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# ***Sustaining Australia's naval capability***

**Doug Roser<sup>1</sup>**

Australia is embarked on a major expansion of its naval capability, but experts are questioning its ability to maintain its existing capability, let alone expand it. To increase its understanding of these issues, the Royal United Services Institute of New South Wales recently had three relevant presentations made to it on which this opinion piece is based.

## **The Context**

The direction of change in Australia's strategic environment is becoming clearer. For several decades, Asia has been transforming its place in the world, initially in an economic sense, but recently strategically also, increasing the strategic significance of the linkage between the Pacific and Indian Oceans. Power balances in Asia are changing, with the region's major maritime powers – the United States, China and India – all putting greater emphasis on maritime forces, including the construction and deployment of greater numbers of aircraft carriers and submarines. In addition, the region's smaller countries are expanding their maritime capabilities, including their submarine capability. In its immediate neighbourhood, Australia is encountering increasing problems with border protection (resulting from refugees); and there is an expectation (and government commitment) that Australia will respond, usually via the Australian Defence Force (ADF), to every natural and man-made humanitarian disaster in our neighbourhood. Moreover, following the global financial crisis, economic security has replaced defence (the post '9/11' concern) as the area of greatest concern to the Australian public.

These changes, other than the public concern with economic security, were identified in the 2009 Defence White Paper, which recognised a need to improve our maritime security by expanding our submarine capability when replacing our Collins-class submarines. Plans to improve our amphibious capability were already in place via the provision of two landing helicopter docks (LHDs – large amphibious support ships) and three air-warfare destroyers (AWDs). While these are now being delivered, tenders for their maintenance and long-term sustainment have not yet been released.

The White Paper's specific proposals for improving ADF capability have not been funded and so have not been progressed, nor has the promise to provide funding to support the general thrust of the White

Paper. The most recent budget has further reduced defence expenditure. This has further delayed projects and added to the already serious concerns of Australia's defence industry, which requires a steady flow of work to maintain its capability. Finally, against this background, we have very little public or media interest in the defence and security of our region, other than in 'bad-news' stories, such as sexual harassment or project management disasters, which then occupy the attention of the government and senior Defence officials.

In short, defence planning, the conduct of operations, and industry support, are being delivered in a changing strategic environment and in a national budgetary environment in which defence, including its maritime element, is of reduced priority.

## **Presentations to the Institute**

In the first presentation to the Institute, Commodore Mark Purcell (Purcell 2012) reviewed the issues raised by the Rizzo Report into ship maintenance failures in the Navy. Purcell noted that the inadequate naval maintenance practices have many causal factors. They include poor whole-of-life asset management, organisational complexity and blurred accountabilities, inadequate risk management, poor compliance and assurance, a 'hollowed-out' Navy engineering function, resource shortages in the system programme offices and the Defence Materiel Organisation (DMO), and a culture that places the short-term operational mission above the need for enduring technical integrity. Purcell advised that Navy and DMO are implementing plans to address these deficiencies. These plans will improve the delivery of Navy's capability, particularly its long-term sustainment.

In the second presentation, Rear Admiral Rowan Moffitt (Moffitt 2012) outlined the issues facing the future submarines programme, noting that any future Australian submarine is not easily separable from the existing Collins-class submarine. To get to the future, whether that be a new design or a current design, we must start from the present. Moffitt also advises that, to effectively build and sustain new submarines, Australia must mature from being a Navy operating a fleet, to a nation owning a Navy. If we build a new design, it will take around 20 years from starting the definition process to having the first boat of the new class ready for operational use. If some 12 boats are built sequentially as currently intended, the programme will run for 40 or more years. Having built the submarines, they will need to be maintained. For the first time in our acquisition history, we will have to move into the major

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maintenance and upkeep phase well before the build phase is finished. So we will need not only to be evolving and building new submarines, but maintaining the older ones and the newer ones concurrently. Moffitt emphasises that the many enterprises involved in the future submarines programme will have to share knowledge and transfer skills and intellectual property.

In the last presentation, Mr Chris Lloyd of Thales Australia (Lloyd 2012) noted that local industry is now an integral part of the ADF's operational capability and sustainment function, and that the Australian ship construction, repair and maritime engineering industry will be building, repairing and maintaining the current fleet (including the Collins boats), the yet to be delivered LHDs and AWDs, and any future submarines. We have good integrated facilities for naval shipbuilding in Australia, but have skills shortages in the area of design and build. He advises that sustainment cannot be outsourced offshore. Knowledge of a ship's condition is the key to effective sustainment. While the same elements – project delivery, integrated facilities, aligned systems, business models, and experienced people – are required for both shipbuilding and ship support, their application to each is different.

Lloyd notes that the tradition of Navy operating shipyards finished in 2000 when they were outsourced to the private sector. We now have common-user shipyards, provided by government, and used by the defence, oil and gas industries. The use of a facility by a number of contractors, with government responsible for operation and maintenance, and with industry responsible for the project-specific resources, makes long-term investment by industry in resources, processes and technology more difficult to justify than at a company-owned facility. Contractual arrangements, security, safety and liabilities are significantly more complex at such multi-user facilities, leading to potential inefficiencies. Lloyd concludes that rationalisation of the government business model is needed to achieve a balance between industry competition and government strategic partnering with industry.

### **The 2013 Defence White Paper**

The government recently announced that it is bringing forward the next scheduled Defence White Paper from 2014 to 2013. It will be an opportunity to resolve some of the dilemmas identified herein, but, by going back to the drawing board, the government, in the short term, is increasing the uncertainty around ADF and defence industry planning. Furthermore, not long after the new White Paper is released, there will be a federal election. Should there be a change of government, further delay in decision making may follow, although traditionally Defence White Papers have received bi-partisan support. Ownership of the 2013 White Paper by both sides of federal politics is

essential if it is to provide a robust basis for ADF development. A further delay to defence planning while a new government develops a new defence policy would compound the problems already evident in defence capability.

### **Conclusion**

The three presentations made to the Institute propose some refocusing of various approaches to defence capability planning. The depletion of the naval engineering capability occurred over a long period and had been ignored by successive governments, despite obvious warnings. While plans are now in place to correct the deficiencies, they will require cultural change, which takes a long time to achieve. The submarine project is progressing very slowly and awaits a number of decisions, some of which depend on the outcome of the 2013 Defence White Paper. Over many years, the local defence industry has been developed to provide substantial and multi-faceted support to the ADF. Yet is it clearly suffering from the lack of Defence planning decisions and by the government's drive for 'efficiency' (competition and common-user facilities).

The new White Paper must provide the basis for improved defence capability planning, but its development will not be simple given the transformation underway in Asia and Asia's place in the world. Australia must decide how it will manage these changes in the region and the role it wishes to adopt. This must be enunciated in a strategic policy which can then be reflected in the capability required by the ADF to support the policy. To achieve this capability the government must commit the necessary budget support.

The new White paper, therefore, is an opportunity for the government to provide a robust defence policy, a statement of a realistic defence capability and a financial plan to fund it. Strong bi-partisan leadership is required in the difficult context of minority government. The White Paper must provide a basis for stability in the planning, operations and support of the ADF. This opportunity must not be lost and the White Paper must not become another political football, as this would further delay the formulation of a sustainable defence policy for Australia.

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