Indeed Australia is an anomaly in not having such a program.

It has of course not been without want of trying. In recent years the best chance for such a program was as part of the 2000 Defence White Paper. At that time there was not sufficient consensus for such a program. We have paid the costs of that missed opportunity.

As we can see today broad support across Defence, Government and industry for a rolling shipbuilding program is essential to realize its benefits over the long term.

An earlier and less well-known opportunity was in 1949-50 and it is worth briefly recalling that attempt because it contains some lessons for us today.

The then Chief of Naval Staff, Vice Admiral Sir John Collins proposed that in addition to the two new aircraft carriers that 12 locally destroyers be progressively built locally to meet the demands of the growing submarine threat in the Pacific as well as being able to cope with the modern air threat. (It sounds familiar doesn't it).

John Collins' view was that it was essential to maintain the local shipbuilding which had expanded during World War II. He was mindful that during that conflict the majority of anti-submarine escorts had been built locally and the shipbuilding capability proved invaluable when it came to battle damage repair for not only Australian but also for allied shipping.

In 1950 John Collins successfully advocated in the Defence Committee to support a local shipbuilding industry. He gained strong support. This Defence position was taken to Cabinet not by the Defence Minister but the Minister for Industry.<sup>ii</sup> In May 1950 the Menzies Government agreed to the continued local construction, not only for warships, but also of coastal and bulk cargo shipping. Menzies recognized the importance of a rolling program and took note of the efficiencies at the Evans Deakin shipyard - then probably the country's most efficient. I quote from the cabinet minutes,

"Despite considerable increases in wages and material costs over the past three years, the [Evans Deakin] Company has advised it anticipates there will be a saving to the Commonwealth of £16,000 [for the recently completed ship].

This result was due mainly to the increase of efficiency, methods of construction and improved shipyard facilities, but the greatest single factor contributing to the improvement so far achieved is that the vessels for the first time since the Company was established have been produced quickly because it was able, with orders on hand, to avoid intermittent employment of various shipyard trades."<sup>iii</sup>

Despite the positive portents in 1950 the implementation was not well thought out. The resulting naval construction was for only four River class frigates built in two shipyards. This penny-packet approach was repeated until the 1980s when the eight ship Anzac frigate program broke the mould.

It was disappointing that after the success of the Anzac class there was an eight year

delay before the three ship Hobart class destroyers was instigated. Once again the economies of series production could not be realized with such small production runs.

Despite our false starts over the decades Australia has demonstrated an ability to produce high quality ships when an adequate production run is implemented. Our current fleet of Anzac frigates, Collins submarines and Armidale patrol boats are cases in point.

The challenges before the nation and the navy however are substantial to establish once more a sustainable shipbuilding industry. Yet as other advanced nations of even smaller size that ourselves have demonstrated, it is achievable. The decline in our manufacturing base provides an opportunity for the shipbuilding sector to build capacity that will allow concurrent programs to be undertaken.

In June 1999 The Australian Naval Institute produced a special edition of its Journal devoted to surface combatants. Luminaries such as Hugh White and Commanders Ray Griggs and James Goldrick offered different perspectives. In that edition I wrote a short article advocating the adoption of a common design philosophy across the future fleet to encourage system commonality and the evolutionary build of ships in batches to reduce risks and costs.

The heterogeneous nature of the Navy at that time, resulting from one off project competitions led to a Fleet with designs from six different nations and a Fleet Air Arm with more aircraft types than the US Navy. The resultant training and logistic difficulties in supporting over 20 diesel generators and over a dozen different navigation radars - to give just two examples, was immense. It left an expensive legacy for over a generation. Operationally it also took its toll. For example the Fleet was never able to complete all the helicopter operating envelopes for every helicopter types for all ship classes. The stovepiping of the technical work force to support and operate this myriad of systems effectively increased the size of the workforce needed to operate the Fleet.

As we look forward to the deliver of the future Navy we cannot return to that situation. Hence the importance of the Chief of Navy exhortation for Defence and industry to look at the provision of naval capability through the interplay of:

- Deterrence
- Lethality
- Availability
- Sustainability; and
- Affordability.

These lenses should be used to guide all those responsible for the delivery and maintenance of the future naval capability.

If Defence and industry are to succeed in delivering the future Navy it will need considerable professional expertise combined with a high degree of coordination, cooperation, confidence and sustained commitment.

That is our national challenge. One I am sure we can meet.

Thank you for your attention and like you I look forward to listening to the other speakers at this Seminar.

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- i Letter, Deakin to Governor General, 28 August 1906, *Commonwealth Parliamentary Papers* (CPP), 1906, No.98.
  - ii Minutes from Naval Board Meeting 3 May 1950 contained in Naval Board Minutes, 1950-1953, 4269885 & Cabinet Submission *Australian Shipbuilding*, March 1950, A4639, 5104159, (NAA).
  - iii Cabinet Submission *Australian Shipbuilding*, op.cit, p.4.