

PROGRAM 2: NAVY

OBJECTIVE

To provide maritime forces that contribute to the security of Australia and its region and are able to fight and win in the maritime environment as an element of a joint or combined force.

DESCRIPTION

The Royal Australian Navy contributes to the achievement of the Defence mission through the provision of forces for maritime operations, including patrol and response, interdiction and strike, and peacetime activities.

The Program Manager is the Chief of Navy who commands the Royal Australian Navy and is responsible for the preparation of forces for the conduct of maritime operations and the efficient and effective strategic management of the Program. The Navy Program comprises three Sub-Programs: Combat Forces; Executive; and Training.

PROGRAM SUMMARY

The Navy contributed to a diverse range of contingencies during 1997-98. Activities such as support for Bougainville truce monitoring, drought relief in Papua New Guinea, resource zone enforcement in the Southern Ocean, response to the Indonesian political crisis and readiness to contribute to a coalition deployment to the Gulf provided evidence of the Navy's ability to conduct unplanned operations at short-notice.

A full program of exercises focused on enhancing combat capabilities and interoperability with our regional neighbours and allies. In some instances, exercises were rearranged to respond to difficulties encountered by regional forces due to the current Asian economic crisis. Some disruption to exercises also resulted from the withdrawal of RAN vessels due to maintenance and other difficulties.

Full Acceptance Into Naval Service of the first Collins class submarine has been delayed due to performance against some specifications, particularly the combat system and acoustics, not being achieved. To address this, a parallel strategy to improve the combat system and the acoustic performance of the submarines has been introduced. As the submarines meet specifications in most other areas, HMAS *Collins* and *Farncomb* have been provisionally accepted into service, and the third submarine (*Waller*) is expected to be provisionally accepted by the end of the year. Modifications on the two Landing Platform Amphibious vessels continued throughout the year, and current indications are that HMAS *Manoora* will be accepted into service in late 1999, with HMAS *Kanimbla* three months later. Savings from the Defence Reform Program will enable HMAS *Tobruk* to be retained in service until 2010 to provide the ADF with a sea-lift capability.

Another area of concern has been the Naval Aviation Force, where difficulties in maintaining the rate of effort was exacerbated by the extended grounding of the Squirrel helicopters. A four-year re-invigoration plan for the Naval Aviation Force has been funded from the savings generated by the Defence Reform Program.

The Navy suffered two major accidents during the year. The first was the synchro-lift failure in Darwin causing damage to HMAS *Gawler* and the second being the fire in HMAS *Westralia*, with the tragic loss of life and other injuries. The immediate operational impact was the

withdrawal of HMAS *Westralia* from the *Rimpac 98* exercise, and the damage dictates that the ship will remain out of service until early 2000. A Board of Inquiry was established to investigate the accident aboard HMAS *Westralia*.

PERFORMANCE MEASURES FOR 1997-98

The Navy's performance is measured by the extent to which:

- a. the Navy met ADF operational requirements and was able to conduct effective single service, joint and combined operations in the maritime environment;
- b. the Navy Program planning, management and budgeting processes supported the economic use of available resources within endorsed policies and approved programs and the achievement of agreed objectives;
- c. training outcomes met the requirements of the operational workforce or entry standards for subsequent training, for the Navy and its customers;
- d. Navy activities sustained the Navy's image in the Australian community; and
- e. the Navy was respected for its professionalism by allied and regional navies.

1997-98 PERFORMANCE AGAINST FORECAST

Exercise participation

Outcomes for forecast exercises are contained in *Appendix D* to Part One of this report.

Achieve predicted availability of Maritime Forces and the authorised flying hour program for the Naval Aviation Force

As mentioned earlier, difficulties encountered by the Naval Aviation Force continue to be of concern and are reflected in the rates of effort achieved, particularly by the Squirrel and Seahawk helicopters.

Outcomes for capability availability are contained in *Appendix B* to Part One of this report.

Successfully implement Royal Australian Navy aspects of the Defence Reform Program

On 1 July 1997, Navy Headquarters was created as a component of Defence Headquarters. The number of Navy Sub-Programs was reduced to three, with remaining personnel and resources transferred to other Programs. Establishments that were previously under the command of the Naval Support Commander were transferred to the Maritime and Training Commands. Service-level agreements were developed or finalised between the Navy and a number of other Programs.

Improve Program-level strategic planning documentation that is linked to Portfolio documentation and provides guidance to the Sub-Programs

The Chief of Navy's *Future Directions Statement* was developed to communicate his priorities for change and provides an updated Navy mission, future vision and a statement of the Navy's enduring goals. These goals and priorities are linked to overall strategic guidance and the Defence outputs and form the basis from which Sub-Program plans have been developed.

Following the promulgation of the 1998 Chief of the Defence Force Preparedness Directive, the Chief of Navy's Preparedness Directive and Navy Capability Assessment Reports have been developed and promulgated. As a result, areas have been identified that require specific management focus.

Introduce new resource management strategies for the Navy Program consistent with Government and Defence Portfolio initiatives for accrual-based resource management with emphasis on outputs and outcomes

A comprehensive performance measurement and reporting template has been developed which is linked to the management priorities contained in the *Future Directions Statement* and also incorporates capability-related performance reporting.

Complete the implementation of Activity-Based Management which will help managers improve efficiency and effectiveness and to evaluate and report on performance

The activity-based management project completed its scheduled rollout and mapping of Navy-related activities.

Adjust Navy personnel structures to meet changing requirements resulting from the implementation of the Defence Reform Program and other reviews

The Navy has moved to reduce its numbers of senior officers to achieve the Defence Reform Program target of 20%. Funded Captain positions were reduced from 89 to 70, Commodores from 28 to 24 and Rear Admirals from seven to six.

Detailed studies have been undertaken, in conjunction with the Defence Personnel Executive, into the impact of the Defence Reform Program on the sustainment of a balanced RAN workforce. Navy managers now have figures on the likely distribution of Navy personnel throughout the Department, and a strategy has been developed to rebuild the workforce structure to meet capability and skill profiles within the 14,000 permanent Navy target by 2001. A mix of measures will be used, including highly-targeted recruiting and a one-off redundancy program.

In conjunction with the Personnel Executive Program, continue progress in improving equity in the Navy workplace and integration of the civilian EEO and Navy Good Working Relationships programs

The Defence Equity Organisation developed a new Navy Equity Plan. An Employee Attitudes Survey which, inter alia, measured acceptance of the Navy's *Good Working Relationships* program and diversity issues, was conducted in May 1998. Recommendations arising from the survey will be considered in early 1999.

Continue to pursue proactively opportunities which will improve the awareness and visibility of the RAN in the Australian community

The Navy continues to promote its image in the community through a public affairs strategy which draws on the skills and influence of both serving and retired personnel.

Effectively and fully utilise available training time by ongoing improvements in the timeliness of training through the application of the 'just-in-time' philosophy where appropriate

Developments in the 'just-in-time' training philosophy have resulted in resource savings and have been successfully adapted for use by the Navy. These courses include the Principal Warfare Officers' Course, Submarine Executive Officer and Command modules, Air Technical training for Leading Seaman and the Sea Posting Qualifying Course that applies to all sailors.

Apply Flexible Learning Practices, and continue implementation of Recognition of Prior Learning and Current Competencies together with Competency-Based Training programs to improve the cost-effectiveness of training

The RAN Competency Agency was established to provide a competency identification service for the Navy. A Competency-Based Training and Assessment policy for the Navy has been agreed, and workshops have been developed to provide an overview of the National Training Framework, identify units of competency and develop revised curricula.

Implement in-service training and other initiatives for personnel for Anzac, Landing Platform Amphibious and Collins classes

A contract was awarded for the provision of technical training support services for the Navy until May 2000 and will deliver training across the country by one provider. A contract for the provision of training for Anzac class ships was signed in June 1998. The Enhanced Bridge Simulator was commissioned into service in June 1998 and will provide the ability to model individual fleet units.

RESOURCES

Table 2.1: Defence Function Outlays Summary

Sub-Program	1997-98 Budget Estimate	1997-98 Revised Estimate	1997-98 Actual Outcome	Variation (97-98 Actual less Revised Estimate)	
	\$m	\$m	\$m	\$m	%
2.1 Combat Forces	421.3	438.6	469.7	31.0	7.1
2.2 Executive	100.3	51.0	37.2	-13.8	-27.0
2.3 Training	196.1	220.9	212.6	-8.3	-3.7
Program Total	717.7	710.5	719.5	9.0	1.3

Note:

Figures may not add due to rounding.

Table 2.2: Staffing Summary

Sub-Program	1997-98 Budget Estimate	1997-98 Revised Estimate	1997-98 Actual Outcome	Variation (97-98 Actual less Revised Estimate)	
	Personnel Numbers			%	
2.1 Combat Forces	7,402	7,410	7,253	-157	-2.1
2.2 Executive	308	307	306	-1	-0.3
2.3 Training	3,730	4,212	4,096	-116	-2.8
Program Total	11,440	11,929	11,655	-274	-2.3

Table 2.3: Staffing Profile

<i>Personnel</i>		<i>Sub-Program</i>			<i>Total</i>
		<i>2.1</i>	<i>2.2</i>	<i>2.3</i>	
Permanent Force	97-98 Budget	6,102	183	3,363	9,648
	97-98 Revised	6,146	174	3,831	10,151
	97-98 Actual	6,165	170	3,775	10,110
Reserves	97-98 Budget	724	61	269	1,054
	97-98 Revised	724	71	269	1,064
	97-98 Actual	631	97	225	953
Ready Reserves	97-98 Budget	279	0	0	279
	97-98 Revised	170	0	0	170
Civilian	97-98 Actual	126	0	0	126
	97-98 Budget	297	64	98	459
	97-98 Revised	370	62	112	544
	97-98 Actual	331	39	96	466
Total Personnel	97-98 Budget	7,402	308	3,730	11,440
	97-98 Revised	7,410	307	4,212	11,929
	97-98 Actual	7,253	306	4,096	11,655

1997-98 Defence Reform Program Progress

Navy has restructured to achieve smaller, more effective Headquarters in both Canberra and Sydney. Logistic and administrative support functions have been transferred to enabling Programs. Further savings are expected from Maritime Headquarters in Sydney as individual environmental commands (maritime, land and air) are fully integrated into Headquarters Australian Theatre. Further efficiencies are being pursued through the rationalisation of a range of training activities across the ADF, including the creation of joint training arrangements in fields such as health, logistics, security, military police, intelligence and communications.

Table 2.4: 1997-98 Defence Reform Program Savings

<i>Category</i>	<i>Personnel Savings</i>		<i>Savings</i>
	<i>ADF</i>	<i>APS</i>	<i>\$m</i>
Defence Command and Management Arrangements	18	47	1.3
Total Savings	18	47	1.3

Table 2.5: 1997-98 Defence Reform Program Reinvestment

<i>Category</i>	<i>\$m</i>
Amphibious capabilities	0.5
Transition costs related principally to redundancies ⁽¹⁾	4.8

Note:

1. These transition costs include Navy service personnel redundancies across all programs.

Table 2.6 Reconciliation of Appropriations for the Navy Program

<i>Division/Appropriation Item</i>		<i>1997-98 Budget Estimate</i>	<i>1997-98 Revised Estimate</i>	<i>1997-98 Actual Outcome</i>	<i>Variation (97-98 Actual less Revised Estimate)</i>	
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>%</i>
180-01	RUNNING COSTS					
	Service Personnel	534.7	569.3	573.8	4.4	0.8
	Civilian Personnel	21.8	24.3	25.1	0.9	3.6
	Administrative Expenses	72.4	69.1	58.4	-10.7	-15.5
180-02	OTHER SERVICES	25.1	0	0	0	0.0
181	EQUIPMENT & STORES	77.7	51.5	68.2	16.7	32.5
Total Defence Function Appropriations (A)		731.6	714.1	725.5	11.3	1.6
Total Defence Function Receipts (Offset within Outlays) (B)		-13.9	-3.6	-5.9	-2.3	64.4
Total Defence Function Outlays (C) = (A+B)		717.7	710.5	719.5	9.0	1.3
Non-Defence Function Outlays (D)						
180-02-09	Young Endeavour	1.8	1.8	1.8		0.0
Total Defence Portfolio Outlays (E) = (C+D)		719.5	712.3	721.3	9.0	1.3

Note:

Figures may not add due to rounding.

Table 2.7: Major Variations between 1997-98 Revised Estimate and 1997-98 Actual Outcome

<i>Appropriation</i>	<i>\$m</i>
180-01 RUNNING COSTS	
Service Personnel (\$4.4m)	
Part-year effect of ADF Workplace Bargaining Agreement	8.5
Provision for Voluntary Redundancy Payments	3.2
Increased requirement for Pilot Retention Bonus	0.5
Revised requirements for Navy Reserves	0.1
Decreased requirement for Navy Ready Reserves	-0.6
Revised provision for allowances	-0.7
Lower than forecast requirement for Accrual-Based Superannuation and 3% Productivity Benefit liability	-1.3
Variations in rank profile and per capita	-1.4
Reduced requirement due to commercialisation of guarding services at Newington and Orchard Hills	-2.7
Defence Reform Program Savings	
Related to Defence Command and Management Arrangements	-1.2

<i>Appropriation</i>	<i>\$m</i>
Civilian Personnel (\$0.9m)	
One-off cost associated with commercialisation of Port Services	1.5
Part-year effect of Civilian Workplace Bargaining Agreement	0.3
Provision for Defence Reform Program related redundancies	0.3
Net Program transfers primarily associated with Information Services Management to Corporate Information	-0.4
Lower than anticipated personnel numbers	-0.8
Administrative Expenses (-\$10.7m)	
Increase in Year 2000 compliance costs for Operational Systems	0.7
Rescheduling of Submarine Escape and Rescue capability trial	-0.3
Net Program transfers primarily associated with Navy Leave Travel	-1.3
Variations in Fringe Benefits Tax liability	-9.8
181 EQUIPMENT & STORES (\$16.7m)	
Net Program transfers primarily associated with Port Services Support Contract	18.9
Increase in Year 2000 compliance costs for operational systems	0.5
Additional operating costs associated with the retention of HMAS <i>Tobruk</i>	0.3
Increased costs associated with Operation Belisi	0.1
Rescheduling of Submarine Escape and Rescue capability trial	-1.0
Cancellation of planned Naval Lead In Helicopter Training	-2.2
DEFENCE PORTFOLIO RECEIPTS (-\$2.3m)	
Higher than anticipated administrative recoveries	-0.3
Higher than anticipated receipts from overseas posts	-0.5
Net Program transfers primarily associated with revised management of Service Salary receipts	-1.5

Note:

Figures may not add due to rounding.