

## PROGRAM TWO: NAVY

### OBJECTIVE

The Navy Program objective is to:

- be able to fight and win in the maritime environment as an element of a joint or combined force;
- assist in maintaining Australia's sovereignty; and
- contribute to the security of our region.

### DESCRIPTION

The Royal Australian Navy (RAN) contributes to the achievement of Defence objectives 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 RAN 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:

- 2.1 Combat Forces: maintains maritime forces capable of meeting the Navy Program objective and performing peacetime operational tasks (such as geographic and hydrographic support, joint and combined exercises and national surveillance) and supports Commander Australian Theatre with the provision of planning and operations staff and assigned forces.
- 2.2 Executive: provides strategic level support to the Chief of Navy necessary to meet command and program management responsibilities (including accountability) for the achievement of agreed Navy objectives and to meet advisory and support functions for the CDF and the Secretary to the Department of Defence. Agencies that report directly to the Navy Headquarters, such as those responsible for submarine safety and implementation of activity-based management, are included in the Executive Sub-Program.
- 2.3 Training: provides Service-specific training and single-Service management of specified joint training activities to ensure that the competencies required by members of the Navy and other ADF elements are met.

The Chief of Navy will draw on an agreed level of support and resources from other Programs, particularly Support Command, Defence Personnel Executive and Defence Corporate Support, in managing the Navy and achieving targets for 1998-99.

## FUTURE DIRECTIONS

Over the next three years the Navy will be restructured as part of the Defence Reform Program. The aim is to have a Navy which:

- enhances its reputation and credibility through professional excellence;
- understands and uses our unique environment by applying selected technologies to Australia's strategic advantage; and
- is developed, structured, trained and supported to deliver superior combat power.

In order to achieve these outcomes, the Chief of Navy and his senior managers have developed the *Chief of Navy's Future Directions Statement* which contains the Navy's enduring goals and short to medium-term priorities.

The Navy's enduring goals are the long-term high-level outcomes which the Navy seeks to achieve. The enduring goals are:

- *Navy's People*: to staff the Navy with well-trained people who can win at sea and who want to be in the Navy.
- *Operations and Preparedness*: to achieve high-level performance in joint and combined maritime operations.
- *Force Structure*: to have a diverse and capable maritime force, which maximises the synergy between its various elements.
- *Business Practices*: to apply best practice to the Navy's business processes.
- *Corporate Responsibilities*: to meet the Navy's corporate responsibilities to the Government, the Defence organisation and Navy's people.

The Navy's priorities are the strategies that will be implemented in the short to medium-term to improve the Navy's performance in each of the goal areas, to make up for performance shortfalls and to meet important commitments.

High-level performance measures are also being developed for each enduring goal. The measures are still in their developmental stage and the Navy is benchmarking from the public and private sectors and other navies to achieve best practice. These measures are being developed to ensure that Navy's priorities are met and to identify areas for improvement and the reallocation of resources to meet changing requirements.

In order to contribute efficiently and effectively to Portfolio outcomes Navy has developed eight outputs that can be linked to each Defence output of relevance to naval capabilities. The eight Navy outputs are listed below and are addressed in Tables 2.1 and 2.2.

- Capability to conduct underwater warfare;
- capability to conduct surface warfare;
- capability to conduct maritime air warfare;
- capability to conduct maritime support operations;
- contribute to international relations;

- provide assistance to the community;
- provide assistance to the Government; and
- provide assistance to other ADF programs.

## **STRATEGIES FOR 1998-99**

The following strategies have been developed in support of the Defence objectives and the Navy's enduring goals. These strategies represent the Navy's short and medium-term priorities.

### *Navy's People*

- a. provide a safe environment where people are encouraged to achieve their maximum potential;
- b. implement competency based training and assessment;
- c. ensure that the unique needs of Navy's people are accommodated;
- d. support Navy's people in other Programs; and
- e. transition successfully to new Defence personnel initiatives.

### *Operations and Preparedness*

- a. successfully introduce new ships, submarines and aircraft into naval service;
- b. enhance warfare skills, in particular in underwater warfare and mine countermeasures, and refine management and doctrine for the amphibious force;
- c. develop maritime command arrangements and concepts as part of the Australian Theatre, including capability for afloat command of a joint task force;
- d. comprehend, measure and meet the CDF's Preparedness Directive 1998; and
- e. reinvigorate the Naval Aviation Force.

### *Force Structure*

- a. influence Defence capital equipment decision-making processes to:
  - upgrade the surface combatant fleet;
  - replace the patrol force capability;
  - enhance submarine capability;
  - develop joint command and control support systems and communication systems, for the support of joint and combined operations; and
  - support the introduction of non-naval elements of maritime capability.
- b. enhance the use of the minor capital equipment program to overcome capability deficiencies in the force in being;
- c. redefine the Navy Workforce Plan to match Navy's force structure and the revised Defence organisation and manage the transition to the endorsed personnel strength; and
- d. develop a personnel structure in tandem with changing force structures.

### *Business Practices*

- a. transform Navy's business processes to respond to the Defence Reform Program and wider Government changes;
- b. integrate Activity Based Management into Navy's business;
- c. maintain the coherence of Navy's business and priorities across the Defence Portfolio;
- d. reform business processes of Navy's higher management;
- e. shift emphasis from resource inputs to capability outputs; and
- f. strengthen the process for assuring material preparedness through 'whole-of-life'.

*Corporate Responsibilities*

- a. develop Navy Headquarters as a component of Australian Defence Headquarters;
- b. contribute to the Government's public sector charter requirements;
- c. contribute to support of the Sydney Olympic Games;
- d. reinforce Navy ethos and culture, including *Good Working Relationships*, in the revised Defence organisation; and
- e. influence the development, application and implementation of national policy concerning OH&S, EEO and the environment.

**PERFORMANCE MEASURES FOR 1998-99**

The successful achievement of the Navy's strategies will be measured as follows:

*Navy's People*

- The degree of professional competence as measured by the ratio of unqualified incumbents to billets filled, the degree of retention (the willingness to continue in Navy service as opposed to other alternatives) and personnel satisfaction of Navy uniform and civilian staff as measured by their attitudes to their work.

*Operations and Preparedness*

- The Navy's ability to meet the requirement of CDF's Preparedness Directive 1998 and Commander Australian Theatre's Operational Preparedness Directive 1988. Actual achievement of planned operations and exercises will be measured against the requirements of the Overseas Activities Directive and the Program of Major Scheduled Activities.

*Force Structure*

- New capabilities being introduced into service will be compared against the detailed operational requirement prior to acceptance. New equipment proposals will be compared against endorsed strategic guidance.

*Business Practices*

- The implementation of a more structured approach to planning and decision making; the degree to which DRP savings and reinvestment targets for 1998-99 are met; and the degree to which linkages can be drawn between resource levels, capability outputs and the Navy's *Future Directions*.

*Corporate Responsibilities*

- Measurements will address the deployment and engagement of Navy assets to produce non-military outputs.

**PERFORMANCE FORECAST FOR 1998-99**

*Navy's People*

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

- achieve improved cost effectiveness in training by further application of Recognition of Prior Learning and Recognition of Current Competencies principles, the 'just-in-time' philosophy and the use of flexible learning practices in conjunction with continued development of flexible-learning centres ashore and afloat;
- extend the implementation of Competency Based Training Assessment to all new training initiatives and in the redevelopment of existing areas such as the Aviation, Logistics and Bosun's Mate Categories, and submarine escape and rescue training; and
- implement in-service training and other initiatives for personnel for Anzac, amphibious transport, minehunter coastal and hydrographic class ships.

#### *Operations and Preparedness*

- enhance combat capabilities and interoperability with other Services and with our regional neighbours and allies through participation in the exercises listed in Table 2.1;
- enhance joint expertise by the participation of Navy forces in the exercises listed in Table 2.2 which are conducted by the ADF to meet ADF operational requirements;
- achieve the predicted availability of Maritime Forces as contained in Table 2.3; and
- reinvigorate naval aviation capability over the next few years, including through an increase in flying hours (Table 2.4 refers).

#### *Force Structure*

- produce a workforce plan to implement the requirements of the Defence Reform Program and meet the requirements of the changing force structure; and
- seek approval for the Fremantle Class Patrol Boat Life of Type Extension project and Anzac Warfighting Improvement project for a Year of Decision in 1999-2000.

#### *Business Practices*

- use enhanced planning processes for the preparation of the accruals-based 1999-2003 FYDP and Forward Estimates, with an emphasis on capability outputs;
- manage the implementation of DRP savings initiatives;
- implement a better performance management framework through the Navy business cycle so as to monitor the achievement of the Navy's *Future Directions* priorities;
- integrate Activity Based Management across the Navy's business processes; and
- achieve appropriate Year 2000 compliance of all Navy operational and administrative information systems.

#### *Corporate Responsibilities*

- conduct geographic and hydrographic data collection activities over 10,000nm<sup>2</sup>, with an emphasis on Northern Territory waters, Queensland waters off Gladstone and further within

the Great Barrier Reef, south eastern Papua New Guinean waters and Spencer Gulf in South Australia; and

- provide 1,800 patrol boat days for surveillance of the Australian Fishing Zone, and provide at least 33 ship visits for patrol of the Bass Strait oil rigs.

**Table 2.1: Combined Exercises**

<b>EXERCISE</b>	<b>DATE</b>	<b>FORCES</b>	<b>OBJECTIVE</b>	<b>CONTRIBUTION</b>
<b>Axolotl 99</b>	February 1999	1 Clearance Diving Team	To develop and evaluate RAN/Republic of Singapore Navy (RSN) interoperability in diving and Explosive Ordnance Disposal operations	Conduct maritime support operations Contribute to international relations
<b>Bell Thunder 99</b>	May - June 1999	1 Clearance Diving Team	To practise and develop advanced Explosive Ordnance Disposal techniques with US forces	Conduct underwater warfare Conduct maritime support operations Contribute to international relations
<b>Cassowary Series</b>	August-October 1998; April 1999	2 Fremantle Class Patrol Boats	To exercise RAN and Indonesian minor war vessels in maritime procedures to enhance proficiency and exchange experience in combined operations	Conduct maritime support operations Contribute to international relations
<b>Dugong 98</b>	November 1998	1 Clearance Diving Team	To test and evaluate RAN/US Navy (USN) interoperability in diving and Explosive Ordnance Disposal operations	Conduct underwater warfare Conduct maritime support operations Contribute to international relations
<b>Hunter 99</b>	May – June 1999	2 Inshore Minehunters 2 Auxiliary Minesweepers	To develop and evaluate RAN/RSN interoperability in Mine Warfare operations	Conduct underwater warfare Conduct maritime support operations Contribute to international relations
<b>Paradise 98</b>	July 1998	2 Fremantle Class Patrol Boats	Patrol Boat Exercise with PNG Defence Force (PNGDF)	Conduct surface warfare Contribute to international relations
<b>Rimpac 98</b>	July-August 1998	2 Guided Missile Destroyer 2 Guided Missile Frigates 1 Fleet Oiler 1 Collins Class Submarine	Enhance interoperability and proficiency of maritime and air forces to operate in coalition arrangements centered on realistic short-warning littoral operations	Conduct underwater warfare Conduct surface warfare Conduct maritime air warfare Conduct maritime support operations Contribute to

EXERCISE	DATE	FORCES	OBJECTIVE	CONTRIBUTION
		1 Clearance Diving Team		international relations Provide assistance to other ADF programs
<b>Singaroo</b>	October 1998; April 1999	2 Guided Missile Frigates 1 Collins Class Submarine 3 Fremantle Class Patrol Boats 1 Heavy Landing Craft, HS748	To improve the interoperability of the ADF and the Republic of Singapore Forces in combined maritime procedures and tactics	Conduct underwater warfare Conduct surface operations Conduct maritime air warfare Conduct maritime support operations Contribute to international relations
<b>Stardex 98</b>	September–October 1998	1 Collins Class Submarine 3 Guided Missile Frigates 1 Guided Missile Destroyer 1 Auxiliary Tanker 1 Clearance Diving Team 2 Fremantle Class Patrol Boats 1 Heavy Landing Craft, 1 HS748	To practise and develop operational procedures and tactics with Five Power Defence Arrangement units in a joint/ combined maritime exercise	Conduct underwater warfare Conduct surface operations Conduct maritime air warfare Conduct maritime support operations Contribute to international relations
<b>Stardex 99</b>	April 1999	1 Collins Class Submarine 3 Guided Missile Frigates 1 Guided Missile Destroyer 1 Auxiliary Tanker 1 Clearance Diving Team 2 Fremantle Class Patrol Boats 1 Heavy Landing Craft, 1 HS748	To practise and develop operational procedures and tactics with Five Power Defence Arrangements units in a joint/combined maritime exercise. (Note that this may be changed to a Command Post exercise)	Conduct underwater warfare Conduct surface operations Conduct maritime air warfare Conduct maritime support operations Contribute to international relations
<b>Swift Eagle 98</b>	September 1998	1 Amphibious Heavy Lift Ship 2 Heavy Landing Craft	RAN support for Rapid Deployment Force readiness exercise with New Zealand	Conduct maritime support operations
<b>Tamex</b>	tbc	1 Collins Class Submarine	Basic multi-program activity Anti-Submarine Warfare training for RAAF and USN or RNZAF P-3 crews against RAN submarine	Conduct underwater warfare Conduct maritime support operations Contribute to international relations

EXERCISE	DATE	FORCES	OBJECTIVE	CONTRIBUTION
				Provide assistance to other ADF programs
<b>Tricrab 99</b>	June 1999	1 Clearance Diving Team	To test and evaluate RAN/USN/RSN interoperability in Diving and Explosive Ordnance Disposal operations	Conduct maritime support operations Contribute to international relations
<b>Tandem Thrust 99</b>	March – April 1999	2 Guided Missile Frigates 1 Guided Missile Destroyer 1 Fleet Oiler	To participate in a combined US-led exercise designed to further develop procedures for combined crisis response operations	Conduct maritime air warfare Conduct maritime support operations Contribute to international relations Provide assistance to other ADF programs

**Table 2.2: Joint Exercises**

EXERCISE	DATE	FORCES	OBJECTIVE	CONTRIBUTION
<b>Aswex 98</b>	November 1998	4 Guided Missile Frigates/ Destroyers 2 Collins Class Submarines	To practise collective ADF Anti-Submarine Warfare concepts, tactics and procedures	Conduct underwater warfare Conduct surface warfare
<b>Beachcomber 98</b>	July – August 1998	1 Heavy Landing Craft 1 Clearance Diving Team Hydrographic Survey Units	To continue assessment, survey and validation of potential landing sites on Australian coastline for amphibious landings	Conduct maritime support operations Provide assistance to other ADF programs
<b>Day Anchor 99</b>	January 1999	1 Major Fleet Unit	To exercise ADF ground and naval elements in maritime counter-terrorist operations	Provide assistance to the community Provide assistance to the government Provide assistance to other ADF programs
<b>Day Bubble</b>	February 1999	1 Fremantle Class Patrol Boat 1 Collins Class Submarine	To exercise ADF ground and naval elements in amphibious/maritime counter terrorist operations	Conduct maritime support operations Provide assistance to the community Provide assistance to the government Provide assistance to other ADF programs
<b>Maritime Guard</b>	November 1998	Major Fleet Units returning from South East Asia	Opportunity exercise for Over-the-Horizon tracking command-and-control	Conduct surface warfare Conduct maritime air warfare

EXERCISE	DATE	FORCES	OBJECTIVE	CONTRIBUTION
<b>Night Crocodile 98</b>	October – November 1998	1 Heavy Landing Craft 1 Fremantle Class Patrol Boat	To exercise ADF ground elements in maritime insertion operations for subsequent tactical operations	Conduct maritime support operations Provide assistance to other ADF programs
<b>Platypus Moon 99</b>	March 1999	1 Collins Class Submarine	To develop submarine insertion, extraction and rendezvous techniques with Special Forces	Conduct maritime support operations Provide assistance to other ADF programs
<b>Prowler 99</b>	March 1999	1 Fremantle Class Patrol Boat 1 Heavy Landing Craft	To gather tactical-level information on peace time activities in the north Australia area	Conduct maritime support operations Provide assistance to other ADF programs
<b>Thunder Bay 99</b>	May 1999	1 Amphibious Heavy Lift Ship 2 Heavy Landing Craft	To conduct a joint workup for the provision of offensive fire support to land operations.	Conduct maritime support operations Provide assistance to other ADF programs

Table 2.3: Maritime Forces

Combat Force (Force Element Group)	Inventory	Predicted Availability <sup>(1) (2)</sup>
Surface Combatant	12 <sup>(3)</sup>	7.52
Patrol Boat	15	10.30
Submarine	5 <sup>(4)</sup>	1.83
Afloat Support	2 <sup>(5)</sup>	1.36
Mine Counter Measure	7 <sup>(6)</sup>	6.48
Amphibious	8 <sup>(7)</sup>	4.77
Marine Science	6 <sup>(8)</sup>	3.73
Airborne (Laser Airborne Depth Sounder)	1	0.5

**Notes:**

- Predicted Availability is the average number of fleet units available at any time during the FY that are not undergoing scheduled depot-level maintenance. It does not measure limitations imposed by non-depot-level maintenance, Single Watch Leave Period or other management priorities.
- Each available fleet unit is programmed for up to 150 sea days per year depending on training and operational commitments.
- The Surface Combatant Force Element Group (FEG) comprises HMA Ships *Perth*, *Hobart*, *Brisbane*, *Adelaide*, *Canberra*, *Sydney*, *Darwin*, *Melbourne*, *Newcastle*, *Torrens*, *Anzac* and *Arunta*. HMAS *Torrens* is programmed to decommission on 30 October 1998. HMAS *Arunta* will commission on 25 July 1998. For the purposes of determining the FEG availability, *Anzac* and *Arunta* have been considered unavailable for the full year given the uncertainties of their Acceptance Into Naval Service. This is reflected in the low FEG availability figure.
- The submarine FEG comprises HMA Ships *Onslow*, *Otama*, *Collins*, *Farncomb* and *Waller*, which is due to commission (pending trials) on 27-28 August 1998. However, for the purposes of determining the FEG availability, both *Collins* and *Waller* have been considered unavailable for the full year given the uncertainties of their Acceptance-Into-Naval-Service dates. This is reflected in the low FEG availability figure. HMAS *Otama* will decommission in February 1999 and HMAS *Onslow* will decommission in May 1999.
- The Afloat Support FEG comprises HMA Ships *Success* and *Westralia*.

6. The Mine Warfare FEG comprises HMA Ships *Rushcutter* and *Shoalwater*, MSA(L)s *Wallaroo* and *Bandicoot* and MSA(S)s *Brolga*, *Koraaga* and *Bermagui*.
7. The Amphibious FEG comprises HMA Ships *Tobruk*, *Kanimbla*, *Manoora*, *Labuan*, *Balikpapan*, *Brunei*, *Betano* and *Tarakan*. Both *Manoora* and *Kanimbla* are undergoing modernisation in Newcastle, with *Manoora* scheduled to re-enter service in early 1999. *Kanimbla* will not be ready for service during FY1998-99. For these reasons, both ships have been considered unavailable for the full year in determining the FEG availability. This is reflected in the low FEG availability figure.
8. The Marine Science FEG comprises HMA Ships *Flinders*, *Mermaid*, *Shepparton*, *Paluma*, *Benalla* and *Leeuwin*. HMAS *Moresby* decommissioned in November 1997. NUSHIP *Melville* is not expected to enter service in FY1998-99. HMAS *Flinders* is due to decommission on 9 October 1998.

**Table 2.4: Planned Naval Aviation Force Flying Hours**

Aircraft Type	Inventory	1997-98 Budget Estimate	1997/98 Estimated Outcome	1998-99 Budget Estimate
Bell 206B	5	962	962	1,100
AS350BA	6	1,896	400 <sup>(1)</sup>	2,200
SK50/50A	7	1,513	1513	1,750
HS748	2	896	896	1,000
S-70B-2	16	3,596	3000	3,500
Jindivik/Kalkara <sup>(2)</sup>	22	80 <sup>(3)</sup>	80 <sup>(3)</sup>	39 <sup>(3)</sup>

**Notes:**

1. All aircraft were grounded from July 1997 - March 1998 pending modification to address safety deficiencies.
2. Jindivik is being phased out on 30 June 1998 and is being replaced by Kalkara.
3. Represents flights, not flying hours.

## RESOURCES

**Table 2.5: Defence Function Outlays Summary**

Sub-Program	1997-98 Budget Estimate \$'000	1997-98 Revised Estimate \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget Estimate \$'000	Variation 98-99 Budget less 97-98 Outcome \$'000 %	
2.1 Combat Forces	421,325	438,614	474,106	515,171	41,065	8.7
2.2 Executive	100,296	50,998	45,726	41,533	-4,193	-9.2
2.3 Training	196,064	220,914	215,862	229,519	13,657	6.3
<b>Program Total</b>	<b>717,685</b>	<b>710,526</b>	<b>735,694</b>	<b>786,223</b>	<b>50,529</b>	<b>6.9</b>

**Table 2.6: Staffing Summary**

Sub-Program		1997-98	1997-98	1997-98	1998-99	Variation		
		Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome	%	
		Personnel Numbers						
2.1	Combat Forces	7,402	7,410	7,378	8,001	623	8.4	
2.2	Executive	308	307	280	243	-37	-13.2	
2.3	Training	3,730	4,212	4,198	4,214	16	0.4	
<b>Program Total</b>		<b>11,440</b>	<b>11,929</b>	<b>11,856</b>	<b>12,458</b>	<b>602</b>	<b>5.1</b>	

**Table 2.7: Staffing Profile**

Personnel		Sub-Program			Total
		2.1	2.2	2.3	
Permanent Force	97-98 Revised	6,146	174	3,831	<b>10,151</b>
	97-98 Estimated	6,146	170	3,827	<b>10,143</b>
	98-99 Budget	6,786	174	3,844	<b>10,804</b>
Reserves	97-98 Revised	724	71	269	<b>1,064</b>
	97-98 Estimated	724	71	269	<b>1,064</b>
	98-99 Budget	708	35	252	<b>995</b>
Ready Reserves	97-98 Revised	170			<b>170</b>
	97-98 Estimated	170			<b>170</b>
	98-99 Budget	142			<b>142</b>
Civilian	97-98 Revised	370	62	112	<b>544</b>
	97-98 Estimated	338	39	102	<b>479</b>
	98-99 Budget	365	34	118	<b>517</b>
<b>Total Personnel</b>	<b>97-98 Revised</b>	<b>7,410</b>	<b>307</b>	<b>4,212</b>	<b>11,929</b>
	<b>97-98 Estimated</b>	<b>7,378</b>	<b>280</b>	<b>4,198</b>	<b>11,856</b>
	<b>98-99 Budget</b>	<b>8,001</b>	<b>243</b>	<b>4,214</b>	<b>12,458</b>

**Table 2.8: Defence Portfolio Outlays Summary**

Division/Appropriation Item		1997-98	1997-98	1997-98	1998-99	Variation	
		Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome	
		\$'000	\$'000	\$'000	\$'000	\$'000	%
180-01	<b>RUNNING COSTS</b>						
	Service Personnel	534,723	569,315	576,757	614,131	37,374	6.5
	Civilian Personnel	21,754	24,267	24,000	24,048	48	0.2
	Administrative Expenses	72,391	69,079	70,182	60,632	-9,550	-13.6
180-02	<b>OTHER SERVICES</b>	25,058					
181	<b>EQUIPMENT &amp; STORES</b>	77,684	51,468	69,895	92,335	22,440	32.1
<b>Total Defence Function Appropriations (A)</b>		<b>731,610</b>	<b>714,129</b>	<b>740,834</b>	<b>791,146</b>	<b>50,312</b>	<b>6.8</b>
<b>Total Defence Function Receipts (Offset Within Outlays) (B)</b>		<b>-13,925</b>	<b>-3,603</b>	<b>-5,140</b>	<b>-4,923</b>	<b>217</b>	<b>-4.2</b>
<b>Total Defence Function Outlays (C)=(A+B)</b>		<b>717,685</b>	<b>710,526</b>	<b>735,694</b>	<b>786,223</b>	<b>50,529</b>	<b>6.9</b>

<b>Non-Defence Function Outlays (D)</b>							
180-02-09	Young Endeavour	1,809	1,809	1,809	1,818	9	0.5
<b>Total Defence Portfolio Outlays (E)=(C+D)</b>		<b>719,494</b>	<b>712,335</b>	<b>737,503</b>	<b>788,041</b>	<b>50,538</b>	<b>6.9</b>

### Defence Reform Program

In order to achieve its DRP savings targets, the Navy will reduce the size of Headquarters staff in both Canberra and Sydney, and market test some of its single-Service training activities.

**Table 2.9: Estimated Cumulative DRP Savings <sup>(1)</sup>**

Category (\$m)	1998-99	1999-00	2000-01	2001-02	Mature
Defence Command and Management Arrangements	3.2	5.0	5.5	6.0	6.0
Acquisition and Industry	0.1	0.1	0.1	0.1	0.1
Science and Technology	0.1	1.4	1.8	1.9	1.9
Logistics	3.5	5.1	7.1	8.0	7.9
Training and Education	0.7	5.2	10.8	13.0	21.2
Administrative Support	2.0	3.1	3.3	3.3	3.3
<b>Total</b>	<b>9.5</b>	<b>19.9</b>	<b>28.8</b>	<b>32.3</b>	<b>40.4</b>

**Note:**

- Totals may not add due to rounding.

**Table 2.10: Estimated Cumulative DRP Personnel Savings**

Category	1998-99		1999-00		2000-01		2001-02		MATURE	
	ADF	APS	ADF	APS	ADF	APS	ADF	APS	ADF	APS
Defence Command and Management Arrangements	53	11	82	19	91	22	91	22	91	22
Science and Technology		2	16	13	16	24	16	24	16	24
Training and Education	11	67	82	70	187	76	215	90	250	101
Administrative Support	10		10		10		10		10	
<b>Total</b>	<b>74</b>	<b>80</b>	<b>190</b>	<b>102</b>	<b>304</b>	<b>122</b>	<b>332</b>	<b>136</b>	<b>367</b>	<b>147</b>

The Navy will be reinvesting DRP savings in order to enhance a number of combat-related priorities, including the introduction of the Super Seasprite helicopter, and enhancement of a number of amphibious capabilities, including the retention of HMAS *Tobruk*.

**Table 2.11: Estimated Cumulative Reallocation of DRP Savings**

Category	1998-99	1999-00	2000-01	2001-02
Amphibious Capabilities	0.7	0.7	0.7	0.7
Net Personnel & Operating Costs	12.5	16.5	31.1	30.7
Provision for 50,000 ADF	11.3	26.0	81.0	169.0
<b>Total</b>	<b>24.5</b>	<b>43.2</b>	<b>112.8</b>	<b>200.4</b>

**Table 2.12: Major Variations Table**

Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 2.8	(\$'000)	%
<b>Defence Function Outlay (1997-98 Estimated Outcome)</b>	<b>735,694</b>	
<b>180-01 RUNNING COSTS</b>		
<i>Service Personnel</i>		
<b>Real Variations</b>		
Increased provision associated with ADF Workplace Bargaining Agreement	15,172	
Variations in Accrual Based Superannuation payments resulting from the impact of pay increases, revised Employer Contributions Rates and movements in average staffing levels	7,500	
Variation in 3% Productivity Benefits payments resulting from movements in average staffing levels and changes in per capita rates, including the impact of pay increases	1,148	
Variation in rank profile and per capita	-68	
Reduced provision for Reserves	-576	
Revised provision for allowances	-2,391	
Reduced requirement for Pilot Retention Bonus	-2,520	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 2.8</b>	(\$'000)	%
Increased contribution to Port Services and Support Craft CSP contract provision	-3,727	
<b>DRP Savings</b>		
Related to Defence Command and Management Arrangements	-1,652	
Related to Training and Education	-551	
Related to Administrative Support	-501	
<b>DRP Reinvestment</b>		
Retention of HMAS <i>Tobruk</i>	11,292	
New Capabilities - Net Personnel and Operating Cost adjustments	2,480	
Non-recurrence of costs of 1997-98 DRP redundancies	-2,780	
<b>Transfers</b>		
Transfer from Program 13 for Command Elements of Naval Establishments	22,080	
Transfer of Living Out Allowance to Program 8 arising from the Housing and Accommodation Policy Review	-7,532	
<b>Total Service Personnel</b>	<b>37,374</b>	<b>6.5</b>
<i>Civilian Personnel</i>		
<b>Real Variations</b>		
Variation in 3% Productivity Benefits resulting from movements in Average Staffing Levels and changes in per capita rates	4	
Variations in Accrual Based Superannuation payments resulting from revised Employer Contribution Rates and movements in Average Staffing Levels	-72	
Non-recurrence of costs of 1997-98 non-DRP redundancies	-1,486	
Miscellaneous minor variations	108	
<b>DRP Savings</b>		
Related to Defence Command and Management Arrangements	-335	
Related to Science and Technology	-82	
Related to Training and Education	-76	
<b>DRP Reinvestment</b>		
Non-recurrence of costs of 1997-98 DRP redundancies	-89	
<b>Transfers</b>		
Net Program transfers principally relating to Command Elements of Naval Establishments from Program 13	2,076	
<b>Total Civilian Personnel</b>	<b>48</b>	<b>0.2</b>

Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 2.8	(\$'000)	%
<i>Administrative Expenses</i>		
<b>Real Variations</b>		
Reduced Superannuation Guarantee Levy provision	-500	
Reduced provision for the Activity Based Management Project	-1,478	
Variation in Fringe Benefits Tax Payments	-2,541	
Miscellaneous Minor Variations	150	
<b>DRP Savings</b>		
Related to Defence Command and Management Arrangements	-131	
Related to Intelligence	-23	
Related to Acquisition and Industry	-110	
Related to Science and Technology	-3	
Related to Facilities and Long Term Force Disposition	-23	
Related to Logistics	-3,483	
Related to Training and Education	-37	
Related to Administrative Support	-1,473	
<b>DRP Reinvestment</b>		
Full-year effect of cost of retaining HMAS <i>Tobruk</i>	229	
<b>Transfers</b>		
Net Program transfers	-647	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	520	
Total Administrative Expenses	-9,550	-13.6
<b>181-00 EQUIPMENT AND STORES</b>		
<b>Real Variations</b>		
Increased provision for continued operation of HMAS Platypus	2,166	
Net effect of retrospective price and exchange movement	-1,219	
Miscellaneous minor variations	700	
<b>DRP Reinvestment</b>		
New Capabilities - Net Personnel and Operating Costs	9,379	
<b>Transfers</b>		
Net Program transfers principally relating to Port Services Support Craft Contract from Program 6	9,999	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 2.8</b>	<b>(\$'000)</b>	<b>%</b>
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	1,415	
Total Equipment and Stores	22,440	32.1
<b>Total Defence Function Appropriations Variation (A)</b>	<b>50,312</b>	<b>6.8</b>
<b>DEFENCE RECEIPTS</b>		
<b>Real Variations</b>		
Miscellaneous minor variations	281	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	-64	
<b>Total Defence Receipts Variation (B)</b>	<b>217</b>	<b>-4.2</b>
<b>Total Defence Function Outlay Variation (A+B)</b>	<b>50,529</b>	<b>6.9</b>
<b>TOTAL DEFENCE FUNCTION OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>786,223</b>	

<b>NON-DEFENCE FUNCTION OUTLAY VARIATIONS</b>		
<b>Non-Defence Function Outlay (1997-98 Estimated Outcome)</b>	<b>1,809</b>	
<b>Real Variations</b>		
Young Endeavour 1% efficiency dividend	-18	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	27	
<b>Total Non-Defence Function Outlay Variation</b>	<b>9</b>	<b>0.5</b>
<b>TOTAL NON-DEFENCE FUNCTION OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>1,818</b>	
<b>TOTAL DEFENCE PORTFOLIO OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>788,041</b>	

<b>DEFENCE PORTFOLIO OUTLAY (1997-98 ESTIMATED OUTCOME)</b>	<b>737,503</b>	
Variation in Function Outlay	50,529	
Variation in Non-Defence Function Outlay	9	
<b>TOTAL DEFENCE PORTFOLIO OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>788,041</b>	