

Chief of Naval Operations  
Adm. Jonathan Greenert  
All Hands Call Naval Base San Diego  
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Good morning. I have commanded at all levels, but you know who's the head of my household, don't you? Some of you out there know exactly what I'm talking about. It's a good thing. A good balance in your life. It keeps you from getting a big head and all that stuff. Size seven and a quarter, huh.

I really look forward to hearing from you and what's on your mind. That's why we stopped here, to listen and learn so that when we go back and lead we know what the heck is on your mind, because if you aren't right, we'll never get the Navy right.

I want to give you a couple of opening remarks about what's going on in your favorite place, Washington, D.C. But first I want to give my deep condolences to those of you who are 49er fans and Raven fans. I'm very sorry about that. Now my beloved Steelers were knocked out by the Ravens, so you know where I stand.

We're in a, I guess we'll call it an inflection point, a turning point here in the strategic arrangement of really your country and certainly the Department of Defense.

Number one, we've got a serious fiscal challenge here in the country. You know about that. The economy, if we don't get the economy right, we don't have a strong economy, you can't have a strong security infrastructure, you can't have a strong defense. So we have got to get that right.

Number two, we're getting out of a long ground campaign in the Middle East. We're out of Iraq except for, we're down to like 100 and some people. And then we are on the downward slope that we are continuing to remain on in Afghanistan.

Number three, if you look around the world, things are evolving. New leader in North Korea. You've got Iran and issues there with them headed towards going nuclear, and really the League of Nations, if you will, saying this is not right. There's a lot of rhetoric going on around that and there's a constant squeeze going on with regard to sanctions in Iran. The rest of the Middle East churning around. Elections in Egypt. Syria's unrest. Bahrain is still sort of recovering from things that they had going on last spring. It goes on and on.

So you take all those together, it is inevitable that we take a look at our strategy, that we look out there and say okay, where does this Department of Defense want to go in the future?

It was inevitable we were going to redo the strategy, so the President rolled that out and announced it just a couple of weeks ago. Said here's the new strategy, and the budget that will come out on February 6<sup>th</sup>, that's when it's due to come out right now, will reflect this strategy. That strategy is very maritime. It is very much we want to limit our what they call stabilizing operations, which means ground operations, in the future, and we're pretty much going to depend a lot on the Navy and on our air forces for getting things done around there.

So where in the world is the shift going? It's going to Asia Pacific, number one, and it's going to the Arabian Gulf. It kind of makes sense if you think about it that it would be in that direction.

When I was told I was going to take this job, I was going to have this job, we had out there a lot of this strategy was in progress, and things we were looking at were kind of evolving. It was kind of unsettled. I said okay, what will I tell you all? What will I tell my board room? What will I tell the ward room? What will I tell the chief's mess? What will I tell the ready room that we need to do and things we need to focus on.

I wanted to look by all these changes in budgetary issues and give you perhaps some simplistic guidance to move out ahead.

My priorities had to be, number one, we've got to do the job we're asked to do today today. We've got to be ready to do that. Current readiness is number one.

Number two, I've got to build the fleet of the future -- the aircraft, the ships. That's our job in Washington.

Three, we've got to make sure we're enabling all of you to do the job that you need to do. All of you in this room and your brothers and sisters out there, including the civilian personnel, and as Darleen mentioned, your families. We have to enable you to do that. You are the most motivated force the Navy has ever seen in here. You are multi-talented and you go out and do things in IAs that are just amazing, and you get it done around the world and rarely ever do you complain or do you ask for a bunch of things, and that's really kind of unprecedented. But we've got to build the next force after you, and they have got to be as motivated as you are and they have got to be as relevant as you are for the skills that we're asking you to do, and it's got to be diverse. If you look at our country and you look at the demographics, it's evolving and we've got to align with that. And oh by the way, that's where the talent is. So that's why we have to be a diverse Navy.

So current, we've got to be current; we've got to build the force for the future; and we've got to build the next, if you will, generation of Navy people.

What I'm telling the leadership out there, I use six words that I ask them to focus on as we think through what we want to get done. Number one, warfighting has got to be first. As we think about all of these changes that might take place and said get your

head down, get qualified, make sure you're prepared for deployment, make sure your ships and your COs, your chiefs quarters and all are given the opportunity to prepare for deployment, and let's look at that in the future, but warfighting has to be first.

Two, we've got to operate forward. That's where our Navy is effective. We can't sit around here and wait for things to happen and then surge forward. We've got to be forward and we've got to figure out the most innovative and proper ways to do that and I'll talk a little bit about that.

Third, you've got to be ready. You've got to be ready to get the job done. That includes parts, yes it does. It includes fuel. It includes maintenance. But it also includes that we've got to have the simulators out there to get it done, to train, so that your folks, your leaders have the time to allow you to train to get that done. Those are the endeavors of the future in order to get on track regardless of the size of the Navy, regardless of what we're asked to do out there. These six words I think encapsulate what I'm asking you all to be focused on out there.

Can I have the viewgraph, please?

As I look out around the world, you say forward where? What are you talking about? Well, I'm talking about these areas around the world that I'll point out here. We operate from these bases. This is where we are stationed. But there are places marked with the little squares around the world that we have to be able to pull into and as necessary get logistics, get ourselves refueled up, change out, maybe do some maintenance, and we've got to, if not expand the number of places, make sure these places stay relevant and prepared for you all to operate from.

Let me start out here. By the way, these important areas around the world are pretty much where we have straits or choke points, if you will, and I call them the maritime cross roads. We have to have access to these maritime cross roads, or we have to be near them so that we can keep commerce flowing because it becomes very much an economic issue in the future.

The Panama Canal -- by the way these little things are bows for most of you doing your basic engineering. If you're an English major, they're bow ties. You can pick whichever one you want. But this is where things are flowing.

So the Panama Canal is being widened in the near future so that it can take the big container ships, the big fuel carriers, an aircraft carrier, things of that nature. When that happens, the amount of traffic through here is going, it's already the largest through-put we have out there. It's going to get bigger. What will that portend for the Caribbean and this area here? I don't know.

But what I do know is we're going to need to make sure we have access and we have a place in Guantanamo Naval Station where we have right now a port and an airfield. And in fact we used that port and that airfield for Haiti operations to bring relief. We

used the airfield to fly things into. We loaded them on high speed ferries and shuttled back and forth to Haiti until the Maritime Sealift Command, the Transportation Command, was able to bring in huge roll-on/roll-off ships to get the work done here in Haiti. So that's a place.

We'll go over here in Rota, Spain. The Spanish government has offered us to bring four Arleigh Burke destroyers to Rota to be forward deployed over there. They will be forward stationed there. The target year is 2016 and having four ballistic missile defense capable destroyers in Rota is going to be a huge shot in the arm for our presence over here in Europe. So Rota, Spain, important.

This represents, really, Naples, it represents Sigonella, Souda Bay, Crete, where we have logistics support for the Mediterranean and the European Command.

The Suez Canal, Red Sea, Dab al Mandeb Straits, Djibouti. Anybody been to Djibouti? There's like 3500 people there now. Not long ago there were like 500 people there. It's a big base. It's got two big runways, an international airport. It takes Global Hawks there, it takes Predators, it takes P-3s, EP-3s, C-17s, C-5s. It takes all the big stuff. So that's a big airfield and a port where some of you may have pulled into and fueled up. It's not a great quality of life port visit, that's not the idea. The idea is to have a place where we can refuel. Have a place in Navy repair. So that's in our future.

Bahrain is in our future. Bahrain is where the 5<sup>th</sup> Fleet is. It's where Navy Central Command is. And there's no real Plan B for us to go elsewhere in the Arabian Gulf. We've got to work through the relationship there. We've been there supported by the Bahraini government for about 50 years. They have stood by us and in my view we've got to continue to work with them as they go through some of the unrest that they had in this area.

But forward stationing the littoral combat ships is out there in our future. Today we have mine countermeasure ships there, we have patrol craft there, we have some small boats there that operate out of Bahrain. It's an important area, operating in and around this area.

Diego Garcia, our SSGNs refit out there and some of our surface ships. That will be in our future.

The Malacca Straits and then to Singapore. Anybody been to Singapore? Changi Pier, you can put an aircraft carrier in there and hook up shore power. Right by the international airport, you can land at a military airfield there, tactical jets, taxi them over and crane them on to a carrier or a big deck. It is that agile and ambidextrous, if you will, down in that area.

There is a command center where we can come in and bring in servers and bring in our equipment to use as a command and control site for HADR or whatever in around

Southeast Asia. So they have offered us to deploy and then eventually forward station littoral combat ships here in Singapore.

We're looking at the Philippines. It's not a place yet. But we do fly out of there about once a month. We do maritime domain awareness, basically sea control flights with P-3s out of Clark Air Base there.

Darwin. The Australian government has offered us -- Who's been to Darwin. Ever go to those crocodile farms? Pretty wild, huh? Seeing them at feeding time. I'll leave that alone. It's too early in the morning. -- But they have offered us the opportunity in Darwin to deploy a MAGTF, a Marine Air Ground Task Force, and we've said yes. So what we'll do is we'll kind of crawl, walk and jog, I guess, as we build up a Marine Air Ground Task Force operating out of there. Our job will be to find the lift down here operating out of Darwin.

Then of course we've got Okinawa where we have White Beach, our amphibious task force for the 7<sup>th</sup> Fleet headquarters is out of there. We have amphibious ships in Sasebo. We have cruisers, destroyers, our command ship Blue Ridge, we have the George Washington out of Yokosuka. The airfield, Atsugi's got that air wing. Down here is Iwakuni where basically the Marine contingent of air is out there. We will also build up our air wing from Atsugi down to Iwakuni here in about two or three years.

Then we have Misawa up here in the northern end where our P-3s fly out of and also our Air Force jets out of there.

These are places where we will be for some time. Guam remains a base; Hawaii an important base; and you all are here.

So these ships are laid up here because they represent, since I've taken the watch, about four months exactly, I look daily at what's underway every day. How many ships are underway every day? How many ships are deployed? That's just a representation. There's much more out there than ships. There are aircraft squadrons, detachments, expeditionary combat command, et cetera, et cetera. But of the 285 combatant ships we have in the Navy, about 100, if you add these up, these that are deployed, about 100 are deployed. So that makes the percentages pretty easy to determine when you say where are they deployed? You can see about half to Asia and about a third to the Arabian Gulf.

This represents roughly, and they can swap -- you can have 30 here and 15 here -- but somewhere around 45 or 50 ships are underway getting ready to deploy. You add it all up, you've got about 145 to 150 ships of 285 underway on any given day in your Navy. You're out there doing it.

These five ships - some are on either coast operating with predominantly Colombia, Chile and Brazil doing counter-drug ops.

That represents that laydown out there.

This is how long it would take to get to these various cross roads that I indicate here, at 14 knots, from the East Coast or West Coast. So you can see how what a difference being forward can make out there, and that's what you do.

Let me go through just a few issues that I'll just lay out to you and then we'll go to questions and answers here and make sure I give you enough time.

First, let me talk a little bit about compensation -- pay, medical and retirement.

For your information, pay, medical and retirement is about one-third of our Department of Defense budget. In 2001 the department paid about \$100 billion just in medical expenses, and that's \$180 billion -- when I say medical expenses I really mean all the entitlements and all that. So all this compensation piece. From \$100 billion to \$180 billion. When I use that number, that should be all compensation, not just medical. So let me correct myself there.

My point is, it's grown over the years. We have to look at that. We have to take a hard look at that and see if we can afford to continue to do that. But in the meantime, for today, for now, talking retirement. If you're wearing a uniform today, you're under the current retirement system. Your retirement is not going to get changed in this study that we're going to at one time take on.

What's going to happen is we're going to form a commission. The commission will be made up of military people, former military people I should say, and people on the outside who understand the different retirement processes and plans that are out there. They will go away and study this for about a year. We will provide input to this commission, we the Department of Defense. We will use input from the MCPON, we'll use input from the other senior enlisted leaders. We will canvas you all, we will canvas your COs and again your senior enlisted to see what is it that's important in this all volunteer force for retirement.

If you wear the uniform today, that's the retirement system you're under. That will be that way until we change it, but that is years away. So let me leave you with that.

A little bit on the Enlisted Retention Board. A couple of years ago we had the 85 NECCs, we had about 34 of them that were overmanned. They were 110, 120 percent filled, if you will. That caused PTS to be bearing the brunt, if you will, of trying to balance these overmanned billets. PTS wasn't doing well at all. I don't need to tell you that. We were saying no to about half of the PTS, or asking people to change rates because we were trying to use it to balance. It was becoming unwieldy. It was becoming incredibly difficult. We had to make a change to make an adjustment and under the time constraints, the ERB became the only way we saw we could get this done. It involved one percent of the force, and it's done. We basically had to have one percent of the force to be laid off. So that is done, people have been notified. We have

a transition plan in place, a program in place, and we will continue to push on that and make sure we have the best transition pieces that we can. Your feedback is quite useful on this.

Now the ERB is done. The question is, so are we going to need it again? I don't see another one this year. I don't see another one next year. Neither does the Chief of Naval Personnel or the MCPON. What's the balance now? You told me we had 30-some of the ratings overmanned. Well, we're down to about 11 percent right now. That's manageable.

What about PTS? Well, we're at about between eight and nine out of ten PTS requests being approved, which is what we expected would be about right.

Recently we asked the question, can we get the Temporary Enlisted Retirement Authorization that we had before, for those that might be impacted by the ERB and have 15 years in the Navy. Because that's what that authority, the TERA, is designed to do. So we went and asked Congress, they said yes. Came to the Office of Secretary of Defense Staff, and we said we'd like to use this. They said okay. So now we have had that, we're going to offer it for those impacted by ERB for a limited time, for those who are eligible. They have to apply for it. The NAVADMIN is out and that's in progress.

That's kind of the situation in ERB and PTS. I'd like to get any questions you have on that.

I frequently am asked what about the GI Bill? Have we changed that? No. The entitlement remains as it was when the law came out. There are some small changes in policy, but the foundation of the GI Bill, as you know and love the last few years, is in place.

I'm frequently asked what's going on with IAs? Are they going to go down? Yes, the demand signal is going down. It's not going down as fast as we the Navy want it to go down, because we've got to pay for IAs after this year. So we don't want to do it. We've got to pay for it out of our salary and ask our people -- We've got to carry those extra people in order to not have to go into our units. So it's a continuing tug of war with the combatant commanders, but we'll continue to press on that.

A word on Spice. A lot of usage of Spice out there. Everywhere I ask they say oh, man, there's a lot of people using Spice. I'm telling you, if you're using it, eventually you're going to get caught. It's really not a good risk. We are getting better and better at finding a means to test it, and that test is becoming more and more valid and effective. The different concoctions, if you will, or cocktails that are out there in Spice are being able to be covered by more and more of the testing. We're looking to partner with other services. The NCIS is really our spearhead in this and they've been effective. So if you're an experimenter, I really caution you, get out of that one. You don't want to be involved in it.

Lastly, OpTempo. We have had about, I think the number in 2011 was 11 ships that had up to eight month deployments. That was regrettable. Things happen in the world that cause us to have to extend some ships. It is not our plan to go to ten month deployments. It's not our plan to go to eight month deployments. But due to an aircraft carrier coming out of maintenance late and just the way the dominoes kind of line up, there will be one carrier strike group that will do an eight month deployment, probably the Eisenhower would be my guess but I can't say for sure as we look out there. There will be one. But that is not the norm. The norm is closer to six and a half to seven months as we look at '13.

Now the world gets a vote, and reality gets a vote in that you open a tank somewhere and you go whoa, look at this. We've got a lot of maintenance to do. Groundings occur, collisions occur, carriers are late coming out, something needs to be, the aircraft hit red strike and we need to make changes. This happens. But these long kind of major ten month, eight to ten month as the norm deployments that I kind of see laying out up there, that's not the plan for FY12 or '13.

Let me open the floor now to questions. Talk about anything you all want to talk about.

I appreciate what you're doing. We're very proud of you. As Darleen said, the wind beneath your wings is your family. Without them I've learned this only in the last three or four years, I continue to learn all the way to the end, how important our family programs are and what our families do for us as we turn you people around and you go out and do all the things that you do.

So I will tell you here today, kind of as my last point. Those programs have my direct attention and the Vice Chief's direct attention and we will both see to it that those programs are appropriate for what we need.

Thanks again for what you do. Good luck to all of you, God bless you all, and take care of your shipmates. Look out for each other because it's very important that you do.

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