



Department of Defence
An Roinn Cosanta



ANNUAL REPORT 2001



Department of Defence
An Roinn Cosanta



FOREWORD



I am very pleased to accept the Annual Report of the Department of Defence for 2001 and to acknowledge the continuing progress being made with the implementation of the Defence strategic agenda across the broad range of Defence activity.

The horrific events of September 11 were a stark reminder of the importance of the work we do and of the need to ensure that we have the capacities to deal with threat and emergency situations. In this regard, I am pleased with how well my Department has taken on its new emergency planning responsibilities and of the cooperation we have received from my Government colleagues and from the relevant Departments and agencies.

The report refers to our withdrawal from Lebanon after 23 years which marked the end of a very important chapter in the proud history of Irish peacekeeping. I know from many visits to the area that the Irish contribution, not least the very significant humanitarian element, was greatly appreciated there.

In leaving Lebanon we could take pride in our achievement but we also remembered and paid tribute to those members of the Defence Forces who gave their lives there, and in other places, in the service of their country and international peace. Ar dheis Dé go raibh a n-anamacha.

I am pleased that we continue to make progress with the ongoing implementation of the White Paper on Defence. That work has taken on a new urgency in the post-September 11 environment.

Finally, I note the continued success of our hearing loss compensation strategy. When I first became Minister for Defence this issue was probably the most serious we faced and had major implications for public spending. Through determination and hard work we have made a lot of progress and have given ourselves the scope to do so many other things, including the development of the White Paper and the implementation of an unprecedented level of investment in new equipment and improved infrastructure for the Defence Forces.

Michael Smith T.D.,

Minister for Defence
October, 2002



INTRODUCTION



I am pleased to present this Annual Report which deals mainly with the progress made with the implementation of our Strategy Statement in 2001 and related developments.

The year was dominated by the horrific events of September 11 and the subsequent Government decision to establish an Office of Emergency Planning in Defence to take the lead role in emergency planning and an oversight role in relation to peacetime planning. A Government Task Force was also established and this is assisted by an Interdepartmental Working Group. The new structures were put in place very quickly and a lot of work was done in a short time. We are very pleased with the progress made to date.

Following the withdrawal of the Israeli Defence Forces from South Lebanon we withdrew our personnel in November, 2001. We were pleased subsequently to accept a UN request to contribute some 220 personnel to serve with the new UN mission in Ethiopia and Eritrea (UNMEE).

Other major events in 2001 included the ongoing implementation of the White Paper on Defence, the publication of a new Strategy Statement and a new Customer Service Action Plan, the continued success of our hearing loss compensation strategy, the drafting of legislation to provide a new basis for the management and delivery of Civil Defence services and successful preparations for the changeover to the euro.

In 2001, Defence became the first Department to achieve the FÁS *Excellence through People* accreditation. This was in recognition of our commitment to staff training and development and the award reflects great credit on the staff of the Department.

Finally, it must be said that the progress made in 2001 and reported on here was made possible by the contribution of many people, civil and military, and by the contribution of colleagues in other Departments and agencies, particularly the Department of the Taoiseach, Finance, Foreign Affairs, Justice, Equality and Law Reform, Communications, Marine and Natural Resources, Environment and Local Government, Transport, and Health and Children.

A handwritten signature in blue ink that reads "David J O'Callaghan".

David J O'Callaghan

Secretary General
October, 2002

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MANDATE AND RESOURCES

LEGAL BASIS

The Department has civil and military elements and was established by the Ministers and Secretaries Act, 1924, which assigns to it “the administration and business of the raising, training, organisation, maintenance, equipment, management, discipline, regulation and control according to law of the military defence forces”. The Act provides that the Minister is head of the Department and the Secretary General is the “principal officer” of the Department. As such, the Secretary General is the Minister’s principal policy adviser. The Secretary General is also the statutory Accounting Officer for all defence expenditure.

Following the events of September 11, 2001 the Government decided on the establishment of an Office of Emergency Planning in the Department which would:

take the lead role in emergency planning to meet the new threat from international terrorism and from any escalation in international tensions, including coordination of the responses by the various agencies involved;

exercise an oversight role in relation to peacetime planning in order to ensure the best possible use of resources and compatibility between the different planning requirements.

It was also decided that the lead responsibilities for specific emergency planning functions would remain with the relevant Government Departments and that all Government Departments and agencies would give their full cooperation to the new Office.

The Minister established the new Office and assigned to it senior civil and military staff. The Office became the first joint civil-military section of the Department.

ROLE OF CIVIL ELEMENT OF THE DEPARTMENT

The primary role of the civil element of the Department is to support the Minister in his role as head of the Department and in particular to provide policy advice and support on Defence matters. The Department also discharges financial management and audit functions in connection with the Secretary General's role as Accounting Officer and provides administrative support services to the Defence Forces, including payroll and major procurement and infrastructural programmes. It might be noted, however, that there has been a significant degree of delegation of financial authority to the Defence Forces in recent years, particularly in the area of the procurement of goods and services.

The civil element is responsible also for the administration of military pensions and has a range of responsibilities in relation to emergency planning, Civil Defence, the Irish Red Cross Society and Coiste an Asgard. The Department employs some 478 civil servants.

MILITARY ELEMENT AND COMMAND ARRANGEMENTS

The Department’s military element consists of Defence Forces Headquarters which is headed by the Chief of Staff of the Defence Forces. The Chief of Staff is directly responsible to the Minister for the overall management of the Defence Forces, including responsibility for the effectiveness, efficiency and military organisation and economy of the Defence Forces. Legislative provision has been made to enable the Chief of Staff to delegate duties to the Deputy Chief of Staff (Operations) and Deputy Chief of Staff (Support). The Chief of Staff is the Minister’s principal military adviser.



Military command is delegated by the Minister directly to the General Officers Commanding (GOCs) each of the three territorial brigades (Eastern, Southern and Western), to the GOCs of the Defence Forces Training Centre and the Air Corps and to the Flag Officer Commanding the Naval Service. Each of these officers is responsible to the Minister for the exercise of the command delegated to him. In practice, matters in relation to command are normally channelled through the Chief of Staff. In effect this means that day to day operational control of the Defence Forces rests with the Chief of Staff for which he is directly responsible to the Minister.

STRATEGIC MANAGEMENT COMMITTEE

The Strategic Management Committee (SMC) provides an important forum for the discussion of major policy issues. The SMC members are the

Secretary General (Chairman), the Chief of Staff, the two Deputy Chiefs of Staff and the two Assistant Secretaries of the Department. The General Officer Commanding the Air Corps and the Flag Officer Commanding the Naval Service attend in respect of matters affecting their services. The Minister chairs quarterly meetings of the Committee.

DEFENCE RESOURCES

The Defence organisation commands considerable resources, financial, human, lands, buildings and equipment.

In 2001, gross expenditure under the Defence Vote was £576m (€731m) while gross expenditure under the Army Pensions Vote was £100m (€127m). Details of Defence Vote expenditure by category are set out in the table below.

DEFENCE VOTE EXPENDITURE BY CATEGORY	£M	(€M)	%
Permanent Defence Force Pay and Allowances	297	377	52
Pay and Allowances of Civilian Employees and Reserve Defence Force	28	35	5
Defensive Equipment	25	31	4
Air Corps: Equipment, fuel, maintenance, etc.	29	37	5
Naval Service: Equipment, fuel, maintenance, etc.	16	20	3
Barracks expenses, repairs and maintenance of lands	20	26	3
Buildings - Capital	43	55	7
Military Transport: New vehicles, fuel, repairs and maintenance	11	13	2
Compensation	50	63	9
Other non-pay military expenditure	39	50	7
Administrative Budget (covers civil service pay and office expenses)	13	17	2
Civil Defence, Irish Red Cross Society and Coiste an Asgard	4	6	1
TOTALS	575	730	100

Note: There may be minor discrepancies due to rounding.

The Defence Forces had military equipment and stock assets valued at about £315m (€400m).

At the end of 2001, Defence employed a total of 12,228 full-time and part-time personnel made up of Permanent Defence Force (Army, Naval Service and Air Corps), civilian employees and civil servants (*see table*).

Permanent Defence Force	10,675
Civilian Employees	1,075
Civil Servants	478
Total:	12,228

In addition, there were 13,412 people in the Reserve Defence Force (RDF) which consists of the First Line Reserve, the FCA (the second-line army reserve) and An Slua Muirí (the second-line Naval reserve).

There were also about 6,000 Civil Defence volunteers.

Including premises used by the RDF, Defence personnel were employed in some 300 locations countrywide at end-year.

Defence also manages a large property and land portfolio of 8,500 hectares (made up mainly of lands at the Curragh and the Glen of Imaal) with 28 permanently occupied military installations. Amongst these military installations are the aerodrome at Baldonnell and the Naval Service base at Haulbowline in Cork Harbour.

THE DEFENCE MISSION AND STRATEGIC OBJECTIVES

MISSION

The Strategy Statement for 2001 to 2004 sets out our mission:

“to provide value for money military services which meet the needs of Government and the public and encompass an effective civil defence capability”

STRATEGIC OBJECTIVES

The Strategy Statement also sets out our strategic objectives which are:

To contribute to the security of the State principally against the threat of armed aggression and thus contribute to political and economic well being (the Security Objective);

To continue the modernisation of the Army, Air Corps and Naval Service by implementing the White Paper on Defence and the related Implementation Plans for the Air Corps and the Naval Service (the White Paper Objective);

To provide the Minister for Defence with the best policy advice and support in relation to the management of Defence (the Policy Advice and Support Objective);

To facilitate through the Local Authorities Civil Defence responses for emergency relief and support to ensure the operation of vital services and the maintenance of public life (the Civil Defence Objective).

For each of these objectives, the Strategy Statement sets out the related strategies and performance indicators and these are reproduced in Appendix 1 to this report. In the next section, we report on the progress achieved in respect of these in 2001. It should be noted, however, that many of the strategies have a three-year timeframe which started in 2001. Future Annual Reports will address any outstanding matters.



ACHIEVING DEFENCE STRATEGIC OBJECTIVES IN 2001

In this section we report by reference to each of our strategic objectives, referring to the relevant strategies and performance indicators.

The Security Objective:

“To contribute to the security of the State principally against the threat of armed aggression and thus contribute to political and economic well being”.

The security of the State has national (or internal) and international aspects.

NATIONAL SECURITY

As the Strategy Statement makes clear, internal security is primarily the responsibility of the Garda Síochána with the Defence Forces playing a key role in providing, on request, aid to the civil power (ATCP).

A key focus of the Department and the Defence Forces in recent years has been on ensuring that the organisation has the capability to respond to such requests. The development of the White Paper on Defence and the continuing implementation of that (see under the White Paper objective below) is particularly important in this regard.

The Defence Forces Annual Report for 2001 gives details of ATCP and other Government support activity in 2001. This included Fishery Protection, Drug Interdiction, Search and Rescue, the Garda Air Support Unit and the Air Ambulance service. In

addition, the Defence Forces met the exceptional demands created during the Foot and Mouth Crisis (in which the Civil Defence organisation also played a significant role) and in the aftermath of the events of September 11. There was also a large increase in cash escort duty in the lead-in to the euro changeover.

In line with the Government decision imposing a charge on the Banks, part of the costs in respect of the provision by the Defence Forces of assistance to the Garda Síochána in protecting movements of cash are recouped. A sum of £2.25m has been paid to the Department each year since 1995.

The question of the level of demand on the Defence Forces was kept under review in 2001 in consultation with the relevant Government Departments and the Garda authorities.

INTERNATIONAL SECURITY

The Minister for Foreign Affairs has overall responsibility for international security policy and the role of the Minister for Defence and the Defence organisation is essentially a supportive one, although increasing in importance.

The international defence and security context is primarily defined by Ireland’s policy of military neutrality and our active political and operational role in support of the UN. Our participation in the evolving European Security and Defence Policy (ESDP) is also important as is our membership of Partnership for Peace (PfP).



UN Peace Support Activities

The changed security situation in South Lebanon, following the withdrawal of the Israeli Defence Forces from the area in May, 2000 allowed for the withdrawal of some 560 Irish personnel from service with the United Nations Interim Force in Lebanon (UNIFIL) in November, 2001. During 23 years of continuous service by Defence Forces personnel with UNIFIL, Ireland had contributed in excess of 26,000 personnel to this mission. In recording this, we also pay tribute to those members of the Defence Forces who gave their lives there and in other places in the service of their country and international peace.

Following a request from the United Nations, in the context of the withdrawal of Irish personnel from Lebanon, for the provision of a Guard and Administrative Company to serve with the United Nations Mission in Ethiopia and Eritrea (UNMEE), a contingent of some 220 Irish personnel commenced service with the mission in December, 2001 at the Force Headquarters in Asmara (Eritrea).

During 2001 Defence Forces personnel continued to serve in a number of other UN and UN mandated missions. The main missions were:

The International Security Presence in Kosovo (KFOR);

The Stabilisation Force in Bosnia and Herzegovina (SFOR);

The United Nations Transitional Administration in East Timor (UNTAET).

In addition, Defence Forces personnel served with the Organisation for Security and Co-operation in Europe (OSCE) and with the European Union Monitor

Mission to the former Yugoslavia (EUMM). Taking account of deployment in smaller numbers to other missions and bodies, the total number of Irish military personnel serving overseas during 2001 was in excess of 800 prior to the withdrawal of the Irish Battalion from Lebanon. At year-end the total number of Irish military personnel serving overseas was in excess of 500.

A distinctive feature of the Defence Forces approach to peace support operations is their emphasis on the provision of humanitarian support to assist and build-up the local communities within which they serve. In Lebanon, for example, that support took numerous practical forms such as the support given to the orphanage at Tibnin and the Irish Battalion Medical Clinics run for the local people.

While supported by a financial contribution from the Foreign Affairs Ireland Aid Programme, most of this work is completed by Defence Force personnel on a voluntary basis in their spare time. Indeed, personnel serving overseas have contributed from their own funds to many of these projects.

The Defence Forces Annual Report for 2001 has more detail on our UN peace support activities.

European Security and Defence Policy (ESDP)

During 2001 we continued to contribute to the development of the ESDP and its objective of achieving the Helsinki Headline Goal; the development of an EU capability to carry out Petersberg Task operations by 2003. The Presidency Conclusions of the European Council meeting held in Laeken on 14 and 15 December 2001 included a declaration that the European Union is capable of conducting some crisis management operations and

should progressively be in a position to take on more operations as capabilities continue to develop.

Partnership For Peace (PFP)

In 2001 we completed an Individual Partnership Programme (IPP) containing 89 activities which consisted mainly of training courses, table top exercises, seminars and conferences. A second IPP to cover the period 2002-2003, based on the experience gained from the initial IPP, was also developed in 2001.

Ireland also joined the Planning and Review Process (PARP) in 2001, the aim of which is to create the conditions in which different national contingents can work together efficiently and effectively in multinational peace support operations.

The events of September 11, 2001 and the review of the defence and security environment and emergency planning

The White Paper and the Strategy Statement provide for ongoing review of the security and defence environment. This ensures that the Minister for Defence has the best possible information available on current and emerging developments in order that appropriate decisions about defence provision can continue to be made.

The events of September 11 gave that review process a special urgency and also led to a review of the assumptions on which emergency planning was based to take into account the possibility, however remote, of chemical, nuclear and biological attacks on the State and its people or on neighbouring countries which could indirectly impact on the State.

Against that background, the Government decided in October, 2001 to set up an Office of Emergency Planning to be located in the Department's head office in Dublin and to be staffed on a civil-military basis. The emergency planning role of the Office is outlined in the *Mandate and resources* section of this report.

Following that decision, the Taoiseach established a Government Task Force on Emergency Planning, to be chaired by the Minister for Defence, which would report regularly to Government. Response planning for major emergencies would continue to be carried out at Local Authority, Health Board or Garda Division level with inputs from the Department of Defence, including the Defence Forces and Civil Defence, to be factored into these plans.

On 7 December 2001, the Minister for Defence presented to Government the first report on emergency planning. The report stated that the Government's overriding objective was to ensure that all State bodies could react quickly and efficiently to large-scale emergencies. Such responses would be characterised by effective management of all aspects of emergency planning and by a high level of public confidence in all the response arrangements. The Government Task Force on emergency planning continues to meet regularly and continues to report to Government through the Minister for Defence.

An Interdepartmental Working Group on Emergency Planning was established, chaired by the Head of the Office of Emergency Planning, to support the work of the Government Task Force. The working group continues to meet regularly and reports through the Office of Emergency Planning to the Minister and the Government Task Force.

The White Paper Objective:

“To continue the modernisation of the Army, Air Corps and Naval Service by implementing the White Paper on Defence and the related Implementation Plans for the Air Corps and the Naval Service”.

INTRODUCTION

The White Paper on Defence which was published in February, 2000 deals with all aspects of defence provision and organisation and sets out the policy on Defence for the period to 2010 with a view to ensuring an appropriate level of defence capability having regard to the changing defence and security environment both at home and abroad.

The White Paper emphasises the need to ensure that Ireland has conventionally organised Defence Forces which are affordable and sustainable and which are capable of carrying out the revised roles set by Government.

The White Paper sets out major new plans for the development of the Defence Forces based on a rebalancing of resources. The White Paper provides for a Permanent Defence Force of 10,500 personnel (plus the option of having 250 recruits in training at any one time) and the investment of pay savings in new equipment and infrastructure, including the provision of modern living, operational and training infrastructure for the Defence Forces. These payroll savings, plus resources generated from the sales of properties surplus to military requirements, are

funding an investment programme of about €320m.

Arising from the special study of the Air Corps and the Naval Service undertaken by Price Waterhouse in 1998, and reflecting the policy parameters laid down in the White Paper, provision is made for the drawing up of implementation plans for the Air Corps and the Naval Service, including new organisation structures.

The White Paper recognises also the importance of the career dimension for members of the Defence Forces and provides for the preparation of an updated and very comprehensive integrated personnel management plan to address this and related issues.

The White Paper provides also that the overall strategy for the development of the Reserve Defence Force will be based on the report of the special Steering Group which reported in 1999. The recommendations of the report have been broadly accepted as providing a general foundation on which the future development of the Reserve can be built.

IMPLEMENTATION PROCESS

The Strategy Statement objectives, strategies and performance indicators reflect fully the White Paper requirements. In this regard, there has been considerable progress in relation to many White Paper elements but some delays in relation to others.

The Government decision on Permanent Defence Force (PDF) numbers was effectively achieved in 2001 but the development of draft proposals for a new organisation plan based on the revised strength took longer than was envisaged due to the complexity of the matter and the pressure of other events. However, draft proposals have since been submitted by the military authorities and these are being



considered. The development of proposals for the integrated personnel management plan mentioned above was also delayed but proposals have since been submitted and are being considered.

The Air Corps and Naval Service Implementation Plans were agreed with the Representative Associations and were effectively rolled-out and completed in 2001, well ahead of schedule.

There was some slippage in 2001 on the development of Service Level Agreements. However, we expect to be able to report good progress in our next Annual Report.

The proposals for a reorganisation of the Reserve took longer than anticipated but proposals have been submitted and are being considered.

Significant progress was made with the Defence Forces investment programme. Throughout 2001, joint civil-military project teams worked to advance various equipment projects, including the following:

the acquisition of medium lift helicopters for the Air Corps (due to the changed financial outlook in 2002 a decision has been taken not to proceed with this project but a study is underway to seek to identify alternative financing arrangements);

the commissioning into service of the second new ship for the Naval Service, the L.E. Niamh, in September, 2001;

the completion of the delivery of 40 APCs (total cost €50m) for the Army, six of which were dispatched to Eritrea for service with UNMEE (it is expected that an additional 25 vehicles will be acquired);

the acquisition of light infantry tactical vehicles, modern effective anti-armour weapons, night vision equipment, engineer equipment and medical field equipment (the estimated overall cost is about €25m).

In addition to the progress on the equipment side, there was considerable progress on the infrastructure side. Among the major projects which were completed in 2001 were:

a new swimming pool and gym in the Curragh at a cost of €8.1m;

a new Ordnance/Transport School in the Curragh at a cost of €3.45m;

a conversion project for student accommodation in the Curragh at a cost of €3.1m;

a new Stores/Workshops complex in the Curragh at a cost of €7m;

a new Transport Technical Stores in the Curragh at a cost of €2.5m;

a new Signals/Engineering building in Cathal Brugha Barracks at a cost of €2.9m;

upgrade of services at the Ammunition Depot, Curragh Camp at a cost of €4.6m;

a new armoury at Collins Barracks, Cork at a cost of €3.3m and;

a new NCOs Mess in the Curragh (East) at a cost of €2.5m.

With the completion of these projects, over €150m has been spent on new and improved infrastructure for the Defence Forces in the period 1997 to 2001.

The Policy Advice and Support

Objective: "To provide the Minister for Defence with the best policy advice and support in relation to the management of Defence".

INTRODUCTION

These are the supports that the Department and the Defence Forces provide to the Minister to assist him with the discharge of his responsibilities. The supports include the management of the Department and the Defence Forces, the provision of policy advice and support, including assistance with policy formulation and implementation, and the command of the Defence Forces. These supports are given within a constitutional and statutory framework and in the context of an active business planning process.

The key focus is on being able to assure the Minister and the Government that, within the broad policy, legislative and resource framework in which we operate, the Department and the Defence Forces are well managed, that resources are properly utilised and that the Department and the Defence Forces maintain the capacities to properly discharge their functions and roles. On the policy side, the key focus is on providing timely, relevant and quality advice on all matters pertaining to the Minister's responsibilities.

There is necessarily a degree of overlap between the Policy Advice and Support objective and the other Defence strategic objectives and the achievement of those other objectives is critical to the success of this objective and overall mission success.

CUSTOMER SERVICE ACTION PLAN AND BUSINESS PLANNING

We developed and published, in May 2001, a Customer Service Action Plan for 2001 to 2004. In that plan, we state our belief that the quality of our customer service is dependent on how well we implement our Strategy Statement, encompassing our commitment to the delivery of value for money military services, the White Paper on Defence, our business plans and the customer service action plan itself.

In the plan we make a number of commitments in relation to how services will be delivered and we identify key points for action in each Branch of the Department. Our annual business planning process, in which plans are prepared at year-end for the following year, ensures a continuing focus on customer service delivery and we believe that good progress is being made. We ensure also that our performance management and development system and our training and development programmes address appropriately customer service issues. Most of the customer service commitments we made for 2001 were met, with particular successes in the Claims, Contracts, Finance, Human Resources and Information Systems areas. These areas account for most of the Department's customer interactions.

DEFENCE FORCES INDUSTRIAL RELATIONS AND PARTNERSHIP

The most important developments in 2001 related to the preparation of formal written submissions and oral presentations to the Public Service Benchmarking Body, as well as responding to the many requests for additional information regarding pay and conditions of service requested by the body.

Discussions continued throughout the year with the Representative Associations on the design and



introduction of partnership structures and these discussions are now at an advanced stage. We see the introduction of partnership structures in the Defence Forces, not just as a key deliverable under the Strategy Statement and the PPF, but also as a better way of advancing the ongoing Defence modernisation and change management process.

HUMAN RESOURCES DEVELOPMENT

As successive Strategy Statements and the White Paper have pointed out, we see the management and development of staff as critical to mission success. Significant changes have been made in the HR area in recent years, including selection for promotion through competitive interview and a major investment in training and development to ensure that staff are given the opportunity to reach their full potential.



Our commitment to staff training and development was acknowledged in 2001 with the award of the FÁS *Excellence through People* accreditation, making Defence the first Government Department to win this award.

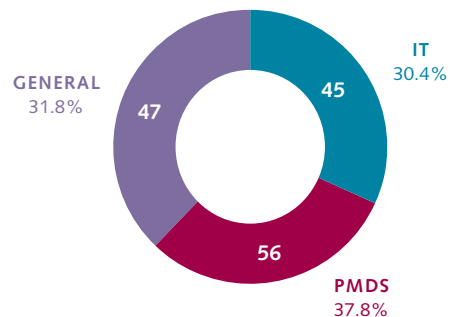
The finalisation of a new HR strategy document was necessarily delayed by our decision to prioritise what is probably one of the most important elements of the strategy, the Performance Management and Development System (PMDS). Before describing the progress made in this respect, it might be noted that a draft HR Strategy document has since been finalised and is now with the staff unions for their input.

We were particularly pleased to meet in full our commitment to the completion of the first cycle of

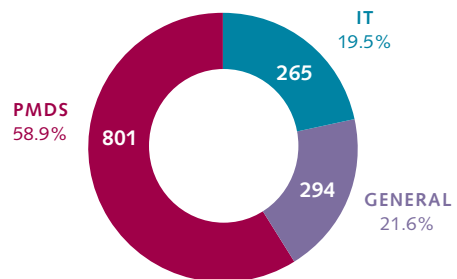
the PMDS and the commencement of the second and subsequent cycles. This posed a major challenge for managers and staff and for the Department's Training and Development Unit but the challenge was met in full. Despite the heavy commitment to PMDS training and development, we were also able to deliver a considerable amount of other training. A total of 148 courses were delivered, mainly by the Department's in-house trainers, to 1,360 participants.

TRAINING AND DEVELOPMENT 2001

Number of Courses



Number of Course Participants



FINANCIAL MANAGEMENT

Introduction

As mentioned above, gross Departmental expenditure, Defence Vote and Army Pensions Vote, in 2001 amounted to £676m (€858m). Financial management and accounting systems are in place to ensure that all of this money is properly spent and fully accounted for. These systems are kept under ongoing review and modified and updated as necessary to take account of relevant developments.

Electronic payment continued to be encouraged as the preferred staff payment method and by far the great majority of our employees (both civilian and military) are now paid by this method. Plans to introduce a facility for the payment of staff expenses electronically were progressed during 2001. Additionally, the enhancement of financial systems to enable the Department's suppliers to be paid by electronic funds transfer was pursued with the aim of introducing this facility in 2002.

Euro Changeover

The year was marked by preparations for the final changeover to the euro from January 2002 with a view to ensuring a smooth transition. This created additional challenges for managers and staff, particularly in the Finance and in the Information Systems areas, and the successful transition is a tribute to the dedication and skills of those concerned.

Management Information Framework

The first phase of the civil service-wide Management Information Framework (MIF) project was completed at end-2001. This phase, carried out by a firm of external consultants together with an in-house project support team, encompassed a Review of Requirements across the Defence organisation and a recommended structure and strategy to deliver the aims of MIF in terms of improved financial management, management accounting, improved management information, better performance measurement and the facilitation of value for money reviews. The second phase will address the specifics of the new system which will deliver the functionality set out in the first phase.

Audit

The Department's Internal Audit Unit carries out audits on various areas of the Department's operations so as to provide assurance to management on the adequacy of control systems in these areas. The audit programme for 2001, which comprised a range of systems audits, compliance audits and stores audits, was completed to the satisfaction of the civil-military Audit Committee. Some 170 audits in all were carried out.

Information and Communications Technologies (ICTs) and e-Government Strategy

As in the Finance area, ICT development in 2001 was marked by preparations for the euro changeover. This involved the identification and prioritisation of all financial software in use throughout the Department and the conversion of all databases to full euro functionality. As mentioned above, this work was completed successfully.

The Department's e- Government Strategy Statement was published and significant progress was made in preparing the follow-up Action Plan. The key elements of the strategy involve maximising our web presence, maintaining a secure modern and robust telecommunications infrastructure and integrating with e-Government initiatives being developed across the public service, for example, actively participating in the e-procurement initiative. In this regard, the Department was among the first to publish selected tenders on the central government e-tenders website during 2001.

PROPERTY MANAGEMENT

Managing the Department's property portfolio efficiently and cost-effectively in order to meet the operational and training requirements of the Defence Forces is a major challenge and the portfolio is kept under review to this end. In addition to the letting and leasing of lands and properties, the Department disposes of property which is deemed surplus to military requirements. This activity has become increasingly important since 1998 with the Government decision to close and dispose of certain barracks which were surplus to requirements. The proceeds from the sales of barracks and other surplus property, including married quarters, are used to provide funds for investment in Defence Forces equipment and other infrastructure.

Appendix 2 contains details of property sales in 2001 and progress on other sales.

We continued throughout the year to cooperate with other Departments and State agencies in making Defence facilities available for a variety of purposes including accommodation for asylum seekers, the provision of firing ranges, and facilities for film making. Particular importance is attached to customer service in all dealings in relation to the Department's property portfolio.

We are very conscious of the importance of maintaining our property in an environmentally friendly manner. Accordingly, we endeavour at all times to maintain a sustainable environment and to preserve the natural landscape.

During 2001 work continued on the development of proposals, including draft legislation, for the management of the Curragh in line with the recommendations of the Curragh Task Force and that work continues.

HEARING LOSS AND GENERAL ACCIDENT CLAIMS

Hearing Loss

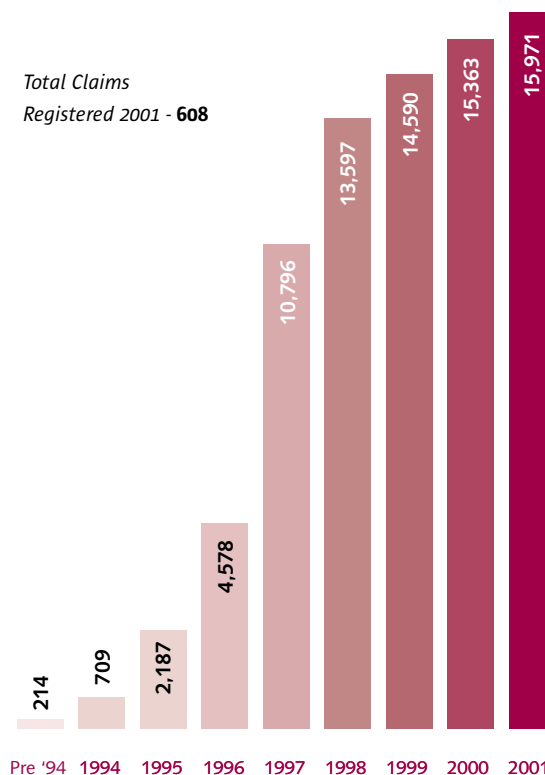
The Strategy Statement prioritises the strategy of minimising the cost to the Exchequer of hearing loss claims. In this regard, the successful operation of the Early Settlement Scheme in 2001 was very important. This ensured that all claims were dealt with equitably, but without the burden of court costs. In that context, the Department sought and was granted a number of adjournments by the High Court in order to devote staff resources to the generation of instructions for the Early Settlement Scheme rather than to the preparation of cases for court.

In February 2001, six firms of Loss Adjusters were engaged to carry out settlement negotiations on behalf of the Department, who, together with staff from the Chief State Solicitor's Office, maximised our capacity to settle cases.

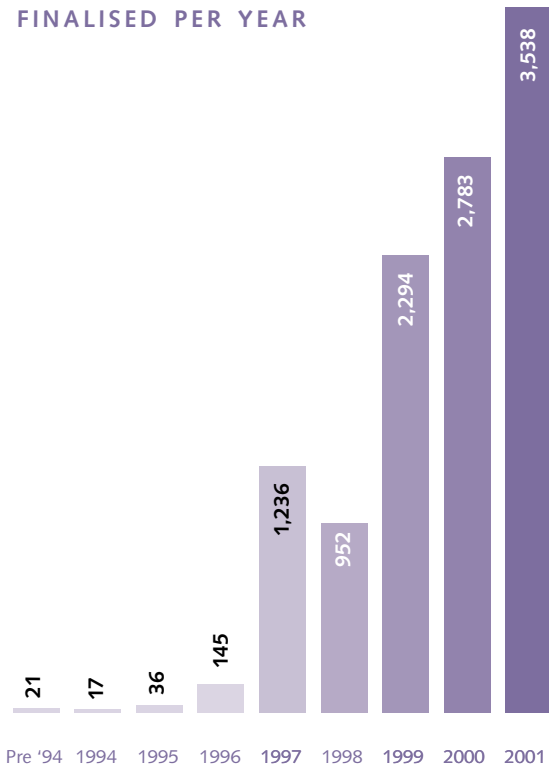
The result of these negotiations has been the settlement of 2,419 claims under the Scheme in 2001 with the total number of cases disposed of in the year amounting to 3,538. The level of quantum in hearing loss cases was maintained at an average of £7,599 (€9,649) plus costs in 2001, about £165 (€209) less than in 2000. Total expenditure on hearing loss claims for the year amounted to just over £40m (€51m), including about £14m (€17m) in legal costs.

By 31 December 2001, a total of 15,971 claims had been lodged by current and former members of the Defence Forces for loss of hearing allegedly caused during military service. A total of 11,022 claims had been disposed of, mainly through settlement, leaving 4,949 outstanding at year-end. Total payments (awards, settlements and plaintiffs' legal costs) amounted to £181.2m (€230.1m). At year-end new claims were still being received by the Department at an average rate of 12 per week.

Hearing Loss Total Claims Registered at year end (Cumulative Graph)



HEARING LOSS CASES FINALISED PER YEAR



General Claims

In the period 1994 to 2001, a total of 1,902 accident claims were finalised (160 of these in 2001), while 847 cases were outstanding at year-end. Total expenditure in 2001 (awards, settlements plus plaintiffs' costs) amounted to £4.9m (€6.2m). In compliance with the National Treasury Management Agency (Delegation and Conferral of Functions) Order dated 27 November 2001, a programme of referral of designated cases was put in place for 2002.

LEGISLATIVE SIMPLIFICATION AND REFORM

Traditionally, the Defence sector was highly regulated with most military matters governed by Defence Forces Regulations made by the Minister for Defence under the Defence Acts. While this has had little or no adverse impact on business or the community, it was recognised in the Department that simplification and reform was necessary to keep pace with the ongoing modernisation of the sector. In that regard a key focus in 2001 was the drafting of regulations to take account of organisational changes made on foot of the Implementation Plans for the Air Corps and the Naval Service.

In addition, three new Regulations were made replacing five Regulations covering Ordnance, Dress, Medals, Ceremonial and Funerals.

An important piece of legislation, the Ombudsman (Defence Forces) Bill, which provides for the appointment of an Ombudsman for the Defence Forces was published in 2001 and is before the Oireachtas.

In another significant development, the draft text of the restatement of the Defence Acts was completed and passed to the Office of the Attorney General for advice. The restatement involves no substantive change in the legislation but is designed for ease of reference.

As mentioned above, work continues on the development of draft legislation in relation to the management of the Curragh.

The Civil Defence Objective:

“To facilitate through the Local Authorities Civil Defence responses for emergency relief and support to ensure the operation of vital services and the maintenance of public life”.

The Department facilitates through the Local Authorities, civil defence responses for emergency relief and support to ensure the operation of vital services and the maintenance of public life. The Department is responsible for policy development and the general direction of the 6,000 strong volunteer organisation through the Local Authorities.

The Department is responsible also for the administration, training (mainly through the Civil Defence School - the national civil defence training centre), financing and equipping of the Civil Defence organisation. Operational expenditure is shared on a 70/30 basis between the Department and local authorities. Civil Defence volunteers work under the direction of the relevant local authority Civil Defence Officer and are trained in various skills such as first aid, rescue, fire fighting, emergency feeding, evacuee care, land and water search and radiation monitoring.

The main activity in 2001 centred on:

the preparation of the Civil Defence Bill to provide an updated legislative basis for Civil Defence under a management Board (the Bill has since been enacted);

initiation of measures to provide the appropriate support structures for the new Board;

continuation of the preparations for the decentralisation of the Civil Defence function to Roscrea;

improving local organisation performance;

promoting recruitment (the number of volunteers was maintained at 6,000 in 2001);

conducting the annual exercises and;

educational and training development including, in particular, the use of electronic media for transmission of training material and completion of a new Civil Defence website.

In reporting on 2001, particular mention should be made of the outstanding response of Civil Defence units nationwide to calls for assistance in relation to preventative measures to combat the spread of Foot and Mouth Disease. In this regard, eight counties responded to the call for direct assistance from the Garda Síochána and the Department of Agriculture, Food and Rural Development, while many other units assisted at local level. Civil Defence man-days spent on foot and mouth preventative duties from March to May 2001 totalled 2,064.

OTHER DEVELOPMENTS IN 2001

ALLEGATIONS OF HARASSMENT AND BULLYING IN THE DEFENCE FORCES

While the Defence Forces have had formal policies and procedures on sexual harassment and bullying since February, 1996 the issue became a matter of public attention in 2001 following media coverage of a thesis on the subject by a former officer of the Defence Forces. In August, 2001 the Chief of Staff established a special military Steering Group to examine the issues raised. Dr. Eileen Doyle, who chaired the Government's Task Force on the Prevention of Workplace Bullying, was asked by the Minister to join the Group as an expert civilian Chairperson. She was joined by two other civilian experts and by senior military personnel.

The Group has since reported and their recommendations are being implemented.

FREEDOM OF INFORMATION

Statistics for the year are set out in the table.

FOI REQUESTS	
Requests received	124
Granted	62
Part-Granted	19
Refused	22
Transferred	14
Withdrawn or handled outside FOI	13
Finalised	130

Note: Some of the requests finalised in 2001 were carried over from 2000.

PROMPT PAYMENT OF ACCOUNTS

It is the Department's policy to settle all invoices promptly with due regard to contractual terms, where applicable, good financial and cash management practices and the provisions of the Prompt Payment of Accounts Act, 1997. Statistics for 2001 are given in the table.

DESCRIPTION	AMOUNT
Total number of invoices processed	52,311
Total value of all payments	£172m/€218m
Total number of late payments	996
Total value of late payments	£0.8m/€1m
Value of late payments as a % of total payments	0.47%
Amount of interest paid	£4,000
Amount of interest as a % of total payments	0.002%

Note: Cash amounts are rounded.

A comparison of the key statistics for 2001 over 2000 shows a considerable improvement in 2001. The number of late payments in 2001 was almost half the 2000 total of 1,899 while the amount of interest paid as a percentage of total payments was less than half the 2000 percentage.

ENERGY USAGE

An Energy & Utilities Board reported in 1992 with recommendations on the efficiency and cost effectiveness of energy and utility usage in Defence installations. Those recommendations continue to be implemented. In addition all new building projects are designed to encompass energy efficient measures and compatibility with building energy management systems.

APPENDIX 1: STRATEGIC OBJECTIVES, STRATEGIES AND PERFORMANCE INDICATORS

The Security Objective: “To contribute to the security of the State principally against the threat of armed aggression and thus contribute to political and economic well being”.

STRATEGIES	PERFORMANCE INDICATORS
Provision of defence capabilities appropriate to the defence and security environment.	Implementation of the White Paper and Implementation Plans for the Air Corps and Naval Service. (See under the White Paper Objective).
Ongoing review of the defence and security environment.	Regular meetings of standing inter-departmental committee. Provision of timely, relevant and quality advice to the Minister for Defence.

The White Paper Objective: “To continue the modernisation of the Army, Air Corps and Naval Service by implementing the White Paper on Defence and the related Implementation Plans for the Air Corps and the Naval Service”.

STRATEGIES	PERFORMANCE INDICATORS
Develop and implement a Defence Forces Organisation Plan to reflect the Government decision on overall numbers.	Chief of Staff proposals by end-July, 2001. Plan implemented by end-2001.
Develop and implement the integrated Defence Forces Personnel Management Plan.	Plan developed and proposals submitted by mid-July, 2001. Implementation on basis of timetable approved by Minister.
Air Corps and Naval Service Implementation Plans.	Implementation process completed by end-2004.
Agree Service Level Agreements with principal customers as follows:	
Department of the Marine and Natural Resources on fishery protection;	Interim SLA in place for 2002 by end-2001, Definitive SLA in place for 2003 and 2004, SLA subject to annual review.
Department of Justice, Equality and Law Reform on Air Corps support for the Garda Air Support Unit;	Interim SLA in place by end-2001, Definitive SLA in place from 2002, SLA subject to annual review.
Department of the Marine and Natural Resources on Air Corps support for Search and Rescue;	Interim SLA in place by mid-2002, Definitive SLA in place from 2003, SLA subject to annual review.
Department of Health and Children and Health Boards on provision of Air Ambulance service by the Air Corps.	Interim SLA in place by mid-2002, Definitive SLA in place from 2003, SLA subject to annual review.

STRATEGIES	PERFORMANCE INDICATORS
Reorganisation of the Reserve.	Chief of Staff proposals submitted in form of an Implementation Plan by end-2001. Plan implemented by end-2007.
Defence Forces Investment Programme:	
2002 Equipment and Infrastructure Programme;	Approved by end-2001. Implemented by end-2002.
2003 Equipment and Infrastructure Programme;	Approved by end-2002. Implemented by end-2003.
2004 Equipment and Infrastructure Programme.	Approved by end-2003. Implemented by end-2004.

The Policy Advice and Support Objective: “To provide the Minister for Defence with the best policy advice and support in relation to the management of Defence”

STRATEGIES	PERFORMANCE INDICATORS
White Paper implementation and Implementation Plans for the Air Corps and the Naval Service.	Extent to which the White Paper and the Plans are implemented within approved timeframes.
Implementation of Customer Service Action Plan 2001 to 2004.	Extent to which Plan targets are achieved.
Business Planning.	Annual plans in place by December of previous year. Extent to which targets in plans are achieved.
Review of assignments under the Public Service Management Act, 1997.	Assignments reviewed annually and updated as necessary.
Reduction of Civil Service numbers by 10%.	Reduction achieved by end-2004.
Development of sub-SMC structures.	Initial study completed by end-2001 and appropriate follow-up action taken.
Extension of Partnership structures to the Defence Forces.	Proposals developed by end-2001 and implemented as agreed with management and representative associations.
Civil Service Human Resources Development Strategy.	Draft to Staff Side and Partnership Committee by September, 2001. Strategy finalised as soon as possible.
(i) PMDS.	(i) Completion of first cycle by January, 2002. Commencement of second and subsequent cycles from January, 2002 and annually thereafter.
(ii) Annual Training Programme.	(ii) Programme designed by end-year for subsequent year. Programme implemented annually.
(iii) Increase investment in Training and Development.	(iii) Target level of investment of 4% of payroll by end-2003.

STRATEGIES	PERFORMANCE INDICATORS
<p>Management Information Framework:</p> <ul style="list-style-type: none"> Identification of information requirements. Outline of new system. Design of new system. Full implementation. 	<ul style="list-style-type: none"> Completed end-March, 2002. Agreed by end-September, 2002. Completed by mid-2003. Completed by end-2005.
<p>Internal Audit.</p>	<p>Annual Audit programmes completed to satisfaction of the Audit Committee.</p>
<p>e-Government Strategy 2001 to 2004.</p>	<p>Extent to which the strategy is implemented by end-2004.</p>
<p>Property Management:</p> <ul style="list-style-type: none"> Sales of closed Barracks and other surplus property. Sales of Married Quarters outside Barracks. Proposals for management of Curragh. Streamlining of management systems. 	<ul style="list-style-type: none"> Completed by end-2002. Completed by end-2002. Draft Memorandum for Government prepared by end-2001. Completed by end-2003.
<p>Litigation:</p> <ul style="list-style-type: none"> Hearing loss: minimise costs to Exchequer. Non-hearing loss: delegation to NTMA. 	<ul style="list-style-type: none"> Number of cases settled, trend in expenditure per case and total expenditure. Delegation completed by end-2004.
<p>Regulatory reform: Advance comprehensive review of regulations and rewrite and modernise as required.</p>	<p>Review process completed and drafting programme scheduled by mid-2002.</p>
<p>Defence Acts.</p>	<p>Draft of restatement of Defence Acts to Attorney General by end-June, 2001.</p>

The Civil Defence Objective: “To facilitate through the Local Authorities Civil Defence responses for emergency relief and support to ensure the operation of vital services and the maintenance of public life”.

STRATEGIES	PERFORMANCE INDICATORS
Update legislation.	Civil Defence Bill published and enacted by end-2001.
Decentralise the Civil Defence function to Roscrea.	Function decentralised and full range of services provided.
Improve local organisation performance.	Monitor and act on reports.
Promote recruitment.	Maintain/Increase volunteer strength.
Design exercise programme to develop organisation on policy lines.	Annual exercise activities conducted.
Streamline procedures.	Delegation of functions to Local Authorities.

APPENDIX 2: PROPERTY SALES

Devoy Barracks, Naas

Sale of 14 acres to Naas UDC and one acre to Kildare County Council for a total of £7.3m (€9.3m) has been completed.

Castleblaney Barracks, Co. Monaghan

Sold to the North Eastern Health Board for £600,000 (€761,843).

Fitzgerald Camp, Fermoy, Co. Cork

Sold to Cork County Council for £767,000 (€973,889).

Site at Assumption Road, Cork

“Susan’s Field,” comprising approximately 6.8 acres, was sold to Cork Corporation for £1.2m (€1.52m). The legal formalities governing the sale will be completed in 2002.

Murphy Barracks, Ballincollig, Co. Cork

A number of small sales at the former Barracks totalled £967,000 (€1,227,837). The remainder of the property was advertised for sale in 2002 and negotiations are ongoing on an agreement to sell.

Clancy Barracks, Dublin.

Negotiations are ongoing on an agreement to sell.

Site at Married Quarters, Sarsfield Barracks, Limerick

Agreement was reached on the sale of a site of approximately 3.4 acres to Limerick Corporation for £915,000 (€1,161,810).

Site at Waterford Barracks, Waterford

The sale of an area comprising 1.559 acres at the Barracks to Waterford Corporation for £521,000 (€661,533) is in progress.

Arbour Hill, Dublin 7

A site of 1.07 acres is being transferred to the Department of Justice for a consideration of £2.5m (€3.17m).

Mellowes Barracks, Renmore, Co. Galway

Approximately 10 acres is being sold to Galway Corporation for £197,000 (€250,000).

Ballyconnell Town Hall

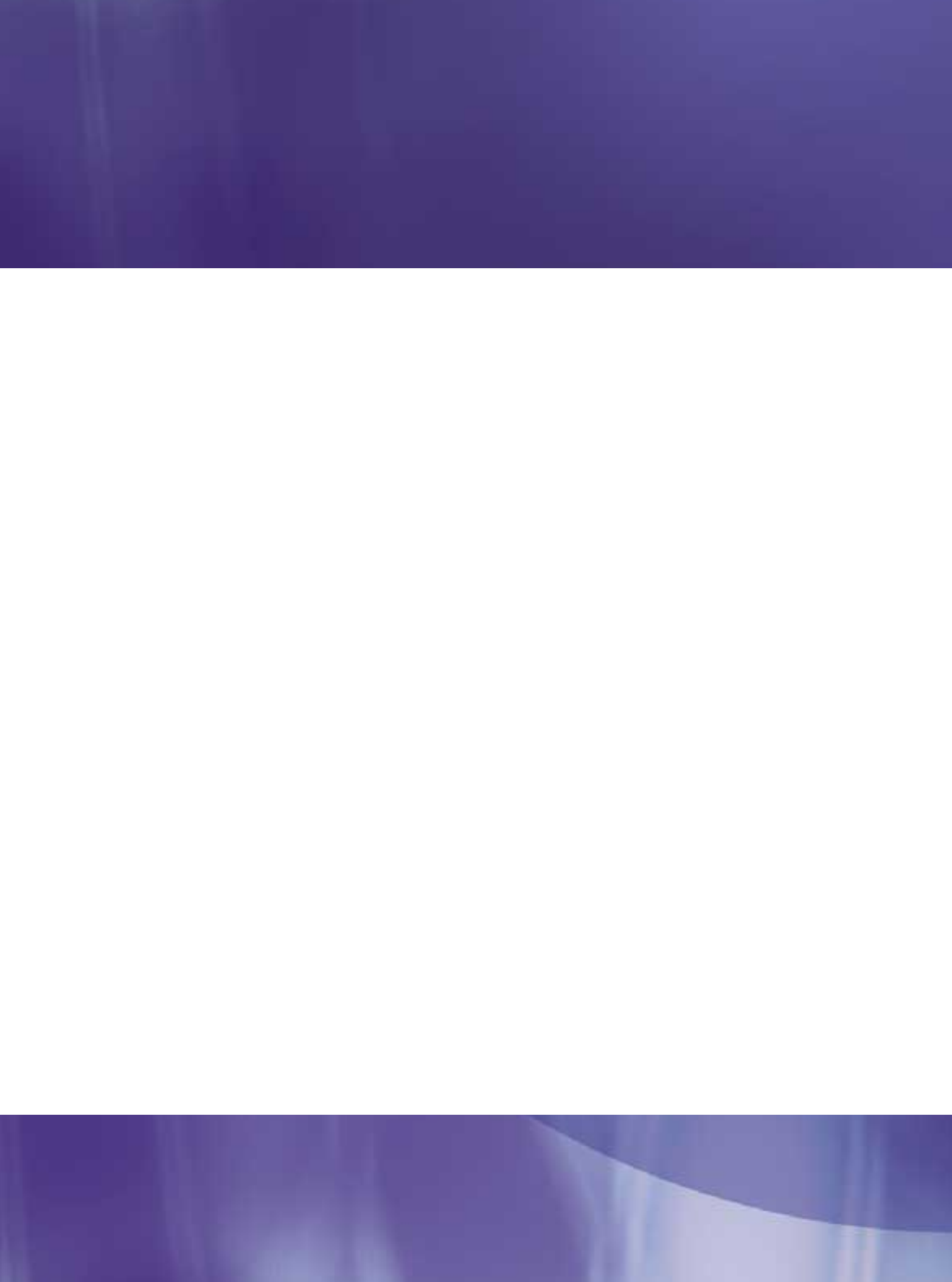
The sale of this property to Cavan County Council was agreed at a price of £100,000 (€127,000).

Curragh Greenlands

The sale of approximately 20 acres of Curragh Greenlands to Kildare County Council for £215,000 (€272,994), in connection with the construction of the by-pass of Kildare Town, is in progress.

Married Quarters, Curragh

100 married quarters at Orchard Park were offered for sale. As of December 2001, 89 of the occupants agreed to purchase. 48 of the sales were completed, generating an income of £1.2m (€1.53m). Sale of all 100 quarters will raise approximately £3m (€3.8m).



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