

Contracting out to the extent practiced by the Bureau of Naval Weapons has had no effect upon the capability of the Bureau to perform its missions. It has not displaced personnel at the industrial activities managed by that Bureau.

Changes in personnel strength are usually brought about by revisions to weapon systems programs and by the consolidation of efforts within the industrial structure to attain overall economy.

There does exist, at the depot maintenance establishments managed by the Bureau of Naval Weapons, a capacity for more personnel based upon an 8-hour day, 5 days per workweek schedule.

Submitted as appendix I in my written report is a summary of the Navy ordnance plants which indicates mission and gives a brief description of each.

Appendix II thereto is a similar summary of the ammunition and missile depots.

These ammunition depots possess a capability for assembling and modernizing noncurrent ammunitions if required, but all have a capability for handling current weapons and ammunitions.

Next, I would like to talk about the Bureau of Ships.

The Bureau of Ships managed industrial complex is comprised of 11 naval shipyards and the U.S. naval repair facility, San Diego.

Appendix VI in my report outlines the missions of these activities and describes the principal function of each.

The naval shipyards, under military command, provide the active fleet with a well-dispersed self-maintenance capability which is fully and immediately responsive to the ever-changing requirements of the fleet in this thermonuclear age.

The larger portion of naval shipyard work is the repair and conversion of combatant-type ships, which is especially suited for accomplishment in these yards.

In addition, this is the type of work which the naval shipyards would be expected to accomplish in an emergency.

Through this procedure the Navy has been able to retain and maintain the essential skills and facilities possessed by our naval shipyards.

There are certain shops in the naval shipyards which operate solely to furnish specialized supporting services or products. However, because of low workload these shops are operating uneconomically and their services or products could possibly be obtained from commercial sources on a more practical basis.

Specific examples of such shops are foundries, forgeships, and gas manufacturing plants.

We have kept these shops going for various reasons such as mobilization potential, no local industry, immediate response, and the like.

However, the Bureau of Ships policy is to curtail or effect disestablishment of uneconomical supporting-type shops if satisfactory arrangements can be made to procure their products and services from commercial sources. The shops so affected will vary in all shipyards.

In this instance we will be ridding ourselves of inefficient operations, we will reduce our expenditures for maintenance of expensive facilities and equipment, and we can direct the personnel to more needed operations.