

DRAFT 8/19/2010 8:08 AM

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A year and a half ago, if we had tried to imagine how much the Coast Guard's world of work might change in the period of just 18 months, I doubt that we could have anticipated the scope and scale of the changes that were in store for us.

The events of the past two weeks alone have been breathtaking in the speed and power with which they have taken place. Our nation has gone to war half a world away—a war that has extended to our own shores in a way that no previous war ever has.

I salute every member of our armed forces for the sacrifice, selfless courage, and professionalism that have been so clearly evident throughout the past year, and especially during the past week. Our thoughts and our prayers are with those who remain in harm's way, and whose inspiring service compels me to say that I have never been more proud to wear the uniform of our great nation. I know all of you here feel the same way.

Coast Guard forces have been valiantly engaged in support to the combatant commanders overseas in the Persian Gulf and in the Mediterranean. We have deployed 2 high endurance cutters, 8 patrol boats, 1 buoy tender, 4 port security units, strike team personnel, several law enforcement detachments, and 2 maintenance support units.

And here at home, Coast Guard units have been providing a significant security presence, patrolling vigilantly, working side by side with our partners in the Department of Homeland Security and other federal, state, and local agencies and the private sector to ensure the security of our nation.

We've activated nearly half of our selected reserves in support of Operations Neptune Shield, Liberty Shield and Iraqi Freedom. And our Auxiliary continues to provide an awesome presence throughout our Coast Guard—truly a model American volunteer organization.

Although our attention now has been drawn forcefully to the events of war and to the hope for nothing less than our complete victory, I'd like to take the opportunity this morning to give you an overview of the current emphasis for the Coast Guard, and a view of the way ahead. We are at the crossroads in every sense of the word.

Think about it. Just a month ago, the Coast Guard reported to Secretary Ridge and became part of the Department of Homeland Security, an arm of the executive branch of our government that did not even exist a year ago. The enormous effort involved in that single transition—the largest re-organization of the federal government in sixty years—should be enough to mark this year as historic.

DRAFT 8/19/2010 8:08 AM

But there is more.

On November 24<sup>th</sup> of last year, the very same day that President Bush signed the law that established the new Department of Homeland Security, he also signed the Maritime Transportation Security Act of 2002.

The Maritime Transportation Security Act, or MTSA, is an extremely important law, both for the security of the global maritime transportation system and for the impact it will have on the Department of Homeland Security and the United States Coast Guard.

The MTSA addresses the critical need to focus on the security of America's 361 seaports and the maritime transportation system.

It creates a comprehensive legislative framework to enhance the security of the global maritime transportation system. It does this through a systematic approach of defining responsibilities, creating standards, assessing vulnerabilities, and authorizing funds to address those vulnerabilities.

Furthermore, the MTSA provides a clear and fresh legislative mandate for the Coast Guard to initiate new rulemaking for maritime homeland security.

The Coast Guard has worked very hard to lead the way to ensure MTSA's provisions are consistent with port and vessel security regimes hammered out in another remarkable effort by the Coast Guard at the International Maritime Organization this past December. Clearly, another major success story of this past year.

Last summer, the President also unveiled the National Strategy for Homeland Security, which outlines plans to accomplish three broad objectives: to prevent terrorist attacks within the United States; to reduce America's vulnerability to terrorism; to minimize the damage and recover from attacks that do occur.

It is a sound strategy that depends primarily on preventing future attacks by sharing information, securing our borders, protecting vital infrastructure, partnering with others at home and abroad, and preparing to respond quickly if necessary.

That sounds a lot like bracing for a coming storm at sea, doesn't it? I think that's why it makes so much sense to us.

Like a gathering storm, threats to our security at home have grown. Separately and collectively they pose dangers to our sovereignty, our economy, our environment, and our safety. All of them have a distinct maritime dimension.

We obviously need a maritime security strategy that supports the President's broader homeland security strategy ... We have developed a comprehensive one in close

DRAFT 8/19/2010 8:08 AM

cooperation our new Department ... one that will enable us to provide enhanced security in our ports and waterways while concurrently facilitating commerce.

We are executing this strategy aggressively, including currently supporting a code orange presence in our ports and waterways.

Our non-homeland security missions remain vitally important. And despite the enormous effort required to build and improve our Homeland Security capabilities—and that alone has been a tremendous lift—we have had some real successes in terms of operational excellence in performing our other vital missions.

For example, despite diverting key assets away from the counter-drug mission, we had a near-record year in cocaine seizures. Our total amount for the year was the third largest of any previous year, including a 25,000 pound seizure that was the second largest maritime seizure ever recorded.

Search and Rescue continues to be vitally important to our seafaring nation. We continue to save nearly 4000 lives each year. We maintain the very highest state of readiness in this mission. We have no intention of backing away from this standard of operational excellence.

I think it is also worth noting that the numbers of deaths in our nation's most hazardous industry—offshore commercial fishing—decreased by nearly half in 2002 compared to the yearly average from the previous six years. That good news can be attributed at least in some part to partnerships we've developed with industry to improve safety, as well as the dedicated efforts of Coast Guard men and women around the country.

The icebreakers *Polar Sea* and *Healy* are now homeward bound from Antarctica, after smashing through 50 miles of ice more than a story high, and leading re-supply ships into McMurdo Station to sustain scientific studies of the Earth's climate.

Our icebreakers in the Great Lakes and along the East coast had their toughest winter in a quarter century. The lake shipping season opens this week—about a week later than planned. Our crews have been instrumental in facilitating commerce, both on the Lakes and in the Northeast.

Environmental protection also remains an important priority. We respond to more than 20 oil or chemical spills each day. Last year a grand jury indictment charged a corporate director, two corporate managers, a ship's captain and first engineer for their roles in discharging oil directly into the pristine waters of Alaska from a fleet of large refrigerated cargo ships. The Justice Department and the Coast Guard are making it clear that environmental crimes will continue to result in criminal prosecution.

These are just a few of many examples that clearly illustrate the constancy of the operational excellence of our missions in the midst of dynamic change. Clearly, we must

continue working diligently at all our missions, and with the continued support of the President, the Secretary, and Congress, we can...and we will.

The president's FY04 budget request reflects steady progress on our objective to balance our full range of missions. Every homeland security dollar directed to our budget will help to distribute a careful balance between security and safety, both of which are important to the prosperity of our nation. If the budget is enacted, by the end of FY04 we will have grown by over 4100 personnel and increased our overall budget by over \$1.6B—a 30% increase over FY02. That growth will help us modernize our aging fleet, build out our homeland security capability, and sustain our non-homeland security missions.

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The flexibility to embrace necessary change, while maintaining vital continuity in service, is crucial to our enduring commitment to operational excellence. How do we sustain our operational excellence in this environment?

I believe firmly and without hesitation that the answer remains consistent in the watchwords of my strategic emphasis, which I set out upon taking the helm of the Coast Guard nearly a year ago.

Readiness ... People ... Stewardship.

We have been attending to those themes diligently during the past year with very, very good results.

America expects nothing less.

The current and future readiness of the Coast Guard is largely determined by the attention we give to properly training and equipping our units. It depends entirely on the obtaining the right capabilities, the right capacity, and right partnerships with others.

How have we done with improving readiness in the past year? My assessment is that, due in large measure to the strong support from the Administration and the Congress, we've made tremendous progress... but we still have a long way to go.

In the past year—for the first time in many years—we have restored our maintenance funding base, which will enable us to properly maintain our fleetwide systems. That's making a huge difference in readiness.

We've increased our investments in our search and rescue mission, by adding nearly a thousand new billets across the nation over the last several years and by re-establishing an active duty "A" school for boatswain's mates.

The "A" school training system overall has increased to maximum capacity through night classes, hiring additional contract instructors, installing temporary classrooms, and training at contractor facilities.

Our Recruit Training Center at Cape May, New Jersey is operating at maximum training levels to meet expected growth. Officer Candidate School has increased accessions by 50 percent, and Academy accessions have increased 12 percent this year. That's great news, especially to our troops in the field.

In fact, we have added 2200 new billets this year against an active duty base of 38,000, and the best news is that our retention rates are higher than they have been in many years.

In FY 02-03 we've added over 100 new boat allowances and 13 patrol boats ... more are on their way. And the president just announced a contract to purchase up to 700 new response boats, which will start coming on line this year.

Increased capacity will allow us to become as much a "presence" organization, as we are a response organization. We can't afford to simply respond to emergencies. We must be in place to prevent them. It's all about awareness, deterrence, and prevention.

In addition to increased capacity, we have seen real improvements in capability.

For instance, we have added four new Maritime Safety and Security Teams in key ports around the nation. Two more are coming this summer and, hopefully, six more in FY04.

Our out-conus counter-drug HITRON is batting a thousand! We have decided to build on that success by expanding that capability to in-conus homeland security applications and expanding our airborne use of force policy to apply to other rotary wing aircraft, as well.

We are continuing to improve our maritime domain awareness by increasing our capabilities to share information and by strengthening our partnerships with federal, state, and local agencies, as well as our industry partners.

In particular, our new status as a member of the National Foreign Intelligence Community gives us greater access to national systems. And I have established a new Assistant Commandant for Intelligence—into which we have folded our Coast Guard Investigative Service. We are also increasing our capabilities with two new Maritime Intelligence Fusion Centers, and with new Field Intelligence Support Teams in major ports.

But our readiness does not just depend on better capacity and capability. As much as we need them, we need the key partnerships that have already proven so valuable to our effectiveness. We need to further strengthen these relationships—both within the new Department of Homeland Security and throughout government and industry, at home and abroad.

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Building effective partnerships, for example, was the key reason for our success at the International Maritime Organization this past December. Partnership will continue to be essential as we develop and implement our MTSA rulemaking effort over the next year.

And our partnership with the Navy and the Department of Defense allows an effective two- way flow of capability to meet both expeditionary and domestic security imperatives ... all in the national interest.

In the coming decades, much of our maritime security activity will be concentrated at the low end of the spectrum of conflict. In this environment, the close partnership between the Coast Guard and the Navy will be needed to deploy forces with greater flexibility, adaptability, affordability, and inter-operability.

Accordingly, the Navy and the Coast Guard are planning our future acquisitions in light of a concept we call the National Fleet. Under this concept, both services will maintain their distinctive heritages, capabilities, and identities; but we will make sure that our strengths are complementary.

Of course, the Navy will maintain its highly capable multi-mission surface combatants designed for the full spectrum of naval operations from Peacetime Engagement through Major Theater War.

And right now, the Navy is providing 13 PC-170s to help patrol our coastline and keep our ports and harbors secure.

Likewise, the Coast Guard provides relatively smaller national security cutters, designed for peacetime and crisis-response Coast Guard missions but capable of meeting the requirement for general-purpose, shallow-draft warships.

Our nation doesn't need another Navy. But it shouldn't do without an effective Navy-Coast Guard team.

▼ Capability ... Capacity ... and Partnerships—three key ingredients to being ready and sustaining operational excellence. We are more ready today than we were a year ago ... and we'll be more capable in the months and years ahead.

Good stewardship also contributes to operational excellence. Good stewardship means managing our resources with effectiveness and efficiency.

We have earned good marks here. The Comptroller General of the United States, Mr. David Walker, recently referred to us as “one of the best managed agencies in the federal government.” We have received clean financial audits three years in a row.

We must continue to earn and keep the trust of the American people by doing the very best with what we have.

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We are continually looking to the future to determine what we will need to answer the call. Good stewardship means developing and maintaining performance based plans...and we're beginning to realize the fruits of our planning efforts in this area.

With the increases proposed in the President's fiscal year 2004 budget, the Coast Guard will be better positioned to respond to the Nation's future maritime homeland security and safety needs. The proposed budget is part of a multi-year plan that emphasizes modernizing, building, and sustaining both capacity and capability in all our mission areas—a plan that is vitally important to achieving our goals.

President Bush and Secretary Ridge have been strong advocates of this plan. We are working very hard to keep their support through measurable performance and operational excellence.

If the budget is enacted, by the end of FY04 we will have grown by over 4100 personnel and increased our overall budget by over \$1.6B—a 30% increase over FY02. That should come as welcome news to anyone with interest in our ability to conduct our many missions, and with interest in preparing us for the future.

We are putting these increases to excellent use through sound stewardship. I think two major projects that we have in the works illustrate that point clearly.

In particular, the Integrated Deepwater System project will re-capitalize the Coast Guard's aging cutters, aircraft, and offshore Command and Control network to help push out the U.S. borders and increase our Maritime Domain Awareness (MDA). It is a flexible program, able to meet emerging requirements for maritime security.

Our Rescue 21 project will serve as a maritime 911 system that provides both a distress network, and an integrated coastal command and control system, which will aid communication among agencies responding jointly to emergencies.

Both Deepwater and Rescue 21 will be interoperable with both DoD and non-DoD partners. These programs and others are at the heart of providing a ready Coast Guard having the competencies and capabilities to respond to our missions across the board.

When Deepwater is complete, no longer will our cutters and aircraft operate as independent platforms, with only limited awareness of what surrounds them in the maritime domain.

Instead, they will have the benefit of receiving information from a wide array of mission capable platforms and sensors, and will be able to work easily in tandem with other cutters, boats, and aircraft.

That capability will truly transform our work.

Readiness and stewardship both really depend on one thing: the capability of our people to achieve them. Ultimately, our operational excellence depends on the men and women of the Coast Guard.

We cannot improve readiness and maintain good stewardship simply by building better ships, airplanes, and equipment. We can't do these things without retaining the quality, depth and diversity of our people.

Our chiefs, our officers, and our civilian leadership will be essential to the sustained growth in depth and numbers that we must achieve in the next few years. They are all necessary to help every one of our members, but especially our junior members, achieve the professionalism our Service requires.

For example, we are paying keen attention to crew endurance management to ensure the safety of our people, while meeting the demands of a huge increase in operational tempo. To do that, we have developed state-of-the-art techniques for assessing crew endurance risks; we have instituted new crew endurance management principles into our operational doctrines; and we have established crew endurance management training at the Leadership Development Center for all prospective command cadre.

This year, we increased tuition assistance by 28 percent, to bring our program into parity with the Department of Defense.

We are also using technology to develop the skills of our people to the "point of use" in new and unprecedented ways, such as the E-Learning Initiative, SOCCOAST and SMARTFORCE.

The Joint Ratings Review is nearly complete, changing the ratings and advancement standards for more than a third of our petty officers, to bring them in alignment with the needs of the future.

All of these changes, and more, are designed to improve the quality of work and life for our people. There will be more coming.

Readiness...People...Stewardship.

Each of these is essential to our operational excellence...and none of them is independent of the others. They are intricately intertwined.

We will continue to pay very close attention to each of them to make sure that we have the strength and flexibility that we need for the future.

DRAFT 8/19/2010 8:08 AM

If the past year is any indication of what that future will bring, then we certainly have many more changes in store. We have many initiatives on the table, and others to follow.

We have much to do to implement MTSA and the security amendments to SOLAS and the International Ships and Ports Security Codes designed to ensure better information sharing, better security plans, and more effective means of inspection and control of commercial vessels.

There is much yet to do to build out our homeland security capabilities and capacity, to integrate as a true team player with the new department, to develop mission standards of performance, and to increase our 7 by 24 presence in our ports and waterways.

What is at stake here is not only our ability to meet security demands, but to sustain operational excellence across all our missions.

We must tend to our fisheries and other law enforcement missions, including counter-drugs and migrant interdiction, to ensure that our nation's borders and resources are fully protected against potential violation—not just against terrorism.

We must realize our strategies and goals for MDA, if we are to provide the maritime security that our nation requires.

As part of that effort, we must make absolutely certain that our Deepwater and Rescue 21 programs stay on track, and that we vigorously pursue the goal of modernizing and re-capitalizing our aging fleets.

We view all these challenges as glowing opportunities...especially the opportunity to grow and manage our workforce in a smart way. We will do so by keeping the training, professional development, education, and well being of our workforce as the highest priority.

Ladies and gentlemen, this IS a time of enormous opportunities, as well as enormous responsibility and change for the Coast Guard. Our men and women ... active duty, reserves, civilian and auxiliary are clearly equal to the task at hand.

In his nationally televised speech on homeland security in the port of Philadelphia this past Monday, President Bush spoke of the vital missions of the Coast Guard. He said,

“In this time of war, the Coast Guard's service in America's waters is more important than ever.”

I believe strongly that, perhaps more than any other period in our nation's history, this is our time to step up to the plate.

DRAFT 8/19/2010 8:08 AM

The Coast Guard has much to contribute to both the safety and security of our great nation. It's our calling ...It's our responsibility. We are at a watershed point in our Service's history and we are aggressively making the necessary adjustments.

Change within Continuity...that is the key to remaining Semper Paratus!

And Semper Paratus we will remain!

Thank you very much.