

Remarks by the Honorable Ray Mabus
Secretary of the Navy
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Thank you so much for that introduction. Admiral Hogg, distinguished guests, Surface Warriors, friends of the Community, and industry partners, thank you all for giving me the opportunity to be with you today. As Admiral LeFleur said, my Navy roots are in Surface Warfare, so it's good to be here speaking to a surface audience.

The first big group I got to speak to not long after I took office as Secretary was the Submarine Association. I told them I knew what they called my ship – a target. We didn't have any problem with submarines when I was in the Navy until they cheated and went underwater.

It was almost exactly 40 years ago that I reported to the *USS LITTLE ROCK*, a World War II-era cruiser homeported in Newport, Rhode Island. She's a museum in Buffalo now; how the *USS LITTLE ROCK* got to Buffalo I'll never quite understand. The notion that the decks I walked and stood watch on are now crawling with kids on school field trips is enough to make me feel like an old Sailor. I'm sure at least a few of you in here know that feeling.

I'll tell you one more story about Little Rock. I was the guest speaker at the reunion this year and I got there early enough to go on the ship. I went in and they asked if there was anything special I wanted to see. I said, yes, I'd like to go see my stateroom. They asked if I knew where it is and I said, sure. I went down the ladder and went right to it, except it was gone. I thought at first I was lost, but I looked and the wardroom was

where it was supposed to be and the barber shop was where it was supposed to be, but my stateroom and the two next to it were gone. They had been turned into an exhibit of World War II Army uniforms. I know that stateroom wasn't that important, but Army uniforms?

There's a lot of difference in the Navy of forty years ago that I was in and the Navy of today, but the most important difference and the biggest difference is our people. Today's Sailors and Marines are the most competent, the most professional group of men and women that the Navy and Marine Corps have ever had. I've been in the job eight months now, and I've had the opportunity to meet thousands of Sailors and Marines at their duty stations around the world. Without any reservation, I can say that they represent the best people in the country and they are the single most important asset of our Navy and our Marine Corps. I am constantly inspired by their courage in the face of combat and repeated deployments, their dedication to their jobs, and their commitment to service to our country. Taking care of them, of the ones who have been in combat - particularly the ones who have been injured - making sure they have the best physical medical care and mental health care available is one of the most important responsibilities we have. It is an area which requires constant attention and even though I think we are doing the job well, there are always ways we can do it better.

This is my first opportunity to speak to the Surface Navy Association. In this forum, addressing the leadership that is here today, of the past and present of our surface Navy, as well as our industry partners, I believe it is important for me to talk about where I see Surface Warfare within the context of the broader Navy and Marine Corps and how surface warfare balances out against competing priorities within our department.

We are a nation at war and the largest obligation the Department of the Navy has is to support our operations in Afghanistan and Iraq. The Marine Corps, the SEALs, the Seabees, and the medical community are all heavily invested on the ground in both of those places. Our carrier wings and aviation assets, supported by carriers and their escorts operating at sea, are providing all of the tactical airborne electronic warfare capability and a significant percentage of the close air support covering Marines and Soldiers in contact on the ground. Thousands of individual augmentees have been pulled from other duties, off of ships in some cases, to help the Army and Marine Corps units in the fight.

That is a sea-change from the Navy I served in and that most of you served in, and it is a dramatic difference from the Navy that existed even in August 2001. Supporting the President's strategy, bringing Iraq to a conclusion, and prosecuting the war in Afghanistan, have to be our military's top operational priorities.

But they are not our only operational priorities. Even though the wars, drone operations, counter-terrorism and counter-insurgency make headlines, they do not do away with the necessity of maintaining a very capable blue, brown, and green water Navy focused on the future threats to this country.

The surface Navy fills many of the missions that are vital to our national interest, and the scope of surface operations are executed globally. The surface Navy is in more places and is doing more things than anyone could have imagined 20 years ago, 15 years ago, or even a decade ago. I get a very detailed ops brief on a very regular basis and I review the news from our ships and overseas operations every day – and I am probably stating what most of you already know and most of you have experienced; our surface

ships are everywhere. They are doing counter-narcotics in South America, counter-piracy in the Gulf of Aden, disaster relief in Southeast Asia, Theater Security Operations and Maritime Security in the Arabian Gulf, Security Partnership in Africa, and naval diplomacy wherever a ship pulls into port.

This global reach and responsiveness of our forces was brought home to me last night after I learned about the earthquake off the coast of Haiti. Within hours of that event, the Navy had made plans to provide assistance should we be called upon by the President to do so. In fact the first ship, the first asset, to be in Haiti was a surface ship, a DDG that was in the vicinity. Naval forces, surface forces, stand ready every day to respond to whatever crisis there is, wherever it is around the world.

It is that global reach and the global scope of operations which is going to drive the future make-up of our fleet. Complicating the challenge of getting the right force structure is the fact that surface warfare's mission is expanding, because our ships and our Sailors do good work, it is natural that our Combatant Commanders want and will continue to ask for more ships and more Sailors. In the past few years, anti-submarine warfare and expeditionary warfare have been joined by ballistic missile defense, security force assistance, and regional engagement as missions for today's fleet.

That incredibly high demand signal for naval forces, combined with the fiscal pressures that we face, has led parts of the Navy, including surface warfare, to constantly operate under constrained availability and constrained resources. That's nothing new. Even in the best of times and even if we had twice the budget, we would still want more money and we could use it.

I recognize the Herculean burden this is putting on our surface navy and I understand the multiplicity and complexity of commitments our surface fleet successfully meets every single day. I applaud members of that fleet for the great work that they do every single day. And I want this group to know that I and the CNO, and everybody in Navy leadership, are working to ensure that our surface navy will continue to have the funds they need to meet their mission and conduct necessary operations, training, and maintenance.

The 2010 budget which was approved last month by Congress gives us the funds we need to do the job. We received the resources we have to have to do the missions we have been assigned. I think this is indicative of the value of expeditionary forces to our nation's defense, and the value the Navy and Marine Corps play in the strategic framework of the Secretary of Defense and the President. The President is committed to a strong national defense and he has repeatedly demonstrated that commitment.

But we know that as a nation our resources are not without limit. We live in challenging economic times and regardless of the state of the economy, we have a responsibility to the taxpayer to ensure the defense budget they entrust to us is used wisely. The President has charged the military to reduce waste and cut unsustainable programs from our books.

Effective stewardship of the taxpayer's money begins with a commitment to maintain a strong industrial shipbuilding base. This is a strategic priority and a vital national interest. Maintaining this shipbuilding base promotes competition, controls cost,

contributes almost \$40 billion a year to our National GDP¹, keeps thousands of highly skilled, highly dedicated workers on the job, retains those skills of that workforce, and ensures the long-term security of our surface fleet, auxiliaries, and submarines.

Maintaining the industrial base is a foundation principle, but to be successful in lowering cost it has to be coupled with changes in our acquisitions process. I think the LCS downselect plan is a good example of the cost control measures we have to and are implementing in order to build the right size Navy of the future. It ensures competition, and I think it illustrates our seriousness in curbing shipbuilding costs from spiraling ever upward. Simply put, if costs continue to rise we will not get the Navy we need.

Continuing to do more with less, which as so many surface warfare people know and have repeatedly demonstrated they are capable of, will at some point become unsustainable. Quantity becomes quality at some point.

We have had some great successes in shipbuilding in the past few years. Both the *Lewis and Clark* class T-AKE and the *Virginia* class submarines have been built on time and on budget, and the most recent sub, the *NEW MEXICO*, was delivered well ahead of schedule. On time and on budget has to be the standard, not an exception to be applauded.

I am confident we are making the right decisions to bring cost down and ultimately improve the Navy's warfighting capability. Rationalizing the way we research, procure, and field new equipment will help. As Admiral LeFleur mentioned, I have committed the Navy to consider energy as a key performance parameter in

¹ Actual figure is \$38.7 Billion, from NAVSEA Portfolio Assessment Team "Shipyard Economic Impact Study", Updated Nov 09 (\$0.5B added to study figure based on impact of Marinette in Wisconsin).

procurement decisions and to consider the fully burdened lifecycle cost of a platform or system.

We will continue to stress the commonality of successful hulls to drive down the costs of subsequent ship classes.

We will enforce consistency within a block of ships or baseline. Instead of allowing incremental changes to be incorporated immediately, we will incorporate new technology only with the introduction of new blocks of a system or new baselines of a class. There is such a thing as a good idea cut off date for building ships.

We will look at the complexity of a system or platform as it is being procured. Complexity for its own sake is pretty costly and there must be a balance between complexity and meeting our mission requirements.

We have to ensure our systems have open networks and open architecture, so that all our ships and aircraft can work together and communicate with each other now and into the future.

We have to build flexibility into our platforms to roll between mission areas, in order to confront whatever challenges might be thrown at them over their more than 30-year lifespans.

And we have to use all the contracting tools available to incentivize cost control. Every procurement dollar has to count. We are moving to a model that will use fixed-price type contracts as the standard for all but high-risk new systems or classes.

And finally, we are going to demand more accountability from contractors on behalf of the taxpayers.

Cost is going to be and has to be fundamentally incorporated into every decision we make. I want to stress that is not at the expense of quality or research and development. But let me say it again, unless we control costs, we will not get the Navy we need and we will not have the capacity to meet all the missions we are assigned.

Here is where I want to speak directly to our industry partners. Both the Navy and industry have important roles to play. For the Navy's part, we owe you more certainty and stability in what we intend to build and to buy, so you can make sound business decisions and plan your own corporate strategic future. In return, we expect industry to make the required investments in infrastructure and in training to build quality products and retain a quality workforce; and we expect industry to pass along the cost savings to the Navy and to the nation that are created by the stability of knowing our intentions. As industry learns to build specific types of ships and systems, I expect costs to come down.

Part of our long-range plan in doing all this is to change the way the Navy uses and produces energy. We simply rely too much on fossil fuels and we are going to change that. And in doing so we will improve our warfighting capability, we will improve our long-term fiscal position, and we will improve the strategic position of this country. Because many of the strategic challenges of the future, such as rising sea levels, use of the arctic, and resource scarcity, are all inextricably linked to the harmful effects of fossil fuel emissions, and it is in the best interest of the Navy and Marine Corps to do our part in addressing these challenges head-on.

Most of you had heard my five goals and targets, but I want to reiterate them briefly.

First, by 2020, a decade from now, half of the Navy and Marine Corps total energy consumption will come from alternative sources – that’s ashore and afloat.

Second, by 2020 we will produce at least half of our shore-based energy requirements on our installations and half our bases will be net-zero in terms of consumption.

Third, by 2015 we will reduce petroleum usage in our 50,000 strong commercial fleet of non-combat vehicles by half.

Fourth, we’re going to demonstrate a Green Strike Group in local operations by 2012 and we’ll deploy the Great Green Fleet, a strike group, by 2016 composed completely of alternatively powered ships.

Finally, as I have said before, we are changing the way we award Navy and Marine Corps contracts. We are going to hold industry contractually accountable for meeting energy targets and system efficiency requirements. And we will use the overall energy efficiency and the energy footprint of a competing company as an additional factor when we make acquisitions.

These targets are ambitious, but they can be met. More importantly, I want to restate this message: every action and every program we institute must and will have as an effect improved warfighting capability. We will strive in every case to improve energy efficiency and reach cost-neutrality over the life of the program.

As one example, the hybrid electric modification that will eventually be put into a portion of our DDG fleet. The similar configuration on *MAKIN ISLAND* commissioned last fall, saved almost \$2 million on its original voyage from Pascagoula around to its

new home port of San Diego. The fuel costs stay exactly the same; that ship will save up to a quarter of a billion dollars in fuel costs over its lifetime. Operationally, the improved fuel efficiency will reduce the frequency she needs to unrep. The new configuration will give us increased flexibility for the operational commander, while reducing the operating cost to the Navy. This is the type of result we have and it's what we're looking for.

And we'll need to do it by tapping into the expertise of industry, academia, and the Federal Government. I'd like to take the opportunity today to announce a joint venture with the Department of Agriculture. Next week, Secretary Vilsack and I will sign a Memorandum of Understanding that pledges the Department of the Navy and the Department of Agriculture to work together to encourage development of renewable energy, in conjunction with federal, state, local, and tribal entities, as well as private organizations. We will share technical data, program management, and financial expertise, coordinate a mutually reinforcing strategy, and collaborate on projects to develop renewable energy and biofuels. It is a pretty exciting opportunity for the Navy and I know it's going to yield long-term benefits to building a sustainable and cost-effective energy infrastructure.

No one else, no other country on earth can do what we do. No other country is ready or capable of making the investments in material, money, personnel, and effort to maintain naval superiority. And no other country has drawn on the talent and patriotism of its people as this country has.

Thank you again to this association for hosting this symposium and for serving as the professional organization for our surface force. Your commitment to surface warfare,

to the Navy, and to our country is incredibly important and deeply appreciated. For those in uniform here today, thank you for your service. Thank you for wearing the fabric of this country. For those of you here today who have served, thank you for what you have done to make sure that we maintain the greatness of this country and the values that we stand for. For those in industry, thank you for helping the Navy and our country succeed. For all of you, if you have a good idea – if your company or your Sailors know how to make a process better or more efficient, bring it to our attention– we will listen.

I appreciate the opportunity to be here today. I feel a little bit like President Kennedy when he said he went from a LTJG to Commander-in-Chief with absolutely no increase in technical experience. I too rose to the exalted level of LTJG before leaving to pursue other opportunities, but I cannot tell you how glad I am to be back in the Navy. I look forward to working together with you building the fleet of the future. Thank you and Godspeed.