

Annual Report 2004 - 2005



Building a South Africa that Truly Belongs to All



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Department:
Defence
REPUBLIC OF SOUTH AFRICA



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ISBN 0-621-36083-X **RP 159/2005**

Printed by 1 MILITARY PRINTING REGIMENT, PRETORIA



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE

ANNUAL REPORT



2004 / 2005

Mr M.G.P. Lekota
Minister of Defence

Report of the Department of Defence: 1 April 2004 to 31 March 2005.

I have the honour to submit the Annual Report of the Department of Defence.

J.B. MASILELA
SECRETARY FOR DEFENCE: DIRECTOR GENERAL

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FOREWORD BY THE HONOURABLE M.G.P. LEKOTA, MINISTER OF DEFENCE

The year under review marks the beginning of the Second Decade of Freedom of South Africa's young democracy: thus financial year (FY2004/05) was a period in which the Department of Defence (DOD) was engaged in a critical review of its strategic direction, performance against plans, constitutional mandate to ensure an appropriate defence capability, and the imperative of an affordable South African National Defence Force (SANDF). To this end our alignment with South African foreign policy objectives, and the continued implementation of the Military Strategy and Human Resource Strategy 2010 remained a key priority.

In pursuing the Government's support for growing democratisation on our continent, the DOD continued to play a pivotal role during the period under review by creating an environment of security and stability to enhance the diplomatic initiatives of various African states which were aimed at ensuring peaceful, free and fair elections. In this regard our key effort to promote peace-keeping in Africa continued to focus on the Democratic Republic of the Congo and Burundi, where most of our troops are still stationed. Further afield small-scale deployments in Ethiopia and

Eritrea, Liberia, the Sudan and Côte d'Ivoire continued.

DOD support for the United Nations, the African Union, the New Partnership for Africa's Development and the Southern African Development Community's (SADC) imperative of peace for sustainable economic development continued with an increasingly focussed approach with regard to the predetermined priority issues of various regional and continental multilateral forums.

The external deployment of the SANDF involved personnel and logistics support for the roll-out of hardware and procedures to ensure free and fair elections, securing the general public and key role players in potentially volatile areas during elections, support for the disarmament, demobilisation and rehabilitation of ex-combatants, the integration of armed forces, and support for post-conflict reconstruction initiatives.

Issues relating to peace, security and stability in the SADC were further emphasised by the development of DOD activities through South Africa's tenure as Chair of the SADC Inter-state Defence and Security Committee. In this regard the DOD played a significant role in the development of the SADC Brigade of the African Standby

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Force and the Early Warning System, both of which are due to be fully operational in 2005.

The DOD continued to grapple with the twin challenges of an affordable force design and the imperative of a revised mandate aligning the White Paper on Defence and the Defence Review. This review takes place in the context of the external focus of defence operations. In this regard the Department will finalise the White Paper on Defence and Defence Review by 2005.

Under ministerial guidance to strengthen further the office of the Secretary for Defence, the DOD has continued to be reorganised and restructured. In this regard, together with the Public Service Commission and the Department of Public Service and Administration, we have been supported by a special ministerial task team composed of different sectors of Government and civic society. Their findings and recommendations will form the basis of the new organisational structure. Part of this work involves enforcing the cohesion and effective operation of our logistics capability, which is central to successful operations.

The transformation agenda of the DOD at senior management level continued to progress during the period under review. In this regard key appointments at the leadership level of the SANDF were Lieutenant General S.Z. Shoke as Chief of the South African Army, Vice Admiral J. Mudimu as Chief of the South African Navy, Lieutenant General C. Gagiano as Chief of the South African Air Force and as SANDF Chaplain General, Brigadier General M. Cornelissen.

The DOD remains fully committed and continues to support the President and the people of South Africa to

enhance and deepen democracy within our country, across our region and on the continent of Africa. In this regard I wish to thank Deputy Minister Mluleki George, the Secretary for Defence, Mr January Masilela, and the Chief of the SANDF, General Sphiwe Nyanda, and the rest of the senior personnel and the staff of the DOD for their leadership and commitment to the work of the Department.

I also wish to also thank Lieutenant Generals Gilbert Ramano (former Chief of the South African Army), Rudolph Beukes, (former Chief of the South African Air Force) and Vice Admiral Johan Retief (former Chief of the South African Navy) for their sterling service to the SANDF and the DOD.

I also wish to pay tribute to our soldiers who fell in the course of duty both at home and outside the country where they had been deployed on peacekeeping missions.

Finally, the successful execution of our work has been to a significant extent due to the advice and intervention of Parliament and the Portfolio Committee on Defence. Your oversight role is appreciated.



M.G.P. LEKOTA
MINISTER OF DEFENCE



FOREWORD BY THE HONOURABLE M.E. GEORGE, DEPUTY MINISTER OF DEFENCE

During the period under review the Department of Defence (DOD), along with all other Government departments, celebrated the attainment of 10 Years of Freedom whilst simultaneously preparing in earnest for the opportunities and challenges of the Second Decade of Freedom of the Republic of South Africa.

In the planning and strategy processes the DOD was fully satisfied that it had successfully complied with the Constitutional mandate to ensure that the South African National Defence Force (SANDF) was prepared at all times to defend the sovereignty and integrity of the people and territory of South Africa. Furthermore, support for the SA Police Services continued and support for Government's foreign policy initiatives in the Southern African Development Community (SADC) region and across the continent of Africa was prioritised and implemented accordingly.

Planning progressed in earnest with a clear priority to update the two mandates, the White Paper on Defence and the Defence Review, both of which are critical to our realignment with Government priorities and issues in our environment that impact on our administra-

tive performance and defence capabilities. In this regard the update of the Defence Review and White Paper on Defence progressed as the DOD, and particularly the SANDF, continued to grapple with the twin challenges of sustainability and affordability.

The implementation of the DOD Human Resource Strategy 2010 (HR 2010) continued as a key initiative to ensure the rejuvenation of the SANDF and the establishment of the most effective, efficient and economic defence human resources composition. This relates to transformation and the successful management of the careers, welfare and future of the members and personnel of the DOD.

During this period the HR 2010 strategy progressed with initiatives aimed at the attainment of greater effectiveness, efficiency and economy in the DOD.

The largest intake in the SANDF's history occurred in January 2005 when 3836 young Military Skills Development System (MSDS) members reported. The MSDS has grown to 6262 at the end of FY2004/05 and makes up 9% of the Regular Force, giving a boost to the SANDF's rejuvenation and mission readiness. Through the MSDS, the SANDF has improved the number of privates/airmen/seamen aged

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between 18 and 24 by 25% in just over two years.

Secondly, the rejuvenation of the Reserve Force also continued apace through direct recruiting for the SA Army Reserve Force. As a direct result of this initiative a Reserve Force motorized infantry company is currently deployed in the Democratic Republic of the Congo improving the combat-fitness and mission readiness of the SANDF.

Finally, youth empowerment through the DOD Youth Foundation Programme is another key leg of HR 2010 which is aimed at preparing select youth for entry into the DOD's advanced occupations, such as trainee pilots, trainee naval combat officers and military health professional students. The DOD continued with this programme with an intake of 250 learners.

All the above programmes also had a direct impact on the transformation targets of the DOD in terms of both representivity and gender.

In the external operational areas problems relating to poor discipline and general misconduct on the part of some SANDF members were relatively few. Incidents where there was clear evidence of misconduct by our troops were dealt with very swiftly and decisively by the SANDF.

SANDF troops were commended by the United Nations, local government officials and their peers in peace support operations for their professionalism and high standards relating to peacekeeping operations, and also for the humanitarian support they rendered to the local communities, service delivery in areas like medical facilities, VIP protection services, engineering for local government and operations projects, logistics support for referendums and elections processes and crime control utilising boat patrols on the Great Lakes. The SANDF presence has in general been a credible and effective peacekeeping force and a major stabilizing factor.

During the period under review the future welfare of the

South African military veterans was placed high on the agenda of DOD priorities. In this regard the Ministry of Defence instituted a national Imbizo programme to address the concerns of the veterans, and progress in this regard has been reported in a number of provinces across the country.

As a result of the Imbizo programme it became quite apparent that failure to register formally on the database and poor communication between the Government departments concerned and the veterans, and within the veteran structures themselves, has been a major obstacle in dealing with veterans' affairs.

The training, job creation and work placement of the veterans were further prioritised through liaison with other service delivery departments of Government and lobbying of funding agencies for support.

Further progress with transformation, in respect of both performance and representivity, in the DOD and the SANDF in particular, will depend to a large extent on the programmes of action such as HR 2010 and concomitant funding to enable the Department to achieve its targets on schedule, and increased funding of key strategic initiatives, such as our landward defence capability, where a significant number of our new recruits will be absorbed.

In embracing the Batho Pele spirit of Government the DOD has prioritized excellence in our performance and the enhancement of our workplace environment for every individual. Ultimately, our human resources are by far our most valued assets.



M.E. GEORGE
DEPUTY MINISTER OF DEFENCE



STRATEGIC OVERVIEW BY J.B. MASILELA, SECRETARY FOR DEFENCE

Having successfully completed the first decade of democracy and the establishment of the South African National Defence Force (SANDF), the

Department of Defence (DOD) is gearing itself towards pursuing the Government's objectives for the second decade of democracy (2004 to 2014). This DOD Annual Report for FY2004/05 provides a clear indication of the DOD's consistent performance in pursuit of its mandate as captured in the Constitution of the Republic of South Africa Act, (No 108 of 1996) and the Defence Act, 2002 (No 42 of 2002).

While emphasis was placed on the implementation of the strategic military objectives of the Military Strategy, the DOD had to ensure that these remained in line with higher-level objectives, especially in relation to peace missions. Thus, the objective of 'promoting security' enjoyed priority status in order to ensure successful implementation of the Government's foreign policy initiatives. Consequently, South African troops were deployed in countries such as Burundi, Côte d'Ivoire, the Democratic Republic of the Congo and the Sudan. During the period under review South Africa was ranked the largest troop contributing country in Africa and ninth

largest troop contributing country to the United Nations in the world. With the support of the Minister of Defence, the DOD successfully processed deployment papers in time and secured sufficient funding for deployments.

Foreign deployments were further augmented with defence diplomatic activities such as bilateral and multilateral agreements with South Africa's strategic partners. Bilateral and multilateral meetings were held with countries such as Algeria, Botswana, Brazil, France, India, Italy, Jordan, Lesotho, Namibia, Nigeria, Russian Federation, Sweden, Ukraine, United Kingdom, United States of America and Zimbabwe. A number of regional meetings were held during which the DOD played a critical role. These included the Southern African Development Community's (SADC) Inter-State Defence and Security Committee (ISDSC) subcommittee meetings eg Spiritual and Moral Affairs group, Ministers of Defence, Operations Sub-subcommittee, Defence Intelligence Standing Committee, Aviation Standing Committee, Telecommunications Workgroup, and African Standby Force.

The DOD continued to improve its internal processes in order to minimise negative audit findings and maximise efficiency. In this regard, the Balanced

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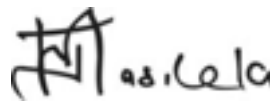
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Scorecard approach was adopted for implementation in the department but it was first to be pilot-implemented within the two divisions, namely, the Financial Management Division and the SA Navy. Good progress was made in this regard. Despite all efforts done to improve compliance with statutory requirements relating to good governance and accountability, the DOD is still grappling with old information systems, which will only be replaced once the Integrated Financial Management System (IFMS) is in place. Furthermore, the DOD continued to review its strategic policy documents, particularly, the White Paper on Defence (1996) and the Defence Review (1998) in order to align them with current realities in terms of threat perception, force design and force structure.

As a member of three key Government Clusters, namely, the International Relations, Peace and Security (IRPS); Justice, Crime Prevention and Security (JCPS); and the Governance and Administration (G&A), the DOD kept track of the latest Government initiatives and it also gave feedback on its performance on the

Government Programme of Action, which include the SANDF's phased withdrawal from the routine internal deployments and the phasing out of the Area Defence Capability (Commandos).

I take pride in presenting this DOD Annual Report for FY2004/05 and I acknowledge the commitment of our men and women in the department for their continued excellent service delivery inside and outside the country. It is indeed humbling to know that our employees are prepared to expose themselves to ultimate danger during deployments in pursuit of the ideals of peace and security in the continent.



MR J.B. MASILELA
SECRETARY FOR DEFENCE: DIRECTOR GENERAL





THE YEAR IN REVIEW

GENERAL S. NYANDA, SSA, SBS, CLS, DMG MMS, MMM CHIEF OF THE SA NATIONAL DEFENCE FORCE

Clearly, the year 2004 was a remarkable year for the South African National Defence Force (SANDF). The SANDF honoured its commitments to Government and was employed in four peacekeeping theatres. The employment of the SANDF in the peacekeeping initiatives marked a decade of Government policy initiatives and multilateral efforts aimed at creating a climate of global and continental peace and stability, whilst on the home front the SANDF, together with the Nation, celebrated 10 years of Defence in a Democracy. The 10 Years of Freedom celebrations saw the SANDF engage and participate with citizens of South Africa who openly expressed their pride in the Forces and declared their patriotism by signing up for recruitment into the Military Skills Development System of the Defence Force.

Honouring the peacekeeping commitments of Government was a key priority of the SANDF in FY2004/05. Parliament has committed South Africa to supporting the African Union and the New Partnership for Africa's Development for economic growth and sustainable development. The SANDF will therefore remain a key instrument of Government and Parliament in support-

ing specifically the Peace and Security Agenda of the African Union and the creation of the African Standby Force.

At a regional level, South Africa assumed the chair of the Southern African Development Community (SADC) Organ on Politics, Defence and Security Cooperation in August 2004. Under the leadership of the President, the Minister of Foreign Affairs and our Minister of Defence, the SANDF played a central role in planning the establishment of a standby brigade for the SADC region. The SANDF has forged strong partnerships with the SADC member states in establishing the SADC Brigade. The role played by the SANDF has not only ensured that the African Union and African Standby Force are well on track, but has also ensured a consultative planning process that will see the standby brigade built on a solid foundation of mutual commitment. This bodes well for the success of the African Standby Force and peace in the region.

Defence diplomacy and the conduct of Defence foreign relations have been realigned with the overall strategy and direction of our Government. The SANDF is now focussing on developing military relations with its counterparts in our immediate region and Africa in general, whilst still maintain-

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ing our strategic military partnerships with the rest of the world.

During 2004, the SANDF made outstanding progress in many fields of operations. South Africa is now the ninth largest troop contributing country to the United Nations with troops deployed in United Nations and African Union mandated operations. Our personnel deployed in Ethiopia and Eritrea, the Democratic Republic of the Congo, Burundi, Liberia and the Sudan have done outstanding work. In 2004 not only did we have over 3 000 troops deployed, but also two senior SANDF officers in command positions. The United Nations Force Commander in Burundi, Major General D.M. Mgwebi, heads a multinational force to ensure the peace and Brigadier General D.D. Mduyana was appointed the Deputy Divisional Commander deployed at the Eastern Division Headquarters in the Democratic Republic of the Congo. These deployments clearly reflect the fact that the United Nations and the African Union have great respect for our soldiers and their capabilities as a peace-keeping force.

International respect for the professionalism of the SANDF has seen an increase in the demand for our soldiers to deploy externally in peace missions. This expanded role was not envisaged in defence policy as outlined in the White Paper on Defence of 1996 nor the Defence Review of 1998. Under the instruction of the Minister of Defence and the Parliamentary oversight committees, urgent attention was given to aligning the White Paper on Defence and the Defence Review with the changing role of the SANDF as well as determining an affordable force design. The revision process is scheduled to be completed by the end of 2005.

At home the SANDF continued to support the SA Police Service with crime-prevention operations and border-line patrols throughout the year under review. The SA Police Service is growing in its ability to deal with crime and therefore the support needed by the SANDF in this regard has steadily declined. The phased withdrawal from internal roles is on track and will continue. Of the 183 commando units, 17 commando units were to be closed down in FY2004/05, but the process is not yet finalised. The SANDF will not withdraw from any area until there is a proper plan and capacity to enable the SA Police Service to take over the responsibility of ensuring security for all in the rural areas. The target date for the complete withdrawal from routine internal deployments remains 31 March 2009.

The harsh realities and complexity of the modern battlespace, and particularly the African battlespace, place an immense responsibility on the SANDF to ensure that its operational and combat training standards are world class. Hence, in 2004 the SA Navy held a joint training

exercise with France off the Cape coast and a multinational exercise was conducted between South African and United States forces. The SA Military Health Service conducted the multinational Exercise MEDFLAG, which concentrated on the military health and air operations capability of the SANDF. Not only the SANDF benefited from the training, but also the communities of the Limpopo Province where the exercise took place. In 2004, the four Services and support elements were put through rigorous testing under Exercise INDLOVU to assess their capability, combat readiness and the concept of jointness.

The prestigious Exercise AIRBORNE AFRICA 2004 was once again conducted by the SANDF and saw 15 countries participate in this highly competitive and strenuous international exercise. The SANDF flag flew high at this event for many reasons, the culminating accolade being when the SANDF paratroopers won the combat-readiness competition. This is a strong indication that our conventional combat training is of an international standard. The SANDF has also begun doctrinal development in respect of peacekeeping training. This development and extension of major training to peacekeeping does not detract from conventional training. As the Minister of Defence expressed it "We are not creating an SANDF of peacekeepers, but we are training a professional body of men and women schooled in the art of defence, who can use their skills in peacekeeping roles and post-conflict reconstruction and development".

The year under review also saw the senior leadership of certain critical Services hand over the baton to new leadership. The Military Command saw changes in the Services with Lieutenant General S.Z. Shoke appointed as Chief of the SA Army, Lieutenant General C. Gagianno as Chief of the SA Air Force and Vice Admiral J. Mudimu as Chief of the SA Navy.

Recruitment intakes into the Military Skills Development System were successful. Altogether 4 200 bright, young and healthy South Africans entered into training service for a period of two years. Recruiting men and women of talent and potential at this time, is regarded as a key factor in the success of the future Defence Force in its expanded role. Similarly, the management of the health and well-being of our men and women is a high priority on the agenda of the SANDF. The management and prevention of HIV/AIDS, through Project PHIDISA, and the Masibambisane campaign are receiving high priority.

The increasing role of peacekeeping missions saw the SANDF draw expertise from its Reserve Force for deployment in the peacekeeping missions. The need for the Reserve Force as an integral part of the SANDF 'core force concept' was thus confirmed. The strategy for the

development of a transformed and viable Reserve Force has been approved, which will have a profound impact on the well-being of the Reserve Force in the years ahead. The Council for the Support of National Defence, chaired by Mr Tokyo Sexwale, which comprises business leaders, labour leaders, academics and prominent individuals, is aimed at promoting the Reserve Force service. The Council is in its early days, but it is envisaged that it will play an important role in building a national spirit of volunteerism and patriotism among all South Africans.

The DOD has committed itself to the process of land reform in general and to the restitution process in particular. The DOD commits itself to participating in land claims negotiations in a spirit of social justice and with the objective of resolving such claims. In total, land claims that have been lodged against the DOD amount to 311 270 hectares. A court ruling made in FY2003/04 in favour of the DOD's not restoring the land of the SA Army Combat Training Centre (Lohatlha) has not yet been fully resolved. During the year under review no land was handed back, but the DOD has indicated that it is willing to restore 53 178 hectares. A recent claim was received regarding Air Force Base Hoedspruit in Limpopo Province, and this will receive the necessary attention.

The force renewal and modernisation of the SANDF are on track. The SAS MENDI, the last of our four new corvettes, was delivered to the SA Navy. The corvettes are in the process of being fitted with combat suites and are undergoing acceptance trials before they are put into

commission. The first of three submarines was launched in Germany in June 2004 and we are expecting her to arrive in South African waters by July 2005. The first Augusta A109 light utility helicopter produced by Denel Aerospace was unveiled at the 2004 Africa Aerospace and Defence Expo in September 2004. Flying and ground crew training in the A109 are progressing well at 87 Helicopter Flying School, while test flying of the Hawk lead-in fighter trainers is continuing at the Test Flight and Development Centre at Bredasdorp. The integration of these systems will noticeably increase the operational capabilities and readiness of the SANDF in the interest not only of South Africa, but also of the region and the continent.

I am privileged to have served under the command of our President for the past six years and proud to have led the SANDF, but it is now time to hand over to new leadership in Defence. As we advance into our second decade of democracy in South Africa, I want to urge the men and women who bear our national arms to stand proud and always to uphold our National Flag and Constitution.

I salute you!



S. NYANDA
CHIEF OF THE SOUTH AFRICAN NATIONAL
DEFENCE FORCE: GENERAL





PART I: STRATEGIC DIRECTION

STRATEGIC DIRECTION

INTRODUCTION

Financial Year 2004/05 was a particularly special year for the Department of Defence (DOD), which comprises the Defence Secretariat and the South African National

Defence Force (SANDF). Not only was it the final year of the Decade of Democracy but also the tenth year since the SANDF was established. During the year under review, the SANDF had changes of command when the new Chief of the SA Army, Lieutenant General S.Z. Shoke, Chief of the SA Air Force, Lieutenant General C. Gagiano, and Chief of the SA Navy, Vice Admiral J. Mudimu were appointed.

There was a significant increase in the number of SANDF troops deployed outside the country in various peace missions on the African continent. This required concerted efforts from the Secretary for Defence and the Chief of the SANDF to secure adequate funding for such deployments. The DOD implemented the Military Strategy to comply with Government's orders for conducting external missions.

The DOD Annual Report FY2004/05 provides a comprehensive feedback to the public on the achievement of specif-

ic objectives and targets as specified in the DOD Strategic Business Plan FY2004/05. Furthermore, it demonstrates how the SANDF executes the military strategic objectives of the Military Strategy.

Like any other State department, the challenges faced by the DOD are further compounded by limited budgetary allocation. However, despite these challenges the DOD continued to perform and execute its mandate in accordance with its Strategic Business Plan.

AIM

The aim of this DOD Annual Report for FY2004/05 is to account for the performance of the DOD in accordance with the approved Departmental Business Plan for the period 1 April 2004 to 31 March 2005.

SCOPE OF THE DOD ANNUAL REPORT

The DOD Annual Report FY2004/05 covers the non-financial performance reports of the Divisions and Services of the DOD per programme, while the audited financial statements are included as Appendices to the report. The report is subdivided into five parts as follows:

- **Part 1:** Strategic Direction.
- **Part 2:** Organisational Structure and Human Resources.

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- **Part 3:** Programme Performance.
- **Part 4:** Management Report of the DOD's Accounting Officer.
- **Part 5:** Auditor-General's Report on DOD Financial Statements.

STRATEGIC PROFILE

MANDATE

The DOD's mandate derives from the Constitution of the Republic of South Africa (Act No 108 of 1996), the White Paper on Defence (May 1996), the Defence Review (April 1998) and the Defence Act (Act No 42 of 2002).

VISION

Effective defence for a democratic South Africa.¹

MISSION

To provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, national legislation, parliamentary and executive direction.

MANDATE

The Constitution of the Republic of South Africa, the Defence Act, the White Paper on Defence and the Defence Review mandate the DOD/SANDF. These statutes and policies, inter alia, provide the regulatory framework that guides the execution of the defence programme.

AIM OF THE DOD

The aim of the DOD is to defend and protect the RSA, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force.

ALIGNMENT WITH CABINET AND CLUSTER PRIORITIES

The DOD is required to align its planning processes with those of Government. Furthermore, it has to ensure the implementation of Government's priorities as articulated in the Ten-Year Review Report and managed through Government Clusters to which the DOD belongs. The Minister of Defence also provides strategic guidelines and priorities for the given year so that decisions taken at Government's Makgotla meetings are properly incorporated into the DOD's planning processes.

The DOD has a control process for the implementation of the Government's Programme of Action as they relate to the SANDF. While most of the DOD's responsibilities as identified in the Programme can only be implement-

ed over a number of years, the DOD has already made significant progress in many areas such as the phased withdrawal from routine internal deployments in support of the South African Police Service.

MINISTER OF DEFENCE'S PRIORITIES FOR FY2004/05

The Minister of Defence identified four priorities for the DOD for FY2004/05:

- To provide support for Government's diplomatic drives/initiatives in Africa, to promote regional security in the form of peace missions, including post-conflict reconstruction.
- To restore and maintain the conventional defence capabilities of the SANDF.
- To systematically reduce the SANDF's routine internal deployments to zero by 31 March 2009.
- To address the critical challenges in Human Resources Strategy 2010 as a priority:
 - Determine the size and the composition of the required intakes to ensure that Government's objectives with respect to peace-support operations are achieved and the conventional reserves are sufficiently proven to ensure continuity in their ranks.
 - Rejuvenate the SANDF human resources composition.
 - Implement the new way that members serve in the SANDF.
 - Use "one force concept" for force deployment and force employment to adequately resource and utilise both the regulars and the reserves.
 - Right-size the DOD.

STRATEGIC FOCUS

On the basis of the Minister of Defence's priorities and the strategic environmental analysis, the DOD/SANDF identifies the strategic focus. The strategic focus of the *medium term* was identified as follows:

- To create an affordable and sustainable force design and structure.
- To introduce the new weapon systems into operation, bearing in mind the challenges posed by its cost and complexity.
- To meet the DOD's approved and funded obligations.
- To provide support for the Government's diplomatic initiatives in Africa.
- To promote regional security in the form of peace missions, including post-conflict reconstruction.

¹ The vision was changed from "The DOD ensures, in accordance with the Constitution, effective defence for a democratic South Africa, enhancing national, regional and global security through balanced, modern, affordable and technologically advanced defence capabilities" at the DOD Strategic Worksession, March 2004.

- To systematically reduce the SANDF's internal deployments to be completed by 31 March 2009.

The *short-term* focus of the DOD/SANDF was on

- preparing defence capabilities;
- employing defence capabilities to meet operations and commitments by Government; and
- the restructuring of the DOD.

FUNCTIONS OF THE SECRETARY FOR DEFENCE

In terms of section 8 of the Defence Act, (Act 42 of 2002), the Secretary for Defence is

- the Head of Department as contemplated in the Public Service Act, 1994, and the accounting officer for the Department as contemplated in Section 36 of the Public Finance Management Act, 1999;
- the principal departmental adviser to the Minister of Defence on defence policy matters;
- advising the Minister on any matter referred to the Secretary for Defence by the Minister;
- performing any function entrusted by the Minister to the Secretary for Defence, in particular those necessary or expedient to enhance civil control by
 - Parliament over the DOD;
 - Parliamentary committees having oversight over the DOD; and
 - the Minister over the DOD.
- providing the SANDF with comprehensive instructions regarding exercise of any power delegated or the performance of any duty assigned to members by the Secretary for Defence as Head of Department and Accounting Officer of the DOD;
- monitoring compliance with policies and directions issued by the Minister of Defence to the SANDF and report thereon to the Minister; and
- ensuring discipline of, administrative control over and management of employees, including effective utilisation and training.

FUNCTIONS OF THE CHIEF OF THE SANDF

In terms of section 14 of the Defence Act (Act 42 of 2002) the Chief of the SANDF

- is the principle adviser to the Minister on any military, operational and administrative matter within the competence of the Chief of the Defence Force;
- must comply with any direction issued by the Minister under the authority of the President as contemplated in section 202(2) of the Constitution;

- is responsible for formulating and issuing military policy and doctrines;
- must execute his command by issuing orders, directives and instructions, and by giving commands;
- is responsible for the direct management and administration of the Defence Force in an effective way, including the effective utilisation and the education, training and development of all members of the Defence Force, and employees of the department where so required by the Secretary for Defence;
- is responsible for the execution of approved programmes of the budget for the Defence Force;
- must supply the Secretary for Defence with such information with regard to the Defence Force as may be requested by the Secretary for Defence;
- is responsible for the employment of the Defence Force in accordance with an authorisation in terms of section 201(20) of the Constitution and section 18 (1) of the Defence Act;
- is responsible for the training of members of the Defence Force to act in accordance with the Constitution and the law, including customary international law and international agreements binding on the Republic;
- is responsible for the maintenance of such military response capabilities as may be authorised by the Minister;
- is responsible for planning of contingencies which may require the use of the Defence Force;
- must manage the Defence Force as a disciplined military force;
- is responsible for the development of a non-racial, non-sexist and non-discriminatory institutional culture within the Defence Force in accordance with the Constitution and departmental policy on equal opportunity and affirmative action.

PARYS RESOLUTIONS

In pursuit of the affordability and sustainability of the DOD, the DOD's top management met in Parys, in the Free State, in March 2004, where the following strategic decisions, called the Parys Resolutions were taken:

- **Resolution One:** The Defence White Paper of 1996 must be reviewed.
- **Resolution Two:** The Defence Review of 1998 must be reviewed.
- **Resolution Three:** The DOD's vision was revisited and changed as indicated above.
- **Resolution Four:** The DOD must revisit its structural arrangements for optimal efficiency

chapter 1

and effectiveness, including the appropriate capacity for the Secretary for Defence and the Chief of the SANDF.

- **Resolution Five:** The DOD must identify strategic gaps and develop a Concept of Operations and a Concept of Support.
- **Resolution Six:** The DOD must improve its public image.
- **Resolution Seven:** The DOD must investigate the use of the Balanced Scorecard approach as a performance management tool, in conjunction with the SA Excellence Model.





DEFENCE OBJECTIVES, OUTCOME AND OUTPUTS

INTRODUCTION

The Department of Defence (DOD) is a contingency-based organisation whose mandate is derived from the basic right of every nation to defend itself against aggression and protect its sovereignty. This mandate is enshrined in the Constitution and restated in the Defence Act. The DOD consists of the Defence Secretariat headed by the Secretary for Defence and the South African National Defence Force (SANDF) headed by the Chief of the SANDF.

The purpose of the nine programmes of Defence is to administer, acquire, support, prepare and employ the capabilities required to protect South Africa's sovereignty. The outcome and outputs of Defence are not highly visible, as South Africa is in a time of peace. However, Parliament funds the Defence Programme to prepare South Africa for contingencies that could arise as identified in the Military Strategy. Thus, the aim of the Defence Programme is geared towards

- preparing and providing capabilities - preparation of the SANDF to enable it to respond to contingencies;

- executing Defence commitments as ordered - command and control of the SANDF forces during deployments; and
- the administration and support of the DOD.

DEPARTMENT OF DEFENCE PROGRAMMES

The outputs of the DOD are achieved through nine programmes which are as follows:

- *Defence Administration* with the purpose of conducting the policy development, management and administration of the department.
- *Landward Defence* with the purpose of providing prepared and supported landward defence capabilities for the defence and protection of South Africa.
- *Air Defence* with the purpose of providing prepared and supported air defence capabilities for the defence and protection of South Africa.
- *Maritime Defence* with the purpose of providing prepared and supported maritime defence capabilities for the defence and protection of South Africa.
- *Military Health Service* with

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the purpose of providing prepared and supported medical combat support elements and services.

- **Defence Intelligence** with the purpose of providing a defence intelligence and counter-intelligence capability.
- **Joint Support** with the purpose of providing joint support capabilities and services to the department.
- **Command and Control (Joint Operations)** with the purpose of providing an operational capability to conduct all operations, joint and multinational military exercises successfully as well as the management of defence capabilities.
- **Special Defence Account** with the purpose of providing for special defence activities and purchases.

STRATEGIC OBJECTIVES

The DOD has three enduring military strategic objectives¹ in respect of which capabilities are prepared, provided for and employed.

- **To Enhance and Maintain Comprehensive Defence Capabilities.** The provision of self-defence in accordance with international law against any external threat of aggression, which endangers the stability of South Africa.
- **To Promote Peace, Security and Stability in the Region and on the Continent.** The provision of external deployment or support to enhance security in support of decisions by the executive.
- **To Support the People of South Africa.** Supporting the population of South Africa in operations and activities other than war, when the responsible State departments do not have adequate capacity to do so.

DEFENCE OUTCOME²

During FY2004/05 the DOD, in co-operation with other State departments, once again achieved the outcome of

"Effective defence for a democratic South Africa".

Clearly, the DOD is well on track towards its vision of enhancing national, regional and global security through acquiring and developing defence capabilities that are balanced, modern, affordable and technologically advanced.

DEFENCE OUTPUTS³

According to its mission, the DOD/SANDF provided, managed, prepared and employed defence capabilities that contributed to the security and defence of South Africa during the year under review.

The SANDF produced its outputs within the framework of the military strategic objectives. All Services and Divisions have operational plans indicating the nature of their outputs, clients to benefit, the linkage between their outputs and Government's priorities, and the required resource requirements for those outputs. Risks which are to be managed within sub-programmes as well as those which are to be transferred to the Minister of Defence and hence Parliament due to insufficient resources, are reflected in the plans. Included in the plans are the strategies and mechanisms to mitigate those risks. The performance of the DOD in accordance with its plans was measured quarterly as well as annually against performance measures developed by the Services and Divisions.

The Inspector General of the DOD conducted regular audits in order to verify the results achieved. The overall outputs of the DOD, primarily through the SANDF, can be categorised as primary and secondary outputs. The detailed outputs of the individual Services and Divisions are indicated in Chapters 5 to 12.

Primary Outputs. The primary outputs provided by the DOD to Government are the following:

- Defence commitments which include
 - ongoing operations for which plans and resource allocations can be made in advance;
 - operations that must be executed during the year and, if unforeseeable, for which no provision has been made; and
 - joint and multinational exercises required to prepare forces for operations.
- Landward defence capabilities.
- Air defence capabilities.
- Maritime defence capabilities.
- Military health capabilities.

Secondary Outputs. In addition the DOD provides secondary outputs utilising the collateral capabilities of the SANDF, namely:

- Rendering cryptographic security services to Government departments.

¹ Military strategic objectives as revised at the Minister of Defence Strategic Worksession in August 2004.

² Outcomes are defined by National Treasury as "the end result that Government wants to achieve and refer particularly to changes in the general state of well-being in the community".

³ Outputs are defined by National Treasury as "the final goods or services rendered by departments to external customers or clients". The DOD defines the final goods and services produced by Services and Divisions that are supplied to internal customers or clients as "operational outputs".

- The National Codification Bureau.
- Defence (Military) Diplomacy which includes the following:
 - Placing and controlling defence attachés.
 - Preparing and servicing of Memoranda of Understanding.
 - Active participation in the defence structures of the United Nations, African Union, Southern African Development Community (SADC) and Inter-state Defence and Security Committee (ISDSC).
- Honouring the DOD's international obligations according to international agreements, such as those pertaining to search-and-rescue operations and hydrography.
- Participation in Government Clusters (International Relations, Peace and Security - IRPS; Justice, Crime Prevention and Security - JCPS; and Governance and Administration - G&A).
- Defence-related policy advice.

This report focuses on the primary outputs of all Services and Divisions of the DOD. Their secondary outputs are embedded in their day-to-day activities as covered in their respective programme performance reports from Chapter 5 to Chapter 12.

SERVICES RENDERED

This information is included in Chapter 4, under "Social Contribution".

DISCONTINUED SERVICES

The phasing out of the Area Defence Capability (commandos) of the SA Army is taking place at present. The Cabinet approved the SANDF/SA Police Service Exit/Entry Strategy. Phase one of the strategy was implemented. Two group headquarters and 17 commando units were to be closed down in FY2004/05, but the process is not yet finalised. The closing down of group headquarters and commando units will continue as planned over the next five years, to be completed by 31 March 2009.

NEW/PROPOSED SERVICES

None

LOSSES AND DAMAGES

See financial statements for details.

EVENTS AFTER THE ACCOUNTING DATE

None





PART 2: ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES

ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES MANAGEMENT

ANNUAL REVIEW

The most obvious human re-source progress during FY2004/05 has been the in-crease in the rejuvenation tempo of the South African National Defence Force (SANDF).

During January 2005 the SANDF had the largest single intake since 1994 when 3 570 young Military Skills Development System members reported for service.

The second component of the SANDF's new way that members serve, ie the Core Service System, was implemented in January 2005. The DOD decided that, as part of the gradual migration towards the Core Service System, no new appointments would henceforth be made into the Medium-term and Long-term Service Systems.

In the absence of an exit mechanism, the DOD continued to depend on natural attrition to make progress with Human Resource (HR) rightsizing. The main HR rightsizing aims were to rejuvenate the SANDF from the bottom up and to address employment equity imbalances.

Overall, the DOD continued to regulate and maintain its HR composition and

to manage the qualitative and quantitative dimensions thereof within the allocated budget.

ORGANISATIONAL STRUCTURE

The organisational structure of the DOD as at the end of FY2004/05 (Services and larger Divisions) is indicated in Figure 3.1.

DEPARTMENT OF DEFENCE HUMAN RESOURCE STRATEGY 2010: IMPLEMENTATION PROGRESS

The DOD's HR strategic direction to be followed until 2010 is contained in the DOD HR Strategy 2010. This strategy addresses the high-level HR management concept to configure the DOD's HR composition in the most effective, efficient and economical way. The implementation of HR Strategy 2010 is one of the Minister of Defence's priorities.

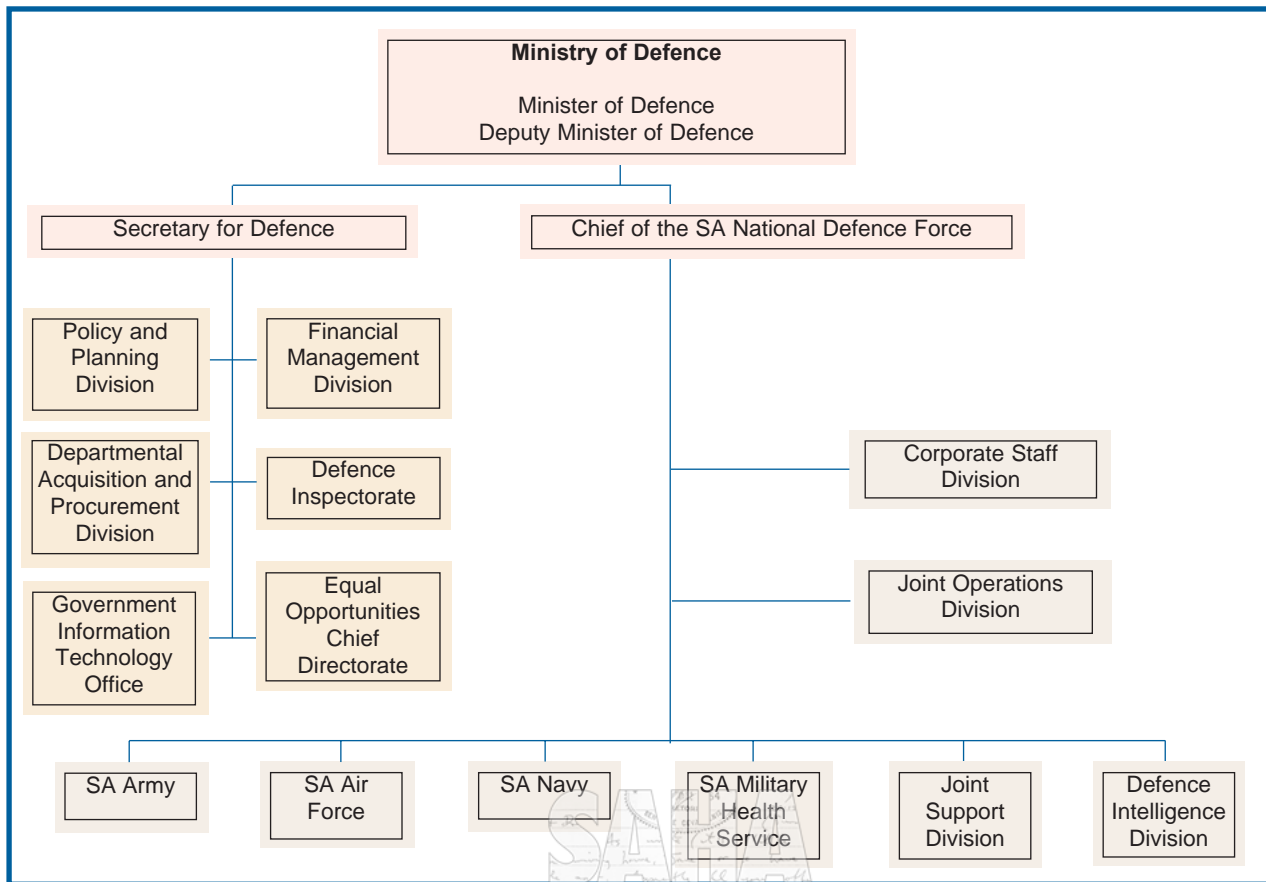
The Military Skills Development System has grown to 6 262 members, comprising 10% of the Regular Force. Through the above system, the rank-age ratio of privates aged between 18 and 24 years has improved by 27,4% since 2003. The Military Skills Development System has also been utilised by the Department of Public Works to train 74 young "built

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Figure 3.1 Organisational Structure of the Department of Defence



environment candidates" in the SA Navy. The period witnessed the earning of a Certificate in Military Studies by the first group of 146 Military Skills Development System officers from the Military Academy. To create capacity for rejuvenation, a voluntary programme was instituted through which 215 SANDF members were retrained for redeployment in the SA Police Service's Security and Protection Division.

The Youth Foundation Training Programme is an initiative of the DOD to empower previously disadvantaged learners seeking to pursue careers in the highly specialised combat, technical and health occupations of the DOD. Out of 250 DOD Youth Foundation Training Programme learners enrolled for the 2004 academic year, 228 were appointed in the DOD on completion of their studies. Pass rates for the various subjects continued to improve. Thus, the 2004 final Grade 12 examination pass rate was 98% for Mathematics, 99% for Physical Science and 100% for Biology. The above programme continued to contribute towards the enhancement of employment equity in scarce DOD occupational classes and SANDF musterings.

The one force concept, which implies the integrated force preparation and force employment of the Regular Force and the Reserve Force, received further momen-

tum. The Reserve Force Strategy and Plan were approved by the Defence Staff Council to guide the revitalising and strengthening of the conventional Reserve Force. In order to boost the rejuvenation of the Reserve Force, the SA Army directly recruited 1 443 Reserve Force members for preparation and utilisation in peace support missions. A pilot project Reserve Force Training Scheme has also been launched in the SA Military Health Service through which scholarships are being granted to military health students serving in the SA Military Health Service's reserves.

The DOD has depended on natural attrition, increased Military Skills Development System intakes and selective appointments to further its HR rightsizing objectives. The main HR rightsizing aims were to rejuvenate the SANDF from the bottom up through the Military Skills Development System and to address employment equity imbalances through recruitment and career management initiatives, such as promotions.

The execution of HR Strategy 2010 has been supported by the promulgation of a DOD HR Management Strategy, which aims to align the execution of the DOD's HR management function in the most effective, efficient and economical way. This strategy guides the DOD with respect to HR governance and structuring, HR manage-

ment capacity generation, HR service delivery, HR force preparation and HR operational conduct as well as HR management system renewal and continuous improvement.

MACRO-WORKFORCE COMPOSITION

Because the DOD has had to depend on natural attrition as the only means to reduce personnel numbers, the envisaged strength of a full-time composition (Defence Act Personnel (DAP) and Public Service Act Personnel (PSAP) of 70 000 as projected in the 1998 Defence Review, will only be attainable through the implementation of an exit mechanism that will facilitate a further reduction in personnel numbers.

The DOD's Regular Force, which consists of DAP (members serving in the Long-term Service, Medium-term Service, Short-term Service and Auxiliary Service and in the new service system's Military Skills Development System and the Core Service System) increased by 2,4% from 60 444 as at 1 April 2004 to 61 947 as at 31 March 2005. The PSAP component decreased by 2,9% from

15 469 as at 1 April 2004 to 15 022 as at 31 March 2005. The reduction was achieved by making use of selective appointments and by relying on natural attrition.

PERSONNEL EXPENDITURE

The actual employee cost as a percentage of total DOD HR costs, including Strategic Defence Packages (SDPs), was 40%, which correlates with the benchmark of 40% as stated in the 1998 Defence Review.

The gradual migration from the current service system to a new service system for DAP will determine future personnel strengths and expenditure. The full-time component needs to be reduced to provide more funds for operating expenditure and to ensure a viable contingent-ready Reserve Force.

A clearly defined and stable force design and force structure is, however, a prerequisite for defining the appropriate and affordable size and shape of the DOD's HR composition. See Tables 3.1 to 3.4 for details.

Table 3.1 Personnel Expenditure by Programme for the period 01 April 2004 to 31 March 2005

Programme	Total Expenditure (Rand)	Total Personnel Expenditure (Rand)	Training Expenditure (Rand)	Professional and Special Services (Rand)	Personnel Cost as a % of Total Expenditure	Average Personnel Cost per Employee (Rand)
Administration	707 648 874	560 900 073	21 049 249	7 771 090	79%	149 215
Landward Defence	3 190 406 049	2 639 393 663	6 786 686	81 875 882	83%	75 701
Air Defence	2 257 176 812	1 173 846 707	15 530 455	61 261 444	52%	112 761
Maritime Defence	1 100 822 224	685 997 994	8 260 728	70 135 187	62%	99 420
Military Health Support	1 340 906 412	936 065 719	2 815 188	3 817 511	70%	127 062
Defence Intelligence	138 161 984	109 552 569	1 248 992	4 731 801	79%	165 238
Joint Support	2 400 014 260	1 137 819 477	18 453 563	50 815 531	47%	97 659
Command and Control	1 230 674 970	479 024 442	1 308 509	57 145 779	39%	354 046
Special Defence Account	7 045 000 000	0	0	0	0%	0
Total	19 410 811 584	7 722 600 644	75 453 370	337 554 225	40%	100 334

Note: In determining the average personnel cost per employee, Reserve Force expenditure, which amounted to R197,305,996 (wages and allowances) and Reserve Force personnel strength are excluded, owing to the non-continuous utilisation of Reserve Force members.

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Table 3.2 Personnel Expenditure by Salary Band for the period 1 April 2004 to 31 March 2005

<i>Salary Band</i>	<i>Personnel Expenditure (Rand)</i>	<i>% of Total Personnel Cost</i>	<i>Average Personnel Cost per Employee (Rand)</i>	<i>Strength (Excluding Reserve Force Utilisation)</i>
Military Skills Development System	100 393 808	1.3%	16 032	6 262
Lower Skilled (Levels 1-2)	393 852 633	5.1%	47 538	8 285
Skilled (Levels 3-5)	2 278 167 190	29.5%	78 215	29 127
Highly Skilled Production (Levels 6-8)	2 988 646 449	38.7%	121 224	24 654
Highly Skilled Supervision (Levels 9-12)	1 799 365 950	23.3%	216 166	8 324
Professionals (Levels 13-16)	23 167 802	0.3%	472 812	49
Senior Management (Levels 13-16)	139 006 812	1.8%	518 682	268
Total	7 722 600 644	100%	100 334	76 969

Note: In determining the average personnel cost per employee, Reserve Force expenditure, which amounted to R197 305 996 (wages and allowances) and Reserve Force personnel strength are excluded, owing to the non-continuous utilisation of Reserve Force members.

Table 3.3 Salaries, Overtime, Homeowners' Allowance and Medical Assistance Programme from 1 April 2004 to 31 March 2005

<i>Programme</i>	<i>Salaries</i>		<i>Overtime</i>		<i>Home Owners' Allowance</i>		<i>Medical Assistance</i>	
	<i>Amount (Rand)</i>	<i>% of Personnel Cost per Programme</i>	<i>Amount (Rand)</i>	<i>% of Personnel Cost per Programme</i>	<i>Amount (Rand)</i>	<i>% of Personnel Cost per Programme</i>	<i>Amount (Rand)</i>	<i>% of Personnel Cost per Programme</i>
Administration	413 921 340	74%	115 619	0.021%	6 569 360	1.2%	5 366 123	1.0%
Landward Defence	1 986 744 960	75%	67 911	0.003%	26 413 734	1%	10 485 791	0.4%
Air Defence	831 598 568	71%	69 834	0.006%	14 250 146	1.2%	2 659 923	0.2%
Maritime Defence	495 942 611	72%	2 796 434	0.408%	10 196 590	1.5%	10 742 042	1.6%
Military Health Support	666 890 711	71%	52 871 965	5.648%	9 645 993	1.0%	7 113 233	0.8%
Defence Intelligence	83 214 905	76%	2 814	0.003%	1 392 622	1.3%	634 533	0.6%
Joint Support	860 709 107	76%	26 597	0.002%	14 057 951	1.2%	7 551 936	0.7%
Command and Control	142 640 634	30%	162 061	0.034%	2 556 615	0.5%	313 685	0.1%
Total	5 481 662 836	71%	56 113 235	0.727%	85 083 011	1.1%	44 867 266	0.6%

Note: The amount paid for salaries excludes wages paid to Reserve Forces, owing to the non-continuous utilisation of Reserve Force members.

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Table 3.4 Salaries, Overtime, Homeowners' Allowance and Medical Assistance by Salary Band for the period 1 April 2004 to 31 March 2005

Salary Band	Salaries		Overtime		Home Owners' Allowance		Medical Assistance	
	Amount (Rand)	% of Personnel Cost per Salary Band	Amount (Rand)	% of Personnel Cost per Salary Band	Amount (Rand)	% of Personnel Cost per Salary Band	Amount (Rand)	% of Personnel Cost per Salary Band
Military Skills Development System	69 865 026	70%	0	0.00%	0	0%	0	0%
Lower Skilled (Levels 1-2)	314 476 481	80%	3 052 626	0.78%	4 797 181	1.22%	13 892 894	3.53%
Skilled (Levels 3-5)	1 483 561 742	65%	1 760 628	0.08%	20 484 947	0.90%	6 318 122	0.28%
Highly Skilled Production (Levels 6-8)	2 199 707 695	74%	9 596 607	0.32%	40 291 109	1.35%	20 567 761	0.69%
Highly Skilled Supervision (Levels 9-12)	1 322 017 686	73%	34 945 819	1.94%	19 474 966	1.08%	3 606 297	0.20%
Professionals (Levels 13-16)	13 950 110	60%	5 627 871	24.29%	4 998	0.02%	166 880	0.72%
Senior Management (Levels 13-16)	78 084 095	56%	1 129 685	0.81%	29 809	0.02%	315 310	0.23%
Total	5 481 662 835	71%	56 113 236	0.73%	85 083 010	1.10%	44 867 264	0.58%

Note: The expenditure for overtime includes the commuted overtime payable to health workers and medical professionals.

EMPLOYMENT AND VACANCIES

The establishment figures indicated in the tables below reflect the evolving post establishment process. It should also be noted that the indicated vacancies were predominantly unfunded. The DOD is still in the process of restructuring with the aim of working towards an HR composition of 70 000 personnel. Appointment targets were determined based on critical utilisation requirements and the available budget and translated into the DOD's HR Plans.

Compared to the situation on 31 March 2004 the establishment decreased by 870 posts. The decrease of the establishment has been due to continuous adjustments, as restructuring and re-engineering in the DOD are still in process. The increase in the number of employees was mainly due to the inflow of Military Skills Development System members, which is required to rejuvenate the SANDF's ageing HR component. See Tables 3.5 to 3.7 for details.

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Table 3.5 Employment and Vacancies by Programme as at 31 March 2005

Programme	Establishment	Number of Employees as at 31 March 2005	Vacancy Rate	Additional to or below Establishment
Administration	4 513	3 759	16.7%	-754
Landward Defence	37 444	34 866	6.9%	-2 578
Air Defence	13 420	10 410	22.4%	-3 010
Maritime Defence	9 904	6 900	30.3%	-3 004
Military Health Support	9 926	7 367	25.8%	-2 559
Defence Intelligence	1 021	663	35.1%	-358
Joint Support	17 134	11 651	32.0%	-5 483
Command and Control	1 726	1 353	21.6%	-373
Total	95 088	76 969	19.1%	-18 119

Note: 4 039 training posts are included in the establishment of 95 088.

Table 3.6 Employment and Vacancies by Salary Bands as at 31 March 2005

Salary Band	Number of Posts	Number of Employees as at 31 March 2005	Vacancy Rate	Additional to or below Establishment
Military Skills Development System*	0	6 262	0.0%	0
Lower Skilled (Levels 1-2)	13 725	8 285	39.6%	-5 440
Skilled (Levels 3-5)	34 724	29 127	16.1%	-5 597
Highly Skilled Production (Levels 6-8)	35 614	24 654	30.8%	-10 960
Highly Skilled Supervision (Levels 9-12)	10 652	8 324	21.9%	-2 328
Professionals (Levels 13-16)	106	49	53.8%	-57
Senior Management (Levels 13-16)	267	268	-0.4%	1
Total	95 088	76 969	19.1%	-18 119

Note: *Members serving in the Military Skills Development System were placed in Regular Force (Salary Level 1 - 5)

Table 3.7 Employment and Vacancies by Critical Occupation as at 31 March 2005

Critical Occupations	Establishment	Number of Qualified Employees as at 31 March 2005	Vacancy Rate	Shortage to Establishment	MSDS Members Under Training
Aircrew	824	554	32.8%	-270	71
Airspace Control	605	506	16.4%	-99	34
Artillery	1 292	945	26.9%	-347	57
Anti-aircraft	969	742	23.4%	-227	47
Combat Navy	900	1 550	-72.2%	650	1 096
Engineer	265	187	29.4%	-78	30
Medical Professional	1 605	1 496	6.8%	-109	18
Nursing	2 176	1 584	27.2%	-592	13
Technical	10 162	7 098	30.2%	-3 064	251
Total	18 798	14 662	22.0%	-4 136	1 617

Note: All newly recruited members serving in the SA Navy (Military Skills Development System) are serving as combat navy members under training and are therefore not yet selected and functionally qualified as combat navy members.

EMPLOYMENT CHANGES

Appointments. Budget constraints necessitated the limitation of appointments with the restriction of appointments to specialised and professional occupations. This included entry level appointments in the Military Skills Development System to give momentum to the rejuvenation of the SANDF's HR composition.

Terminations. In the absence of an exit mechanism, the DOD depended on natural attrition, such as contract expiries, medical discharges, retirements, deaths and resignations. It is foreseen that the exit figures would

have been much higher had an exit mechanism existed.

The DOD experienced an increase of 557 terminations, compared to FY2003/04. One of the contributing factors was the initiative between the DOD and the SA Police Service Protection and Security Division to redeploy members of the SANDF on a voluntary basis to the SA Police Service as part of the process to create capacity for rejuvenation. The departmental transfers increased from 83 (FY2003/04) to 314 (FY2004/05). These initiatives are also supportive of the HR Strategy 2010.

Table 3.8 Annual Turnover Rates by Salary Bands for the period 1 April 2004 to 31 March 2005

Salary Band	Number of Employees per Salary Band as at 01 April 2004	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Increase/Decrease
Military Skills Development System	*3 570	4 132	372	105.3%
Lower Skilled (Levels 1-2)	8 659	0	335	-3.9%
Skilled (Levels 3-5)	30 506	74	1 387	-4.3%
Highly Skilled Production (Levels 6-8)	24 932	257	1 046	-3.2%
Highly Skilled Supervision (Levels 9-12)	7 939	137	384	-3.1%
Senior Management Service Band A	213	2	16	-6.6%
Senior Management Service Band B	79	1	4	-3.8%
Senior Management Service Band C	11	0	3	-27.3%
Senior Management Service Band D	4	1	1	0.0%
Total	75 913	4 604	3 548	1.4%

Note: *January/February 2004 Military Skills Development System intake.

Table 3.9 Annual Turnover Rates by Critical Occupation for the period 1 April 2004 to 31 March 2005

Critical Occupation	Number of Qualified Employees per Occupation as at 01 April 2004	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Increase/Decrease
Aircrew	489	37	31	1.2%
Airspace Control	470	18	14	0.9%
Artillery	874	0	27	-3.1%
Anti-Aircraft	694	0	27	-3.9%
Combat Navy	527	583	197	73.2%
Engineer	155	22	14	5.2%
Medical Professional	1 490	253	262	-0.6%
Nursing	1 583	36	84	-3.0%
Technical	7 072	153	354	-2.8%
Total	13 354	*1 102	1 010	0.7%

Note: Occupations included in the Medical Professional occupation include Medical Practitioners, Pharmacists, Specialists and Ancillary Health officials. 820 Military Skills Development System members are included in the appointment figure of 1 102.

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Table 3.10 Reasons for Termination of Service in the Department for the period 1 April 2004 to 31 March 2005

Termination Type	Number	% of Total
Retirement	295	8.3%
Deceased	926	26.1%
Departmental Transfer	314	8.9%
Contract Expiry	489	13.8%
Discharge	357	10.1%
Resign	1 059	29.8%
Medical Discharge	108	3.0%
Total	3 548	100.0%

The number of resignations represented a huge part of the total attrition figures and can largely be attributed to the more lucrative remuneration packages in the private sector. The DOD continues to face a challenge in this regard, despite the implementation of retention initiatives for members serving in critical occupations. See Tables 3.8 to 3.10 for details.

Promotions. The number of promotions of employees in critical occupations to higher ranks has remained relatively stable. Compared to FY2003/04, 276 fewer employees in critical occupations have been promoted to higher ranks and/or salary levels.

According to Tables 3.11 and 3.12, which indicates the promotion rates to higher ranks/salary levels for the

Table 3.11 Promotions by Critical Occupation for the Period 01 April 2003 to 31 March 2005

Critical Occupation	Employees as at 01 April 2004	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Occupation	Progression to another Notch within a Salary Level	Notch Progression as a % of Employees by Occupation
Aircrew	489	169	34.6%	158	32.3%
Airspace Control	470	139	29.6%	264	56.2%
Artillery	874	232	26.5%	553	63.3%
Anti-Aircraft	694	116	16.7%	486	70.0%
Combat Navy	527	191	36.2%	215	40.8%
Engineer	155	50	32.3%	41	26.5%
Medical Professional	1 490	207	13.9%	611	41.0%
Nursing	1 583	304	19.2%	944	59.6%
Technical	7 072	1 157	16.4%	4 728	66.9%
Total	13 354	2 565	19.2%	8 000	59.9%

Note: 116 Military Skills Development System members are included in the number of promotions as indicated in critical occupations.

Table 3.12 Promotions by Salary Band for the period 1 April 2004 to 31 March 2005

Critical Occupation	Employees as at 01 April 2004	Promotions to Another Salary Level	Salary Level Promotions as a % of Employees by Occupation	Progression to Another Notch within a Salary Level	Notch Progression as a % of Employees by Occupation
Military Skills Development System	3 570	311	8.7%	0	0.0%
Lower Skilled (Levels 1-2)	8 659	9	0.1%	7 525	86.9%
Skilled (Levels 3-5)	30 506	2 603	8.5%	20 744	68.0%
Highly Skilled Production (Levels 6-8)	24 932	3 513	14.1%	17 863	71.6%
Highly Skilled Supervision (Levels 9-12)	7 939	1 423	17.9%	5 737	72.3%
Professionals (Levels 13-16)	48	5	10.4%	0	0.0%
Senior Management (Levels 13-16)	259	45	17.4%	5	1.9%
Total	75 913	7 909	10.4%	51 874	68.3%

DOD compared to the past financial year, there was an increase in the promotion rate of members serving on salary levels 6-8 and salary levels 9-12. This was due to the re-institution of rank and leg promotions in the DOD.

EMPLOYMENT EQUITY

The DOD's total strength as at 1 April 2005 was 76 969. The current gender representation of the total strength of the DOD was 59 668 males (78%) and 17 301 females (22%). At this time, 367 (0,5%) employees of the DOD have been registered as having a disability. The full-time component comprised 63,09% Africans, 12,64% coloureds, 1,03% Indians and 22,96% whites. This compares favourably with the Defence Review guidelines of 64,68% Africans, 10,22% coloureds, 0,75% Indians and 24,35% whites.

Top Management was represented at levels 15-17 with a total of 17 incumbents. In terms of gender, 12 were African males, 3 were white males, while 2 female personnel (1 white and 1 African female) made up the total of 17.

Senior Management (levels 13-14) had a strength of 300. This represented 0.38% of the DOD's total strength of 76 969. Of the 300 persons at this level, Africans represented 115 (38%), whites 167 (55.6%), coloureds 7 (2.3%) and Indians 11 (3.6%). Gender representation at this level was 269 males (90%) and 31 females (10%). The gap analysis between comparative figures for the total number of employees by occupational band for the DOD's Senior Management Occupational Band as at 31 March 2005 indicated a positive growth of 7 black members, when compared to the situation on 31 March 2004.

Within the professionally qualified and experienced specialists as well as the middle management group (salary levels 9-12), the total was 8 324 and comprised 11% of the total strength (76 969) of the DOD. Africans represented 2 131 (26%), whites 5 444 (65%), coloureds 589 (7%) and

Indians 160 (2%). The 31 March 2005 figures showed a positive growth for this occupational band, ie 234 (12%) Africans, 32 (6%) coloureds, 15 (10%) Indians. The number of whites declined by 632 (4%) when compared to the same date in 2004. The professionally qualified and experienced specialists and middle management group were still predominantly white and male due to the Department's inherited HR composition, the need to retain expertise, the competitive nature of the labour market which constrained the sourcing of scarce black expertise and the long lead times required in the military to become qualified for command and middle management appointments. The DOD Youth Foundation Training Programme, normal recruiting efforts as well as the implementation of the DOD's fast-tracking policy were, however, addressing the gaps in the identified groups.

Regarding the skilled, technical and academically qualified workers (salary levels 6-8), the total was 24 654 and represented 32% of the total strength (76 969). Africans represented 10 314 (42%), whites 9 868 (40%), coloureds 3 949 (16%) and Indians 523 (2%).

Within the semi-skilled and discretionary decision-making group (salary levels 3-5) the total personnel figure was 29 127 or 38% of the DOD's total strength of 76 969. This group comprised 24 259 (83%) Africans, 1 540 (5%) whites, 3 077 (11%) coloureds and 251 (1%) Indians.

10.76% or 8 285 of the total strength of 76 969 fell within the unskilled group (salary levels 1-2). Africans represented 6 888 (83.13%), whites 27 (0.32%), coloureds 1 366 (16.48%) and Indians 4 (0.04%) of this group.

The lower levels, inclusive of the Military Skills Development System, were over-represented by blacks and the low number of whites was an area of concern as it was envisaged that the Military Skills Development System intakes would enhance the representivity of

Table 3.13 Progress on the Status of Employment within the Department of Defence since 1994

Gender	Race	1994 - 1998 (Averages)	1999 - 2004 (Averages)	2004/2005	2004 - 2009 (Projected)
Male	African	44 620	40 826	39 724	36 656
	%	46.0%	51.1%	51.6%	52.4%
	Coloured	10 486	8 028	7 692	5 578
	%	10.8%	10.1%	9.9%	8.0%
	Indian	822	798	785	410
	%	0.8%	1.0%	1.0%	0.6%
	White	23 561	13 739	11 467	11 926
	%	24.3%	17.2%	14.9%	17.0%

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whites at this level. Recruiting efforts are, however, being refocused in attempts to address the obvious

shortage of whites at entry level. See Tables 3.13 to 3.15 for details.

Table 3.13 Progress on the Status of Employment within the Department of Defence since 1994 (continued)

Gender	Race	1994 - 1998 (Averages)	1999 - 2004 (Averages)	2004/2005	2004 - 2009 (Projected)
Female	African	5 040	7 394	8 838	8 598
	%	5.2%	9.3%	11.5%	12.3%
	Coloured	1 838	1 766	2 037	1 573
	%	1.9%	2.2%	2.6%	2.2%
	Indian	110	180	219	115
	%	0.1%	0.2%	0.3%	0.2%
	White	10 605	7 121	6 207	5 111
	%	10.9%	8.9%	8.1%	7.3%
Total		97 082	79 852	76 969	69 967

Table 3.14 Total Number of Employees by Occupational Category as on 31 March 2005

Occupational Category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Snr Officials and Managers	105	6	4	123	11	0	2	6	257
Professionals	593	103	77	736	473	118	52	832	2 984
Technicians and Associate Professionals	2 265	337	52	1 809	710	232	48	893	6 346
Clerks	5 250	1 510	123	1 748	2 028	457	61	3 161	14 338
Service and Sales Workers	21 702	2 902	234	2 773	2 680	469	32	741	31 533
Craft and Related Trades Workers	3 572	1 378	266	3 533	574	142	14	360	9 839
Plant, Machine Operators and Assemblers	307	120	1	34	1	1	0	0	464
Elementary Occupations	5 930	1 336	28	711	2 361	618	10	214	11 208
Total	39 724	7 692	785	11 467	8 838	2 037	219	6 207	76 969
Employees with disabilities	162	46	3	96	1	2	0	57	367

Note: The number of employees with disabilities is also included in the total.

Table 3.15 Total number of employees by Occupational Band as at 31 March 2005

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	12	0	0	3	1	0	0	1	17
Senior Management	101	6	8	154	14	1	3	13	300
Professionally qualified and experienced specialists and middle-management	1 686	549	110	4 250	445	40	50	1 194	8 324
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	8 043	3 242	435	5 664	2 271	707	88	4 204	24 654

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Table 3.15 Total number of employees by Occupational Band as at 31 March 2005 (continued)

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled and discretionary decision making	21 791	2 584	190	910	2 468	493	61	630	29 127
Unskilled and defined decision making	4 690	850	4	20	2 198	516	0	7	8 285
Military Skills Development System	3 401	461	38	466	1 441	280	17	158	6 262
Total	39 724	7 692	785	11 467	8 838	2 037	219	6 207	76 969
Employees with disabilities	162	46	3	96	1	2	0	57	367

Note: The number of employees with disabilities is also included in the total.

During FY2004/05 the DOD recruited 4 604 employees which comprised 3 506 (76%) Africans, 517 (11%) whites, 522 (12%) coloureds and 59 (1%) Indians. Gender representation accounted for 2 965 (64%) males and 1 639 (36%) females and 2 (0.04%) employees with disabilities. Of note was the recruitment of the Military Skills Development System, with Africans over-represented at

3 279 (79%), whites under-represented at 333 (8%), coloureds 493 (12%) and Indians 27 (1%).

More emphasis has to be placed on the recruitment of Whites to meet the 24% target and also to improve the DOD representivity status at the lower levels. See Table 3.16 for details.

Table 3.16 Recruitment by Occupational Band for the Period 1 April 2004 to 31 March 2005

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	1	1	0	1	0	3
Professionally qualified and experienced specialists and middle-management	36	2	7	30	22	5	7	28	137
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36	2	10	27	70	15	7	90	257
Semi-skilled and discretionary decision making	30	1	0	2	31	4	0	6	74
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Military Skills Development System	2 220	292	21	247	1 059	201	6	86	4 132
Total	2 323	297	38	307	1 183	225	21	210	4 604
Employees with disabilities	0	0	0	0	0	0	0	2	2

Note: The number of employees with disabilities is also included in the total.

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7 909 promotions were effected during FY2004/05. Of these 4 690 (59%) were Africans, 2 121 (27%) whites, 966 (12%) coloureds and 132 (2%) Indians. Gender promotions amounted to 5 935 (75%) males and 1 974 (25%) females. In both the Top and Senior Management Service of the 50 (0,06%) promotions that were effected, 42 (84%) were males and 8 (16%) were female. 20 (0,25%) employees with disabilities were promoted during the FY2004/05.

Within the professionally qualified and experienced specialists 1 423 persons were promoted, ie 562 (39%) Africans, 751 (53%) whites, 82 (6%) coloureds and 28 (2%) Indians. Owing to their greater availability within this particular occupational class at this time, the percentage of whites who were promoted within this group was greater than any of the other race groups.

In the skilled technical and academically qualified group, 3 513 employees and members were promoted, ie 1 944 (55%) Africans, 975 (28%) whites, 532 (15%) coloureds and 62 (2%) Indians were promoted. See Table 3.17 for details.

The 3 548 terminations of service during FY2004/05 comprised 2 018 (57%) Africans, 1 147 (32%) whites, 325 (9%) coloureds and 58 (2%) Indians, including 2 779 (78%) males and 769 (22%) females. Top and senior management terminations amounted to 24 (0.67%), professionally qualified and experienced specialists and mid-management 384 (11%), 1 046 (29%) skilled and technical, 1 386 (39%) semi-skilled, 335 (9%) unskilled workers and 373 (10.5%) Military Skills Development System. See Table 3.18 for details.

Table 3.17 Promotions by Occupation Band for the Period 1 April 2004 to 31 March 2005

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	1	0	0	0	1	5
Senior Management	28	2	2	6	4	1	0	2	45
Professionally qualified and experienced specialists and mid-management	419	67	15	566	143	15	13	185	1 423
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1 489	400	47	619	455	132	15	356	3 513
Semi-skilled and discretionary decision making	1 523	233	27	231	404	91	9	85	2 603
Unskilled and defined decision making	4	0	0	0	4	0	0	1	9
Military Skills Development System	177	17	4	55	37	8	0	13	311
Total	3 643	719	95	1 478	1 047	247	37	643	7 909
Employees with disabilities	8	1	0	7	0	0	0	4	20

Note: The number of employees with disabilities is also included in the total.

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Table 3.18 Terminations by Occupational Band for the Period 1 April 2004 to 31 March 2005

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	2	1	0	0	0	4
Senior Management	9	0	0	8	1	0	0	2	20
Professionally qualified and experienced specialists and middle-management	66	9	7	210	27	4	3	58	384
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	249	70	12	345	84	30	9	247	1 046
Semi-skilled and discretionary decision making	1 034	109	18	106	53	21	2	43	1 386
Unskilled and defined decision making	210	31	0	0	81	13	0	0	335
Military Skills Development System	149	27	6	101	53	11	1	25	373
Total	1 718	246	43	772	300	79	15	375	3 548
Employees with disabilities	9	3	0	6	0	0	0	1	19

Note: The number of employees with disabilities is also included in the total.

PERFORMANCE REWARDS

The Secretary for Defence has the discretion to decide on the establishment of a financial incentive scheme for commendable performance, subject to the availability of adequate funds in the departmental budget and the medium-term expenditure framework. It is thus within his/her discretionary powers to allow or disallow the payment of performance rewards for a particular financial year, and to revise performance rewards systems annually.

The payment of performance rewards was dealt with separately from the annual performance appraisal

process for the fourth consecutive year. The results of the process were positive, with an average of 14,6% of each rank group/salary level in the DOD receiving a performance incentive payment. The distribution per race of members who received a performance bonus compared favourably with the guidelines on representivity. The DOD has managed to remain within its budget allocation for the payment of incentives for the fifth consecutive year. The spending on performance incentives was also lower in real terms, indicating an acceptance of the principle among supervisors that, on average, only 15% of personnel can be considered for a performance incentive. See Tables 3.19 to 3.22 for details.

Table 3.19 Performance Rewards (Salary Levels 1 - 12) by Race and Gender for the period 1 April 2004 to 31 March 2005

Race and Gender	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees as at 1 April 2004	% of Total within Group	Cost	Average Cost per Employee
African	6 422	46 961	13.7%	38 820 728	6 045
Male	5 244	39 012	13.4%	31 523 350	6 011
Female	1 178	7 949	14.8%	7 297 378	6 195
Coloured	1 438	9 521	15.1%	10 378 901	7 218
Male	1 135	7 631	14.9%	8 465 810	7 459
Female	303	1 890	16.0%	1 913 091	6 314

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Table 3.19 Performance Rewards (Salary Levels 1 - 12) by Race and Gender for the period 1 April 2004 to 31 March 2005 (continued)

Race and Gender	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees as at 1 April 2004	% of Total within Group	Cost	Average Cost per Employee
Indian	162	994	16.3%	1 475 162	9 106
Male	124	783	15.8%	1 143 428	9 221
Female	38	211	18.0%	331 734	8 730
White	3 026	18 130	16.7%	31 797 942	10 508
Male	1 815	11 772	15.4%	20 249 517	11 157
Female	1 211	6 358	19.0%	11 548 425	9 536
Total	11 048	75 606	14.6%	82 472 733	7 465
Employees with disabilities	62	384	16.1%	424 698	6 850

Note: The number of employees with disabilities is also included in the total.

Table 3.20 Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 1 April 2004 to 31 March 2005

Salary Band	Beneficiary Profile			Cost		
	No of Beneficiaries	No of Employees as at 1 April 2004	% of Total within Group	Cost	Average Cost per Employee	Total Cost as a % of the Total Personnel Expenditure
Salary level 1-2	1 344	8 703	15.4%	5 166 570	3 844	1,3%
Salary level 3-5	4 444	34 283	13.0%	22 946 286	5 163	1,0%
Salary level 6-8	3 972	24 748	16.0%	34 487 120	8 683	1,2%
Salary level 9-12	1 288	7 872	16.4%	19 872 757	15 429	1,1%
Total	11 048	75 606	14.6%	82 472 733	7 465	1,1%
Employees with disabilities	62	384	16.1%	424 698	6 850	

Table 3.21 Performance Rewards by Critical Occupation for the period 1 April to 31 March 2005

Critical Occupation	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees as at 1 April 2004	% of Total within Group	Cost	Average Cost per Employee
Aircrew	62	489	12.7%	879 195	14 181
Airspace Control	76	470	16.2%	669 054	8 803
Artillery	130	874	14.9%	951 038	7 316
Anti-Aircraft	98	694	14.1%	673 386	6 871
Combat Navy	75	527	14.2%	827 296	11 031
Engineer	15	155	9.7%	239 804	15 987
Medical Professional	151	1 490	10.1%	1 906 038	12 623
Nursing	204	1 583	12.9%	1 878 179	9 207
Technical	1 036	7 072	14.6%	9 039 285	8 725
Total	1 847	13 354	13.8%	17 063 275	9 238

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Table 3.22 Performance related rewards (cash bonus) by Salary Band, for Senior Management Service, 1 April 2004 to 31 March 2005

Salary Band	Beneficiary Profile			Cost	
	No of Beneficiaries	No of Employees as at 1 April 2004	% of Total within Group	Cost	Average Cost per Employee
Band A	31	213	14.6%	717 236	23 137
Band B	15	79	19.0%	390 086	26 006
Band C	2	11	18.2%	74 589	37 295
Band D	1	4	25.0%	10 948	10 948
Total	49	307	16.0%	1 192 859	24 344

FOREIGN WORKERS

All personnel employed by the Department during FY2004/05 were in possession of RSA citizenship.

UTILISATION OF LEAVE

Compared to the FY2003/04 report, there has been an increase in the number of DAP and PSAP who utilised sick leave during FY2004/05. Compared to FY2003/04, 392 (1,6%) more DAP and 1 221 (15,5%) more PSAP utilised sick leave. The average number of days of sick leave utilised per employee again declined, from 8,5

days to 8 days for DAP. The average number of days sick leave utilised by PSAP increased from 6,6 days to 10 days. It was also noticeable that the highest figures were for employees at salary levels 1-2 and 6-8.

According to the policy, annual leave must be taken within each leave cycle and vacation leave not taken is forfeited. The average annual leave taken of 32 working days by DAP and 24 calendar days taken by PSAP correlates with policy regulating this matter. See Tables 3.23 to 3.31 for details.

Table 3.23 Sick Leave taken by DAP for the period 1 January 2004 to 31 December 2004

Salary Band	Total Days Taken	No of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Ave per Employee Using Sick Leave	Cost
Lower skilled (Levels 1-2)	590	58	42.0%	10	64 531
Skilled (Levels 3-5)	92 453	10 491	31.4%	9	13 085 654
Highly skilled production (Levels 6-8)	86 055	10 655	51.9%	8	21 450 270
Highly skilled supervision (Levels 9-12)	27 138	3 484	46.1%	8	11 551 666
Professionals (Levels 13-16)	53	6	16.2%	9	44 764
Senior Management (Levels 13-16)	830	98	42.6%	8	668 971
Total	207 119	24 792	40.0%	8	46 865 856

Note: Sick leave taken by DAP for the period is indicated in calendar days.

Table 3.24 Sick Leave taken by PSAP for the period 1 January 2004 to 31 December 2004

Salary Band	Total Days Taken	No of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Ave per Employee Using Sick Leave	Cost
Lower skilled (Levels 1-2)	39 887	4 335	53.2%	9	5 808 948
Skilled (Levels 3-5)	13 293	1 319	69.0%	10	2 667 487
Highly skilled production (Levels 6-8)	31 066	3 078	74.2%	10	10 308 776
Highly skilled supervision (Levels 9-12)	2 405	331	43.3%	7	1 587 088
Professionals (Levels 13-16)	20	4	33.3%	5	23 868
Senior Management (Levels 13-16)	89	16	42.1%	6	97 337
Total	86 760	9 083	60.5%	10	20 493 504

Note: Sick leave taken by PSAP for the period is indicated in working days.

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Table 3.25 Disability Leave taken by PSAP for the period 1 January 2004 to 31 December 2004

Salary Band	Total Days Taken	No of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Ave per Employee Using Sick Leave	Cost
Lower skilled (Levels 1-2)	6 487	188	2.3%	35	938 903
Skilled (Levels 3-5)	1 962	55	2.9%	36	409 055
Highly skilled production (Levels 6-8)	4 403	133	3.2%	33	1 497 232
Highly skilled supervision (Levels 9-12)	311	10	1.3%	31	184 665
Professional (Levels 13-16)	0	0	0.0%	0	0
Total	13 163	386	2.6%	34	3 029 855

Table 3.26 Vacation Leave taken by DAP by Salary Band for the period 1 January 2004 to 31 December 2004

Salary Band	Total Days Taken	Average per Employee Using Vacation Leave
Lower skilled (Levels 1-2)	4 493	33
Skilled (Levels 3-5)	797 687	31
Highly skilled production (Levels 6-8)	671 042	33
Highly skilled supervision (Levels 9-12)	263 232	35
Professionals (Levels 13-16)	1 185	35
Senior Management (Levels 13-16)	7 900	35
Total	1 745 539	32

Note: Annual vacation leave taken by DAP for the period is indicated in calendar days.

Table 3.27 Annual Vacation Leave taken by PSAP by Salary Band for the period 1 January 2004 to 31 December 2004

Salary Band	Total Days Taken	Average per Employee Using Vacation Leave
Lower skilled (Levels 1-2)	199 814	25
Skilled (Levels 3-5)	42 244	23
Highly skilled production (Levels 6-8)	93 025	24
Highly skilled supervision (Levels 9-12)	11 858	22
Professionals (Levels 13-16)	223	22
Senior Management (Levels 13-16)	847	23
Total	348 011	24

Note: Annual vacation leave taken by PSAP for the period is indicated in working days.

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Table 3.28 Capped Leave taken by DAP by Salary Band in the DOD for the Period
1 January 2004 to 31 December 2004

Salary Band	Total Days of Capped Leave Taken	Average per Employee Taking Capped Leave
Lower skilled (Levels 1-2)	738	14
Skilled (Levels 3-5)	106 546	11
Highly skilled production (Levels 6-8)	89 293	11
Highly skilled supervision (Levels 9-12)	39 741	12
Professionals (Levels 13-16)	219	20
Senior Management (Levels 13-16)	982	10
Total	237 519	13

Note: Vacation leave taken by DAP for the period is indicated in calendar days.

Table 3.29 Capped Leave taken by PSAP by Salary Band in the DOD for the Period
1 January 2004 to 31 December 2004

Salary Band	Total Days of Capped Leave Taken	Average per Employee Taking Capped Leave
Lower skilled (Levels 1-2)	5 184	7
Skilled (Levels 3-5)	962	7
Highly skilled production (Levels 6-8)	1 505	6
Highly skilled supervision (Levels 9-12)	143	5
Professionals (Levels 13-16)	10	10
Senior Management (Levels 13-16)	1	1
Total	7 805	7

Note: Vacation leave taken by PSAP for the period is indicated in working days.

Table 3.30 Leave Pay-outs for DAP as a Result of Leave that was not taken for the Period
1 January 2004 to 31 December 2004

Salary Band	Total Amount	Number of Employees	Average Payment per Employee
Leave payout for 2004/05 due to non-utilisation of leave the previous cycle	150 650	46	3 275
Leave payout on termination of service for 2004/05	20 709 002	1 609	12 870
Total	20 859 652	1 655	16 145

Table 3.31 Leave Pay-outs for PSAP as a Result of Leave that was not taken for the Period
1 January 2004 to 31 December 2004

Salary Band	Total Amount	Number of Employees	Average Payment per Employee
Leave payout for 2004/05 due to non-utilisation of leave the previous cycle	10 249	2	5 124
Leave payout on termination of service for 2004/05	5 203 978	571	9 113
Total	5 214 227	573	14 237

JOB EVALUATION

Tables 3.32 to 3.34 reflect the result of job evaluation conducted in the department.

Table 3.32 Job Evaluation, 1 April 2004 to 31 March 2005

Salary Band	Number of Posts	Number of Jobs Evaluated	% Posts Evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of Post Evaluated	Number	% of Post Evaluated
Lower Skilled (Level 1-2)	13 725	15	0.1%	0	0%	0	0%
Skilled (Levels 3-5)	34 724	547	1.6%	0	0%	0	0%
Highly Skilled Production (Levels 6- 8)	35 614	196	0.5%	5	2.5%	4	2.0%
Highly Skilled Supervision (Levels 9-12)	10 652	541	5.0%	1	0.2%	0	0%
Professionals (Levels 13-16)	106	0	0%	0	0%	0	0%
Senior Management (Levels 13-16)	267	0	0%	0	0%	0	0%
Total	95 088	1 299	1.4%	6	0.5%	4	0.3%

Table 3.33 Profile of employees whose salary positions were upgraded because their posts were upgraded, 1 April 2004 to 31 March 2005

Beneficiaries	Africans	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	0	0	0	1	1
Total	1	0	0	1	2
Employees with disabilities	0	0	0	0	0

Table 3.34 Employees whose salary levels exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005

Total Number of Employees whose Salaries exceeded the Grades determined by Job Evaluation in FY2004/05	NONE
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SKILLS DEVELOPMENT

Learnership. The DOD did not have any registered learnerships running for the reporting period. It is, however, in the process of developing and registering learnerships in different occupations. See Table 3.35 for the identified training needs.

Skills Programmes and Short Courses. All formal and informal training interventions, credit bearing and non-credit bearing are included in the applicable column of Table 3.36. Most of these interventions were presented

internally in the DOD through its own training providers. Some interventions were outsourced to private and other governmental training institutions.

Other Forms of Training. Studies at State cost as well as seminars and symposiums nationally and internationally that contribute to the skills development of personnel are included in the applicable column of Table 3.36. Studies of DOD personnel at the Military Academy and external tertiary institutions are examples of members included in the statistics.

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Table 3.35 Training Needs Identified, 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of Employees as at 31 March 2005	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials, managers	Female	19	0	34	3	37
	Male	238	0	59	6	65
Professionals	Female	1 475	0	1 681	451	2 132
	Male	1 509	0	2 883	871	3 754
Technicians and Associate Professionals	Female	1 883	0	3 113	388	3 501
	Male	4 463	0	6 544	921	7 465
Clerks	Female	5 707	0	1 825	76	1 901
	Male	8 631	0	764	34	798
Service workers	Female	3 922	0	525	100	625
	Male	27 611	0	981	400	1 381
Craft and related trade workers	Female	1 090	0	361	91	452
	Male	8 749	0	1 523	141	1 664
Plant and machine operators (Including drivers and ships' crew)	Female	2	0	189	21	210
	Male	462	0	1 221	86	1 307
Elementary Workers (Labourers)	Female	3 203	0	213	22	235
	Male	8 005	0	874	36	910
Subtotal	Female	17 301	0	7 941	1 152	9 093
	Male	59 668	0	14 849	2 495	17 344
Total		76 969	0	22 790	3 647	26 437

Note: This table reflects the planned Skills Development interventions per occupational category for FY2004/05. The totals in the table reflect the number of learners scheduled for Skills Development interventions.

Table 3.36 Training Provided, 1 April to 31 March 2005

Occupational Categories	Gender	Number of Employees as at 31 March 2005	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Legislators, senior officials, managers	Female	19	0	29	3	32
	Male	238	0	32	5	37
Professionals	Female	1 475	0	1 544	451	1 995
	Male	1 509	0	2 987	864	3 851
Technicians and Associate Professionals	Female	1 883	0	3 156	387	3 543
	Male	4 463	0	6 501	802	7 303
Clerks	Female	5 707	0	1 825	74	1 899
	Male	8 631	0	743	31	774
Service workers	Female	3 922	0	534	78	612
	Male	27 611	0	1 004	392	1 396
Craft and related trade workers	Female	1 090	0	365	98	463
	Male	8 749	0	1 499	130	1 629
Plant and machine operators (Including drivers and ships' crew)	Female	2	0	189	20	209
	Male	462	0	1 201	86	1 287

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Table 3.36 Training Provided, 1 April to 31 March 2005 (continued)

Occupational Categories	Gender	Number of Employees as at 31 March 2005	Training Needs Identified at Start of Reporting Period			
			Learner-ships	Skills Programmes and other Short Courses	Other Forms of Training	Total
Elementary Workers (Labourers)	Female	3 203	0	222	20	242
	Male	8 005	0	859	32	891
Subtotal	Female	17 301	0	7 864	1 131	8 995
	Male	59 668	0	14 826	2 342	17 168
Total		76 969	0	22 690	3 473	26 163

Note: This table reflects the Skills Development interventions per occupational category for FY2004/05. The totals in the table reflect the number of learners scheduled for Skills Development interventions.

LABOUR RELATIONS

Table 3.37 Collective Agreements 1 April 2004 to 31 March 2005

Total Collective Agreements	1
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Table 3.38 Misconduct and Disciplinary Hearings of PSAP finalized, 1 April 2004 to 31 March 2005

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional Counselling	2	4%
Verbal Warning	0	0%
Written Warning	4	7.8%
Final Written Warning	22	43.1%
Suspended Without Pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	6	11.8%
Not Guilty	7	13.7%
Case Withdrawn	10	19.6%
Total	51	100%

Table 3.39 Types of Misconduct Addressed at Disciplinary Hearings

Types of Misconduct	Number	% of Total
Absence without permission	23	22.1%
Theft	13	12.5%
Fraud	17	16.3%
Unauthorised Use/Possession	8	7.7%
Loss of Funds/Property	19	18.3%
Failure to Comply	3	2.9%
Imprisonment	3	2.9%
Negligence	2	1.9%
Threatening	1	1%

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Table 3.39 Types of Misconduct Addressed at Disciplinary Hearings (continued)

Types of Misconduct	Number	% of Total
Intimidation	2	1.9%
Prejudice Administration	2	1.9%
Corruption	1	1%
Fruitless Expenditure	2	1.9%
Damage of Property	2	1.9%
Assault	3	2.9%
Fighting	2	1.9%
Irregularities wrt issuing of Permits	1	1%
Total	104	100%

Note: The totals reflect matters reported in terms of the formal disciplinary process.

Table 3.40 Individual Grievances Lodged for the Period 1 April 2004 to 31 March 2005

Grievances	Number	% of Total
Number of Grievances resolved	125	65%
Number of Grievances not resolved	67	35%
Total Number of Grievances lodged	192	100%

Note: Only the grievances that were finalized at Ministerial and Secretary for Defence level are indicated as resolved.

Table 3.41 Disputes Lodged with Councils for the Period 1 April 2004 to 31 March 2005

Outcome of Disputes	Number	% of Total
Total number of disputes referred over the reporting period	74	
Conciliations		
Cases resolved	9	25%
Cases settled	0	0%
Cases thrown out on in limine arguments	5	14%
Cases not resolved that will advance to arbitration or be withdrawn	22	61%
Total	36	100%
Arbitrations		
Cases won by the DOD	3	37.5%
Cases not favourable to the DOD	1	12.5%
Cases pending	3	37.5%
Cases settled	1	12.5%
Total	8	100%
Labour Court		
Cases withdrawn by Employees	1	33%
Cases pending	2	67%
Total	3	100%

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Table 3.42 Strike Actions for the Period 1 April 2004 to 31 March 2005

Total Number of person working days lost	317
Total cost (R'000) of working days lost	149 734.12
Amount (R'000) recovered as a result of no work no pay	149 734.12

Note: The strike action took place when 317 workers were not satisfied with the salary adjustment implemented for FY2004/05.

Table 3.43 Precautionary Suspensions of PSAP for Period 1 April 2004 to 31 March 2005

Number of people suspended	14
Number of people whose suspension exceeded 30 days	11
Average number of days suspended	135
Cost (R'000) of suspensions	421 853.82

INJURY ON DUTY

Of the 275 permanent disabilities reported for DAP, 15 are females and 260 males and of the 115 permanent disabilities reported for PSAP 48 are females and 67 males. See Tables 3.44 and 3.45 for details.

Table 3.44 Injury on Duty, Defence Act Personnel for the period 1 April 2004 to 31 March 2005

Nature of Injury	Number	% of Total
Permanent disablement	275	92%
Fatal	24	8%
Total	299	100%

Table 3.45 Injury on Duty, Public Service Act Personnel for the period 1 April 2004 to 31 March 2005

Nature of Injury	Number	% of Total
Permanent disablement	115	97%
Fatal	3	3%
Total	118	100%

DISCIPLINE

Table 3.46 below reflects the most common offences committed by military personnel subject to the disciplinary code. These figures reflect the number of charges and not the number of members prosecuted.

Table 3.46 Most Commonly Reported Offences (DAP) for FY 2004/05

Most Common Offences		2002/03	2003/04	2004/05
Section 14 (a) MDC	Absence without leave (AWOL)	2 727	2 741	2 002
Section 14 (b) MDC	Absence from place of parade, duty, etc	1 021	1 026	947
Section 19 (2) MDC	Disobeying a lawful command	247	359	482
Section 17 MDC	Using threatening, insubordinate or insulting language	163	194	195
Section 33 (a) and (b)	Drunkenness	121	147	69
Total		4 279	4 467	3 695

REPORTING ON HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

The SANDF is similar to other military forces worldwide, in that it is a high-risk environment for the transmission of HIV/AIDS. This further translates into a high risk for the occupational transmission of HIV/AIDS in the workplace in all Services.

To address this issue the DOD has promulgated a policy that mandates the implementation of HIV/AIDS Workplace Programmes throughout the organisation.

Such workplace programmes must address the identification and management of occupational risks in the workplace as well as peer education towards achieving a knowledgeable workforce. See Table 3.47 for details.

The SA Military Health Service, through the DOD HIV and AIDS Training Programme, provides training in this regard.

Occupational risk was further addressed through Occupational Health and Safety programmes at unit level.

Table 3.47 Details of Health Promotion and HIV/AIDS Programmes in the DOD

Question	Yes	No	Details, if yes
Has the department designated a member of the SMS to implement the provision contained in Part VI e of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position	X		The HIV and AIDS Programme of the Department of Defence is managed by the Surgeon General according to his mandate through the HIV and AIDS Advisory Board. The Chairperson of the Board is the Director Medicine, Brigadier General P.J. Oelofse.
Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The implementation of the Strategic Plan for the Holistic Management of HIV and AIDS in the Department of Defence is executed through the HIV and AIDS Advisory Board, the HIV and AIDS Coordinating Committee and identified HIV Coordinators at SA Military Health Service unit level. Approximately 45 members are involved in the execution of the programme. Donor funding is used.
Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Employee Assistance and various Health Promotion Programmes are managed through the Directorate Social Work. Additional Health Promotion Programmes are managed at SA Military Health Service Area Unit level by appointed Health Promotion and Health Prevention Officials.
Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.	X		The HIV and AIDS Advisory Board manages the HIV and AIDS Programme of the DOD. Membership of the board is determined through the Constitution of the Board.
Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	No, systematic review of policies was performed.
Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	X		Addressed through Greater Involvement of People with AIDS Projects, support groups and general awareness projects. Grievance procedures are available according to policy in cases of real or perceived discrimination. According to the Knowledge, Attitudes and Practice Study survey of 2004 there has been an increase in the acceptance of people with Aids in the workplace.
Does the department encourage its employees to undergo Voluntary Counselling and Testing (VCT)? If so, list the results that you have achieved.	X		VCT is available at all health care facilities in the SA Military Health Service. According to the Knowledge, Attitudes and Practice Survey of 2004 a total of 81% of members has had an HIV test and 66% of members indicated that they had an HIV test in the last 12 months.
Has the department developed measures/indicators to monitor and evaluate the impact of its health programme? If so, list these measures/indicators.	X		Monitoring and Evaluation of the Strategic Plan for the Holistic Management of HIV and AIDS in the DOD is performed through a comprehensive plan. 206 indicators have been identified for measurement.



PART 3: PROGRAMME PERFORMANCE

The performance reports are contained in the following chapters:

Chapter 4: Synopsis of General Performance

Chapter 5: Defence Administration

Chapter 6: Command and Control

Chapter 7: Landward Defence

Chapter 8: Air Defence

Chapter 9: Maritime Defence

Chapter 10: Military Health Service

Chapter 11: Defence Intelligence

Chapter 12: Joint Support

Chapter 13: Special Defence Account

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Table 4.1 shows the military ranks and their civilian equivalents.

Table 4.1 Military Ranks and their Civilian Equivalents

<i>Military Rank</i>		<i>Civilian Equivalent</i>
<i>SA Army/SA Air Force/SA Military Health Service</i>	<i>SA Navy</i>	
-	-	Director-General
General	Admiral	Superintendent General
Lieutenant General	Vice Admiral	Deputy Director-General
Major General	Rear Admiral	Chief Director
Brigadier General	Rear Admiral (Junior Grade)	Director
Colonel	Captain	Deputy Director
Lieutenant Colonel	Commander	Assistant Director



SYNOPSIS OF GENERAL PERFORMANCE

INTRODUCTION

This chapter provides a short synopsis of performance, covering various programmes, in the following areas:

- Governance and Accountability.
- Operations.
- Defence Diplomacy.
- Social Contribution.
- Reserve Force.

Detailed performance reports per programme are in Chapters Five to Twelve.

GOVERNANCE AND ACCOUNTABILITY

The Department of Defence (DOD) is constantly grappling with the challenge of making itself more affordable and sustainable in the face of rising expectations to deploy and declining budgetary allocation. This situation compels the DOD to do more with less resources. At the same time, the DOD is constitutionally bound to ensure that the South African National Defence Force (SANDF) is able to defend the sovereignty and integrity of the country, including its people and property. Thus, the SANDF should have appropriate defence capabilities, which can be

used in defending the country, participating in peace missions and providing general humanitarian relief during emergencies. Despite all these complexities, the DOD remains a State department which has to comply with various pieces of legislation and policies relating to good governance and accountability.

In an effort to reconcile all these seemingly conflicting priorities, especially in relation to financial constraints, the DOD adopted seven strategic decisions, popularly known as the Parys Resolutions. The resolutions covered aspects such as the review of the White Paper on Defence and the Defence Review, streamlining the DOD structures with a view to improving efficiency, economy and effectiveness, revisiting the SANDF force design and structure in line with the prevailing strategic environment, and finally adopting an appropriate organisational performance management tool.

The DOD also spent a lot of resources in an effort to improve on its internal control systems in order to minimize or eliminate negative audit findings. However, this remains an ongoing challenge owing, inter alia, to old information systems which require replacement. It is hoped that the national initiative to introduce an integrated finan-

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cial management system and an appropriate logistic information management system will go a long way towards addressing the challenge.

To ensure continued compliance and alignment with the Government's imperatives and ministerial guidelines, the DOD designs an overall Strategic Business Plan. Divisions and Services are to report on their performance against specified targets through quarterly reports and the annual report. These are monitored through strategic management bodies such as the Defence Staff Council, the Defence Secretariat Board, the Military Staff Council and other functional staff councils such as those pertaining to human resources, logistics, and operations. Regular feedback is given to Parliament (Portfolio/Joint Standing Committee on Defence) as and when required on any issue that might be of interest to it in terms of its oversight function.

OPERATIONS

The ordered commitments honoured by the SANDF, and the defence capabilities provided, actively promoted the Government's initiatives in respect of the African Union, African Renaissance and New Partnership for Africa's Development. The SANDF played a leading

role in ensuring stability and peace through defence diplomacy, and by direct participation in the missions of the African Union as well as the United Nations.

The operations related to the military strategic objectives, viz "Promote Peace, Security and Stability in the Region and the Continent", and "Support the People of South Africa" dominated the Joint Operations activities during the year under review. A few highlights of the performance of the SANDF are presented in this synopsis. SANDF peace-support deployments on the African continent are illustrated in Figure 4.1.

External Operations

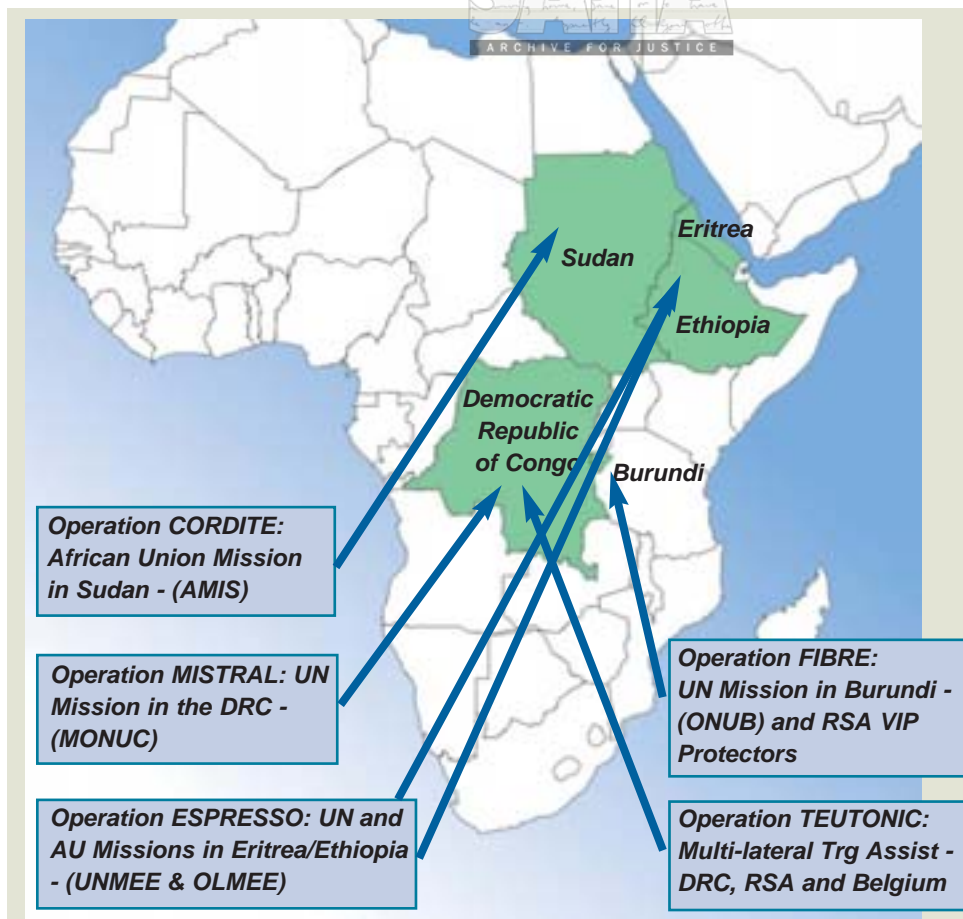
Activities in the field of promoting peace, security and stability in the Southern African Development Community (SADC) and the African continent increased to such an extent that the SANDF is now not only the largest contributor of peacekeeping troops in Africa, but the ninth largest troop contributing country to the United Nations in the world. Troops are deployed under United Nations and African Union operations in the Democratic Republic of the Congo (MONUC III), Burundi (AMIB/ONUB), Ethiopia (UNMEE), Eritrea (OLMEE), Sudan (AMIS), Liberia (UNMIL) and Uganda.

The SANDF is actively involved in the establishment of the African Standby Force, which has resulted in the SADC Brigade (SADC-BRIG).

Joint and multinational exercises were conducted within South Africa, as well as outside our borders in conjunction with foreign defence forces, thus ensuring the preparedness of the SANDF for potential operations with friendly forces in future (see Chapter 6, Table 6.5 for more information on Joint and Multinational Exercises).

Military logistical assistance was provided to the Department of Foreign Affairs to assist the Government of Mozambique with its elections in December 2004. Humanitarian relief

Figure 4.1 SANDF Peace Support Operations on the African Continent



missions were undertaken in Madagascar in support of the Department of Foreign Affairs.

Internal Operations

Operations relating to "Supporting the People of South Africa" focused on the ongoing safeguarding of the borders of South Africa (Operation INTEXO) and rural safeguarding in support of the SA Police Service (Operation STIPPER). The phased withdrawal from these internal roles is on track and will continue. However, the SANDF will not withdraw from any area until there is a proper plan and capacity in place to enable the SA Police Service to take over the responsibility of ensuring security for all in the rural areas.

The SANDF provided safety and security during the national elections in the RSA as well as during the inauguration of the President and the 10 Year Freedom Celebrations in support of the SA Police Service and other State departments. It also helped to prevent the spread of foot-and-mouth disease after the outbreak in Limpopo Province, and supported the Department of Health to curb the avian flu outbreak in the Eastern Cape Province.

DEFENCE DIPLOMACY

The DOD actively supported the foreign policy initiatives of Government and contributed towards the peace, security, safety and stability of our continent. The DOD, and SANDF in particular, contributed towards defence diplomacy not only in terms of the 40 countries with which it has defence diplomatic accreditation and the various peace-support and observer missions of the United Nations and African Union, but also played a critical role in several multilateral forums and provided direct support to newly emerging democracies regarding integration and training.

Bilateral agreements were therefore serviced through the exchange programmes for training, sharing of expertise and goodwill visits, both incoming and outgoing. Particularly in Africa, there is most certainly great respect for the good governance mechanisms within the DOD that set our defence force apart as a leader amongst its peers.

In January 2005 an SANDF detachment assisted the DRC with the integration of former forces to form a new army. Training for the new democracy and bridging training of the Congolese Army for integration purposes took place. Approximately 40 000 members of the

Congolese Army passed through identification centres. The first phase of the team-building programme is in progress.

In direct support of the Union of Comores, SANDF members of the SA Air Force assisted that country in the electoral process by transporting electoral ballot papers between April and May 2004. Similar assistance was provided to Burundi and the Democratic Republic of the Congo. The SANDF directly assisted both the Democratic Republic of the Congo and Rwanda to oversee the implementation of the Pretoria Agreement. The DOD support for the establishment of the Third Party Verification Mechanism was provided through the deployment of an SANDF detachment, which ended in September 2004.

Beyond this, the DOD has also provided small detachments of experts to share expertise on post-conflict reconciliation, reconstruction and reintegration with the Democratic Republic of the Congo, Burundi and Sudan during the period under review. Of particular note are the exchange visits that took place between the DOD and the different political groupings in the Sudan. The visits marked a commitment to assist the various parties of the Sudan towards a comprehensive approach to post-conflict reconstruction. Hence a select and senior ranking team of the DOD visited the Sudan in February 2005 and a high-ranking Sudanese delegation visited the DOD in March 2005.

The India, Brazil and South Africa (IBSA) Ministerial Trilateral Commission is of strategic importance to the South African DOD, particularly regarding multinational exercises and defence industrial co-operation. These relations were strengthened during FY2004/05 by the Chief of the SANDF's visit to Brazil in July 2004 and visits to India by a senior DOD delegation.

Through the SANDF diplomatic corps the various peace missions, bilateral agreements, goodwill visits, participation in international forums and Africa's multilateral structures, the DOD has shared expertise and built strong defence relations. But more importantly, the SANDF has grown in knowledge, experience and maturity as an international role-player to help ensure global security.

Servicing Bilateral and Trilateral Relationships. Memoranda of understanding were serviced during the following bilateral and trilateral structure meetings, and are indicated in Table 4.2.

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Table 4.2 Bilateral and Trilateral Structure Meetings FY2004/05

Country	Meeting Location	Date	Type of Bilateral/Trilateral Structure
United States of America	South Africa (Stellenbosch)	16-21 May 2004	Defence Committee
Lesotho	South Africa (Pretoria)	28 May 2004	Joint Bilateral Coordinating Commission (Department of Foreign Affairs is lead department)
Botswana	South Africa (Kempton Park)	2-4 June 2004	Joint Permanent Commission of Defence and Security
Italy	Italy	24-25 June 2004	Defence Industrial Committee
Namibia	Namibia	3-7 August 2004	Joint Permanent Commission of Defence and Security
Zimbabwe	Zimbabwe	12-13 August 2004	Defence Liaison Forum
Ukraine	South Africa (Pretoria)	18-20 August 2004	Joint Intergovernmental Commission for Military Technical Cooperation
Nigeria	South Africa (Durban)	5-11 September 2004	Binational Commission (Department of Foreign Affairs as lead department)
Algeria	South Africa (Pretoria)	15-16 September 2004	Binational Commission (Department of Foreign Affairs as lead department)
Sweden	South Africa (Pretoria)	28-29 September 2004	Defence Committee
United Kingdom	South Africa (Pretoria)	6-7 October 2004	Defence Committee
France	France	11-15 October 2004	Defence Committee
Lesotho	Lesotho	29 October 2004	Joint Bilateral Co-ordinating Commission (Department of Foreign Affairs as lead department)
Jordan	South Africa (Pretoria)	28 November until 2 December 2004	Joint Committee
India and Brazil	South Africa (Cape Town)	7-11 March 2005	IBSA Trilateral Meeting
Russian Federation	South Africa (Pretoria)	17-18 March 2005	Joint Commission

SADC's Inter-State Defence and Security Committee Activities and Other Multinational Interaction. The DOD plays a critical role in all multilateral defence structures. As Table 4.3 indicates, during the period under

review the DOD continued to be involved in various defence-related activities of the African Union, the SADC's Inter-State Defence and Security Committee and the SADC Organ on Politics, Defence and Security.

Table 4.3 DOD Participation in the Inter-State Defence and Security Committee, SADC and other Multinational Organisational Activities

Occasion / Event	Date	Venue
SADC's Inter-State Defence and Security Committee		
Spiritual and Moral Affairs Work Group	21-25 February 2005	South Africa
Ministers of Defence	8-9 March 2005	South Africa
Operations Sub-subcommittee	22-24 April 2004	Lesotho
Defence Intelligence Standing Committee	5-6 May 2004	Botswana
Aviation Standing Committee	11-14 May 2004	Tanzania
Telecommunications Work Group (ad hoc meeting)	25-26 November 2004	South Africa
SADC		
SADC Summit	13-18 August 2004	Mauritius
SADC Peace & Security Conference	8-15 December 2004	Mozambique
SADC Organ (Troika meeting)	October 2004 December 2004	
Chiefs of Defence Troika meeting	10 February 2005	South Africa

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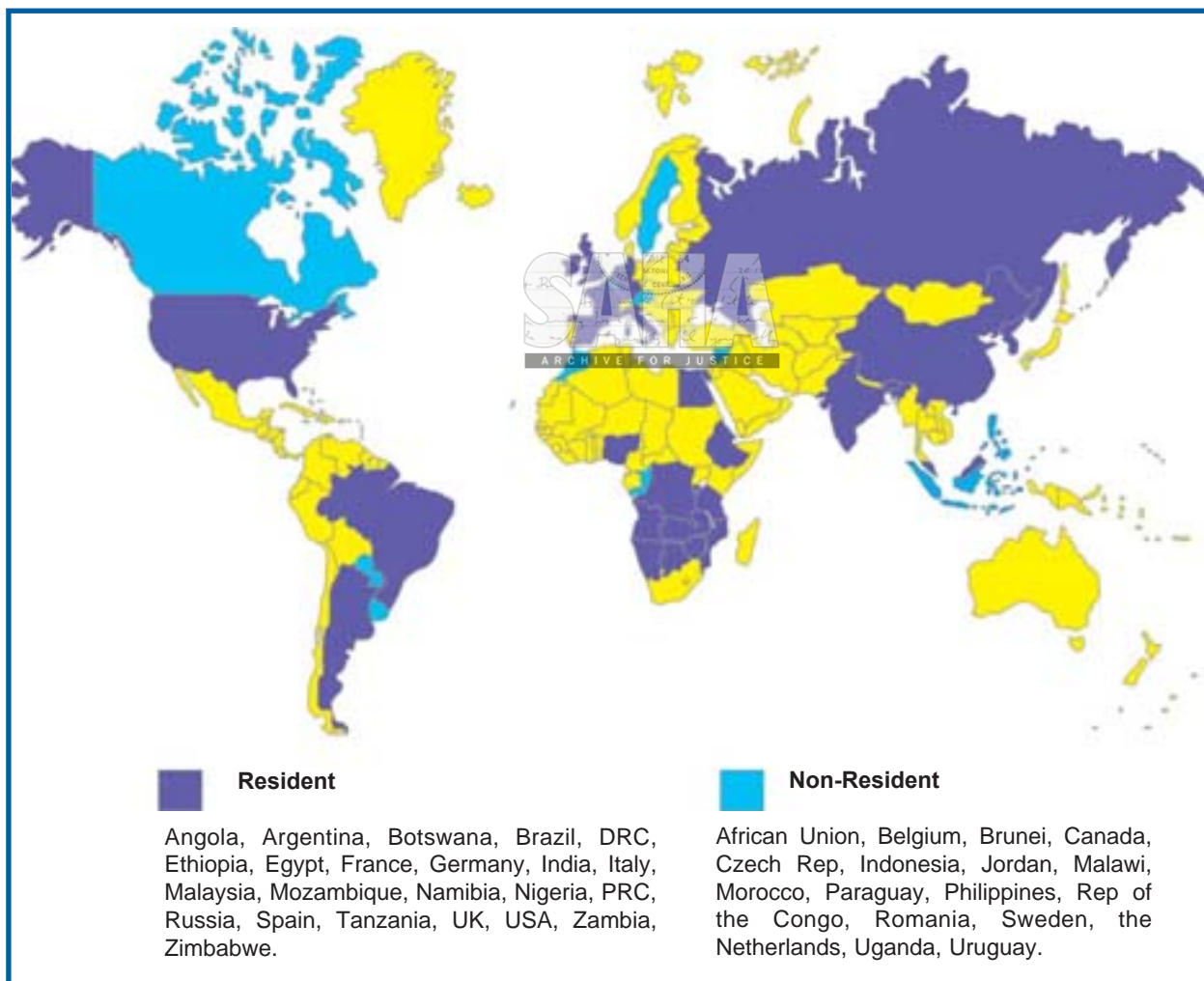
Table 4.3 DOD Participation in the Inter-State Defence and Security Committee, SADC and other Multinational Organisational Activities (continued)

Occasion / Event	Date	Venue
AFRICAN STANDBY FORCE (SADC)		
SADC Brigade Military Planners meeting	25-28 January 2005	South Africa
SADC Brigade Funding and Reimbursement Work Group and Legal Work-group	14-15 February 2005	Swaziland

SANDF Representation with Military Attachés. The SANDF has 23 permanent military missions in 23 countries, and also non-residential accreditation in 16 countries and one at the African Union. 26 military attachés

service the 40 countries as indicated in Figure 4.2. The military attachés' primary output is to provide first-line defence diplomacy for the SANDF/DOD at bilateral and multinational meetings.

Figure 4.2 Map of Deployed SANDF Military Attachés



Military Attaché and Advisor Corps Accredited to South Africa. 62 resident and two non-resident attachés represent 43 countries in South Africa. The type of military ceremony for the accreditation and de-accreditation of foreign military attachés accredited to the

SANDF is unique in the world. Countries that have military representation in South Africa are indicated in Table 4.4. The DOD's Defence Foreign Relations is the responsible nodal point for foreign military attachés accredited to South Africa.

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Table 4.4 Military Attaché and Advisor Corps Representation in South Africa

Country	Country	Country
Algeria (2)	Angola (2)	Argentina
Australia *	Belgium	Botswana (2)
Brazil (2)	Canada	Chile
Peoples Republic of China (3)	Cote D'Ivoire (2)	Democratic Republic of the Congo
Egypt (2)	France (2)	Gabon
Germany (2)	Greece	India
Indonesia	Israel *	Italy
Kenya	Korea (Republic of Korea)	Malawi
Malaysia	Namibia	Nigeria
Pakistan (2)	Portugal (office closed in February 2005)	Romania
Russian Federation (4)	Rwanda	Spain
Sweden	Tanzania	Ukraine
United Kingdom (2)	United States of America (4)	Uruguay
Zambia	Zimbabwe (2)	
Netherlands (new office)	Socialist Republic of Vietnam (3) (new office)	

Notes: Asterisk (*) indicates non-resident members. Numbers in brackets indicate number of accredited members to South Africa.

Foreign Visits by DOD Personnel and Foreign Visits to the DOD. A total of 575 visit submissions were processed for DOD members for visits abroad, and 193 for foreign visitors to South Africa (DOD).

Visits by Foreign Ships. Fourteen foreign naval ships from five countries visited South African ports during FY2004/05.

Foreign Learning Opportunities Offered to SANDF Members. A total of 189 SANDF members attended foreign learning opportunities during FY2004/05 as shown in Table 4.5.

Table 4.5

Foreign Learning Opportunities Offered to and Utilised by DOD Members

Services/Divisions (military/civilian)	Number of Learners	Number of Countries
SA Army	26	8
SA Air Force	120	7
SA Navy	40	9
SA Military Health Service	3	2
Civilians	21	3

Table 4.6 Training Offered to Foreign Military Students

Institution	Type of Course	Number of Learners	Countries
SA Army	Army-related training	18	5
SA Air Force	Air Force-related training	19	5
SA Navy	Navy-related training	49	4
SA Military Health Service	Military Health Service-related training	3	1
Joint Support Division			
SA National Defence College	Executive National Security Programme	17	17
SA National War College	Joint Senior Command and Staff Programme	15	15
Military Academy	Academic (degree) studies	3	1

Learning Opportunities Offered to Foreign Military Students. Learning opportunities offered to foreign military learners are indicated in Table 4.6.

Equipment Transfer to Foreign Recipients. During FY2003/04 a decision to donate two harbour patrol boats to Mozambique was made, after it had been approved by the Minister of Defence and cleared by the National Arms Control Committee. The physical transfer took place during FY2004/05.

SOCIAL CONTRIBUTION

The SANDF has continued its support to the people of the RSA in various ways. The specialised capabilities of the SA Military Health Service were used to great effect. Local communities in the Limpopo and Mpumalanga Provinces benefited directly from Exercise MEDFLAG. The infrastructure of three clinics in the Limpopo Province was upgraded and a total of 6 100 of the local people were treated at clinics in the two provinces. The defensive chemical/biological capability of the SA Military Health Service participated in training programmes on chemical/biological awareness presented in Cape Town and Johannesburg.

Since the inception of the SIYANDIZA programme several years ago, the programme has gone from strength to strength. During FY2004/05 in excess of 100 000 learners were reached by means of the aviation awareness drive at schools, airshows, and science and technology exhibitions. During the year under review the Young Falcons Youth Development programme grew substantially. Apart from the courses presented in aviation-related subjects and life skills, the Young Falcons were also given exposure to the aviation environment. Altogether 110 Young Falcons were hosted at the Air Force Gymnasium over the July 2004 school holidays where the Young Falcons Advanced course was presented.

The Service Corps continued supporting the National Youth Commission, the Department of Education and the Moses Kotane Municipality in the North West Province to train youth in building and construction at its Mankwe training facility. The trained youth were responsible for building houses in 17 villages situated in the Moses Kotane municipal area and over 735 houses have since been completed. In a project funded by the National Skills Fund and managed by DIDTETA (Diplomacy, Intelligence, Defence and Trade Education and Training Authority), 3 350 military veterans have been trained and empowered to play a meaningful role in civil society.

Successive intakes of the Military Skills Development System have seen over 4 000 young, fit, and healthy members enter the SANDF. This system is a critical

recruitment programme for the SANDF to rejuvenate its human resources component so that it retains the ability to execute the DOD's mission effectively and efficiently. The Military Skills Development System also supports Government's initiatives to create learnerships in the public sector. These young men and women will also be empowered to play a meaningful role in civil society. The DOD also provided Youth Foundation training for 250 matriculants. It was aimed at improving their mathematics and science results for recruitment into core professions in the SANDF that require mathematics and science.

Through Project PHOENIX small numbers of patriotic citizens were recruited into the Reserve Force. A new development is the establishment of a University Reserve Training Unit to recruit undergraduates as Reservists, and to train them militarily during university vacations.

During the year under review the transformation and restructuring of the SANDF continued. Examples of these included the appointments of the first black chief of the SA Navy and the first Indian Chief Director Strategy and Planning.

RESERVE FORCE

ANNUAL REVIEW

Introduction. During the year under review, significant progress was made towards re-establishing the Reserve Force as a viable and employable component of the SANDF's capabilities. Although there is still some way to go in providing employable units, the development of fully trained subunits by the Army is a milestone, which has given impetus to the plans.

The decision to employ Reserve Force elements on peace missions has also given focus to the training and a sense of purpose to the implementation plans for the renewal and transformation of the conventional elements of the Reserves.

Definite and substantial progress was also made in the implementation of the decision to phase out the Commando system, and implementation instructions for the phasing out of the first 17 units during FY2004/05 were issued.

The challenges of funding the renewal and transformation of the conventional reserves remained, however, at the Chief of the SANDF's strategic work session in September 2004, the SANDF Command Cadre reaffirmed the necessity for and their support of the Reserves. This will add impetus to the further development of the Reserve Force system and help to give focus to Phase 3 of Project PHOENIX.

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Table 4.7 Reserve Force Budget FY2004/05 and FY2005/06

Service/Division	2004/05			2005/06			Item 10
	Item 10	Operating	Total	Item 10	Operating	Total	% Change
SA Army							
Army Conventional Reserve	26 043 573	0	26 043 573	26 043 573	0	26 043 573	38%
Army Territorial Reserve	159 312 976	0	159 312 976	159 312 976		159 312 976	1%
Subtotal	185 356 549	0	185 356 549	185 356 549	0	185 356 549	6%
SA Air Force	14 500 000	6 000 000	20 500 000	14 500 000	0	20 500 000	-5%
SA Navy	9 966 941	300 615	10 267 556	9 966 941	6 000 000	10 267 556	-24%
SA Military Health Service	10 688 479	0	10 688 479	10 688 479	300 615	10 688 479	3%
Command Management Information System Division	3 835 907	0	3 835 907	3 835 907	0	3 835 907	12%
Military Police Agency	311 178	230 000	541 178	311 178	0	541 178	-76%
DOD Log Support Formation	2 907 526		2 907 526	2 907 526	230 000	2 907 526	72%
Subtotal	42 358 101	6 530 615	48 888 716	42 358 101	6 530 615	48 888 716	-1%
Total	227 714 650	6 530 615	234 245 265	227 714 650	6 530 615	234 245 265	5%

Notes: Operating funds for the Reserves are not in all instances visible as they are interwoven in the Regular Force budget. Financial year comparisons and % changes are therefore based on Item 10 funds only. The decline in the Navy budget is due to the restructuring of the Naval Reserve and the decommissioning of the Naval Reserve units. The above figures reflect only Services and Divisions, which provide forces for deployment. Staff Divisions which may utilise Reserve Force members, but do not provide forces, are not included in this table.

Project PHOENIX. Project PHOENIX was instituted late in 2002 with the aim of renewing and transforming the conventional component of the Reserve Force. Whilst the focus during 2003 was mainly on developing short-term interventions aimed at halting the decline in the capabilities of the Reserve Force, the focus during the year under review was to develop a comprehensive strategy to effect the desired turnaround. This was achieved with the approval and promulgation of the SANDF Strategy for the Development and Maintenance of a Transformed and Viable Reserve Force, issued in September 2004. A comprehensive implementation instruction was simultaneously developed and issued, containing definite objectives and assigning responsibilities. The Reserve Force Office monitored the implementation thereof through the Defence Reserve Board¹ and regular reports were made to Chief of the SANDF as well as to Parliament. The strategic importance of the renewal and transformation of the Reserve Force under Project PHOENIX is a priority of the Chief of the SANDF.

Reserve Force Funding. As previously stated, the availability of sufficient funding is the greatest challenge in

rebuilding an employable Reserve Force. This is particularly so in the SA Army, which has by far the greatest number of reserve and regular personnel. However, the renewed focus on the Reserve Force, together with an increasing necessity to provide forces for external deployment, has resulted in a reprioritised allocation to the Reserves for FY 2005/06. The results of an extra Rm 10 in 2004 provided by the SA Army can already be seen in the availability of a fully trained Reserve Force infantry company which will be deployed in the Democratic Republic of the Congo in May 2005 and which will be replaced by another Reserve Force company in October 2005. It is hoped that, as the implementation of Human Resources Strategy 2010 and the Reserve Force Strategy progress and the SANDF is able to move towards the smaller Regular Force as envisaged in the Defence Review, the renewal and transformation of the Reserve Force will gain increasing impetus as funds become available.

A summary of the budget allocation to the Reserves for the year under review, as well as FY 2005/06, is given in Table 4.7, which reflects the overall increase.

¹ A body under the auspices of Chief of Defence Reserves which recommends and monitors all policy regarding the Reserves.

The actual utilisation of Reserves per Service and Division is indicated below.

SA ARMY RESERVE

SA Army Conventional Reserve. When Project PHOENIX commenced in September 2002, the total strength of the Army Conventional Reserve was 8 076 members. Since that date, a nett total of 1 443 members have been recruited within the right age bracket, bringing the total strength to 9 519. Of that number, 57,1% are groups other than white, reflecting a 10% increase during FY2004/05.

Recruitment. Because the Army Conventional Reserve units were below the required strength (average strength 150) and the members were ageing (average age 35), it was critical that priority should be given to the feeding of these units with young, healthy and fit recruits to be prepared for future deployment when so required. Military Skills Development System intakes have been limited owing to budget constraints, and will therefore not provide recruits for the Army Conventional Reserve until 2008. An alternative interim feeder system had to be considered and Army Conventional Reserve units were therefore authorised to recruit and train members locally. As part of Project PHOENIX, the Office of the Chief Directorate Army Reserves went on a recruitment drive to recruit the leader group for the Army Conventional Reserve. Target priorities were members who had served in the Regular Force and held ranks from lance corporal to lieutenant colonel. Provision was also made to recruit members from the Non-statutory Forces who had demobilised as well as those who had never attested in the SANDF. Of 432 applications received 158 applicants were selected for enlistment in the Reserve Force. The process of appointing the 158 will be finalised by the end of June 2005.

Training. Training of the newly recruited Army Conventional Reserve members took place during FY2004/05 at various nodal points in Cape Town, Durban, Johannesburg, and Potchefstroom on a continuous and non-continuous basis. The basic and corps training was done according to an approved curriculum in order to meet the standards set for deployment. The training teams at the various nodal points consisted of Reserve Force instructors assisted by former Regular Force instructors who joined the Army Reserve after their retirement. The focus of training was on units of the Infantry Formation. Rm10 additional funding for training was allocated to the Infantry Formation and the outcome was 808 Army Conventional Reserve members trained, in terms of basic and corps training to the required level. For FY2005/06 the emphasis will shift to the SA Army Engineer Formation for basic and corps training. Remaining formations will focus on leader group training only.

Deployment in the Democratic Republic of the Congo (Operation MISTRAL). In January 2005 the Army Council approved funds for the preparation and external deployment of a Reserve Force motorised infantry company. The deployment of a second company in October 2005 was approved during the short-term budget alignment in April 2005.

The Infantry Formation was instructed to prepare and provide the company, comprising 157 members plus 20 members in reserve. Out of the total of 177 members, 172 were classified G1K1 (Green) in terms of their Comprehensive Health Assessment. The company was commended during their refresher training in January 2005 at 7 SA Infantry Battalion in Phalaborwa.

The full infantry company, consisting of a headquarters and three platoons, will be deployed in the Democratic Republic of the Congo in May 2005 for a full six month stint. The company commander is a Regular Force major and the rest, including the leader element, are all Reserve Force members. The composition of the leader group is fully representative in terms of race and gender. Only the Company Sergeant Major and one platoon leader are white. Eight female members volunteered for the deployment.

The company is made up of personnel from the Cape Town Highlanders, Durban Regiment, Natal Carbineers, SA Irish Regiment, Transvaal Scottish, Johannesburg Regiment and Witwatersrand Rifles.

Force Design and Force Structure. During 2003 and 2004, the proposed SA Army force design and structure were refined and approved by the Military Council. Approval in principle was obtained from the Minister of Defence for the SA Army Force Structure End State and migration path on 17 November 2004. The SA Army will now embark on a process to obtain ministerial approval for every force structure element change after detailed investigations have been concluded. This includes the finalisation of the force design for the SA Army Reserve.

The SA Army, in conjunction with Chief of Joint Operations, is determining the capability requirements for the Reserve Force. This is being done to ensure that the SA Army Reserve Force design complies with the requirements of the Force Employment Strategy, and that the force design of the Reserve Force from other Services and Divisions on which the SA Army will rely for support services, is aligned with SA Army and SANDF requirements.

Appointment of Senior Reserve Officers. The SA Army started with a process to address representivity in the Army Reserve in 2003 under the auspices of Project

PHOENIX. Phase 1 was aimed at the rejuvenation of the Army Conventional Reserve leader group. The focus was first to staff all senior posts at levels 2 and 3. The result of this was the appointment of three Reserve Force officers in the Office of Chief Director Army Reserves. 17 Senior Staff Officers were also appointed at levels 2 and 3 during 2004.

The Army Territorial Reserve. The SA Army has been in the process of planning the phasing out of the Army Territorial Reserve (Commandos) in conjunction with Chief of Joint Operations and the SA Police Service. Approval in principle has been obtained from the Minister of Defence to close 17 units during FY2004/05 and a further 55 units in FY2005/06.

It is hoped to retain some of the Army Territorial Reserve leader group for the Army Conventional Reserve in order to alleviate the critical shortage. Selected members of all ranks who meet the criteria for transfer to the Army Conventional Reserve, and who desire to do so, are being given that opportunity.

Discussions have also been held with the SA Police Service in order to determine the details for assisting Army Territorial Reserve members who wish to join the SA Police Service as Reservists. The SA Police Service is also in the process of revising its Reservist system to accommodate Army Territorial Reserve members. Issues such as the retention of medals and paid service, amongst others, are being discussed.

SA AIR FORCE RESERVE

Introduction. The Air Force Reserve was reviewed during 2004 within the context and guidelines as envisaged in the aims of Project PHOENIX. The Air Force Board approved the resultant Air Force Reserve strategy during 2004.

Air Force Reserve Philosophy. The human resources of the SA Air Force Regular Force and Reserve Force exist as an integral and intrinsic element of the SA Air Force, as envisaged in the SANDF 'one force' concept. The co-existence and co-operation between the aforementioned elements are excellent and still improving.

Air Force Reserve Structure. To conform to Project PHOENIX transformation and renewal aims, the existing Air Force Reserve structure has been adapted and the Directorate Air Force Reserves has been structured at Level 3 at the Air Command. The proposed structure has recently been approved and is in the process of being captured on the Organisation Information System.

The conventional Air Force Reserve structure consists of 1231 approved posts and, as the structure of the Directorate Air Force Reserves has now been approved,

1 184 of the said posts will be decentralised to force structure elements. The Air Force Reserve Squadrons are functioning adequately within their approved structures.

Recruitment for the Air Force Reserve. Recruitment for the Air Force Reserve, which includes headhunting for specialist expertise, is an ongoing process. However, limited success has been achieved as the majority of applicants seek full-time employment. One member, a black pilot, was recruited for the conventional squadrons and will be flying with 21 Squadron (the VIP Squadron).

Representivity in the Air Force Reserve Squadrons. To promote representivity in the Air Force Reserve Squadrons, entry requirements in terms of the number of flying hours required have been relaxed. Efforts to recruit black and female members with the necessary skills to enhance the core business of the Air Force take place on an ongoing basis. In this endeavour, the Air Force Reserve will link up with and support Project SIYANDIZA, the aim of which is to foster aviation awareness amongst the youth.

Policy Development. The Directorate Air Force Reserves supports the DOD in the formulation of policy and the revision of the General Regulations for the Regular and Reserve Forces.

SA NAVAL RESERVE

Introduction. During FY2004/05 major changes took place in the system of administration of reserves in the SA Navy. In the past, Naval Reserves were administered through seven Reserve Units, located mainly in the coastal port areas and in Gauteng. These units were SAS INKONKONI (Durban), SAS PORT REX (East London), SAS DONKIN (Port Elizabeth), SAS UNITIE (Cape Town), SAS YSELSTEIN (Simon's Town), SAS MAGALIESBERG (Pretoria) and SAS RAND (Johannesburg). Some of these units had a history of volunteer reserve service stretching back over a period of more than 130 years.

Restructuring of the Naval Reserve. In terms of the above plan, it was provided for that the Naval Reserve should be structured according to the concept of an "expandable single structure". This expandable single structure involves maintaining a full-time establishment, with additional reserve posts. The personnel designated for such posts are members of the particular unit or structure.

The Naval Board therefore approved a programme for the decommissioning of the existing Reserve Units and these units were decommissioned independently from November 2004 to 26 March 2005.

In terms of the new system of administration, a Reserve Management Centre was created under the Director of Fleet Human Resources in Simon's Town. This establishment will in future be responsible for overseeing the administration and career management of the entire Naval Reserve.

Approximately 1 600 posts were identified in the various structures and units of the SA Navy, ranging from ships and submarines to training units and shore establishments. Members of the Naval Reserve were granted an opportunity to apply for the identified posts. Approximately 650 members of the Naval Reserve have already indicated their willingness to continue serving on a volunteer basis in the Naval Reserve and will shortly be appointed to posts.

Challenges. The output of trained individuals into the Reserve from the Military Skills Development System has been slow. The first priority for output from the Military Skills Development System was to the Regular Force due to increased requirements in this regard. During FY2004/05 only 74 ratings from the Military Skills Development System joined the Naval Reserve. This does not satisfy the need at the middle and senior management levels.

Opportunities. The challenge for 2005/06 and beyond will be to devise the ways and provide the means for feeding personnel to the Naval Reserve, to keep it combat ready and committed and to provide training and employment opportunities.

SA MILITARY HEALTH SERVICE RESERVE

Introduction. During the year under review, several areas of activity have been either initiated or pursued towards achieving the aims of Project PHOENIX. Overall, several significant achievements have been realised, but some worrying challenges remain. The most significant achievements are discussed in the ensuing report, together with challenges to be met in the future.

Selective Targeted Recruitment. Citizens are still hesitant to commit themselves to Reserve Force service as they do not always understand the volunteer concept. It is essential that the SA Military Health Service finds a way to attract more citizens who meet the required statutory qualifications into its reserves. Seven new officers from the designated black race group, lieutenant to captain, were appointed at 3 Medical Battalion Group and 19 new members (other ranks) at 1 Medical Battalion Group. 7 Medical Battalion Group is currently only 56% staffed, inter alia as a result of resignations and the slow staffing of vacant posts. The battalion is also expected to support the Special Forces School without being appropriately structured for the task. The efficien-

cy of the Battalion is thus negatively affected.

Implementation of the Military Skills Development System (MSDS). Almost 45% of the Military Skills Development System intake completing their training in December 2004 were transferred to the Reserve Force and placed in posts at different units. However, systems to enable Reserve Force units to identify and recruit prospective Military Skills Development System members to become Reserve Force members at their units must be implemented. The funding of larger Military Skills Development System intakes remains a challenge.

University Reserve Training Unit. The Military Council approved the concept of the University Reserve Training Unit and the activation of a pilot project steered by the SA Military Health Service. A task team was formed to plan the establishment and activation of the unit. The aim of the University Reserve Training Unit is to recruit undergraduates as reservists, and to train them militarily during university vacations.

The Universities of Pretoria and Witwatersrand are positively inclined and the Universities of Bloemfontein and Stellenbosch have indicated their interest should the programme be expanded.

The Surgeon General officially launched the University Reserve Training Unit in February 2005, and, during a briefing in March 2005, the Portfolio Committee on Defence was enthusiastic about the concept.

The main challenge to ensuring the success of the University Reserve Training Unit is the successful promotion/marketing of the concept to undergraduate students. However, initial indications are that it is arousing considerable interest.

Training. Reserve Force units have continued to do military training in unit lines, and to nominate members for formal courses at the Military Health Training Formation. A system is now in place to ensure that Reserve Force members get accepted on these courses along with Regular Force members. Although operational/combat-ready training is part of the Reserve Force unit business plans, it is not optimally conducted owing to underfunding, and will be given more focus in FY2005/06. 3 Medical Battalion Group and 7 Medical Battalion Group have, over the last four years, co-ordinated the training of a number of Reserve Force members in various military and medical skills such as Basic Ambulance Assistant (231 members passed), Ambulance Emergency Assistant (66 passed) and Operational Emergency Care Practitioner (32 passed).

Human Resources. A total of 67% of the SA Military Health Service Reserves are members from the African,

coloured and Indian designated group, of whom 53% are black. SA Military Health Service Reserve has a female gender representivity rate of 31%. The SA Military Health Reserves have a total of 601 officers and 2 708 other ranks on strength.

JOINT SUPPORT

The state of the Reserve Force units under command of the DOD Logistic Support Formation as a whole is still a matter of concern and, despite Project PHOENIX, they are not combat support ready and deployable owing to underfunding. Since 1999, recruitment and training of Reserves have ceased owing to budgetary constraints. As a result, the standard of combat support readiness and morale of these units have declined. Reserve Force units need a role and it is hoped that the restructuring of the logistics function will provide the needed direction in terms of the development of the capability and an allocated budget.

The combat support units of the DOD Logistic Support Formation, consisting of maintenance units, field workshops and an air supply unit, are currently not at the optimal level of readiness. A dedicated and motivated core of volunteers keeps the units running, however, often at own cost, but employment of these units is not possible owing to a lack of force preparation training. Lack of funds is the main factor impeding the employment of these units. The personnel budget was largely utilised for protection services at various force structure elements. A special effort will be made to rejuvenate and transform these units through the implementation of the Reserve Force Strategy. To this end, the budget allocation for FY2005/06 is Rm 5 021. The renewal and transformation of these units will be addressed by Project PHOENIX as the restructuring of the logistics function progresses. Adequate funding and developing a viable feeder system of trained personnel must be addressed to rejuvenate and transform the Reserves.

Command and Management Information Systems Reserve

The Command and Management Information Systems Division Reserve consists of a Level 2 Directorate at Command and Management Information Systems Headquarters 6 Signal Regiment, and a Level 4 unit under command of the Command Management Information Systems Operations Formation, which has nine units situated around the country under command.

Human Resources. The strength of Command and Management Information Systems Reserves is at present 431 members, an increase of 60 members during 2004. Representivity (in terms of black members) has grown from 59% to 63% in the past year. In comparison with the total authorised strength of the Command and Management Information Systems Reserve (3 811), the

units are now only 11% staffed. This indicates that a significant yearly increase will be required to ensure that appropriate strength levels can be achieved. This will only be possible if the funding can be obtained.

Force Preparation. Owing to budgetary constraints only 60 members were recruited and given basic training. Seven field exercises with all units were conducted to ensure members were operationally prepared. A national field exercise, Exercise QUO VADIS III, was conducted over the period 2 to 5 December 2004 to evaluate the combat readiness of units and members under training.

Force Employment. 11 Field Postal Unit is at present providing the full postal service for all SANDF external operations. The unit handled 174 600 kg of mail from April 2004 to March 2005. Reserve Force members provided internal support to various units when critical manpower resources were required.

Achievements. The establishment of Reserve Force offices at Potchefstroom and Port Elizabeth is in line with the Project PHOENIX expansion plan and will provide the Command and Management Information Systems Division with the regional expansion capacity as required, as well as provide a broader base for the communities in the RSA to participate in the reserves.

The major focus was on training, and monthly field exercises were conducted to provide members with practical signals training. This was followed by a national field exercise in December 2004, which incorporated all the Command and Management Information Systems Division Reserve units countrywide. The national exercise was a success and the latest satellite technology was used. Reserve Force members also deployed command and control technologies for the first time.

The recruitment and conducting of basic training for 60 members was a major achievement given current budgetary constraints.

Challenges. Representivity in the leader group is still not satisfactory. The improvement of logistic requirements of units needs to be improved. However, the budgetary constraints are the main obstacle to larger scale rejuvenation of the Command Management Information System Reserves.

The Military Police Agency Reserve

The Military Police Agency Reserve Force component is 1 Provost Regiment, a conventional unit in Pretoria.

The Regimental Headquarters consists of a core of 12 active members. A female African Reserve Force lieutenant was staffed in the Regular Force Staff Officer Level 3 post and will be responsible for the force prepara-

ration of the Regiment.

During FY2004/2005 severe budget constraints impacted negatively on the transformation and renewal of the Regiment as well as the utilisation and training of Reserves.

CORPORATE STAFF DIVISION

Military Legal Services Reserve

The Military Legal Services Division structure has a "shadow" Reserve Force structure. The current strength of this Reserve Force component is 283 members. The Reserves comprise 266 Military Legal Practitioners, but also Reserve Force personnel assisting with support functions. Of the 266 Military Legal Practitioners and 17 support personnel in the Reserve Force, some 120 members have already successfully completed the Advanced Military Law Course, which is a prerequisite for their utilisation as Military Legal Practitioners. Of the 266 Military Legal Practitioners, 197 are African.

The establishment and implementation of the Reserve Force component (Military Legal Practitioners) is based on a threefold objective, namely to prepare Reserve Force Military Legal Practitioners for future operational utilisation, to supplement the Regular Force Military Legal Practitioners (who are under tremendous strain as a result of present peacekeeping deployments in Africa), and to provide an already trained and evaluated source of recruitment for Regular Force vacancies which do occur. The effective utilisation of the Reserve Force has alleviated the pressure on the capacity of the Military Legal Service Division to render legal services in respect of peacekeeping operations/deployments.

A highlight for the Military Legal Service Division Reserve Force was the participation of four Reserve Force Military Legal Practitioners in the Young Reserve Officers Workshop in Vienna, Austria over the period 25 - 31 July 2004.

Military Chaplaincy Reserves

The Chaplain Service has a core of 238 Reserve Force chaplains who serve in both Reserve and Regular Force units.

A full-time chaplain has recently been appointed to see to the needs of Reserve Force chaplains and to look into improving representivity.

UTILISATION OF RESERVE FORCE MEMBERS IN STAFF DIVISIONS

Reserve Force members were effectively utilised in Staff

Divisions during the year. Such members bring a dimension of civilian expertise into the SANDF, which is invaluable. Some examples of such utilisation include senior academic personnel at various tertiary learning institutions who are utilised to assist in planning, environmental scanning and analysis and, particularly in the medical field, as trainers/educators.

In the Military Legal Service, Reserve Force members make up a significant portion of the staff capacity of the Division, without whom service delivery would be substantially reduced.

The Reserve Force Office and the Directorates of Reserves at the Services and other Staff Divisions rely heavily on the inputs and expertise of their Reserve Force members. The Reserve Force Strategy and Implementation Plan, together with many inputs to policy and procedures, have been compiled from such input given at the Defence Reserve Board and the Reserve Force Workshop.

It is an objective for FY2005/06 to promote the creation and filling of Reserve Force posts at Level 2 and 3 headquarters where this has not yet been achieved.

RESERVE FORCE COUNCIL

The Reserve Force Council as a statutory body in terms of the Defence Act, 2002, mandated as a consultative and advisory body representing the Reserve Force was directly involved in and made the following contributions regarding the Reserve Force:

- Inputs into the strategy for the Reserve Force.
- Attendance and full participation at the Defence Reserve Board, Reserve Force Workshop, Honours Advisory Panel and the Project PHOENIX Work Groups regarding various Reserve Force matters, including the closing down of the Commando system.
- Participated in briefings to the Portfolio Committee on Defence representing Reserve Force issues.
- The Reserve Force Council represented South Africa at the Confederation Internallie des Officiers des Reserves (CIOR) and the Confederation Internallie des Officiers Medicaux des Reserves (CIOMR) congresses.
- In collaboration with the SA Army organised participation in international shooting competitions.
- Jointly established the Army Reserve Shooting Association. This Association incorporates the Gold Cup Trust to improve the quality of shooting throughout the Reserve Force.

CONCLUSION

The SA Army, in terms of its obligation towards the development of a viable, transformed and deployable Reserve Force has made a great deal of progress. Although the SA Army is currently one year ahead in terms of target dates, much remains to be done. To this end the Chief of the SA Army has reaffirmed his commitment to addressing the representivity issues within the Army Conventional Reserve leader group and, at the same time, is implementing programmes to rejuvenate the Army Conventional Reserve. Although the SA Army is doing its best to allocate resources to the Reserve Force, these allocations are by no means sufficient and must be seen in the context of the serious

financial constraints under which the SA Army as a whole has to operate.

The Air Force Reserve has been accepted by the Regular Force of the SA Air Force and is functioning well in the context of the one force policy. As a result of this, the personnel budget allocated for the utilisation of voluntary Air Force Reserve members is sufficient to meet the requirement.

In a nutshell, the status of the Reserve Force is still parlous in terms of a viable and employable force. However, the Reserves are now on a firm and strategically directed path to renewal.





DEFENCE ADMINISTRATION

INTRODUCTION

The main purpose of the Defence Administration Programme is to conduct overall management, administration and policy development of the Department of Defence (DOD). The programme consists of the following sub-programmes:

- Political Direction, which is the responsibility of the Minister of Defence.
- Departmental Direction, which deals with the Office of the Secretary for Defence.
- SANDF Command and Control, which deals with the Office of the Chief of the SANDF.
- Policy and Planning*.
- Financial Management*.
- Departmental Acquisition and Procurement Division*.
- Corporate Staff Division.
- Defence Inspectorate*.
- Equal Opportunities and Affirmative Action*.

Even though these sub-programmes are part of the same programme, structurally they fall directly either under the Secretary for Defence or the Chief of the SANDF.

* (Asterisk) denotes those sub-programmes that fall directly under the Secretary for Defence, while the rest fall under the Chief of the SANDF.

POLITICAL DIRECTION

This sub-programme deals with all the activities of the Minister of Defence in his capacity as the Executive Authority responsible for the political direction of the DOD. It also covers the activities of the Deputy Minister of Defence. The Minister of Defence provided his strategic guidelines and priorities for the FY2006/07 planning cycle during the annual Ministerial strategic planning work session and the departmental planning and budgeting seminar.

Both the Minister of Defence and his deputy were involved in a number of defence-related diplomatic activities in which the DOD had a role to play. These included the following:

Minister of Defence.

- *Foreign Visits.* The Minister was instrumental in defence-related diplomatic activities within the African Union and the Southern African Development Community, particularly in respect of the Inter-state Defence and Security Committee. On many occasions the Minister represented the President in dealing with conflict resolution. He visited Ethiopia and Tanzania for the finalising

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of the African Union's non-aggression pact and discussions on the African Standby Force. He visited Kigali, Rwanda for the signing of a co-operation agreement and to visit the genocidal sites and in Maseru, Lesotho he attended a cleansing ceremony. In Abuja, Nigeria, he held discussions with the Nigerian authorities on matters of mutual interest. In Namibia he attended the South African/Namibian JPC, and in Iran he held discussions with the Iranian authorities. He visited Angola, Belgium, Burundi, the Democratic Republic of the Congo, the Ivory Coast, London, Gabon, the Sudan and Tunisia where he paid a courtesy State visit and accompanied the South African President to attend a meeting of the African Union on Peace and Security. In the Democratic Republic of the Congo he visited the peace missions and attended the tripartite meeting between the Democratic Republic of the Congo, Belgium and South Africa. He also attended the passing out parade of the combatants under training in Kamani, Ivory Coast as the President's assigned mediator. In the United Kingdom he held discussions and solicited support for continental and regional structures for peacekeeping missions in the Great Lakes region involving the Democratic Republic of the Congo and Burundi.

Deputy Minister of Defence. The Deputy Minister of Defence was, inter alia, involved in the following activities:

- **Foreign Visits.** He visited Germany (for the naming of the RSA Navy corvettes), Lesotho (attended Inter-state Defence and Security Committee), Uganda (meeting regarding the tombs of fallen former South African freedom fighters), Kenya (represented the President in the Nairobi Summit on Anti-landmines, Niger (represented the South African Government at the inauguration of the President of Niger), Great Lakes Region (visited the RSA contingents in peace missions in the Democratic Republic of the Congo and Burundi, and paid a courtesy visit to the Rwandan government).
- **Internal Activities.** The Deputy Minister was very much involved in support of the DOD including, but not limited to:
 - Reserve Force issues.
 - Veterans.
 - Transformation.

DEPARTMENTAL DIRECTION

This sub-programme deals with the Office of the Secretary for Defence in his capacity as the Head of

Department and Accounting Officer for the DOD. He is responsible for providing departmental direction, supported by the Chief of the SANDF, in respect of policy decisions, strategic direction, advice to the Minister of Defence and the President. To discharge his responsibilities, the Secretary for Defence makes use of strategic management bodies such as the Defence Staff Council, Accountability Management Committee and the Defence Secretariat Board. In this regard he remained committed to the implementation of strategic decisions (the Parys Resolutions) taken in March 2004 with a view to repositioning the DOD and ensuring that the department remains within the allocated budget. Some of the strategic decisions taken and/or which continued to be implemented under the direction of the Secretary for Defence included the following:

- The review of the White Paper on Defence and the Defence Review in the form of the Defence Update.
- The review of the individual performance management system in order to make it more transparent and efficient and to promote equity.

The Secretary for Defence was accountable to Parliamentary committees charged with the oversight function of the DOD. Some of the issues that he had to account for included the following:

- Human resource development in the DOD.
- Peace missions.
- DOD Strategic Business Plan.
- DOD Annual Report.
- Military justice system and collective bargaining in the SANDF.
- The review process of the Defence White Paper on Defence and the Defence Review.
- Defence industries.
- Protocols for ratification, for example, regarding the SADC Mutual Defence Pact.

The Secretary for Defence and the Chief of the SANDF participated in the defence-related Government clusters, namely the International Relations, Peace and Security (IRPS) cluster, the Justice, Crime Prevention and Security (JCPS) cluster and the Governance and Administration (G & A) cluster.

The year under review also saw some changes in the strategic management cadre within the Defence Secretariat with the appointment of the DOD Government IT Officer (GITO), Major General M.J. du Toit. This enables the Secretary for Defence to execute his functions as per the Defence Act relating to strategic direction for Command and Management Information System, related policy and the ability to exercise strategic control to enhance civil control.

SANDF COMMAND AND CONTROL

This sub-programme provides for the Office of the Chief of the SANDF. The Chief of the SANDF is responsible for ensuring the successful execution of operations as prescribed in the Constitution, the Defence Act and the Military Strategy. Furthermore, he has to ensure that the SANDF remains a disciplined force and that it has the appropriate defence capabilities as may be required in line with missions stipulated in the Military Strategy. For this purpose the Chief of the SANDF makes use of strategic command bodies such as the Military Council and other functional staff councils.

During the year under review, the Chief of the SANDF was instrumental in supporting the Minister of Defence's peace initiatives as part of the African Union (AU) and Southern African Development Community (SADC). A number of SANDF troops were deployed in countries such as Burundi, the Democratic Republic of the Congo (DRC), Ethiopia/Eritrea, Liberia and the Sudan. Such deployments were either a continuation of existing or new operations. Under his leadership, the SANDF continued to play a significant role in the establishment of the SADC Brigade. At the same time he continued to foster strong military-to-military relations with various countries in line with the International Relations, Peace and Security priorities and the DOD's defence diplomatic policy. These military diplomatic engagements were a result of high-level defence-related memoranda of understanding, or direct invitations to him to share with different countries the South African success story of integration of former adversarial forces into a unified national defence force. Flowing from such engagements were exchange programmes for training and a number of multinational exercises as part of the force preparation strategy of the SANDF.

The year under review also saw the senior leadership of certain critical services hand over the baton to new leadership. Lieutenant General S.Z. Shoke was appointed as Chief of the SA Army, Lieutenant General C. Gagiano as Chief of the SA Air Force and Vice Admiral J. Mudimu as Chief of the SA Navy.

POLICY AND PLANNING

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The Policy and Planning Division managed to execute its mandate in respect of supporting the Secretary for Defence in his capacity as the principal advisor to the Minister of Defence on defence policy matters. The division continued to provide defence policies, strategies, plans, instructions, structure management services and policy advice for the DOD that are fully aligned with Government policy and the defence needs of South Africa.

While the division's human resource capacity remained extremely limited, it optimised on the budgetary allocation it received in order to staff some of the critical posts on its establishment. This happened at the time when the division had to deliver on a number of critical deliverables, such as the Defence Update which seeks to bring up-to-date the White Paper on Defence and the Defence Review, which were promulgated in 1996 and 1998 respectively.

Furthermore, the dramatic increase in the need for South Africa, generally, and the DOD, in particular, to get involved in the peace initiatives of the African Union and the SADC, resulted in the division's capacity being overstretched. Despite all these challenges the division succeeded in producing high-quality products, such as supporting the Minister of Defence and the Secretary for Defence in developing their strategic guidance to the DOD, the Draft Bill on the Restriction or Prohibition of Certain Conventional Weapons, the DOD Policy on Donations and Sponsorships and a number of memoranda of understanding between the DOD and other countries' defence forces under the guidance of the Department of Foreign Affairs.

Eleven bilateral agreements were concluded with various countries with common interests with South Africa. Given a limited budget, demanding operational requirements, and increasing external deployment expectations, the principles of affordability and flexibility in force levels will continue to be pursued by the DOD. The DOD therefore requires a new Service System, which is based upon accruing optimal cost-benefit advantages for the organisation. During FY2004/05 the development of the second career state of the new Service System, namely the Core Service System was completed and it was implemented with effect from 1 January 2005. This career stage follows on the first career stage, the Military Skills Development System (MSDS). The aim of the MSDS is to grant young people, mostly school leavers, the opportunity to do voluntary military service for a two-year term. Upon completion of the term of service, the SANDF will select a number of applicants for continued service in the Regular and Core Service System, whilst the majority of each intake will eventually feed the Reserves. As at 31 March 2005 there were 6 222 MSDS members in the Regular Force, comprising 8% of the Regulars.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

These outputs were achieved under the following sub-sub-programmes within the Division:

- Divisional Strategic Direction.
- Chief Directorate Defence Policy.
- Chief Directorate Human Resources Policy and Planning.

- Chief Directorate Strategic Management.
- Directorate Conventional Arms Control.
- Directorate Legal Support.

Divisional Strategic Direction. To provide strategic direction to the Policy and Planning Division.

Challenges.

- Finalisation of the Defence Update (review of the Defence White Paper and the Defence Review).
- Cluster management.
- Funding of the Conventional Arms Control Inspectorate.
- Update of the DOD Structure Management Control System.
- Servicing and reprioritisation of the memoranda of understanding.

Defence Policy. To formulate and manage defence policy in alignment with Government policy.

- **Policy Development.** The following policies were finalised and promulgated or were in an advanced stage of finalisation:
 - Chief Directorate Defence Policy led the DOD Drafting Committee on the White Paper on Defence and Defence Review Update. Four chapters of the Defence Update were drafted and approved by the Defence Staff Council and the Minister of Defence. These were also presented to the Parliamentary Portfolio Committee on Defence.
 - The DOD Policy on the Management of Defence Intellectual Property Rights was promulgated.
 - The DOD Policy on Donations and Sponsorships to and by the DOD in line with the requirements of the Public Finance Management Act (Act 1 of 1999) was promulgated.
 - The DOD Policy on Foreign Relations Gifts in line with the Public Finance Management Act.
 - The Restriction or Prohibition of Certain Conventional Weapons Bill, as drafted and approved by the Plenary Defence Staff council (PDSC). The Bill had been submitted to the office of the Minister of Defence for approval after which it will be taken through the Government clusters and Cabinet and ultimately tabled in Parliament for promulgation.
 - The Position Paper on Non-proliferation, Disarmament and International Humanitarian Law for inclusion in the White Paper on Defence and the Defence Review Update

was drafted and finalised.

- The DOD Policy on the Implementation of the Prohibition of Anti-personnel Mines Act (Act 36 of 2003) was drafted and finalised.
- The process that has produced the draft policy on the use of non-lethal weapons was led by the SANDF.
- Involvement in the African Union and SADC activities, eg the development of the Common Defence and Security Policy.
- **Support to External SANDF Commitments**
 - Prepared all the necessary documentation for Cabinet's approval of the extension of the SANDF external commitments in the Democratic Republic of the Congo and Burundi.
 - Drafted, negotiated and facilitated the conclusion of bilateral agreements with the African Union and United Nations, Angola, Belgium, the Democratic Republic of the Congo, India, Russia, Rwanda and Sweden.
 - Organised bilateral meetings with Algeria, Angola, Botswana, the Democratic Republic of the Congo, France, Italy, Jordan, Lesotho, Namibia, Nigeria, Mali, Russia, Turkey, the United Kingdom, the United States and Zimbabwe.

Strategic Management. To provide strategic management service, integrated management systems and structure management to the Head of the Department and defence leaders through professional staff work in order to enhance the effectiveness, efficiency, economy and image of the DOD. This is also done for the Defence Secretariat and the Policy and Planning Division.

- **Operational Direction**
 - *Participation in the drafting of the Defence Update.* The Chief Directorate was integrally involved in the drafting of specific chapters of the Defence Update, which were later presented to and approved in principle by the Minister of Defence and the Parliamentary Committee on Defence.
 - *Preparations for the Medium-term Expenditure Committee (MTEC) Deliberations.* Chief Directorate Strategic Management plays a critical role, in support of the Financial Management Division, to prepare for the deliberations on the DOD Budget in the Medium-term Expenditure Committee.
- **Planning and Programming**
 - *Annual Reports for FY2003/04.* Annual Reports for FY2003/04 were compiled for the Policy and Planning Division, the Defence Secretariat and the DOD where the latter was done in conjunction with the staff from the Corporate Staff Division. The

DOD Annual Report was presented to the Portfolio Committee/Joint Standing Committee on Defence, whereafter it was tabled in Parliament as prescribed in law and related regulations.

- *Strategic Business Plans for FY2005/06.* The Strategic Business Plans for FY2005/06 were compiled for the Policy and Planning Division, the Defence Secretariat and the DOD. The DOD Strategic Business Plan was compiled in conjunction with members from the Corporate Staff Division. The DOD Plan was presented and approved by Parliamentary Committees on Defence ie the Portfolio Committee on Defence and/or the Joint Standing Committee on Defence. The plan was then tabled in Parliament as prescribed in law and related regulations.
- *Quarterly Reports for FY2004/05.* Quarterly Reports for FY2004/05 were compiled for the Policy and Planning Division, the Defence Secretariat and the DOD where the latter was compiled in conjunction with the staff from the Corporate Staff Division.
- *Support to Strategic Direction Processes.* Direct support was provided in the preparing, planning and co-ordinating departmental strategic planning work sessions where strategic decisions are taken.
- *Strategic Planning Processes.* The Chief Directorate played a crucial role during the development of the Ministerial strategic guidelines and priorities. This was further refined for implementation through the guidelines provided by the Secretary for Defence and the Chief of the SANDF. Furthermore, the DOD's planning processes were aligned with those of Government through the integration of the Medium-term Strategic Framework and Medium-term Expenditure Framework guidelines from National Treasury.
- *Strategic Control Processes.* Departmental guidelines and instructions for Quarterly and Annual Reporting were issued in conjunction with the office of the Chief of Corporate Staff.
- *Integrated Management Services*
 - *Management Consultancy Service Centre.* This centre successfully participated in various DOD restructuring and job evaluation exercises. The Post Name Code project was finalised, resulting in enhanced functionalities of the information management system. Furthermore, evaluation was done on a number of toolsets aimed at improving service delivery and ensuring alignment

with the regulatory framework.

- *Business Process Re-engineering projects.* During the period under review, Directorate Integrated Management Systems was at an advanced stage with the business process of re-engineering projects regarding corporate communications, strategic management, human resources, and the delegation management system.
- *Balanced Scorecard.* A Balanced Scorecard Pilot Project was co-ordinated and in the process of being implemented in the SA Navy and the Financial Management Division. The Balanced Scorecard will be rolled out in the whole DOD on completion of the test period.
- *Project on the Alignment of DOD Processes.* This project's charter and plan were developed and approved by the Plenary Defence Staff Council for further implementation in the DOD.
- *Policy Development.* The following departmental policies were finalised:
 - Management and Utilisation of External Management Consultants.
 - Enterprise Architecture.
 - Macro structure Management.
 - Departmental Policy Support.
- *Accessibility of Departmental Policies.* In order to improve on the accessibility of the DOD policies, the following was done:
 - A capability to create compact discs of the DOD policy website was introduced, especially for military attachés and deployed units outside the borders of South Africa.
 - The process of reconstructing the DOD policy website so that it is user-friendly is approaching completion.
 - **Database Management.** There were 271 policies in the process of being developed, which represented a 34% growth on the previous year. There were 72 policies that had either been cancelled or withdrawn owing to changes in Government policies.

Human Resource Policy and Planning. To support the attainment of the DOD's mission through its aim of providing a Human Resource Policy and Planning service within a constantly evolving regulatory framework.

Human Resource Policy Management. The Chief Directorate was instrumental in a number of negotiations with DOD stakeholders, such as the South African Revenue Service (eg international deployment allowances), and the labour unions (eg the transfer of

the Naval Dockyard).

- **Human Resource Planning**
 - Successful implementation of the second phase of the DOD Human Resource Budget Planning System, known as Legadima, to support the budget holders to compile the DOD human resource budget for the FY2006/07 Medium-term Expenditure Framework period.
 - Electronic planning tools were developed and are being used to measure the DOD's progress with employment equity and rank-age compliance.
 - The implementation of the DOD Strategy 2010 was presented to and debated by the members of the Executive National Security Programme and the Joint Senior Command and Staff Programme.
 - The Skills Development Plan for the Policy and Planning Division was developed and submitted to DIDTETA (Diplomacy, Intelligence, Defence and Trade Education and Training Authority).
 - A new Personnel Acquisition Strategy was developed for the DOD.
 - The Rural and Scarce Skills Allowance was implemented for the Military Health Professionals as a mechanism to retain operational and functional expertise.
- **Service Systems**
 - The first Military Skills Development System intake (January 2003) successfully completed their two-year contract period and selected members were appointed in the DOD Core Service System during January 2005. The remainder of the intake formed part of the Reserve Force.
 - Successful implementation of the Core Service System as the second tier of the new Service System with effect from January 2005.
- **Reserves and Veterans**
 - An agreement was signed between the Department of Labour and DIDTETA in terms of which Rm56 would be used to provide skills to 4 350 military veterans.
 - A Military Veterans Symposium was held and attended by the Deputy Minister of Defence together with other stakeholders in military veterans' affairs.
 - The final Integration Report was compiled and accepted by the Portfolio Committee on Defence in November 2004.

Legal Support. To provide efficient, professional legal advice and support to the Ministry and Department of Defence so as to contribute to an effective defence capa-

bility and to ensure that it operates lawfully within the constraints of constitutional, national and international law.

- **Legislation.** The Directorate played a crucial role in the drafting of the following amendment bills:
 - Armscor Amendment Bill, which has been referred to Parliament for further processing.
 - Defence Special Account Amendment Bill, which has been referred to Parliament for further processing.
 - Constitution Amendment Bill, which has been referred to the Department of Justice and Constitutional Development for further processing.
- **Review of the Foreign Military Assistance Act.** Owing to the increased participation of South African citizens in international conflicts, for example in Iraq, Cabinet requested a review of the Regulation of Foreign Military Assistance Act. The Directorate was responsible for the establishment of an interdepartmental task team to focus on certain issues, such as mercenaries, foreign enlistment, humanitarian activities and alignment of the National Conventional Arms Control Act with the Regulation of Foreign Military Assistance Act. The task team has made tremendous progress in this area.
- **Litigation.** The Directorate continued to provide valuable advice and assistance to the Chief Financial Officer, which has in some instances resulted in savings being made and matters settled out of court, thereby eschewing the incurring of huge legal costs. For instance, two legal matters were successfully settled with a saving of R70 000,00 in damages and approximately R20 000,00 in legal costs, while in another matter a saving of R28 000,00 was effected.
- **Legal Advice and Opinion.** Sound legal advice and opinion were provided in areas such as the handling of grievances, military labour relations, matters pertaining to the Promotion of Access to Information Act, and the Promotion of Just Administrative Action. Furthermore, legal opinion was also provided in respect of the African Union Non-aggression Pact, Mutual Defence Pact and the African United Army.

Conventional Arms Control. To administer the regulation and control over the manufacture and transfer of conventional armaments in accordance with provisions of the Conventional Arms Control Act and as determined by the National Conventional Arms Control Committee.

- The Directorate Conventional Arms Control managed to execute its tasks by ensuring that applications were processed with a minimum of delay. Difficulties were experienced only during the last quarter of the financial year, largely owing to staff capacity constraints.
- Training was provided to various companies in the defence industry about the provisions of the National Conventional Arms Control Act, (Act No. 41 of 2002) thereby enabling them to comply therewith. This helped create mutual trust and co-operation, and actually enabled Directorate Conventional Arms Control to deal with companies that were not complying with the provisions of the act. Cases of suspected violations of the law were referred to the SA Police Service for investigation and possible prosecution.
- Support to Government's peace initiatives was provided by ensuring that no arms transfer to conflict areas took place in violation of South Africa's National Conventional Arms Control Act.
- Random *in loco* inspections were done to verify compliance with the National Conventional Control Act and/or end-user stipulations.
- Prepared two Cabinet Memoranda for Presidential authority for the deployment of the SANDF in Mozambique (support of general elections).
- Prepared two Cabinet Memoranda for Presidential authority for the deployment of the SANDF in the Sudan as observers to the African Union Peacekeeping initiatives.
- Part of the Interdepartmental Task Team prepared a submission to the January 2005 Cabinet Lekgotla on legal and policy framework within South Africa's national security policy.
- A memorandum of agreement was developed for the re-deployment of Defence Act Personnel to the SA Police Service. 250 Defence Act Personnel are already being retrained for deployment to the SA Police Service for employment in the security field.
- The Division made a number of presentations to the Parliament's Portfolio Committee on Defence, including those pertaining to the status of equity, the DOD strategic business plan and budget, the DOD annual report, implementation of Human Resource Strategy 2010, military labour relations and trade unions, the review of the White Paper on Defence and the Defence Review, and so forth.

OTHER OUTPUTS OF POLICY AND PLANNING DIVISION IN SUPPORT OF GOVERNMENT OBJECTIVES

In the year under review, the Division undertook the following activities in respect of Cabinet and Cluster Committees:

- Prepared the Cabinet Memorandum on the resolution of the long-standing matter relating to confiscated Zimbabwean equipment. This Cabinet Memorandum was submitted to the International Relations, Peace and Security Director-Generals' and Ministers' Cluster for recommendation to Cabinet for approval.
- Prepared a submission to the Justice, Crime Prevention and Security Director-Generals Cluster on the Standard Entry and Exit Criteria for Peace Missions, which was later approved by Cabinet.
- Prepared two Cabinet Memoranda for Presidential authority for the deployments of the SANDF's military observers in Ethiopia and Eritrea.
- Prepared two Cabinet Memoranda for Presidential authority for the extension of the deployment periods of the SANDF in Burundi and the Democratic Republic of the Congo.
- Prepared two Cabinet Memoranda for Presidential authority for the deployment of the SANDF in the Comoros (support of general elections) and Madagascar (disaster relief).



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The core objective of the Financial Management Division, as a sub-programme of the Defence Administration Programme, is to provide a cost-effective public finance management service to the Ministry of Defence, Secretary for Defence and the Chief of the SANDF in accordance with the Public Finance Management Act, Treasury Regulations and National Treasury practice notes and circulars. The Financial Management Division seeks to pursue its core objective by means of a professional representative civilian financial management corps and an appropriate financial management system.

The Financial Management Division has entered the third phase of a long-term strategy to substantially improve financial management of the Department. The first phase was the re-engineering of the Division for cost-effective service delivery. The second phase was the implementation of the public finance regulatory framework in the finance function within the constraints of the existing old information systems. The current phase consists of broadening the scope of implementation of the public financial management framework to other functions affected by public financial management, such as personnel, matériel and information management. The initiatives include ensuring promulgation of legally enforceable instructions, the integrated finan-

cial management information system, building of departmental capacity and reinforcing accountability arrangements.

The principal activity of the third phase has been the endeavour to procure an integrated financial management information system to improve financial information for decision-making as well as to secure compliance with emerging accounting practices and standards. Despite serious challenges posed by the old supporting information systems and organisational capacity, the Financial Management Division is currently doing its best to comply with National Treasury's ongoing initiatives, namely the Financial Management Improvement Programme and the Integrated Financial Management Information System. The Defence GRAP project reported on in FY 2003/4 has been superseded by National Treasury's Integrated Financial Management System initiative. The information provided through the Defence GRAP project has been most beneficial for the development of accounting standards and the specifying of requirements for the Integrated Financial Management System. In view of the long-term nature of this project, Defence will not be able to achieve unqualified financial statements unless exemptions are authorised and until such time as the Integrated Financial Management System has been developed and implemented in the Department.

The Financial Management Division was successfully able to provide financial management services to its clients according to its strategic business plan, service delivery charter and related service agreements. The quality of these services is constrained by the inadequacy of current departmental information supporting systems, departmental and divisional human capacity and the lack of a will to exercise control.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Financial Management Division's outputs were achieved under the following sub-subprogrammes within the Division:

- Budget Management Services.
- Financial Accounting Services.
- Financial Services.

Budget Management Service

- *Corporate Budget Preparation Service.* The following outputs were provided as planned:
 - Departmental budgeting guidelines.
 - Budgeting guidelines.
 - Budget motivation report.
 - Estimate of expenditure.
 - Defence vote.
 - Special defence account schedule.
- *Corporate Budget Control Service.* The follow-

ing outputs were provided:

- Adjustment budget.
- Monthly early warning reports (including exception reports).
- Virement and fund reallocations.
- Roll-over claim.
- Reconciliation statements for cash donations.
- Expended vote.
- *Budget Management Service to Budget Authorities.* The following outputs were provided:
 - Budget preparation service.
 - Budget execution and control.

Accounting Services

- *Corporate Financial Asset and Annual Reporting Service.* The following outputs were provided:
 - Management of departmental debt.
 - Management of DOD bank account.
 - Control over financial transactions as prescribed in law and related regulations.
 - Preparation of annual financial statements.
 - Provision of adequate cash in the DOD Paymaster-General Account for planned monthly cash flow.
- *Stores, Services and Related Payment and Revenue Management.* The following outputs were provided as planned:
 - Provision of cost-effective revenue, payments and related services including cash offices, face-value documents, telephone accounts, overseas debits and freight transport.
 - Effective Financial Accounting Service Centres and related Financial Accounting Satellite Offices as per approved structure and related service agreements.
- *Remuneration Administration Service.* A cost-effective personnel remuneration service (monthly payment of members/officials) was provided as planned.

Financial Services

- *Public Finance Management Act Compliance Service.* Cost-effective financial services were provided in respect of the following:
 - Financial risk management.
 - Audit report management.
 - Financial delegations.
 - Audit report management.
 - Financial delegations.
 - Financial policies.
 - Financial misconduct.
 - Losses and claims administration.
- *Financial Support Service.* Cost-effective finan-

cial and personnel support services were provided in respect of the following:

- Financial information support.
- Contract management.
- Management of face-value documents.
- Career management.
- Grievance and discipline administration.
- Education, training and development.
- Divisional administrative support.

OTHER OUTPUTS OF FINANCIAL MANAGEMENT DIVISION IN SUPPORT OF GOVERNMENT OBJECTIVES

The Financial Management Division was active in defence planning teams involved in the funding of post-conflict reconstruction initiatives as well as the development of policy and processes for the funding of peace support operations by the African Union, including the funding arrangements for the SADC Standby Force.

DEPARTMENTAL ACQUISITION AND PROCUREMENT DIVISION

ANNUAL REVIEW

The principal task of the Departmental Acquisition and Procurement Division is to acquire both defence and commercial matériel and services for the DOD. Defence material and services are acquired through ARMSCOR as prescribed by the ARMSCOR Act, DOD policies and procedures. The DOD itself acquires commercial matériel and services according to the Public Finance Management Act, Treasury Regulations and DOD policies and procedures.

The creation of the Departmental Acquisition and Procurement Division in the Defence Secretariat is one of the results of the ongoing transformation in the DOD. This is the nodal point for defence acquisition expenditure. The processes followed are instituted in such a manner that it ensures transparency, efficiency and empowerment of personnel and thereby ensures good governance in pursuit of Government objectives.

This division is committed to satisfying armaments and matériel requirements of the four services (SA Army, SA Air Force, SA Navy and SA Military Health Service), Special Forces and, to a lesser extent, other divisions in such a manner that full customer satisfaction is ensured at all times within policy prescripts. In the process of capital acquisition, Special Defence Account funds are spent according to corporate priorities to ensure cost-effective solutions to requirements. Sound project management is implemented to integrate and focus the expertise of ARMSCOR, local and foreign industry, research institutions and the inherent capabilities vested in the military practitioners. Through the use of the General Defence Account, the division satisfies the day-

to-day matériel requirements of the DOD.

During the period under review the division managed to deliver on the Strategic Defence Packages as per contractual arrangements. Within the technology domain, a number of weapon systems projects and programmes were controlled and managed. By the close of the financial year, only 6% of the amount allocated to the purchase of new weaponry was still uncommitted. Furthermore, the division promulgated the Framework for Supply Chain Management within the DOD with the emphasis on procurement and sales in respect of commercial goods and services, which makes the DOD comply with the National Treasury's framework and the Public Finance Management Act.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This sub-programme consists of the following sub-sub-programmes:

- Acquisition Service.
- Procurement Service.

Acquisition Service

- The policy on Acquisition of Armaments was promulgated.
- **Army Acquisition.** The following was achieved:
 - The Artillery Target Engagement System was integrated into the regiments, which paves the way for the digitalisation of the landward battlefield. Further integration in other regiments will continue until FY2007/08.
 - The 40 mm Automatic Grenade Launcher System was delivered to the SA Army.
 - Six international contenders responded to a request for proposals on a supply support vehicle platform.
 - The last batch of SS 77 Light Machine Guns was delivered.
 - The Mamba Mk 3 Project delivered more than 100 vehicles to the depot.
- **Air Force Acquisition.** The following was achieved:
 - *Hawk Lead-in Fighter Trainer.* The production of the Hawks is ahead of time and flight-acceptance trials on the first two aircraft were completed. Good progress has been made with the infrastructure upgrade at Air Force Base Makhado.
 - *Advanced Light Fighter Aircraft (Gripen).* The production of the first advanced Light Fighter Aircraft (Gripen) has commenced and is at an advanced stage of completion.
 - *New Light Utility Helicopters.* The final development and qualification work on

avionics, communications and autopilot were completed.

- *Maritime Helicopters.* The project is on schedule for the acquisition of four maritime helicopters.
- *A400M Aircraft.* Contracting for the acquisition of eight A400M aircraft with Airbus is to take place at the beginning of FY2005/06.
- *Rooivalk Attack Helicopter.* The need from Government to deploy the Rooivalk as soon as possible in support of peace missions in Central Africa has resulted in a change in the development and qualification schedule.
- *Naval Acquisition.* The following was achieved:
 - The delivery of four Type MEKO®A-200 (SAN) frigates to South Africa. As part of the nation's 10-Year Democracy Celebrations, SAS MENDI sailed on an East Coast cruise over the period 31 October to 12 November 2004. Port visits included Port Elizabeth, East London and Durban.
 - The launching of the first Type 209 Mod 1400 submarines by Mrs R. Mompoti on 14 June 2004 in Kiel.
 - Constructing of the two multi-purpose harbour tender (tugboats) commenced in February 2005.
 - Closing of the project relating to the upgrade of SAS OUTENIQUA.
- *Common Weapon Systems.* The following was achieved:
 - The approval of the staff requirement of the new family of tactical radios for the DOD.
 - The final approval of the DOD's projects on chemical and biological defence.
 - Acquisition of high-speed long-range boats to commence at the beginning of FY2005/06.
 - Approval of the high-altitude parachute equipment.
 - Approval of the ground-based laser designation system.
- *Technology Development.* In an effort to pursue appropriate defence-related technologies, regular presentations were made to relevant stakeholders, which resulted in a better understanding of the Technology Acquisition Management System and Projects.

Procurement Service

- The policy on the Framework on Supply Management was promulgated.
- The commissioning of the Weatherhaven Camping System in Burundi was done in June 2004. After protracted negotiations regarding sites and leases, this system was to be delivered in April 2005.
- The sale of disposed defence equipment for the period under review went according to plan.
- The implementation of the Supply Chain Management System within the DOD was effected, which paved the way for the DOD to conduct its procurement and sale in respect of commercial goods and services with limited intervention by an outside entity. The Departmental Commercial Procurement Board was established to adjudicate tenders on behalf of the Accounting Officer, for commercially off-shelf goods and services in excess of Rm 5. This excludes goods and services that are transversal. These still go through the State tender. The acquiring of information and communication technology products goes through the Information and Communication Technology Agency (SITA).
- There is good progress in the implementation of the SA Military Health Service outsourcing project. The project enables the DOD to refer patients to private hospitals with which the DOD has entered into a public-private partnership agreement in cases where patients cannot be accommodated in military hospitals. Unconditional Treasury Approval 1 for the feasibility study had been issued.
- The Alternative Service Delivery Implementation Board was constituted to deal with the renewal of contracts as well as new requirements before procurement could proceed.
- Contracts to a total value of R264 506 364 were awarded during the period under review by the DOD's three corporate procurement entities. The historically disadvantaged individuals were awarded 40.44% in accordance with the Preferential Procurement Policy Framework Act (Act No. 5 of 2000), which totalled R106 957 204. The premium paid in awarding it was 0.35%. At the General Support Bases the value of the contracts processed was R352 383 411 of which R44 963 773 (or 12%) was awarded to historically disadvantaged individuals.
- A contract was approved for the rendering of an air charter service for the DOD in support of external operations.
- The computerisation of the bidding process was implemented in the DOD to ensure transparency and to enhance the overall procurement process. This was successfully implemented at the three corporate procurement service centres and also at eight General Support Bases.

OTHER DIVISIONAL OUTPUTS IN SUPPORT OF GOVERNMENT OBJECTIVES

- The international credibility of South African know-how is enhanced by the knowledge applied to capital acquisition projects and operational requirements, which is recognised inter alia by international accreditation via the Organisation for the Prohibition of Chemical Weapons of the chemical laboratories supporting the DOD. Furthermore, five defence-related research papers were presented at the International Ballistic Symposium in Australia.

The Chief of the Departmental Acquisition and Procurement Division supported the Secretary for Defence in Bilateral Defence Committees with several countries as co-chairperson of Acquisitions Technology Work Groups in the defence committees. These include Russia, India and the USA.

CORPORATE STAFF DIVISION

ANNUAL REVIEW

On 1 May 2004, Lieutenant General T.T. Matanzima took over as Chief of Corporate Staff. Other changes in the command cadre of the Corporate Staff Division are the appointments of Major General S.B. Mmono as Chief of Military Legal Services, Major General V.I. Ramlakan as Chief Director Strategy and Planning, Brigadier General M. Cornelissen as Chaplain General and Rear Admiral (Junior Grade) G. Mphafi as Chief of Defence Foreign Relations.

The Corporate Staff Division continued to provide strategic direction, advice and support to the Chief of the SANDF with regard to strategic planning, military legal services, communications, defence foreign relations, the Reserve Forces and religious services.

Various highlights of the Division are listed below:

- The SADC Brigade modality report that was approved at the SADC Summit.
- The High Court's recognition of the Court of Military Appeals and its judgment that there is no right of appeal from the Court of Military Appeals to the High Court, in the case of Power Mbambo versus Minister of Defence.
- The completion of a corporate communication strategy that is fully aligned with Government priorities.
- The finalisation and approval of the Reserve Force Strategy.
- The establishment of the Council for the Support of National Defence.

The Division continued to conduct its delegated duties

as planned despite limited resources, the loss of skills especially in the legal environment, and structural constraints that were experienced. Notwithstanding this the morale of the personnel in general remained high throughout. The management of transformation remained effective, and the Division did make progress with regard to representivity in its human resources composition. At strategic level, the decisions made by top management at the DOD work session at Parys in March 2004, referred to as the 'Parys Resolutions', were addressed by the Division.

The Reserve Force Office continued to provide service to the DOD. The value of the services provided by the Reserve Force was further confirmed during the Chief of the SANDF's strategic work session in September 2004 where the SANDF Command Cadre re-affirmed the necessity for and their support of the Reserves. This will add impetus to the further development of the Reserve Force system and help to give focus to the implementation of the Reserve Force Strategy.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Corporate Staff Office. The Corporate Staff Office is responsible for directing the Corporate Staff Division to ensure that the Chief of the SANDF's expectations (including the provision of policy advice) are met in terms of the following sub-sub-programmes:

- Strategy and Plan Office.
- Defence Corporate Communication.
- Military Legal Services.
- Religious Services.
- Defence Foreign Relations.
- Reserve Force Office.

Strategy and Plan Office. To provide a military strategy and planning capability, advice and services for the Chief of the SANDF.

- The main drive of the Strategy and Plan Office was through defence diplomacy by participation in activities of particular regional and departmental forums. The Strategy and Plan Office functions as a staff compartment for the Chief of the SANDF in the co-ordination of International Relations, Peace and Security Cluster activities. The office is also involved with regional and continental activities in the development of a Common Defence and Security Policy. Current participation in the establishment of an African Standby Force for the region has resulted in the approval of the Southern African Development Community Brigade Modality Report.
- A favourable working relationship with other departments ensures co-operation in the collective goal to achieve national objectives. The

office is furthermore involved with other government departments in compiling a National Security Strategy for South Africa. Considerable success was achieved in efforts to align force structure and force design with the budget allocation. The DOD made excellent progress in aligning plans with national priorities.

- The DOD Strategic Business Plan for FY2005/06 was finalised in conjunction with the Policy and Planning Division's staff. The Plan was then presented to the Parliamentary Portfolio Committee on Defence before being tabled in Parliament. The office fully participated in the strategic planning and budgeting process of the department.
- Critical management information was provided to the Executive Authority, Secretary for Defence and Chief of the SANDF. The quarterly report process, which is performance against plan, is fully operational. The SANDF Annual Report is a core output of this Office and the SANDF State of Readiness Report (Combat Readiness) was presented to Parliament. The development of the Strategic Planning Enabler tool, as an electronic tool to do planning, budgeting and reporting, is in progress and should be implemented in the next financial year.
- A secretarial service was delivered to all Defence Staff Council and Military Council meetings as well as a number of Special Plenary Defence Staff Council and Military Council meetings. A secretarial service was also provided to various work sessions of the Minister of Defence, DOD and Chief of the SANDF.
- The Defence Crisis Management Centre services were negatively affected as a result of the external deployment of its staff.
- In terms of the Parys Resolutions the Strategy and Plan Office is actively involved as a member of the DOD Steering Committee responsible for the revision of the White Paper and the Defence Review. The Chief Director Strategy and Planning co-ordinated the SANDF efforts with respect to the structural arrangements for optimal efficiency and effectiveness, including the appropriate capacity for the Secretary for Defence and the Chief of the SANDF.

Defence Corporate Communication. To provide defence communication policy, strategy and plans in accordance with DOD and national (Government Communication and Information System) policy, and to provide a centralised corporate communication capability, services and products in order to enable effective, efficient interactive two-way communication between

the DOD and its stakeholders.

- Defence Corporate Communication fulfilled its objective over the past year by providing strategic communication direction and advice to the DOD, aligned and integrated its strategy and plan with that of Government, and delivered the necessary communication services and products.
- With respect to the Parys Resolutions, Defence Corporate Communication is actively involved in supporting the Head of Communication to improve the public image of the DOD.
- The Defence Corporate Communication subdivision actively participated in the Government Communication and Information System (GCIS) planning forums. This resulted in the alignment and integration of the DOD communication strategy and activities with that of Government and the GCIS. As required, Defence Corporate Communication refocused corporate communication in order to effectively support operations in the African region. The Defence Corporate Communication subdivision provided advice on national opinion with respect to SANDF capabilities and operations through the use of the GCIS National Tracker Survey (Project NATION).
- To ensure stronger public awareness, understanding and support for Defence, a joint DOD Corporate Communication Strategy was compiled as a guideline for corporate communication in the Services and Divisions. Outputs towards this objective included the following:
 - The publishing of SA Soldier.
 - Publication of the DOD Annual Report.
 - Publication of the DOD Strategic Business Plan.
 - Facilitation of visits and events.
 - Fifteen corporate videos were produced and distributed. A total of 500 minutes of video material, including material on the Ten Years of Freedom celebrations in the DOD, including the SANDF.
 - A low frequency advertising campaign was run over a period of six months to promote the DOD's celebrations of Ten Years of Freedom.
- The DOD Information Centre received 5 000 enquiries that were dealt with at a satisfactory success rate. However, the completion of enquiries has remained at 80% due to a lack of resources.
- The DOD website, which was visited 43 000 times during the year, was used for the publication of the DOD Strategic Business Plans, DOD Annual Reports, DOD Information Bulletins, media statements, SA Soldier edi-

tions and two Reserve Force publications, thereby improving efficiency and costs. A total of 15 speeches were written for the Secretary for Defence, the Chief of the SANDF and Chief Director Defence Communication, while 121 Information Bulletins were published throughout the DOD down to unit level.

- Maintenance, management and administration of the Delville Wood Museum amounted to R360 000. The National Department of Public Works did extensive maintenance and repairs to the structure during the past year. Its support is appreciated.
- The staffing of appropriately skilled and knowledgeable personnel in vital posts has been a constant challenge. A major effort was put into training and developing existing and newly appointed staff members during the year under review.

Military Legal Services. To provide professional, legitimate and deployable military legal services and support commensurate with the needs of the DOD.

- The Military Legal Services ensured the provision of a professional, effective and legitimate military defence counsel and deployable operational legal advice support service as required. Also, as an additional task, it assisted with the drafting of 36 implementing arrangements in respect of exercises, memoranda of understanding, bilateral and multilateral agreements and diplomatic notes with various countries.
- Operational legal support was rendered to 10 ordered operations and eight joint and multinational exercises. 14 shorter operational deployments by courts of senior and military judges and 11 investigations were conducted.
- The Military Legal Services reviewed 37 pieces of legislation that were promulgated during 2004 to establish the possible impact on the DOD.
- To meet increasing requirements for military judges, more Reserve Force members were called up for training and five additional judges were appointed. The reassignment of a number of senior military judges for only six months, which expires in June 2005, creates uncertainty and will increase the workload for the other assigned senior military judges. The non-availability of witnesses and interpreters delays cases. The deployment of Senior Military Judges to the Democratic Republic of the Congo and Burundi, where three senior military judges had to preside, exacerbated the avail-

ability of senior military judges internally. A military court was established at 1 Military Hospital and has been in operation since 1 January 2005.

- In terms of judicial reviews, no courts of military appeal sessions were held during the last quarter as a result of the non-availability of members of the courts of military appeal and judges of the high court to act as chairpersons at the courts of military appeal sessions. As at the end of the period under review, a total of 115 cases were pending review by the courts of military appeal. This situation may have an adverse effect on the administration of military justice.
- Effective and legitimate military defence counsel and deployable operational legal advice support services were provided as required. Over and above its normal responsibilities, the Military Legal Services also assisted in the drafting of implementing arrangements in respect of memoranda of understanding, bilateral and multilateral agreements, and diplomatic notes with various countries.
- Military Prosecutions successfully directed and managed key operational prosecutions and various other serious cases where either the client or the Legal Satellite Offices sought advice. Clear direction was given and movement experienced in certain complex internal and departmental investigations, such as with the British Military Advisory and Training Team forensic investigations. The absence of an electronic database restricts monitoring of the functioning of Legal Satellite Office management systems in terms of assessment of case inflow, outstanding cases and measures of output.
- Four black Reserve Force members from the Military Legal Services were selected to attend the 2004 Young Reserve Officers' Workshop held in Austria.
- Despite the human resources, skills and structure constraints, non-availability of high court judges, witnesses and a shortage of trained interpreters, the Corporate Staff Division continued to ensure that military justice was provided in line with national standards. Measures taken to overcome these difficulties were mainly the utilisation of skilled Reserve Force members, internal recruiting and the rotation of Military Law Practitioners between functions (where feasible). This ensured exposure to various fields of expertise.

² Permanent members of the United Nations Security Council: France, the People's Republic of China, the Russian Federation, the United Kingdom and the United States.

Religious Services. The Chaplain General was responsible for providing a Chaplain Service that cares for all DOD members and their dependants, and promotes spiritual growth, social support, and ethical conduct.

- The Chaplain Service ensured a service that promoted spiritual, social and ethical conduct for members of the DOD. The Chaplain Service received three awards at the DOD MASIBAMBISANE Awards Ceremony in 2004 for its excellent contribution towards combating HIV/Aids in the DOD. The appointment of the new Chaplain General coincided with two important planning sessions where commanders in the DOD and prominent church leaders were involved in the refocusing of the Chaplain Service in terms of its role, task and responsibilities in the DOD. Out of this a new mission statement and six key performance areas were developed, which will guide the performance of the Chaplain Service in the next five years.

Defence Foreign Relations. To provide a defence foreign relations capability and services as directed by the Chief of the SANDF.

- The SANDF has 26 military attachés deployed in 23 countries. The SANDF also has non-residential accreditation in 17 other countries. The year also witnessed nearly a 40% scheduled change-over in the South African military attaché corps. A Regional Military Attaché Conference for SANDF military attachés in Europe was held in Spain in January 2005 to revisit the strategy for the region, evaluate business plans for the coming year and introduce the new Chief of Defence Foreign Relations.
- Representation in the P5² Countries has been upgraded from colonel level to that of a brigadier general. This upgrading was undertaken in order to fully support Government's foreign policy initiatives.
- In spite of these achievements, the targets set for FY2004/05 to increase representation in African countries over the next five years in terms of the Foreign Relations Strategy could not be achieved owing to the unavailability of funds. The objectives entail the strategic positioning of military attachés in accordance with Government priorities and aligned with the Military Strategy. Lack of funding also prevented the posting of non-commissioned officers to three of the P5 countries as well as a permanent representative to the mission at the United Nations and non-residential posting to Lesotho and Swaziland.
- The Chief of Defence Foreign Relations chaired

the Official Guests Coordinating Committee for the African Aerospace and Defence Exhibition 2004 and successfully managed the official guests for the DOD.

- The subdivision was also constructively involved in the arrangements of the continental and regional multinational organisations' defence and security structures with special emphasis on the activities of the SADC Organ and the Inter-state Defence and Security Committee.
- Although Chief of Joint Operations is the main role player in bilateral and multilateral exercises, Defence Foreign Relations provided the important services of facilitation in the planning and debriefing phases, the entry and exit arrangements, as well as taking care of foreign visitors and arranging functions.
- Defence Foreign Relations has continued to render defence diplomacy services. A total of 575 DOD visits abroad and 193 foreign visits to the DOD were dealt with. A wide range of consular service activities were undertaken, ranging from the issuing of 1 666 official passports to the processing of 2 557 visa applications. Various military attaché and advisor corps activities for foreign military attachés in the RSA were arranged. Five accreditation/de-accreditation ceremonies, 13 day-programmes and events as well as visits to military installations in the RSA were held. A total of 45 VIP visits were supported by Defence Foreign Relations on behalf of the Minister and Deputy Minister of Defence, the Secretary for Defence, the Chief of the SANDF and other top officials.
- The following challenges were experienced:
 - Defence Foreign Relations found it difficult to deal with the growing defence diplomacy demands. Since the transfer of Defence Foreign Relations from Defence Intelligence to the Corporate Staff Division in 2001, the structure and capacity of Defence Foreign Relations has not been corrected to meet the growing requirement for this service. However, the DOD is addressing the matter.
 - The roll-over effect of mission accounts due to the time lay caused by the Department of Foreign Affairs remains a serious challenge for the Defence Foreign Relations expenditure pattern. Defence Foreign Relations, together with the Chief Financial Officer will engage in new initiatives with the Department of Foreign Affairs to find a solution and/or new working procedures to address the matter.

Reserve Force Office. To provide strategic direction to the development and maintenance of the Reserve Force system by providing specialist advice, policy, strategy, plans and doctrine as well as promotional/marketing products and services.

- A major achievement was the promulgation of the Strategy and Implementation Plan for the Renewal and Transformation of the Reserve Force in September 2004. It is intended that this will be the much-needed driver towards real progress in renewing and transforming the Reserve Force.
- Through the Defence Reserve Board and Reserve Force Workshop, the Reserve Force Office managed a number of strategic matters as well as administrative, operational and technical policies and processes. These included delegations to the Secretary for Defence on the call-up and utilisation of Reserve members, more equitable deductions of premiums for the Group Life Insurance Scheme for Reserve members and a number of Human Resource policies and instructions that are directly or indirectly linked to Reserve Force matters.
- The development of a system that will provide a regular and sustainable flow of human resources to the Reserve Force.
 - The Reserve Force was a standing member of the work groups constituted to develop the Military Skills Development System and implementation plan for the 2004 intake.
 - An objective of Human Resource Strategy 2010 is the development of a cadet system for the SANDF. A draft proposal has been formulated after consultation with all stakeholders and is in the process of refinement. It is intended to table the concept during FY2005/06.
- A concept for a Reserve Training Scheme was developed in conjunction with the SA Military Health Service and other stakeholders. The Military Council approved the creation of the University Reserve Training Unit as a pilot project for the introduction of such a scheme for the broader SANDF.
- The Council for Support of National Defence was successfully launched during September 2004. Mr Tokyo Sexwale chairs the council and the members are representatives from labour, business and community organisations. The primary aim is to promote employer and community support for the Reserves and the Reserve Force System.
- The Reserve and Reserve Force System were actively promoted during the year under review. The annual magazine entitled *The*

Reserve Force Volunteer, a new promotional video/DVD entitled *What is Reserve Force Service?* as well as various posters and leaflets to promote employer support and to popularise the Reserve Force service in the SANDF were produced. The Reserve Force Office either initiated or sponsored 116 corporate liaison functions. The Reserve Force advertisement appeared in six external publications.

- New responsibilities for the Reserve Force Office:
 - Co-ordination of the SANDF's participation in the Confederation Internallie des Officiers des Reserves Congress and military skills competitions. Procedures regulating the process have been put in place.
 - Management of the SANDF's participation in the US National Guard State Partnership Programme. A draft standard operating procedure regulating the process and a plan for implementation during FY2005/06 has been developed.
- Although not part of the Reserve Force Office's mandate, its regional offices in KwaZulu-Natal and the Western Cape negotiated a war simulation exercise for the units in their areas. These initiatives led to the SA Army undertaking to plan for and fund such exercises annually for the Conventional Reserve units.

OTHER CORPORATE STAFF DIVISIONAL OUTPUTS IN SUPPORT OF GOVERNMENT

During 2004 the Division faced growing requirements from Government for participation in Government structures and regional initiatives. These requirements stem from, inter alia, the Government's Programme of Action, the Clusters, the African Union and the SADC on developments surrounding the SADC Brigade and African Standby Force. The Division's outputs are constantly exposed in the international environment and the quality of its activities and inputs therefore impact directly on the image of the DOD in general and SANDF in particular. Favourable internal and external working relationships contributed towards achieving the required results and achievements. However, as a result of limited funds, the approved Defence Foreign Relations Strategy, which is focussed on increased military representation on the African continent, could not be fully implemented. In addition to the above, the challenge remains to achieve an acceptable, appropriate and affordable force design and structure, and to establish a combat-ready Reserve Force component.

The Corporate Staff Division was actively supporting Government's initiatives regarding peace and security. These included the following:

- *Support for Government's Diplomatic Drive/ Initiatives in Africa*
 - The Strategy and Plan Office and Defence Foreign Relations continued to play a crucial role in the planning of the African Standby Force and the SADC Brigade.
 - SADC Organ activities, especially those pertaining to the Inter-state Defence and Security subcommittees, such as the Spiritual and Moral Support Work Group were supported.
 - A nodal point for communication of SADC and ISDSC activities was established in the Crisis Management Centre.
 - The Division's Military Legal Service was instrumental in providing legal advice on the development of legislation regarding global security.
 - Substantial inputs were provided to the Director Generals' International Relations, Peace and Security Cluster, as well as the Joint Operational Intelligence Structure.
- *The Systematic Reduction of the SANDF's Routine Internal Deployments.* Chief of Defence Reserves continued to provide advice and support in the phased withdrawal of the SANDF Commando System.

2002), Mr D.S. Molapo (24 April 2002), Mr R.K. Pule (23 May 2002), and Mr K.A. Ross (24 April 2002).

Four scheduled meetings and a special one were held. Special in-committee meetings were held with the Accounting Officer, Chief Audit Executive, and Auditor-General respectively. In accordance with the Institute of Internal Audit Standards the involvement of the Audit Committee was sought in the approval of the three-year rolling audit strategy and the Defence Inspectorate Strategic Business Plan. The Audit Committee approved these plans. The Audit Committee oversees the Internal Audit Charter. Activities of the Audit Committee are formally structured into a plan, allowing the coverage of the total spectrum of risk areas that needs to be assessed and monitored, in accordance with the Public Finance Management Act and National Treasury Regulations. The terms of reference, which guide the activities of the Department of Defence's Audit Committee, were reviewed by the Audit Committee during FY2004/05 financial year and was recommended for approval by the Accounting Officer.

Audit Committee members had an opportunity to be exposed to the DOD's units through a visit and also accompanied audit members on audit work. Their vast experience and knowledge of financial matters contributed to an increase in the knowledge of some Inspector General DOD members. The Audit Committee has direct access to the Auditor-General and to the Secretary for Defence and Chief of the SANDF. Increased reliance by the Auditor General on the internal audit reports by the Inspector General DOD has enhanced the strategic profile of the Division, thus improving the departmental corporate governance.

During the year the Division was fully staffed and representivity in terms of race, gender and rank group improved significantly. The implementation of a functional electronic audit management system (TeamMate 2000) was achieved.

The framework suggested by the Committee of Sponsoring Organisations of the Treadway Commission of 1992 was adopted as a framework for internal audit reporting. Inspector General DOD is still subject to an annual audit by the South African Bureau of Standards with regard to the International Standards Organisation (ISO 9001: 2000) certification.

The number of reports analysed during the year in review was 203. This did not include the 196 condonement for the closing down audits and the 67 investigations, of which 25 were referred to the Military Police Agency, Legal Services or National Prosecution Authority conducted by the Directorate Anti-fraud. The Division embarked on a drive to train and empower

DEFENCE INSPECTORATE

ANNUAL REVIEW

The Defence Inspectorate, which is headed by the Inspector General DOD, provides an independent, objective assurance and consulting service designed to add value and improve the DOD's operations. The internal audit function of the Defence Inspectorate determines whether or not the DOD's system of risk management, control and governance processes is adequate and functional. To provide for the independence of the Defence Inspectorate, its personnel, including the Service Inspectors General, report functionally to the Inspector General DOD (who is also the Chief Audit Executive) and administratively to their Service Chiefs. Similarly, the Chief Audit Executive/Inspector General DOD reports functionally to the Audit Committee and administratively to the Secretary for Defence.

During the year under review, the Audit Committee for the Department of Defence was duly constituted according to the Public Finance Management Act. Six members, external to the DOD, of which one post became vacant, two independent members within the DOD, two ex officio officers, the Auditor-General and representatives of the Defence Inspectorate take part in the activities. The members external to the DOD were as follows and appointment dates are indicated in brackets: Dr D. Konar (Chairperson) (24 April 2002), Ms J. John (23 May



members of Inspector General DOD and the Service Inspector Generals. Ninety per cent of the members now possess a minimum qualification as internal auditors.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This sub-programme consists of the following sub-sub-programmes:

- Divisional direction.
- Performance Audit.
- Regulatory Audit.
- Anti-fraud.
- Resource management.

Divisional Direction. To provide direction to the Defence Inspectorate for the attainment of its vision and mission.

- Implementation of the Committee of Sponsoring Organisation of the Treadway was adopted for implementation in respect of internal audit reporting.
- An automated audit management system (TeamMate) was introduced.
- The Effectiveness Model was adopted and implemented.
- Five members wrote the Certified Internal Auditors international qualification examination. Two members qualified while others still have some modules to complete before they qualify.
- **Policy Development.** In terms of the Public Finance Management Act, Act No 1 of 1999, the Defence Act, Act No 42 of 2002 and the Standards for the Professional Practice of Internal Auditors it is required that the Defence Inspectorate regulate and align its procedures. The Defence Inspectorate promulgated its policy document to formalise statutory internal audit duties as assigned by the Public Finance Management Act, assign statutory internal audit management powers as vested in the Secretary for Defence by the Defence Act and the Public Finance Management Act and provide for internal audit activity management accountability arrangements.

Performance Audit. To maximize the performance audit coverage of the expected losses that relate to risks as delineated in the Risk Register (within the prescripts of the Public Finance Management Act, associated policies, regulations and instructions).

- The Directorate Performance Audit conducted two external deployment audits in the Democratic Republic of the Congo and Burundi. It was discovered that the unavailability of vehicle spare parts and the delayed reaction to situation reports and logistical

requests impact on the combat readiness of the RSA contingent. The Directorate Performance Audit completed 48 reports.

- The Centre for Effect Analysis had planned to conduct 84 attitudes and opinion surveys, but has completed 95. It should, however, be noted that one of the 84 surveys comprised of 282 independent sub-reports. Members were, inter alia requested to respond to racism in their working environment. Slight positive as well as negative changes were noted during the survey; a considerable percentage of respondents continue to hold the view that racism or racial discrimination exists in the DOD. Perceptions, however, varied across services or divisions, rank categories and population groups.
- The Effectiveness Model to measure combat readiness has been implemented in the SA Army and SA Navy. The SA Medical Health Service has partially implemented the model, while, the SA Air Force still has to consider it.

Regulatory Audit. To maximise regulatory and compliance audit coverage within the prescripts of the Public Finance Management Act, associated regulations and instructions.

- The total number of audits conducted for the period in review was 155, and 197 certificates of condonement was given for the closing down audits. There are however, still over 800 closing down audits outstanding in the DOD. The Risk Register for FY2004/05, on which the three-year rolling audit is based, indicates 140 risks to be covered, of which 90 are categorised as high risk, and 50 risk elements evaluated as medium risks.
- Five overseas project offices for the Strategic Defence Packages were audited and it was found that the systems and processes to manage these offices had improved tremendously. Slippage of some projects is becoming costly for the DOD.
- The deviation of the quantity of audit reports from the planned schedule was due to the training on TeamMate and the passing away of the Director. Training mentors were appointed to speed up the reskilling of the new members.

Anti-fraud. To provide a fraud and related economic crimes detection, investigation and prevention service.

- The Directorate Anti-fraud was established in order to address the fraud and corruption practices in the DOD. Directorate Anti-fraud focuses on the prevention and detection of fraud, forensic investigation and the monitoring of fraud and corruption in the DOD. The

directorates consist of specialised expertise, information sharing capabilities, and operational independence to address unethical behaviour.

- The total number of investigations undertaken was 67, with 42 completed and 25 referred to the Military Police Agency, Legal Services or National Prosecution Authority.

Resource Management. To sustain the Defence Inspectorate strategy and business plans through effective and efficient resource management.

Performance. This objective was substantially achieved. However, the complex and long procurement processes of the General Support Base pose the risk of delays in the provision of timely logistic support to the clients and a resultant deviation from planned expenditure patterns. These delays have also become critical in the servicing and repair of vehicles.

OTHER DIVISIONAL OUTPUTS IN SUPPORT OF GOVERNMENT OBJECTIVES

- One of the strategic outputs of the Defence Inspectorate is to ensure the combat readiness of the SANDF. The Defence Inspectorate participates in the combat-readiness cluster, which ensures that deployed forces are mission-ready and have the correct equipment.
- The Defence Inspectorate has initiated steps to implement defence inspection/audit in the Defence Forces in SADC. The Zimbabwe Defence Force was the first to be invited to attend the Association of Defence Auditors Conference as an observer, and has shown interest in implementing Defence inspection/audit functions. The Defence Inspectorate will share its experience gained in the country and through various benchmarking exercises and international courses with regard to the implementation, management and control of quality management systems, internal auditing procedures and the requirements of the Institute of Internal Auditors' Code of Ethics.

EQUAL OPPORTUNITIES

ANNUAL OVERVIEW

Employment equity and the diversity of the workforce in terms of race, gender and disability are crucial in ensuring that people are recognised as an integral part of the organisation's failure or success. The Equal Opportunities Chief Directorate plays a critical role in contributing towards the mission-readiness of the SANDF by inculcating the DOD's shared values, esprit de' corps and appreciation of diversity as a unifying mechanism for the SANDF. During the year under

review, the Equal Opportunities Chief Directorate continued to define the building blocks for the successful implementation of equity within the DOD. It has had to devise new ways and means to enable members to understand the need for compliance reports and to devise formats for uniform reporting.

Equal opportunity issues are human rights issues, hence the advocacy role that the Equal Opportunities Chief Directorate is playing is crucial. One of the highlights for the Equal Opportunities Chief Directorate was the celebration of the International Day for the Disabled that took place in Simon's Town, during which the plight of the disabled members of the DOD was highlighted. It has also been involved in various activities in the quest for peace and stability in the region. This was in line with the striving for military strategic objective of regional security and supporting the African Union and New Partnership for Africa's Development (NEPAD) initiatives. It participated in the launching of the 2003 Third African Women's Peace Table Seminar Report, which took place in August 2004 in Pretoria.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This sub-programme consists of the following sub-sub-programmes:

- Policy and Plans.
- Development, Research and Evaluation.

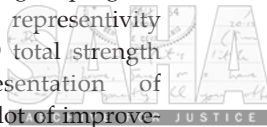
Policy and Plans. This sub-subprogramme develops and co-ordinates all equal opportunities and related policies in line with constitutional and other relevant legislative imperatives.

- **Equal Opportunities Policy.** The Equal Opportunities Chief Directorate develops and/or participates during the revision of equal opportunity-related policies, and it also sits on all forums, such as the DOD Administrative, Operational and Technical Policy Forum and the DOD PSAP Bargaining Council, in order to ensure alignment with equal opportunity values. Furthermore, the following policies were developed for promulgation at the beginning of FY2005/06, while others were revised:
 - Shared values (new).
 - Prevention and Elimination of Unfair Discrimination on Grounds of Sexual Orientation (new).
 - Guidelines on the Prevention of Unfair Discrimination towards People with Disabilities (revised).
 - Policy on the Prevention and Elimination of Racism in the DOD (revised).
 - Mentorship Guidelines for the DOD (revised).
 - Policy on Fast-tracking (revised).

- Equal Opportunities and Affirmative Action (revised).
- Sexual Harassment (revised).
- **Gender Equity.** The Equal Opportunities Chief Directorate was engaged in a number of activities aimed at promoting equity in the DOD, gender sensitisation programmes, liaison with gender forums and providing reports on gender issues.
 - There was liaison with the national Office on the Status of Women.
 - The Gender Focal Point successfully organised South African Women's Day, in conjunction with the SA Navy in August 2004. It also organised a bus trip to the 'Save our Souls' School for the Blind and AIDS orphans in Mamelodi, Pretoria, to demonstrate support for the disabled and the AIDS orphans in November 2004.
- **Disability Equity.** The disability section of Equal Opportunities Chief Directorate ensures the implementation of the principles of the White Paper on an Integrated National Disability Strategy in the DOD.
 - Nine barrier-free access projects were launched in Bloemfontein in June 2004. The aim of the projects was to improve the level of independence and equality that people with disability enjoy in the DOD.
 - Six DOD Disability Forum meetings (ie a meeting every second month) to facilitate the process of fair acknowledgement of the rights of people with disabilities at all levels in the DOD and to determine the gaps and required changes.
 - Equal Opportunities Chief Directorate members participated in the quarterly meetings of the Interdepartmental Collaboration Committee on Disability at the national Office on the Status of Disabled Persons in the Presidency. This was done to ensure the DOD's collaboration in repositioning disability as a development issue in South Africa, Africa and other developing parts of the world.
 - The Equal Opportunities Chief Directorate played an important role during the Casual Day as the biggest fund and awareness-raising event in South Africa for people with disabilities and organisations catering for the needs of disabled persons. The DOD, through the Equal Opportunities Chief Directorate's Disability Section, collected more than R174 380,00 during that endeavour. The Curamus Association, which is directly involved with the DOD with regard to our own people with disabilities, benefited from the DOD's involvement in Casual Day activities.
- The DOD celebrated the International Day of Disabled Persons in Simon's Town on 3 December 2004. The main focus of the celebration was to promote and reaffirm Government's commitment to the upliftment of people with disabilities.
 - A survey was conducted in an effort to collect and gather data and information on the number of people with disabilities and their working conditions in the DOD. There is a serious lack of reliable information in the DOD in respect of people with disabilities. This is largely because many people with disabilities in the DOD do not disclose their disabilities. A concerted effort is being made to determine the reasons for people not disclosing their disability status.
- **Affirmative Action.** The Equal Opportunities Chief Directorate is mandated to monitor the implementation of Affirmative Action by Services and Divisions and the DOD compliance with equity legislation and the Government's transformation imperatives. The DOD utilises both the targets set by the White Paper on Affirmative Action and the Defence Review to monitor racial, gender and disability representivity trends in the DOD.
 - Services and Divisions submitted their Affirmative Action plans and progress reports for 2004, which were thoroughly evaluated by the Equal Opportunities Chief Directorate. Furthermore, fast-tracking plans were also submitted, which had to be aligned with the mentoring process.
 - A workshop was held in August 2004 where the Equal Opportunities Chief Directorate assisted the Services and Divisions with the implementation of mentoring in the DOD and the training of mentors. Services and Divisions were advised to have their own specific Fast-tracking Assessment Boards.
 - The Equal Opportunities Chief Directorate sits on all strategic forums where feedback on the status of equity is regularly given.
 - Equal Opportunities Chief Directorate hosted the quarterly DOD Affirmative Action Forum where decisions on progress reports, submissions and monitoring the attainment of the representivity objectives by the Services and Divisions were made.
 - Roadshows were conducted in Limpopo, Mpumalanga and the Western Cape. They are aimed at popularising the acceptance of the equal opportunities and affirmative action objectives in the DOD. The road-

shows also help assess violations and problems and serve as early warning systems in regard to equity principles of racism, prejudice and unfair discrimination.

- The Equal Opportunities Chief Directorate gave briefings and reports to the following external stakeholders:
 - The Parliamentary Standing Committee on Public Accounts regarding representivity in the senior management service. It was reported that the senior management service was predominantly white, while lower levels (both military and civilian) were predominantly black and African.
 - Briefings to the Deputy Minister of Defence in respect of the current status of transformation in the DOD.
 - The DOD Employment Equity Report was submitted to the Department of Labour, Public Service Commission, Parliament and the DOD Equal Opportunities Monitoring and Advisory Board.
- *Representivity.* Even though the DOD has not achieved the minimum targets, progress in equity is visible. Racial representivity measured against the DOD total strength indicates an over-representation of Africans, but there is still a lot of improvement required in respect of gender, senior management, middle management and warrant officers. There is negative over-representation of Africans at lower levels, where whites are very under-represented.
- *Development, Research and Evaluation.* To develop, manage and monitor the execution of equal opportunities and affirmative action development programmes in the DOD. This, inter alia, includes the mandatory equal opportunity and affirmative action sensitising and developmental training of all members and employees at all levels of the DOD.
 - *Development.* The Equal Opportunities Chief Directorate continued with sensitisation and developmental training programmes with a view to the following:
 - Creating a DOD environment that is free from unfair discrimination.
 - Creating an organisational culture where sexual harassment is prevented and dealt with.
 - Creating an environment that values diversity, fosters mutual respect and dignity amongst all persons serving in the DOD.
 - Five middle management seminars were presented to 120 middle managers. Four Warrant Officers and Senior Non-commissioned Officer seminars were presented to a total of 93 DOD members and personnel. These awareness seminars were presented in the Eastern Cape, Western Cape, Northern Cape, Limpopo, Gauteng and Mpumalanga provinces.
 - Support and advice were provided to qualified equal opportunity assistants and advisors as well as the SANDF training institutions.
 - *Research.* To conduct and manage the research into existing applications of equal opportunities, and into discriminatory practices in the DOD with a view to making recommendations for use by line management and other stakeholders.
 - Four research projects were undertaken during the period under review:
 - **Climate Survey.** The 2003 Military Equal Opportunities Climate Survey results were completed. The results were presented to the Plenary Defence Staff Council and the Human Sciences Research Council before they were published in *The Soldier*, the DOD magazine (March 2004 edition). The survey found that people still experienced racism in some sections of the DOD. Members at the lower rank levels (private to sergeant) do not know about the policies of the DOD on equal opportunity and affirmative action.
 - **Women in Deployment.** Focus group interviews were conducted in respect of the deployment of women. The aim was to determine the perceptions of DOD members (military and civilian) about women in deployment. A comprehensive report would be presented during the beginning of FY2005/06.
 - **Homosexuality in the DOD.** Focus group interviews were also conducted among the members of the DOD as a follow-up study to the DOD Survey of 2000. The interim results indicated that the majority of DOD members did not have a problem with homosexuals in the military as long as they were capable of performing their tasks. There was a perception that the challenge would arise during deployment. Most members felt uncomfortable about this and cited fear of sexual harassment, especially by



males. A comprehensive report will be presented at the beginning of the FY2005/06.

- **People with Disabilities.** Focus group interviews were conducted with employees and members of the DOD who have disabilities. The interim results show that disabled people feel that they are being discriminated against in the organisation. Most do not have barrier-free access to facilities such as ablution blocks. There is also a great need for transport to and from work as most public transport does not accommodate assistive devices. A comprehensive report in this regard will also be submitted at the beginning of the FY2005/06.
- **Evaluation.** This section monitored the implementation of the Equal Opportunity and Affirmative Action policies at various DOD units. The evaluation reports were then personally discussed with the Officer Commanding who would then compile an Action Plan.

OTHER DIVISIONAL OUTPUTS IN SUPPORT OF GOVERNMENT OBJECTIVES

- The DOD assisted the Spousal Office in the preparation of the Burundi South African Women's Conference in July 2004.
- The DOD participated in the Botswana Women's Conference in August 2004 at the invitation of the SA High Commissioner in Botswana.
- The DOD also participated as a member of a national working committee to improve Article 5 (promotion of positive attitudes to persons with disabilities in the world) of the United Nations Comprehensive and Integral Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities.
- The DOD convened the African Women's Peace Table Seminar in November 2004 with the purpose of reviewing the outcome of the Third Peace Table for 2003.
- The DOD assisted the Department of Correctional Services with preparations for the 16-Days of No-Violence Against Women and Children in November 2004.





COMMAND AND CONTROL

ANNUAL REVIEW

The Joint Operations Division, that is responsible for the Command and Control programme, conducted various internal and external operations over the period under review as part of the SA National Defence Force's (SANDF's) contribution to Government's initiatives to support the peace and security agenda of the African Union.

The main focus of the Joint Operations Divisional Headquarters is on directing, planning and conducting operations in accordance with the Military Strategy and Force Employment Strategy. The missions addressed the three military strategic objectives, namely, enhance and maintain comprehensive defence capabilities; promote peace, security and stability in the region and continent; and support the people of South Africa.¹

The SANDF follows a mission-based approach to achieve the military strategic objectives of the DOD. This approach uses wartime and peacetime

missions to direct the peacetime strategy for force preparation and to guide joint and combined force preparation and force employment to combat the incidence of conflict.

Operations related to promoting peace, security and stability and supporting the people of South Africa dominated the Joint Operations activities during the year under review. Activities in the field of promoting peace and security and stability in the Southern African Development Community (SADC) and the African continent increased to such an extent that the SANDF is now the ninth largest troop-contributing country to the United Nations in the world, with troops deployed under United Nations and African Union operations in the Democratic Republic of the Congo, Burundi, Ethiopia, Eritrea, Sudan and Liberia.

Brigadier General D.D. Mdutyana was appointed as the Deputy Division Commander deployed at the Eastern Division Headquarters in the Democratic Republic of the Congo. The SANDF staff officers of the Eastern Division Headquarters are highly respected by their commanders and are contributing

building a South Africa that truly belongs to all

DEPARTMENT:
DEFENCE

¹ The military strategic objectives were revised at the Minister of Defence strategic planning work session in August 2004. The old military strategic objectives read thus: 'defence against aggression', 'promoting security' and 'supporting the people of South Africa'.

substantially to the effectiveness of that headquarters.

In Burundi the SANDF also enjoys respect from the citizens and the United Nations. The United Nations Force Commander, Major General D.M. Mgwebi, heads a multinational force that ensures that peace is maintained. The SANDF VIP protection element in Burundi is not part of the United Nations force, but is working well in conjunction with the Burundian authorities whilst the United Nations is ensuring the safety of returned politicians. In Ethiopia and Eritrea a small contingent of SANDF military observers is flying the South African flag along the zone between the two nations. Despite tension in the region, the United Nations and African Union missions continue to ensure stability. In the Sudan the SANDF has deployed over 200 soldiers as military observers and staff officers as part of the United Nations mission in the war-torn province of Darfur. Harsh desert conditions and very little water have made the job of our SANDF soldiers difficult, but they persevere with professionalism.

The Joint Operations Division is actively involved in the establishment of the African Standby Force, which has resulted in great inputs towards the establishment of the SADC Brigade.

Operations relating to supporting the people of South Africa focused on the ongoing safeguarding of the borders of South Africa. The phased withdrawal from routine internal deployments is on track and will continue until the target date of 31 March 2009. The SANDF will not withdraw from any area until there is a proper plan and capacity to enable the SA Police Service to take over the responsibility of ensuring security for all in the rural areas.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Command and Control Programme consists of the following sub-programmes:

- Operational Command and Control.
- Ordered Operations.
- Special Operations.
- Conventional Headquarters.

In order for the Joint Operations Division to reach its objectives the Division is structured as follows:

- Joint Operations Divisional Headquarters.
- Joint Operational Headquarters.
- Joint Tactical Headquarters.
- Special Forces Brigade.

Operational Command and Control. Chief of Joint Operations exercises command and control over all SANDF operations through subordinate operational headquarters for the successful achievement of missions

and operations.

- **Operational Development.** The Joint Operations Division is responsible for developing and maintaining the Force Employment Strategy, Mission Concepts, Joint Operational Capability Management process, the African Battle Space concept, the SANDF/SA Police Service Exit/Entry Strategy implementation plans and the development of Joint and Multi-national Doctrine in the SANDF. Significant progress was made in the development of the above-mentioned aspects.
- **Force Employment Strategy.** Major changes approved by the Military Council are that a more integrated departmental and regional approach must be followed and new mission concepts must be applied.
 - **Force Employment Guidelines.** The Joint Operations Division is the nodal point for the planning and execution of all force employment activities and is therefore responsible for providing the required force employment strategic guidance and force requirements for the applicable Medium-term Expenditure Framework period. The Division therefore provided strategic guidance for the conduct of force employment activities by means of the DOD Strategic Business Plan.
 - **Capability Management Programme.** As a result of increasing pressure on the defence budget, as well as the need for transparency, the variety of current and future deployments are being analysed by means of a process that will be audited. The Division, however, placed a high priority on the development of operational capability management as well as the development of the African Battle Space concept. On completion, the African Battle Space concept will provide the context in which strategic mission concepts and doctrine will be developed. Both these concepts will complement the Force Employment Strategy when finalised.
 - **Mission Concepts.** The mission concepts of the SANDF are based on the Military Strategy and take cognisance of the Force Employment Strategy. The strategic concepts of mission essential training, mission-trained forces, selective engagement and strategic positioning are the tenets for operations of the SANDF from the strategic to the tactical level. The mission concepts have been formulated and were approved by the Military Council and the Chief of the SANDF. It is going to be promulgated as

Joint Warfare Publication 141 during FY2005/06.

- *SANDF/SA Police Service Exit/Entry Strategy.* In the execution of the decision to withdraw SANDF forces from internal operations and the transfer of those functions to the SA Police Service, a phased disengagement plan was formulated jointly with the SA Police Service. This plan will be executed over a period of six years. The SANDF continued to render support to the SA Police Service in accordance with the National Crime Prevention Strategy, and it will continue to do so until the SA Police Service is in a position to accept total responsibility.
- *Development of Joint and Multinational Doctrine.* Doctrine developed by the Division is being published as Joint Warfare publications. A total of seven Joint Warfare publications were registered, two were

promulgated, and five were in the process of promulgation. Joint force preparation and multinational exercises were executed during the year to determine compliance with established doctrine. The Division was also engaged in developing doctrine for the African Standby Force to be used by the African Union and SADC. The Division also assisted in the development of other operationally related publications

Ordered Operations (Peace-Support Operations).

These include operations for which normally no provision is made because of their unexpected and unforeseen nature. Once ordered, specific provision is made by Government as in the case of peacekeeping missions in the Democratic Republic of the Congo and Burundi.

Details of external operations under this sub-programme are shown in Table 6.1.

Table 6.1 Ordered Operations: External

Operation and Duration	Aim and Nature	Area	Forces Elements and Personnel Strengths	Results
MISTRAL Continuous since April 2002	<i>SANDF Specialist Contingent</i> Deployment of SANDF specialist teams (Aircraft Handling Team, Military Police, Air Medical Evacuation Team, Aircraft Rescue Fire-fighting Team) in support of the United Nations Mission in the Democratic Republic of the Congo (MONUC)	Democratic Republic of Congo	Contingent Commander Support Unit Headquarters - 30 Aircraft Handling Team - 45 Military Police - 47 Air Medical Evacuation Team - 6 Aircraft Rescue Fire-fighting Team - 14 Military Legal Practitioner - 1 Financial Official- 3	Specialist service in support of MONUC successfully completed
	<i>SA Task Force</i> Deployment of SANDF Task Force to Kindu, in support of the UN Mission in the DRC (MONUC III)		SA Task Force Headquarters - 81 Infantry battalion - 868 Engineer squadron - 51 Engineer ferry unit - 10 Engineer well drill unit - 2 Military Police - 4 Engineers - 55 Support Element - 94 Military Law Practitioner - 1	Successful participation in the MONUC Operations according to the operational concept
	<i>Staff Officers and Military Observers</i> Deployment of Staff Officers, Military Liaison Officer and Military Observers as part of the UN Mission to the Democratic Republic of the Congo (MONUC)		Staff Officers - 18 Military Observers - 1	
			TOTAL: 1 331	

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Table 6.1 Ordered Operations: External (continued)

Operation and Duration	Aim and Nature	Area	Forces Elements and Personnel Strengths	Results
FIBRE Continuous since November 2001	SA Battalion Group Administrative control and support to the SANDF contingent deployed in support of the United Nations Mission in Burundi (ONUB), as well as operational command of the VIP Protection Unit until completion of VIP protection task	Burundi	United Nations Mission in Burundi Force Headquarters - 4 Infantry Battalion - 622 Engineer Squadron - 10 Aviation Element - 21 Maritime Element - 26 Support Element - 195 Military Legal Practitioners - 4 Financial Official- 2	Transition from African Mission in Burundi (AMIB) to ONUB was completed successfully
	United Nations Staff Officers and Military Observers Force commander, Staff Officers and Military Observers deployed as part of the ONUB HQ		Staff Officers - 9 Military Observers - 5	
	VIP Protection Unit VIP protection for returned political leaders in accordance with bilateral agreement		VIP Headquarters - 11 Support Element - 77 VIP Protectors - 163 Static Guard Company - 138 TOTAL: 1 287	
MONTEGO 13 October 2003 to 21 April 2005	Staff Officers SANDF staff officers detached to the United Nations Mission in Liberia (UNMIL) Headquarters	Liberia Sudan	Military Law Officer - 1 Medical Officer - 1 Geographic Information System Operator - 1 Military Legal Practitioner - 1 TOTAL: 4	Mission conducted successfully and termination on 21 April 2005
CORDITE Continuous since 14 July 2004	Protector Company Deployment of SANDF Contingent in support of the African Union Mission In Sudan (AMIS)	Sudan	Contingent Members - 215 Staff Officers - 9 Military Legal Practitioner - 1	Deployment of Contingent successfully completed
	Staff Officers and Military Observers Staff officers and military observers deployed in the Sudan as part of African Union Mission in Sudan (AMIS)		Military Observers - 31 TOTAL: 256	
ESPRESSO Continuous since 31 July 2000	Staff Officers and Military Observers External deployment of military observers and staff officers to the United Nations Mission in Eritrea (UNMEE) and the African Union Mission in Ethiopia (OLMEE)	Ethiopia and Eritrea	UNMEE (Eritrea) Staff Officers - 1 Military Observers - 5 OLMEE (Ethiopia) Staff Officers - 1 TOTAL: 7	Observers task successfully completed

Table 6.1 Ordered Operations: External (continued)

Operation and Duration	Aim and Nature	Area	Forces Elements and Personnel Strengths	Results
TRITON III (20 Mar) 1 April to 30 May 2004	Staff Officers and Military Observers Assistance to the electoral process in the Union of the Comores	Comores	SA Air Force - 7 Military Observers - 7 Signallers - 2 Interpreter (Special Forces)- 1 TOTAL: 17 Flying hours: 27	SA Air Force - Transport of ballot papers successfully completed. Military Observers - observer tasks successfully completed
AMPHIBIAN Terminated September 2004	Deployment of the SANDF in support of the Third Party Verification Mechanism, established to oversee the implementation of the Pretoria Agreement	Rwanda and the Democratic Republic of the Congo	Military Observers - 10 TOTAL: 10	
TEUTONIC 5 January 2005	The SA detachment assisted with integration and democracy training of the Congolese Army for integration purposes ("bridging training")	Democratic Republic of the Congo	Headquarter - 10 Integration Team- 25 Team builders - 5 TOTAL: 40	Approximately 40 000 members of the Congolese Army went through identification centres. First phase of the team building is in progress

Special Operations. To provide and employ a special operations capability within the approved Special Forces mandate for the SANDF.

- Special Forces Headquarters.
- 5 Special Forces Regiment.
- 4 Special Forces Regiment.
- Special Forces School.
- Special Forces Supply Unit.
- Special Forces Brigade successfully participated in various operations and joint exercises during the reporting period. This included Exercise GRIFFON the aim of which was to exercise actions during maritime and airborne special operations in conjunction with the French Special Forces, Exercise NICUSY that focussed on actions during deployments in Peace Support Operations, and Exercise NEUTRON, which was aimed at conducting a combined multinational airborne offensive live-fire exercise between SA Special Forces and Botswana Special Forces.



Conventional Headquarters. The Directorate Conventional Operations, a subordinate structure of the Operational Level Headquarters is responsible for internal operations conducted under the Military Strategic Objective "Support to the People of South Africa" which includes Operation INTEXO, Operation STIPPER, Operation HUMAN and ad hoc tasking. This objective was achieved as planned.

- Details of internal operations are shown in Table 6.2.
- *Operation INTEXO (Border Line Control).*

Operation INTEXO, continuous as an ongoing part of the SANDF commitment to combat trans-border crime in support of the SA Police Service. Various operations were executed with the aim of curbing illegal crossings and trans-border crime. SANDF forces deployed and also executed tasks, including the maintenance of the border fence systems. Other operations, which form part of Operation INTEXO, include SA Air Force maritime air patrols and SA Navy operations along the West and South coasts of South Africa within the RSA Exclusive Economic Zone in order to combat illegal fishing and smuggling of marine resources. For this purpose, 11 companies are deployed along the national borders mentioned below at any one time for this purpose:

- Lesotho: Free State Province, Eastern Cape Province and KwaZulu-Natal.
- Mozambique - Swaziland: KwaZulu-Natal, Limpopo and Mpumalanga.
- Botswana: North Western Province.
- Zimbabwe: Limpopo Province.
- *Combating of Organised Crime and Enforcement of State Authority.* The SANDF is also actively involved in rendering support to the SA Police Service in execution of the National Crime Prevention Strategy. Various operations were conducted in support of the SA Police Service and the Department of Environmental Affairs and Tourism as well as the Marine and Coastal Management in the Hermanus / Gansbaai areas and Cape Town

chapter 6

Table 6.2 Internal Operational Deployments: "Support to the People of South Africa"

Operation and Duration	Aim and Nature	Area	Forces ²	Result
INTEXO Continuous	<i>Border Protection</i> Border patrols were conducted to prevent illegal border crossings into the RSA and trans-border crime. Maritime patrols were conducted along the RSA South and West Coast as part of Operations INTEXO	Swaziland, Zimbabwe, Mozambique and Lesotho borders	SA Army 11 Infantry companies SA Navy SAS GALESHEWE SAS ADAM KOK SA Air Force Maritime patrol aircraft (67 4 520 man-days) (488 flying hours) (754 sea hours)	Operational successes are reflected after Table 6.4
STIPPER Continuous	<i>Rural Safeguarding in Support of the SA Police Service</i> Reaction to incidents of violence in rural areas and area patrols	Rural areas of the RSA	23 Army Territorial Reserve platoons (3 122 220 man-days) (1 473 flying hours)	Operational successes are reflected after Table 6.4
DÉCOR 13 - 16 April 2004	Safeguarding the election process in support of the SA Police Service Provide safety and security during the national elections in support of the SA Police Service	All provinces of the RSA	National Joint Operations Centres personnel - 2 Joint Operations Committee personnel - 4 Attached elements from the SANDF (3 042 man-days)	Achieved as planned
UVUYO 13 - 28 April 2004	Safeguarding of the inauguration of the President and the 10th Year of Freedom Celebration in Support of the SA Police Service and other State departments to ensure a safe and secure inauguration process.	Gauteng (Pretoria)	Services and Divisions military liaison officers (929 man-days)	Completed successfully

region. The SA Navy provided inshore patrol vessels, harbour patrol boats and operational diving teams to support the above-mentioned departments.

- **Operation STIPPER (Rural Safeguarding in support of the SA Police Service)**
 - This ongoing rural safeguarding operation at Joint Operational Headquarters level is co-ordinated at Joint Tactical Headquarters level. The gradual withdrawal of SANDF personnel is taking place as agreed with the SA Police Service. The Army Territorial Reserve reacted to criminal activities and several successes were achieved in co-operation with the SA Police Service.
 - The Army Territorial Reserve will continue executing the Rural Safety Plan, but with the

firm commitment to be phased out by 31 March 2009. The Army Territorial Reserve, in its present form, will continue providing rural protection based on the concept of reaction forces and acting on intelligence. The Army Territorial Reserve is no longer supporting the SA Police Service in urban crime combating missions.

- **SANDF/SA Police Service Exit/Entry Strategy.** The first phase of this strategy was finalised with the handing over of the Northern Cape/Namibia borders and part of the Limpopo Province/Botswana borders. The part handed over stretches from the Northern Cape border east to Derdepoort on the Limpopo Province border. Formal handing and taking over actions between

² Personnel strengths shown in brackets.

SANDF and SA Police Service elements are in process. The SA Police Service will be responsible for phase two of the Strategy that, *inter alia*, includes training and planning.

- **Humanitarian Relief. (Disaster Management, Humanitarian Aid to other State departments).** The inherent capabilities of the SANDF were utilised to support other State departments in the execution of search and rescue, disaster and humanitarian assistance missions. The concept

of selective engagement determined the level of involvement of the SANDF. The inherent capability of the SANDF to do contingency planning was employed to assist the other departments to plan the execution of these missions with their own capability. Owing to the nature of these missions, operations were planned and executed in co-operation with the permanent co-ordinating mechanisms at all levels. Details of humanitarian relief operations are shown in Table 6.3.

Table 6.3 Humanitarian Relief Deployments

Operation and Duration	Aim and Nature	Area	Force Elements	Results
UKUNSINDISA April 2004	Disaster relief to Madagascar in support of the Department of Foreign Affairs	Madagascar	65 members 4 x Oryx helicopter 1 x Casa 1 x Citation (reconnaissance flight only) 3 x IL 76 (charter planes to transport Oryx helicopters) (975 man-days) (71 flying hours)	Completed successfully. 327 tons of relief supplies were flown to stricken people
HUMAN July 2004 to February 2005	Preventing the spread of the foot-and-mouth disease outbreak in Limpopo Province in support of the Dept of Health	Limpopo Province	1 full-time Force company (1 020 man-days)	Completed successfully
8 August 2004 to 15 December 2004	Deployment in support of Department of Health to curb the avian flu in the Eastern Cape Province	Eastern Cape Province	43 Army Territorial Reserve Force members (2 580 man-days) (216 flying hours for Operation HUMAN as a whole)	Completed successfully

- **Ad Hoc Deployments.** Details of ad hoc deployments are shown in Table 6.4.

Table 6.4 Ad Hoc Deployments

Operation and Duration	Aim and Nature	Area	Force Elements	Results
FLOWER 27 March to 4 April 2004	Forces deployed in support of the SA Police Service and other role players with regard to safety and security for the USA Carrier Strike Group visit to Durban and Cape Town	Durban and Cape Town	3 military liaison officers started with planning process. 60 members from Tactical Headquarters, SA Air Force and SA Navy started with implementation, but it was discontinued (32 man-days)	USA Carrier Strike Group did not arrive and the exercise was cancelled
HUMAN 19 to 27 April 2004	Security aid to ARMSCOR. Escort of Ratel infantry combat vehicles to station as ratels were exported to Jordan	Lohatla	61 SANDF members including drivers and escorts (488 man-days)	Export successfully concluded

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Table 6.4 Ad Hoc Deployments (continued)

Operation and Duration	Aim and Nature	Area	Force Elements	Results
TREASURE 17 - 20 August 2004	Support to the Department of Foreign Affairs for the Non-aligned Movement ministerial conference and the Asian African Subregion Organisation conference	Durban	Services and Divisions' military liaison officers (31 336 man-days)	Completed successfully
LYNX II 4 - 10 December 2004	Military logistical assistance provided to the Department of foreign Affairs to assist the Government of Mozambique with elections	Mozambique (Pemba and Lichinga)	61 personnel members 1 x C130 3 x Oryx helicopters (610 man-days) (119.4 flying hours)	Completed successfully

Operational Successes. The following successes were achieved in the execution of Operation INTEXO and Operation STIPPER between 1 April 2004 and 31 March 2005:

- **Weapons Found:** 1 379.
- **Narcotics Confiscated:**
 - Dagga (marijuana): 52 992 kg.
 - Cocaine: 42 kg.
 - Mandrax: 2 390 tablets.
 - Ecstasy: 1 205 tablets.
- **Livestock Recovered:** 3 908.
- **Undocumented Migrants Apprehended:** 52 455.

- **Stolen Vehicles Recovered:** 57
- **Criminals Arrested:** 7 137.

Joint Exercises and Multinational Exercises. Various exercises were conducted during the reporting period. A campaign exercise, Exercise INDLOVU, was planned and executed from July to October 2004. Exercises VANTAGE, AIRBORNE AFRICA, GOLDEN EAGLE, SEA EAGLE, RED LION AND SEBOKA formed part of this campaign exercise. Details of the exercises conducted are shown in Table 6.5.

Table 6.5 Joint and Multinational Exercises

Operation and Duration	Aim and Nature	Location	Force Elements	Participating Forces	Results
VANTAGE 12 - 24 July 2004	Planning cycle of campaign Exercise INDLOVU	War Simulation Centre, Pretoria	Various Headquarters' staff deployed to the War Simulation Centre	SA Army SA Air Force SA Navy SA Military Health Service	Achieved as planned
INDLOVU 27 September 2004 to 26 October 2004	To exercise the Command and Control capabilities of the SANDF and to conduct operations at operational level. The Deployable Headquarters concept was tested and evaluated during the exercise	SA Army Combat Training Centre (Lohattha) Western Cape Air Force Base Makado Air Force Base Hoedspruit	Joint Operations Division - 41 SA Army - 3 000 SA Air Force - 1 050 SA Navy - 770 SA Military Health Service - 10 TOTAL: 4 871	Joint Operations Division SA Army SA Air Force SA Navy SA Military Health Service	Achieved as planned

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Table 6.5 Joint and Multinational Exercises (continued)

Operation and Duration	Aim and Nature	Location	Force Elements	Participating Forces	Results
AIRBORNE AFRICA 10 - 17 September 2004	<i>Airborne competition</i> A multinational parachute skills competition where teams and individual para-trooper related skills are tested	SA Army Combat Training Centre (Lohatla) Bloemfontein	An SA Army exercise where Services and Divisions participated in supporting the competition TOTAL: 102 members 6 x members per team Burundi x 3 Lesotho x 2 Uganda x 1	South Africa x 2, Botswana x 2, Egypt, Tanzania, Nigeria, Senegal, Zambia, Zimbabwe, Germany, UK, The Netherlands, Pakistan, India and Malaysia. (Observers Burundi, Lesotho and Uganda)	Achieved as planned <i>Competition Results:</i> 1 st South Africa 2 nd India 3 rd The Netherlands 4 th Pakistan 5 th Botswana 6 th Zimbabwe 7 th Senegal 8 th Tanzania
GOLDEN EAGLE 16 September 2005 to 1 October 2004	To evaluate the SA Air Force's operational capability in a joint environment	Air Force Base Hoedspruit and Madimbo airstrip	5 x Impala II 4 x Cheetah D 1 x Cheetah C 1 x Aloette III 1 x BK117 2 x Rooivalk helicopters 1 x C212 5 x Oryx 3 x C47TP 2 x C185 2 x C208 1 x B707 1 x C130 Various types of Aircraft: 29 Flying hours: 302.1	Joint Operations Division SA Air Force Special Forces	Achieved as planned
SEA EAGLE 4 October 04 to 8 October 2004	Joint exercises with the SA Air Force, SA Navy and Special Forces to evaluate operational capabilities in a joint environment	Simon's Town	1 x Cheetah 3 x Oryx Helicopters 3 x mine counter-measure vessels 2 x inshore patrol vessels 1 x operational diving team 1 x technical and logistical support unit TOTAL: 11	Joint Operations Division SA Air Force SA Navy SA Military Health Service Special Forces	Achieved as planned
RED LION 27 September 2004 - 3 October 2004	To evaluate the SA Navy's current operational capability	Saldanha Bay	4 x Cheetah 4 x Impala II 3 x Oryx helicopters 2 x mine counter-measure vessels 2 x inshore patrol vessels 1 x operational diving team 1 x technical and logistical support unit	Joint Operations Division SA Air Force SA Navy SA Military Health Service Special Forces	Achieved as planned

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Table 6.5 Joint and Multinational Exercises (continued)

Operation and Duration	Aim and Nature	Location	Force Elements	Participating Forces	Results
RED LION 27 September 2004 - 3 October 2004 (continued)			1 x support vessel, SAS DRAKENSBERG 5 x strike craft		
SEBOKA 15 - 26 October 2004	To evaluate the SA Army's operational capabilities and to support its formal courses	SA Army Combat Training Centre (Lohatla)	1 x brigade - 3 000 members 1 x infantry battalion - 1 000 members 1 x parachute company - 100 members	SA Army SA Air Force SA Military Health Service Special Forces	Achieved as planned
NICUSY 1 - 11 June 2004	Part of the French RECAMP (Reinforcement of African Capabilities) concept in Africa. The exercises was held in Mozambique reaffirming Peace Support Capabilities	Mozambique	6 SANDF observers	Mozambique Defence Force Members of the French and Botswana Defence Forces Observers from SADC countries, China and Russia	Achieved as planned
MEDFLAG 28 June 2004 - 22 July 2004	Bilateral Medical support Command Post Exercise (CPX) in disaster relief and mass casualties (MASCAL) combined with real time support to selected clinics. The USA and RSA hosted a medical intervention exercise aimed at uplifting the local community of the Limpopo and Mpumalanga Provinces	Limpopo Province Mpumalanga Province	SANDF: 320 SA Military Health Service: 90 SA Air Force: 120 SA Army: 110 USA: 180 TOTAL: 820	SANDF 3 rd Air Force in European Command (USA)	Achieved as planned
ACE VI 8 November - 9 December 2004	Air concentration training conducted by United Kingdom Forces with the specific aim of conducting high altitude low opening parachute training	Oudtshoorn	SANDF Liaison Officer - 1 SA Military Health Service - 1 Military Legal Practitioner - 1 United Kingdom Forces	Army Support Base Oudtshoorn United Kingdom forces	Achieved as planned
TRANS OCEANIC 16 - 26 August 2004	Multinational command post exercise control of maritime shipping	Cape Town	30 Naval Reserve members	SANDF, USA and South American countries, including, Argentina, Brazil, Chile, Ecuador, Paraguay, Peru, Uruguay, Venezuela	Achieved as planned

OTHER OUTPUTS PRODUCED FOR DOD CLIENTS

The outputs produced for DOD clients are reflected in Table 6.6.

Table 6.6 Other Outputs Produced for the DOD

<i>Description of Service</i>	<i>Service Recipient</i>	<i>Results</i>
Issuing of short and medium-term guidelines to all Services and Divisions regarding force employment aspects	Services and Divisions	Achieved
Development of SANDF/SA Police Service exit/entry strategy and plans	Services, Divisions and SA Police Service	Achieved
Continued development of the operational capability management process	Department of Defence	Achieved
Continued operational policy and joint doctrine development.	Department of Defence	Achieved





LANDWARD DEFENCE

ANNUAL REVIEW

The SA Army fully supported the Military Strategy during the year under review and provided landward forces that contributed to the attainment of the military strategic objectives, namely Defence Against Aggression¹, Promoting Security, and Supporting the People of South Africa. The SA Army has launched Project VISION 2020 (formulation of the SA Army's Long-term Strategy) during FY2004/05, which is scheduled to be completed in 2005. This, together with the update of the White Paper on Defence and the Defence Review, may require changes in the landward programme of the SA Army.

The SA Army objectives remain unchanged, namely to provide Strategic Direction, Infantry, Armour, Artillery, Air Defence Artillery, Engineer, Operational Intelligence, Training, Operational Support and Command and Control.

The year under review saw a change in command when Lieutenant General S.Z. Shoke assumed command of the

SA Army on 6 July 2004. The change in command brought a new and reinvigorating spirit into the SA Army as Lieutenant General Shoke introduced a new direction, ideas and processes that have already positively impacted on the way the SA Army conducts its business. Testimony of this new approach include the revisiting of performance agreements and management; the mapping of the SA Army's Strategic Management Process and the approval of the process to conduct the Army Review - The SA Army Vision 2020, and the derivative SA Army Long-term Strategy that will follow, and the reinstatement of the classical military command and control approach that "commanders speak to commanders", and thereby persistently reinforcing the principle of accountability from all commanders.

The SA Army acknowledges that to take this Army successfully into the next decade, leaders and planners have to stand together and work tirelessly to rebuild the SA Army to withstand the economic and geopolitical challenges of tomorrow.

The year 2004/05 furthermore saw a continuation of high levels of operational activity involving the SA Army.

¹ This objective was changed in August 2004 to read: "Enhance and maintain comprehensive defence capabilities".

building a South Africa that truly belongs to all

DEPARTMENT:
DEFENCE

The Army succeeded in providing two battalions consisting of Infantry, Engineer and other support capabilities for deployment in Burundi and the Democratic Republic of the Congo. Furthermore, the SA Army was required to prepare and provide a company of soldiers for deployment in the Sudan.

Force preparation took place amidst limited funds. As part of force preparation the SA Army participated in one single-service exercise (Exercise SEBOKA) and three multinational exercises (Exercises AIRBORNE AFRICA, MEDFLAG and ACE VI).

As the human resources component is one of the most important resources in the SA Army, the initiation of the Military Skills Development System, and in particular the January 2005 intake, is regarded as the highlight of the past financial year as it marks the real beginning of the rejuvenation of the SA Army. Although the system has not been fully implemented, the Military Skills Development process, as well as the 2004 and 2005 Military Skills Development plans were completed, with the 2004 plan currently being implemented. LCAMPS (leadership, command and management principles) has been further institutionalised and the South African Excellence Model and Risk Management are in the process of being implemented. It is foreseen that these systemic initiatives will provide for radically improved service delivery of the Landward Defence Programme in the future.



PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

The Landward Defence Programme consists of the following sub-programmes:

- Strategic Direction.
- Infantry Capability.
- Armour Capability.
- Artillery Capability.
- Air Defence Artillery Capability.

- Engineer Capability.
- Operational Intelligence Capability.
- Support Capability.
- General Training Capability.
- Command and Control Capability.

Strategic Direction

The objective of this sub-programme, namely "to direct, orchestrate and control the SA Army in the achievement of its mission" was achieved. The programme is being implemented by the SA Army Office, which is structured as follows:

- Office of Chief of the Army.
- Chief Directorate Army Force Structure.
- Chief Directorate Army Force Preparation.
- Chief Directorate Army Corporate Services.
- Chief Directorate Army Reserve Forces.
- **Defence Diplomacy.** Since September 2004 the SA Army representing the SANDEF, with Brigadier General Nelwamondo as the team leader, was actively involved in the Democratic Republic of the Congo to assist the Congolese Armed Forces in their integration. The Chief of the SA Army conducted 5 foreign visits and hosted two visits for chiefs of other armies.
- **Chief Directorate Army Force Structure.** Chief Director Army Force Structure is responsible for force structure development, armament planning, human resources planning and logistical functions within the SA Army. Product Systems Management has been added to this Chief Directorate and its function was separated from Directorate Army Logistics, which will focus on typical logistical functions such as facility management. Important achievements of the Chief Directorate are listed below:
 - The investigation initiated in FY2003/04 into the SA Army force design and re-prioritisation of SA Army armaments was slowed

Table 7.1 Redundant Force Structure Elements Closed Down

Activity	Total	Closed Down		Remaining	
	Force Structure Elements	Total	%	Total	%
Command Force Structure Elements as well as Organisations not activated (planned)	462	431	93,3%	31	6,7%
Command Maintenance/Workshop Units	50	34	68%	16	32%
7 Division and Force Structure Elements identified for closure	71	71	100%	0	0%
Force Structure Elements with Organisational Entity Status	48	48	100%	0	0%
Closure of Force Structure Element legacies from prior to 3 February 2001	27	27	100%	0	0%
Total	658	611	92,9%	47	7,1%

down in order to ensure, firstly, compliance with the Force Employment Strategy and Medium-term Guidelines of Chief of Joint Operations. Secondly, the new Chief of the SA Army needed to analyse and evaluate the outcome of the Defence Review Update 2005 and the Army's Project VISION 2020 in order to ensure alignment.

- The phasing out of the Area Defence Capability (Commandos) of the SA Army is taking place at present. Cabinet approved the SANDF/SA Police Service Exit/Entry strategy. Phase one of the strategy was implemented. Two group headquarters and 17 commando units were to be closed down in FY2004/05, but the process is not yet finalised. The closing down of group headquarters and commando units will continue as planned over the next five years and is to be completed during 2009.
- *Closing Down of Redundant Force Structure Elements.* The SA Army has closed 92,9% of

all redundant force structure elements, with the closure of only 47 still outstanding. See Table 7.1 for detail.

- *Force Design of the SA Army Reserve Force.* Great strides have been made in this regard and the SA Army Reserve Force design will be finalised in FY2005/06 with the assistance and cooperation of Chief Joint Operations, the Services and Divisions.
- *SA Army Capability Prioritisation.* The SA Army has concluded a project to prioritise its capabilities for the short to long term. This has resulted in prioritised resource allocation during the SA Army Strategic Management Process for the Medium-term Expenditure Framework, as well as for capital acquisition and technology requirements. The past financial year has, however, been one of the most challenging years within the logistics environment due to the limited budget versus the ever-increasing costs for the sustainment (main combat equipment, facilities and general com-

Table 7.2 SA Army Participation in Exercises (Single, Joint and Multinational)

Exercise Duration	Aim/Nature	Area	SA Army Forces	Direct Costs	Man-days
MEDFLAG 27 Jun to 20 July 2004	Bilateral Exercise with the United States Army to test the Medical Operational Capability of SA Military Health Service	Limpopo	SA Army Engineer Formation	R46 968	744
AIRBORNE AFRICA 11 - 19 September 2004	Benchmarking against other armies and evaluating our parachute capability	Bloemfontein Army Combat Training Centre (Lohatla)	2 Teams	R154 917	180
SEBOKA 29 September to 19 October 2004	<i>To evaluate the SA Army's Operational Capabilities</i> Individual knowledge, skills, techniques and procedures Realistic fire and manoeuvre training To evaluate existing Combat Service Support To practise Headquarters procedures and Battle Handling Administrative procedure	Army Combat Training Centre (Lohatla)	Brigade Headquarters (-) 1 SA Infantry Battalion, 61 Mechanised Battalion Group Artillery Battery Air Defence Artillery Battery Tank Squadron Engineer Squadron Intelligence Squadron Support Company Field Workshop	R12 588 000	26 820
ACE VI 8 November to 9 December 2004	Logistic support to the United Kingdom Armed Forces during advanced parachute training	Oudtshoorn	Logistic Support Team		

modities) of the Army's peacekeeping efforts on the continent. Severe underfunding in these environments certainly impacted on the SA Army's combat readiness. A positive step is the DOD's efforts towards the disposal of commodities, in particular that of old or obsolete ammunition.

- **Chief Directorate Army Force Preparation.**

The Chief Directorate Army Force Preparation is primarily responsible for doctrine and policy, combat readiness, research and development and education, training and development within the SA Army. A number of milestones achieved over the past financial year were:

- *Policy and Doctrine Development.* One policy document is in the process of being promulgated. Three doctrines and four publications were registered.

- *Education, Training and Development*

- **Accreditation of SA Army Education, Training and Development.**

Applications for all schools of the different corps and other formal training units to be accredited as training providers have been submitted to the Diplomacy, Intelligence, Defence and Trade Education and Training Authority (DIDTE-TA). The provisional accreditation status of the School of Armour and Infantry School was extended to 30 August 2005 and 30 November 2005 respectively. On 5 August 2004 the SA Qualifications Authority approved the Landward Defence Standards Generating Body. Good progress was made with the process of aligning current formal courses with prescripts by the SA Qualifications Authority and National Qualifications Framework, to convert all formal training into unit standards-based training and to develop qualifications that will provide maximum portability of training to the private sector, in support of the New Service System when members will not serve in a lifelong career in the SANDF.

- As part of force preparation the SA Army conducted and participated in various exercises at different levels in order to be able to provide combat-ready user-systems/higher-order user systems to Chief Joint Operations for operational deployment. A summary of the SA Army's participation in exercises is reflected in Table 7.2. More information on joint, multinational exercises is contained in Chapter 6, Table 6.5.

- **Military Skills Development System.**

During FY2004/05 the SA Army handled two Military Skills Development System intakes as part of the process of the rejuvenation of the SA Army/SANDF. In July 2004 basic military training was presented for 49 SA Military Health Service members. In January 2005 a total of 2 964 recruits started training at Oudtshoorn and Kimberley for the SA Army as well as other Divisions. A new comprehensive training system that takes recruits through all the facets of training, from basic military training ultimately to the SA Army's final integrated training exercises at the SA Army Combat Training Centre and in Bloemfontein, was implemented in January 2005.

- **Foreign Learning Opportunities.**

Nine SA Army members attended foreign learning opportunities abroad. These opportunities enable the SA Army to service bilateral agreements between the RSA and a number of countries, as well as to benchmark doctrine to ensure excellence.

- **Language Training.**

95 members attended official SANDF courses on foreign languages, with the focus on languages required for operational deployments in Africa (Kiswahili, Portuguese and French). Proficiency in these languages will increase the efficiency of deployed SA Army forces. This training is limited to externally deployable personnel.

- **Chemical, Biological and Radiation Training.**

The capacity to train for and react to emergencies with a potential chemical, biological and radiation threat was established with the qualification of 34 instructors, 12 intermediate level staff officers and eight cell commanders through formal courses at 7 Medical Battalion Group.

- **Forward Air Controllers.**

Five qualified SA Army Forward Air Controllers underwent the refresher training at the SA Air Force and reached "current status". In the light of the commissioning of new fighter aircraft and combat helicopters in the SA Air Force in the next few years, the lack of an institutionalised SANDF training capability to produce new Forward Air Controllers is therefore a concern, as this capability may be lost completely.

- **Chief Directorate Army Corporate Services.**

The Chief Directorate is responsible for

Strategy and Planning, Human Resources, Organisational Development (Renewal), Communication Services, Foreign Relations, Legal Services, Occupational Health and Safety, Command Management Information and Chaplain Services. FY2004/05 saw a number of highlights, including the following:

- The SA Army has been acknowledged for the "quantum leap" in improving the planning, budgeting and co-ordination of its Strategic Management Process and Strategic Business Plan by top management.
- During the year under review the writing of the SA Army Review, The SA Army Vision 2020 commenced. The SA Army's representivity and equity plan was also finalised.
- *Occupational Health and Safety.* To address the negative impact of occupational health and safety on the SA Army's combat readiness, an Occupational Health and Safety Master Plan was drawn up to execute the function more effectively and efficiently. A training programme to qualify members in the field of occupational health and safety matters was instituted on levels three and four.
- **Chief Directorate Army Reserve Forces.** The SA Army proudly reports on the progress, which has been made towards the "one force concept". FY2004/05 saw various highlights in terms of the rejuvenation and transformation of the SA Army Reserves under the auspices of Project PHOENIX. The SA Army, in terms of its obligation towards the development of a viable, transformed and deployable Reserve Force, has made a great deal of progress. Although the Army is currently one year ahead in terms of target dates, much still remains to be done. To this end the Chief of the SA Army has reaffirmed his commitment to addressing the representivity issues within the Army Conventional Reserve leader group and, at the same time, is implementing programmes to rejuvenate the Army Conventional Reserve. The focus with regard to training for FY2004/05 was on the Army Conventional Reserve units in the Infantry Formation with Rm10 additional funding for training the Army Conventional Reserve. The result was that 808 members completed basic and corps training. For FY2005/06 the emphasis in terms of training will shift to the SA Army Engineer Formation for basic and corps training, while the other formations will focus on leader group training only. In January 2005 the Army Council approved the amount of R2 436 730 for 75 days for the preparation of the Motorised

Reserve Force Company, as well as the amount of R3 668 983 for 190 days for the external deployment of the company. The deployment of a second company might be possible in FY2005/06.

Infantry Capability

This sub-programme, executed by the Infantry Formation, provides the Infantry capability of the Landward Defence Programme. The Infantry capability comprises both the Regular and Reserve Force.

- During FY2004/05 the Infantry capability consistently and reliably provided:
 - Two battalions for deployment in Burundi and the Democratic Republic of the Congo.
 - An Infantry company (140 soldiers) in the Sudan.
 - 12 Regular Force companies and 23 Reserve Force platoons internally under extremely restrictive funding conditions. This performance must be noted against the background that troops who are rotated after every six months, must be trained and be allowed time to rest. The detailed planning required to ensure a smooth transfer and rotation cannot be overstated.
- There were, however, factors that negatively influenced the combat readiness of the Infantry capability:
 - Force training is currently focussed only on those forces deploying outside the RSA, while regular force training in the form of retraining of the infantry soldier is at a dangerously low level due to financial constraints.
 - Out of 189 courses planned for 6 832 learners, only 75 were presented.
 - The health and age of troops are still areas of concern, as these are increasingly putting the achievement of force preparation and force employment objectives at risk. Emphasis has been put on allocated Military Skills Development System troops to increase the parachute capability in order to rejuvenate this capability that forms part of Chief of the SANDF's Reserves.
 - The achievement of the force preparation objectives of mechanised, motorised, and light infantry capabilities was hampered by:
 - Underfunding, affecting the availability and serviceability of echelon vehicles and acquisition of ammunition for main combat equipment.
 - Understaffing of Army Conventional Reserve units. However, through Project PHOENIX the SA Army is attempting to rectify the position.

Armour Capability

The aim of this sub-programme is to provide the Armour capability of the Landward Defence Programme.

- A dismounted Armour subunit for deployment in borderline control operations (Operation INTEXO) on the Lesotho/Eastern Free State border for the past twelve months was provided.
- A total of 103 formal military courses were successfully conducted at the School of Armour, from which 1 830 learners qualified, thus exceeding the planned target of 96 courses and 1 760 learners.
- Some of the Armour capability objectives for FY2004/05 were not fully achieved, including the following:
 - No Armour exercises were conducted, and limited continuation training took place, because of underfunding.
 - Financial constraints impacted on the utilisation of the Rooikat Armoured Car Squadron and the availability and serviceability of support vehicles.
 - The age and health status of the human resources component of the Armour capability is of concern. The inflow of personnel in terms of the Military Skills Development System is taking place and the planned intake numbers need to increase.

Artillery Capability

The aim of this sub-programme is to provide the Artillery capability of the Landward Defence Programme.

- This has once again been a very significant year for the SA Army Artillery capability. The Artillery capability has evolved and grew in stature during the past FY2004/05. Approval has been granted for structural changes, as well as proposed projects regarding the upgrading and acquisition of the Artillery prime mission equipment.
- The Artillery Formation managed to sustain the Artillery capability above its critical mass and the year was marked most significantly with the deployment of multi-skilled (artillery based) and multi-role (infantry role) artillery capabilities externally and internally. In this regard the Artillery Formation deployed troops domestically in support of the SA Police Service and to guard our borders. Externally, they have deployed to the Great Lakes in an infantry role.
- Realistic and functional training was conducted to ensure excellence in combat readiness. The School of Artillery expanded learning

capabilities to meet the professional education needs and they have undertaken a number of initiatives to improve the quality of instruction and to provide training support to the formation. All artillery training and force preparation are aimed at achieving combat cohesion.

- It was planned to conduct 57 courses for 1 134 learners, of which 46 courses for 966 learners were presented. The shortfall in the number of courses not being facilitated or not completed is as follows:
 - 9 x courses for 186 learners were to continue during FY2005/2006.
 - 1 x course was changed to a Map and Navigation course for Military Academy students which was not originally scheduled.
 - 1 x course was cancelled and converted into an Artillery Target Engage System course to align members of the Artillery Formation with the new systems.
- Over the past FY2004/05 the increase in numbers of the lower rank groups through the Military Skills Development System has been notable. Representivity, in respect of race and gender, at lower rank levels has improved. Therefore, in future, racial imbalances at middle management level will be corrected.

Air Defence Artillery Capability

The aim of this sub-programme is to provide the Air Defence Artillery capability of the Landward Defence Programme.

- Although the Air Defence Artillery capability achieved most of its objectives for FY2004/05, its conventional capability was not being fully utilised. This was not intentional, but as a result of the SA Army's requirement to provide forces for peace support operations in SADC and on the Continent. 102 Battery relieved 101 Battery in Burundi in July 2004 and remained there until February 2005.
- Because of the ageing and health problem in the SA Army and the approach of multi-skilling, the Air Defence Artillery capability was deployed in its secondary role, thus resulting in a decline in outputs related to the primary role. Conventional training was negatively affected.
- The Air Defence Artillery School produced formal training of a high standard and managed to present a total of 25 courses out of 420 during which learners were trained. Some courses were cancelled owing to financial constraints. The Air Defence Artillery School achieved excellent results with learners achieving a pass rate of 97%. SA Army "common courses" were

presented at the school to alleviate the backlog in course attendance of SA Army members. The Air Defence Artillery School won the Chief of the Army Category "B" Small Calibre-shooting Trophy for the second consecutive year.

Engineer Capability

The aim of this sub-programme is to provide the Engineer capability of the Landward Defence Programme.

- In spite of the loss of personnel, the Engineer Formation could execute its internal and external tasks and was much in demand both internally and externally. The flexibility of the Engineer capability has been tested by the demands placed on the formation to provide systems that are operationally sustainable and viable. Increased demands regarding deployments and support to operations have been met. However, the long-term sustainability will have to be reviewed and managed realistically to avoid overextensive use of the Engineer capability.
- It was planned to conduct 43 courses for 870 learners, of which 62 courses for 1 458 learners were presented. The reason for the deviation in numbers is because of an increased demand to conduct an Assault Pioneer course for the Infantry Formation, as well as courses for the Military Skills Development System and Reserve Force members.
- In terms of supporting the military strategic objective relating to promoting regional security, the Engineer capability provided two Composite Engineer Squadrons (minus) for the African mission in Burundi as well as for the United Nations mission in the Democratic Republic of the Congo. The drill rig has been successfully used in peace support operations within the Democratic Republic of the Congo in the Kindu and Goma regions. Approximately 30 boreholes were sunk in order to provide water for human consumption to the local population and to the United Nations forces deployed within the operational theatre. Initially the drill rig did not form part of the establishment table of the Engineer Formation due to operational requirements.
- The formation continues to empower its people, for example through Exercise SUPER SAPPER which was a "one force concept" exercise that integrated both the Regular and Reserve Forces. This exercise took place at 2 Field Engineer Regiment from 24 until 30 October 2004. Such empowerment exercises enable the Engineer Formation to meet with the challenges of transformation and representation

within the corps in accordance with Chief of the Army's strategic direction as part of the Human Resources Strategy 2010.

- Visits in October 2004 to the United States Army Engineer Corps and in March 2005 to the Indian Engineer Corps allowed for interaction and the sharing of engineer knowledge.
- Wave 2 of the disposal of redundant construction vehicles has been completed. The compilation of the new C-vehicle modules has been completed and the disposal of redundant equipment was proceeding as planned. The United States Army Engineer Corps donated a Caterpillar construction vehicle with a first-line maintenance kit to the SA Army Engineer Formation.

Operational Intelligence Capability

The aim of this sub-programme is to provide the Operational Intelligence capability of the Landward Defence Programme.

- With the exception of preparing a Reserve Force Tactical Intelligence Regiment, the SA Army Intelligence capability succeeded in achieving all of its objectives for FY2004/05.
- The Formation headquarters effectively directed and orchestrated Intelligence capability activities, conducted periodic inspections and implemented rectification plans where necessary.
- The School of Tactical Intelligence presented 27 courses. A total of 615 Regular Force learners achieved a pass rate of 96%. The distance education programme was further improved, and 104 Reserve Force members passed their courses. The planned number of 14 courses and 270 learners was exceeded owing to the prioritisation of the objective.
- Continuation training took place as planned. Individual, squadron, regiment level and advanced field craft training were presented. 1 Tactical Intelligence Regiment was trained for its secondary role (Infantry border-line control), as well as in aspects of peace support operations.
- 1 Tactical Intelligence Regiment conducted a very successful surveillance training exercise at the De Brug training area in September 2004. A composite squadron, together with a regimental headquarters participated in the exercise.

Support Capability

The aim of this sub-programme is to provide operational level command and control for the Support capability of the Landward Defence Programme.

- Despite being close to exhaustion in terms of its second line support and relief in the line capa-

bilities, the SA Army operational capability provided efficient support to SA Army forces deployed in Burundi and the Democratic Republic of the Congo.

- Army general support bases provided efficient general logistic support to SA Army units in the RSA, in spite of challenges at the procurement centres. The National Ceremonial Guard provided high quality ceremonial services as required by various DOD clients.
- The Support Formation is investigating a possible reinstatement of the Technical Support capability in the SA Army. In-house servicing of B-vehicles and D-vehicles could result in major financial savings and improved service delivery.

General Training Capability

The aim of this programme is to provide operational level command and control for the general training capability of the Landward Defence Programme.

- During FY2004/05 the SA Army training capability proved itself as a "centre of excellence" for common training in the SA Army.
- The SA Army College presented two Junior Command and Staff Duties courses with the aim of training Unit Commanders and Grade 1 Staff Officers. Three Namibian Defence Force officers also attended the courses.
- The SA Army Gymnasium qualified 685 junior leaders and 3 SA Infantry Battalion trained 726 Military Skills Development System recruits.
- The SA Army Combat Training School presented various practical and theoretical courses on Regimental Duties, Non-commissioned Officers' Operational Duties, Integrated Sub-unit Commanders, as well as Junior Staff and Command Duties. It was planned to conduct 32 courses for 5 180 learners, of which 24 courses were presented for 5 989 learners. The increase in numbers was due to larger numbers participating in the Military Skills Development System.
- To allow for the increasing numbers of Military Skills Development System recruits for the SA Army, the facilities of 3 SA Infantry Battalion were upgraded, and a Military Skills Development System Wing established at the Infantry School.
- Certain courses have been migrated from the SA Army Combat Training Centre and SA Army Gymnasium to the SA Army College to ensure optimal use of the facilities.
- Elements and units from the SA Army Training Formation have successfully participated in Exercise AIRBORNE AFRICA and in Exercise SEBOKA.

- Within the Training Formation itself, a General was deployed throughout the year to the Democratic Republic of the Congo, assigned with the task to assist the Congolese Armed Forces with their force integration process as part of the Government's peace initiatives on the Continent.

Command and Control Capability

The aim of this sub-programme is to provide a tactical command and control capability for higher order user systems force preparation and employment for the Landward Defence Programme.

- **43 SA Brigade Headquarters**
 - *Operational Deployment.* The Brigade Headquarters successfully sustained its commitments in the Democratic Republic of the the Congo in Operation MISTRAL (MONUC III). Furthermore 43 SA Brigade Headquarters is also responsible for the National Contingency Headquarters and the Basoko Base Headquarters in Kindu. The Brigade's responsibility goes further in that it is responsible for combat-readiness verification and mission-ready training for the whole of the RSA contingent in the Democratic Republic of the Congo.
 - *Force Preparation Commitments.* The Brigade Headquarters successfully completed the annual SA Army force preparation exercise, Exercise SEBOKA.
 - *Extended Brigade Concept.* The Brigade Headquarters was able to fulfil the vision of Chief of the Army pertaining to the Extended Brigade concept (4 x Tactical Group Headquarters which came into being in order to fulfil its command and control commitments in the theatre of operations), specifically with reference to the staffing process and the concomitant office space project. The Brigade is now able to sustain its force preparation and force employment commitments.
- **46 SA Brigade Headquarters**
 - *Management of the Brigade.* The "management by objectives" approach was adopted and implemented in the Brigade, as well as the costing of outputs, with the result of a more effective identification and achievement of objectives.
 - *Project Involvement.* The command and control project for the development of a user-friendly tool to enhance operational efficiency, did lead to greater efficiency. The Brigade Headquarters participated in the development of a combat-readiness tool in conjunction with the Council for Scientific

and Industrial Research (CSIR), which resulted in improved interpretation of combat readiness. Another successful project was on the new logistical vehicle for the SANDF.

OTHER OUTPUTS PRODUCED FOR DOD CLIENTS

The outputs set out in Table 7.3 were produced for DOD clients for internal consumption:

CONCLUSION

Amidst all the challenges that the SA Army is currently

facing, it continues to fulfil its role and mandate. The SA Army is proud to support the Government's initiatives both locally and regionally and will continue to do so when instructed. All in all, the SA Army has progressed. A firm base has been created for dealing with the challenges of the second decade of freedom and democracy. These challenges include participation in the creation of the African Standby Force, the implementation of the Human Resource Strategy 2010 and the transformation of the Reserve Force recruitment for the Military Skills Development System and the health status of our soldiers. The SA Army is determined to continue facing these challenges and succeeding.

Table 7.3 Outputs Produced for DOD Clients

<i>Description of Service</i>	<i>Service Recipient</i>	<i>Results</i>
The funded Command and Control of supported deployed SA Army Regular Force and Reserve Force units	Chief of the SANDF (Chief Joint Operations)	Achieved
The management and maintenance of SA Army Regular Force, Reserve Force and Public Service Act Personnel	DOD Human Resources Support Centre	Achieved
The provision of ceremonial Artillery Gun salutes and other ceremonial Services	DOD/ The President's Office	Achieved
SA Army services to SA Military Health Service - Sickbays and veterinary services	SA Military Health Service	Achieved
Product systems support	Services and Divisions	Achieved
DOD Cross-subsidisation. The provision of: Ammunition for Force Preparation Items of uniform to members of SA Army working in other Services and/or Divisions The provision of ration packs for "Support to the People of South Africa" to other Services and Divisions The provision of centralised stationery The provision of updated maps and charts	Services and Divisions	Achieved
Course support to DOD common training	DOD	Achieved
Driving and maintenance courses for drivers, instructors and examiners	DOD	Achieved
Maintenance of Operational Infrastructure	Chief Joint Operations	Achieved
Printing and Photography Services	DOD	Achieved
36 x Concluded Service Agreements	DOD	Achieved



AIR DEFENCE

ANNUAL REVIEW

During the past year the SA Air Force demonstrated to the national and international communities that it was a valuable national asset

and contributor to the African Union and the New Partnership for Africa's Development (NEPAD) initiatives of Government. The SA Air Force contributed manpower and other elements of air power to contingents of the SA National Defence Force (SANDF) deployed in the Democratic Republic of the Congo, Burundi, and the Sudan. The services rendered by the SA Air Force members are good examples and a visible confirmation of the SANDF's involvement in, and commitment towards, supporting government in ensuring a peaceful and stable region and continent.

As part of its normal support to the people of South Africa, the SA Air Force was continuously involved in air transport, humanitarian operations and coastal patrol missions. More than 1 607 hours were flown in support of the deployments in the Democratic Republic of the Congo and Burundi, as well as 1 921 hours in support of the SA Police Service during crime prevention and border protection operations. During

FY2004/05 the SA Air Force flew a total of 38 957 hours, of which 14 846 were force employment in direct support of Joint Operations. During the reporting year the SA Air Force flew 3 535 force employment missions in the service of the country.

The SA Air Force's major aircraft accident and incident rate in previous years reached a level where intervention from the senior leadership of the Air Force was required. One of the corrective measures instituted to reduce the accident and incident rate, was an Executive Safety Management Seminar, presented by the Directorate Aviation Safety over the period 20 to 22 April 2004 in Pretoria. The Chief of the SA Air Force opened the highly successful seminar, which was attended by more than 60 senior Air Force officers. The rationale behind the seminar was that safety started at the top and was a command function. Such a seminar had not been held in the SA Air Force for a number of years. Directors and senior staff officers from the Air Command, and officers commanding of all SA Air Force bases, accompanied by senior officers responsible for aviation safety at bases, attended the seminar. Speakers who presented papers included officers from the SA Air Force, the SA Medical Health Services, Military Legal Services and experts from the private sector, such as

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the aviation industry and the National Occupational Safety Association.

A large contingent of SA Air Force members participated in the inauguration ceremony of the President and the SANDF Freedom Day Parade on 27 April 2004. The Chief of the SA Air Force formed part of the podium group and SA Air Force aircraft took part in the fly-pasts which consisted of three Oryx helicopters, each carrying the National Flag, and ten Pilatus Astra aircraft in a 10-ship formation. There were also individual aerobatics displays by a Cheetah and an Astra aircraft. Lieutenant Ndabandaba, the first black pilot to be a member of the elite Silver Falcon aerobatics team, flew the Astra.

The Chief of the SA Air Force and the Chairman of the SA Air Force Association jointly opened the Garden of Remembrance that was established at Bays Hill on 7 May 2004. During the proceedings the SA Air Force Band introduced the new Air Force march, the Ukhozi March, composed by the Director of Music.

Exercise GOLDEN EAGLE, which included the German and Indian Air Forces, took place during the last week of September 2004. The exercise was based on a peace-keeping operation scenario and was intended to enhance the SA Air Force's understanding of how other air forces operate during such operations.

The annual Sir Pierre van Ryneveld symposium took place on 20 September 2004. The theme of the conference was "Air Power and Africa's Asymmetric Threats in the 21st Century". The keynote speaker was the Chief of the Zambian Air Force, General C. Singogo. 24 Air Chiefs and representatives from around the world attended the conference.

The two-yearly Africa Aerospace and Defence Exhibition event took place at Air Force Base Waterkloof over the period 21 to 25 September 2004. The intention of management was to turn the exhibition into a national asset by focussing on two main issues. The first was to improve trade with the Republic of South Africa and the second to provide a vehicle for political leaders to improve inter-state relations with the African Union and other friendly countries. From this particular point of view the exhibition was a complete success, as indicated by an increase of 46% in the number of exhibitors and 52% more floor space being sold, with 25 different countries participating. The popularity of the exhibition and its air show amongst the general public remains a positive aspect. Despite a severe windstorm that forced an early cancellation of the flying programme on the last day, an estimated 90 000 people attended the final two days of the show, which were open to the public.

The Chief of the SA Air Force and selected members of

the Air Force Board, supported by Directorate Management and Renewal Services, took part in a roadshow in October 2004. The purpose of the roadshow was to roll out the new SA Air Force values to each and every unit in the SA Air Force. The Air Force Board has mandated an initiative to instil the values of Integrity, Human Dignity, Excellence in All We Do and Service Before Self into each Air Force member.

The SA Air Force hosted the 12th International Air Reserve Symposium over the period 5 to 10 October 2004. 11 member countries, and three countries with observer status only, attended the symposium.

The annual Air Force Day parade and Prestige Award Ceremony were held on 1 February 2005 to celebrate the SA Air Force's 85th anniversary. The Chief of the SA Air Force presented various awards for achievements in 2004 by directorates, bases, squadrons, units and sections. The Chief of the SANDF presented the Sword of Peace to the Director of the Helicopter Systems Group, Brigadier General H.T. Paine. The Sword of Peace award is made to the SA Air Force unit which, in the course of the year, makes the most exceptional contribution in the humanitarian field, which has resulted in good relations being fostered between the unit concerned and the local and international community. The Prestige Unit of 2004 Award went to 28 Squadron at Air Force Base Waterkloof.

On 25 February 2005 Lieutenant General R.J. Beukes, Chief of the SA Air Force, handed over command to Lieutenant General C. Gagiano. This parade took place on Bay's Hill at the Air Force Memorial. Various aircraft took part in a fly-past to pay tribute to both the outgoing and incoming Chiefs of the South African Air Force.

The first ever SA Air Force Non-Commissioned Officer/Airman Top Achiever Award 2005 ceremony was held on 3 March 2005. Flight Sergeant Karin Steyn was awarded Top Achiever for 2005 for her outstanding performance. This personnel group of the South African Air Force forms an indispensable part of the organisation. The award ceremony for Warrant Officer Achiever of the Year 2004 took place on 31 March 2005. The Chief of the South African Air Force handed over the 2004 Top Warrant Officer Achiever of the Year trophy to Warrant Officer Emma Lekalakala.

Two wings parades were held at Air Force Base Langebaanweg during the year; one in July 2004 and the other in March 2005, with the Chief of the South African Air Force as the Review Officer on both occasions. Thirty-two Air Force pilot wings were awarded, as well as nine Air Force Reserve pilot wings. Eight flight engineers, two air photographers, seven flight attendants, four navigators, six loadmasters, one towed target oper-

ator, four electronic warfare operators and two electronic technicians also received wings. These wings parades were characterised by a marked improvement in the representivity of the members receiving wings, both in terms of race and gender.

Since the inception of the SIYANDIZA programme several years ago, the programme has gone from strength to strength. During FY2004/05 in excess of 100 000 learners were reached by means of the aviation awareness drive at schools, air shows and science and technology exhibitions. A very successful aviation awareness campaign was also held during the Africa Aerospace and Defence 2004 air show at Air Force Base Waterkloof in September 2004. During the year the Young Falcons Youth Development programme grew substantially with the expansion of the programme to Air Force bases not previously involved in youth development. Apart from the courses presented in aviation-related subjects and life skills, the Young Falcons were also given exposure to the aviation environment. The National Office hosted 110 Young Falcons at the Air Force Gymnasium over the July school holidays where the Young Falcons Advanced Course was presented.

The investigation into the establishment of a National Aviation Academy received a major boost during the year, when the President appointed the Minister of Transport as the political champion of the project. The SA Air Force, acting on behalf of the DOD and the Minister of Transport, is to launch an investigation into the sites of possible venues for the National Aviation Academy, which was due to commence in April 2005.

On the sporting front more than 1 400 Air Force members participated in the SA Air Force championships. It is encouraging to note that 53% of SA Air Force uniformed members are members of the various sports clubs. A highlight of the year was the participation of 67 SA Air Force members, who were included in various teams representing the SANDF and the SA Air Force in six international military sporting events. Four men and three women of the SA Air Force were awarded national colours in 2004. A further 85 members obtained provincial colours in various sports.

PERFORMANCE REPORT: DIVISIONAL OBJECTIVES

The Air Defence Programme consists of the following sub-programmes:

- Strategic Direction.
- Operational Direction.
- Air Combat Capability.
- Air Transport and Maritime Capability.
- Helicopter Capability.
- Command and Control Capability.
- Operational Support and Intelligence

Capability.

- Base Support Systems Capability.
- Education, Training and Development Capability.
- Technical Support Capability.

Strategic Direction

This sub-programme provides strategic direction to the Air Defence Programme through the formulation, promulgation and control of strategies, policies and plans by the Air Force Office in order to prepare and provide the capabilities required by the Chief of the SANDF.

- The following policies were developed:
 - *Air Power Doctrine.* During the reporting year the SA Air Force approved and published, for the first time, a document on air power doctrine at the strategic level. It brings the SA Air Force in step with just a few air forces in the world, which have published similar documents. The importance of this doctrinal document is that it provides a common baseline for all planning at the Service and Joint levels, and serves as the singular guideline for the further development of operational and tactical doctrine later in FY2005/06.
 - *Logistic Support Philosophy.* A comprehensive logistic support philosophy and strategy were approved by the Air Force Board. This document describes the underlying logic of the way in which the Air Force plans to restructure its logistic capability in order to provide comprehensive, affordable and sustainable support. In particular, it provides strategic guidance for the establishment of logistic support for the aircraft procured under the Strategic Defence Packages, and will greatly assist in the cost-effective life cycle support of these systems.
 - *Output Objectives.* A critical link in the ability of the SA Air Force to train and prepare its air capabilities to support national objectives adequately is the availability of comprehensive output objectives stating clearly what each operational force structure element is required to do to achieve its mandated readiness levels and operational capabilities. Output objectives for every operational capability area in the SA Air Force were formulated and promulgated during the reporting period, making it possible to carefully and cost-effectively harmonise the force preparation of these units with the SA Air Force's strategic objectives.
- Substantial progress was made during 2004 with the implementation of the SA Air Force Strategic Transformation Plan Towards 2012.

As in the previous year, the Air Force Board selected focus areas consisting of the most critical matters for the achievement of the strategic objectives in the plan, and focused managerial attention and resources on these areas. Several feasibility studies were completed and their recommendations implemented, most notably the relocation of the Air Publication Service Centre from Joint Support Base Garrison to Air Force Base Waterkloof, and the reactivation of 501 Security Squadron at Snake Valley in Thaba Tshwane.

- During the year the SA Air Force promulgated an air-to-air missile strategy, which determines the functional baseline of the Gripen fleet. The acquisition and integration of a beyond-visual-range missile is scheduled to commence in 2010.
- An Air Base Strategy was developed in accordance with the Vision 2012 requirements. The strategy provides a road map for the cost-effective ownership of all SA Air Force air bases, and creates a framework for the implementation of mutually beneficial alternate service delivery business models. The significance of this strategy lies in its firm guidance in reducing the cost of ownership of air bases, while simultaneously enhancing the operational capability of these assets.

Operational Direction

This sub-programme provides operational direction to the air defence programme by means of an Air Command. The results of this programme are reflected in the reports of the capability areas below.

Air Combat Capability

The Air Combat capability is responsible for providing and sustaining operationally ready advanced light fighter aircraft, light fighter training aircraft, long-range transport, in-flight refuelling, and electronic warfare aircraft, crewed by appropriately qualified personnel.

- The objective of 3 337 flying hours was achieved as well as the daily objectives of 26 serviceable aircraft and 25 qualified crew.
- During the year the Directorate Combat Systems performed in accordance with the stated objectives of the User System Business Plan. Allocated flying hours were achieved, whilst the Directorate focussed on the optimisation of the flying systems's potential and performance. The progressive phasing-out plan of the Impala System scheduled for December 2005 and unforeseen technical difficulties lead to a shortfall of approximately 10% in the allocated flying hours. Force preparation objectives of the Impala System were aligned with the imple-

mentation of the Hawk System, scheduled to commence with flying activities from September 2005. The primary objective of the Cheetah System was to establish and sustain a core operational capability with the intention of effective implementation of the Gripen System from 2009. The focus of this system thus remains on the development and sustainment of a core operational training capability and the recovery of force preparation objectives aligned with this endeavour. Regarding the B707 capability the output objectives in terms of achieving adequate crews to sustain the strategic air transportation role were achieved whilst the air refuelling capability was basically re-established in support of a long-reach capability. Sustainment of these roles is, however, dependent on dedicated force preparation and the establishment of a core training capability that is currently below a critical level.

- **Combat Training Capability.** The Impala combat training system flew a total of 1 995 hours. The phasing-out process of this aircraft system, which is being replaced by the Hawk, proceeded as planned. Three pilots completed the instructor's conversion and one pilot was cleared for low-level displays. Reserve Force pilots periodically assist in flying and ground instruction. During the year three pilots were transferred out of the system, two to 2 Squadron and one to 60 Squadron, whilst one pilot resigned.
- **Combat Capability.** 2 Squadron has the Cheetah C (single seat) and Cheetah D (dual seat) aircraft systems. 950 hours were allocated to the Cheetah system, of which 50 hours were earmarked for the Test Flying and Development Centre. Despite the non-availability of hot-end spares for the engines, 2 Squadron flew 1 010 hours. Essential combat competencies, including the employment of laser-guided bombs and basic night currencies, were maintained. All the pilots involved also acquired or renewed their competencies in aerial refuelling. One pilot completed an instructional duty tour with the Royal Air Force and another completed a Mirage Elkan M-5M Conversion Course with the Chilean Air Force. Reserve Force pilots fly on a regular basis with the Squadron.
- **Heavy Transport/Mission Support Capability.** 60 Squadron was funded for 192 force preparation/training flying hours only. In accordance with the approval of National Treasury, the Squadron therefore had to generate income to sustain the Boeing 707 capability. Funding was



received in the form of flights against repayment from Chief of Joint Operations to the amount of 738 flying hours in support of external operations in Burundi, the Democratic Republic of the Congo, and the Sudan. For five months of the year two aircraft were not available. The first aircraft deeper level maintenance service was completed by the end of May 2004 whilst the second aircraft was withdrawn for its major service in October 2004. Despite the aircraft restrictions and the availability of crews, 60 Squadron still managed to generate 891 hours, primarily in the air transport role, of which 720 hours were force employment hours. Crews are now qualified in the air-refuelling role. 60 Squadron was contracted by SAAB to carry out air-refuelling trials with the Gripen in Sweden over the period 16 March 2005 to 18 April 2005.

- Electronic Warfare Capability.** The Electronic Warfare Centre continued electronic warfare awareness training in the SA Air Force by presenting a Basic Electronic Warfare Course, a Mission Planning Course for transport pilots and an Electronic Warfare Systems Course. It also continued the establishment and evaluation of essential self-protection capabilities within the SA Air Force. Using the current building blocks on established Cheetah, Impala and C-47TP capabilities, the Electronic Warfare Centre has begun preparing for the evaluation and acceptance testing of the electronic warfare capabilities of the Strategic Defence Package Systems being phased into the SA Air Force. The Electronic Warfare Centre took part in three exercises, namely GOLDEN EAGLE, SEA EAGLE and Exercise INDLOVU, where more advanced self-protection scenarios were practised and counter-measures evaluated. The training of new Electronic Warfare Operators and Electronic Warfare Technicians commenced in 2004, which culminated in five students receiving their wings in March 2005.

Air Transport and Maritime Capability

The Air Transport and Maritime capability is responsible for providing and sustaining operationally ready transport and maritime aircraft crewed by appropriately qualified personnel.

- The objective of 17 786 flying hours was substantially achieved and the daily objectives of 32 serviceable aircraft and 31 qualified crews were achieved. During the year the Directorate Air Transport and Maritime Systems focussed efforts on producing a balance between force employment output and the allocation of hours

for force preparation and training hours to enable aircrew to be optimally current in all capabilities. All the Dakota C47-TP aircraft were delivered by the project responsible for the upgrade programme during the year; however a lack of spares is hampering maritime operations. The integrity of the outer wing on the Hercules C130B model fleet is being investigated and the fleet was grounded as a precautionary measure. This problem is not only affecting the SA Air Force, but also operators of similar aircraft world-wide. The transport aircraft achieved the following outputs:

- Air Mobility for Diplomacy.** The objective of 1 512 hours for air mobility for diplomatic aircraft (Boeing Business Jet/Falcon 900/50) was achieved.
- Medium Heavy Transport.** The medium heavy transport aircraft (C130BZ) flew a total of 1 207 hours during the year.
- Medium/Medium Light Transport.** The medium light transport aircraft (C235/C212) flew a total of 1 361 hours during the year.
- Medium Range Maritime Patrol.** 1 761 hours were flown on medium range maritime patrol aircraft (C47-TP).
- Light Transport/Reconnaissance.** 4 081 hours were flown on light transport aircraft (C208/C185).
- Command and Control.** 1 037 hours were flown on command and control transport aircraft (C550/BE30/BE20/PC12).
- Air Force Reserve Squadrons.** 3 000 hours were planned and achieved for nine Air Force Reserve Squadrons that fly various aircraft types.

Helicopter Capability

The helicopter capability is required to provide and sustain operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel.

- The overall objectives of 10 689 flying hours, 49 to 54 serviceable aircraft daily and 31 qualified aircrew daily were achieved. The year continued the trend of the previous year with a definite shift in operations from internal operations to external operations in support of Government initiatives. Operations took place in Madagascar, Burundi, the Ivory Coast and Mozambique. All the deployments, with the exception of Burundi, were relatively short, which allowed limited capacity time to recover in terms of personnel and logistics. Unfortunately the year was marred by the loss of one Oryx helicopter and two Alouette III helicopters. Fortunately no lives were lost in

these accidents.

- **Medium Transport Helicopter Capability.** The medium transport helicopter capability consists of the Oryx helicopter fleet. The aircraft fleet flew 5 900 flying hours. Of the aircraft in storage, one was returned to service to replace the aircraft destroyed in an accident in 2003. The remaining stored airframes are being stripped of their major components to minimise the impact of temporary preservation methods. Although there was slow progress with the project study for the in-service fleet update, the first phase should be initiated in 2005. The delay has caused an increase in the operating cost of the fleet. The Department of Environmental Affairs and Tourism did not renew the Antarctica support contract with the SA Air Force. During the year the operation in Burundi changed from an African Union operation to a United Nations operation. Two white Oryx helicopters replaced the two normal camouflage Oryx helicopters in September 2004 in terms of the United Nations contract. These aircraft will be rotated with two other aircraft every six to eight months.
- **Light Utility Helicopter Capability.** The light utility helicopter capability consists of the Alouette III helicopter fleet and the BK 117 helicopter fleet. This aircraft fleet flew 2 900 hours. Although the Alouette fleet was utilised fairly extensively in anti-crime operations, it still tends to be underutilised, as it cannot be operated during poor weather conditions or dark nights. During November the two Alouette III helicopters deployed in Burundi returned, as they did not form part of the United Nations force requirement. The delay in the delivery of the Augusta A109 has disrupted the phasing-out plan for the Alouette III fleet. Instead of the planned final withdrawal from operations in December 2004, indications are that this will be delayed until the middle of 2005. This has had a major impact on the consumption of spares and a general increase in operating costs, which is undermining the plan of using the Alouette III fleet for basic helicopter training until 2009. The general availability of the BK 117 helicopter fleet has improved. The fleet flew 1 100 hours of the planned 1 200 hours as the engine upgrade programme prevented full use of the available hours. The upgrade programme was initiated to improve the safety of the single engine performance and the hot and high operational performance. Four aircraft have received the upgrade and the remainder will be completed in the first half of 2005.

- **Combat Support Helicopter Capability.** The combat support helicopter capability consists of the Rooivalk helicopter fleet, which flew 650 hours during the year. The aircraft that was damaged in a flying accident while on a maintenance flight in 2002 has been repaired. The programme received only limited support funding during the year, resulting in lower than desired serviceability rates which in turn restricted training. It is anticipated that the planned increase in funding for component support in the coming year will help address this problem.

Command and Control Capability

The command and control capability area is responsible for supplying and maintaining operational ready command and control elements in support of air operations.

- The capability area comprises four sub-capability areas that provide the backbone for the ground and in-flight command and control system of the SA Air Force. These four capability areas are Air Traffic Management, Air Defence Management, Information Technology and Communications Management as well as Ground Command and Control Management. The Directorate is also responsible for the SA Air Force Command and Control School, located at Air Force Base Hoedspruit.
- **Air Traffic Management.** Air Traffic Management was able to provide all the required Air Traffic Management services to reach the formulated output objectives. Air Traffic Management personnel fully participated in Exercise GOLDEN EAGLE as well as Exercise RED LION with the SA Navy off the West Coast. All the airspace requirements and requests were satisfied. Effective utilisation of three members of the Reserve Force ensured that the required force levels were maintained. The instrument landing system at Air Force Base Makhado remained a problem throughout most of early 2004, but this system was successfully recommissioned by the South African Civil Aviation Authority on 22 July 2004. The instrument landing system outer marker at Air Force Base Waterkloof and the non-directional beacon have both been decommissioned with a temporary distance measuring equipment procedure having been developed for the instrument landing system. For the first time in 16 years, the SA Air Force now has a mobile air traffic control radar capability since the mobile airfield radar antenna system was operationally handed over from Project MACAW to 140 Squadron. This system will be operationally deployed during Exercise GOLDEN EAGLE at

Air Force Base Makhado in 2005 and again during Exercise NEW HORIZON later in the same year. Representivity within the air traffic management environment cannot be resolved in the short term, but is still being actively addressed via the Military Skills Development programme.

- **Air Defence Management.** The mission control mustering was able to re-validate a number of the more senior mission controllers, especially in the Pretoria area, as part of a plan to bring some of the critical experience and knowledge back into the mustering. The progress of the junior mission controllers is being hampered by the limited flying of the Impala aircraft fleet and this trend is expected to continue until such time as the Hawk aircraft are integrated into the SA Air Force. The lull in flying activities is being effectively utilised to allow members to attend other training courses and opportunities. Representivity within the mission control mustering is below requirement and is being actively addressed. Representivity within the radar reporting operator mustering is good for the junior rank group and is being actively addressed at the warrant officer level. During the year, air defence management participated in the air capability demonstration for the Executive National Security Programme, the electronic warfare camp at Roodewal Bombing Range, Exercise GOLDEN EAGLE, Exercise NEW HORIZON and the Command Post Exercise. The serviceability of the tactical mobile radar systems and the monopulse secondary surveillance radar systems was good, but problems are still being experienced with the UMLINDI long-range radar systems and the uninterrupted power supply system at Mariepskop. These problems are being actively addressed as a matter of urgency. Efforts are also in place to clear some of the backlog that exists in the mission control doctrine environment, although this is a very time-consuming process.
- **Information Technology & Communications Management.** The Mobile Communications Unit successfully completed 51 deployments, one of which still remains permanently deployed in Burundi. The 1.8 Ghz project (migration from the cellphone band) is still in process. The target date for the completion of the project has been extended owing to technical problems and late delivery of equipment from the original equipment manufacturers. The new date for the completion of the project is now towards the end of May 2005. A new telephone management system to replace the

old Chatterman telephone management system was successfully implemented at all units and bases. Command Management Information funded the new system. A personnel forum was established between Directorate Command and Control Systems and Command Management Information Systems to ensure good liaison and co-ordination for SA Air Force Personnel within Command Management Information Systems. Representivity in the senior ranks has improved further with the appointment of three African females as lieutenant colonels, whilst two members were promoted to the substantive rank of Major. One African male was also promoted to the rank of Warrant Officer Class One.

- **Ground Command and Control Management.** Staffing requirements have been satisfactorily addressed for all available posts for command and control post officers and command and control post assistants. A 27% vacancy still exists in the Sergeant rank group. Representivity is showing improvement and continues to be actively addressed. Command Post staff members participated in various multinational exercises involving foreign forces and were present during the elections held in Mozambique. Command Post personnel also participated in several internal force preparation exercises and are also presently deployed in Burundi on a rotational basis. A Command Post officer is also deployed in the Democratic Republic of the Congo on a 12-month rotational basis. The Deployment Support Unit continuously supported all deployments and long-distance hauling requirements. A total mileage of 324 309 km was travelled, during which 2 515 tons of cargo were delivered without any major incident or loss of life. The funds allocated in FY2004/05 for the system recovery programme have ensured that most of the output objectives were met. The Ground Command and Control System as well as the current intelligence system are maintaining their operational status. The incorporation of remote switching between servers now ensures that all users are linked to the network at all times, which greatly enhances operational availability.
- **Air Force Command and Control School.** The SA Air Force Command and Control School successfully completed 27 courses during the year. A total of 214 learners were trained. A breakdown of the learners trained is as follows: 103 Africans, 83 whites, four Indians and 24 coloured members. Gender distribution was

50 females and 164 males. The relocation of the SA Air Force Command and Control School to Air Force Base Hoedspruit has created an atmosphere of change in which this institution is now designed as a centre of learning excellence where learners are able to work and empower themselves with knowledge to the maximum extent. The Directorate Command and Control has also grasped this opportunity to realign the SA Air Force Command and Control School to form the cornerstone for the command and control resource needs for Vision 2012.

Operational Support and Intelligence Capability

The Operational Support and Intelligence capability is responsible for preparing, developing, providing and supporting protection support, intelligence systems and counter-intelligence support to the SA Air Force through protection squadrons, intelligence subsystems and Air Force unique intelligence training.

- **Intelligence Capability.** All SA Air Force Intelligence training is conducted at the Joint Air Reconnaissance Intelligence Centre. Fifteen courses for 184 learners were planned to take place during the year, but only 12 courses were utilised. Three courses were cancelled owing to the unavailability of learners. A number of courses were also not fully utilised as planned learners were occupied with other commitments. Of the 109 members actually trained, 106 members completed their training successfully. Intelligence Services members participated in six joint force preparation exercises during the year. Some 30 members participated in these exercises, some taking part in more than one exercise.
- **Seeker 1 Unmanned Aerial Vehicle.** The final decision was taken to withdraw the Seeker One System from service and to retain the capability to employ the equipment on a manned platform. The system is currently accommodated on the premises of KENTRON until the disposal process is completed. The disposal process has been started and all support equipment has been checked. The compilation of the inventory list is 80% complete, with the pricing of components still in progress.
- **Joint Reconnaissance and Intelligence Centre.** The Joint Air Reconnaissance and Intelligence Centre provided image support to its clients: about 92% of requested products were delivered, with 8% in process. A total of 91% of the Joint Air Reconnaissance and Intelligence Centre products had a positive impact on society. The Centre was awarded various awards

for excellence.

- **Counter-intelligence.** The Counter-intelligence Subsection partially achieved its objectives. Apart from a shortage of Counter-intelligence officials in both the officer and non-commissioned officer rank levels and a general lack of security awareness in the SA Air Force, no other serious deviations were experienced. It must, however, be noted that the increasing number of incidents resulting from non-adherence to policy is a major cause of concern seeing that it poses a great risk to security in the DOD.
- **Protection Services.** The protection squadrons at base level have the responsibility of protecting the resident force structure elements of the SA Air Force. 500 Squadron (SA Air Force Task Force) successfully conducted specialised protection operations in the fields of search and rescue, aircraft accidents, deployments and the protection of assets in transit. The Protection Services also provided the SANDF and SA Air Force with a Very Important Person (VIP) protection capability that successfully executed all Very Important Person tasks that were issued. These tasks included the protection of the President during his visit to the Ivory Coast and the protection of dignitaries in Burundi. An Operational Officers Forum has been established amongst protection squadrons in order to provide strategic direction and to standardise operational procedures within their respective environments. Persistent underfunding has caused deterioration in equipment and infrastructure over the past year; however, some new equipment in the form of dog trailers and computers was procured and issued to protection squadrons. Protection squadrons experienced personnel shortages due to external deployments and remustering of personnel. This had a negative affect on the operational capabilities of the squadrons as most of the standby element had to be cancelled at the squadrons

Base Support Systems Capability

The Base Support Systems capability is responsible for the provision of airbase infrastructure facilities to squadrons and resident units on bases, including maintenance of all relevant systems and personnel, in order to support flying operations.

- Persistent underfunding over a number of years has created a gradual deterioration of Air Force Base facilities and operational infrastructure in the SA Air Force. A significant management intervention in 2003 and 2004 resulted in an increase in the budget allocation, which

was necessary to address the gradual recovery and sustainability of this capability area.

- **Airfield Systems.** Limited funds were allocated to perform maintenance on the runways and taxiways of all South African Air Force bases. Scheduled maintenance on the arrestor barrier systems was hampered owing to budget constraints. The project to upgrade all the runway and taxiway lighting systems at Air Force Base Langebaanweg was completed at the end of February 2005. The airfield lighting systems at Air Force Base Ysterplaat, the Swartkop Heritage Site and Air Force Base Makhado need urgent attention and upgrading in order not to affect operational readiness. The average status and serviceability of all airfield systems during the year was 80%, but this figure is expected to decrease substantially as some equipment approaches the end of its lifespan.
- **Aviation Fuel Systems.** Sufficient resources were available to maintain the refuelling equipment at Air Force Base Waterkloof, Air Force Base Langebaanweg and Air Force Base Overberg where equipment was repaired to meet the set standards and requirements. The refuelling pipeline on the hard stand at the Central Flying School Langebaanweg was also refurbished. The upgrading of the prototype SAMIL 100 road fueltanker was successfully completed and the vehicle is currently being evaluated and tested for suitability. The serviceability status of mobile refuelling equipment is 60% and for fixed installations it is 75%. The impact of the fuel that leaked from the underground fuel system at Air Force Base Makhado was fully assessed during the year. A rehabilitation programme will commence in FY2005/06 to restore the environment and prevent further contamination of underground water supplies.
- **Ground Power Units.** With respect to these systems, resources were available to achieve the rebuilding of 13 static converters and 13 static rectifiers to a mobile format, the rebuilding of two Solent power units, the upgrading of three air servicing unit converter rooms, the partial rebuilding of the Vastrap Powerhouse as well as the servicing of 29 Circonian systems at the Roodewal Power Station. Serviceability status versus actual Air Force base requirements of power units is low due to the age of the equipment and the equipment not conforming to Military Standard 704E (aircraft electric power characteristics). Substantial resources will have to be channelled into this area in the near future.

- **Fire-fighting Service.** Insufficient resources also affect the maintenance and repair of fire-fighting vehicles, equipment and protective gear for firefighters. The serviceability status for personal protective gear is 60% and for fire-fighting vehicle systems it is 75%.
- **Motor Vehicle Systems.** The vehicle fleet is aging and limited funds were expended to renew and maintain a small percentage of the fleet. The serviceability status of the fleet is 60% for D-Vehicles, 40% for C-Vehicles and 70% for B-Vehicles.
- **Facilities and Operational Structure.** Critical maintenance and upgrading for most of the operational infrastructure is needed. The SA Air Force will not be able to restore facilities and operational infrastructure from within its operating budget. Without significant funding being provided, a situation will soon be reached where flying operations will come to a standstill.

Education, Training and Development Capability

This capability area is responsible for the education, training and development of SAAF personnel.

- **Basic Flying Training.** All basic flying training as well as flying instructor training is done at the Central Flying School Langebaanweg. Two pupil-pilot courses were completed during the year and a total of 31 students qualified. Of the 31 who qualified 16 were black and 15 were white. Two females were amongst those who qualified. Two flying instructor courses were completed and seven pilots qualified as flying instructors. A total of 9 605 hours were flown by the Astra fleet.
- **Navigational and Survival Training Capability.** The primary responsibility of 80 Air Navigation School is to train pupil navigators and navigator instructors. In addition, the unit presents survival training and aircrew orientation courses for the SA Air Force. Four pupil navigators qualified during the year as well as two navigator instructors. Two survival courses were presented as well as two aircrew orientation courses.
- **Development Training Capability.** 14 residential programmes were presented at the SA Air Force College. Of the 284 members who attended, 280 completed the programmes successfully. Other programmes presented were:
 - Five Distance Learning Programmes. Of the 386 members who attended, 308 completed the programmes successfully.
 - Three Officers' Formative Programmes. All 141 members who attended completed the

programmes successfully.

- Three Senior Air Power Programmes. Of the 57 members who attended, 41 completed the programmes successfully.
- Four Law of Armed Conflict Programmes (Planners and Executors of Air Operations) were scheduled for the year. Two programmes were presented. All 18 members who attended completed the programmes successfully.
- **Logistical Non-technical Training Capability.** At the Advanced Training Wing (68 Air School) 115 of the 137 (84%) planned courses took place and 872 of the 1 063 (82%) learners attended the courses presented by the Advanced Training Wing at 68 Air School. The lower than planned numbers was brought about by the restructuring of courses, problems with the infrastructure, cancellation of courses due to lack of computer hardware and software as well as incomplete competency training of instructors by contractors. Of the 872 learners attending the courses, 865 (99%) passed. The reason why seven learners did not complete their courses was failure or withdrawal at own request.
- **Fire Training.** 15 planned courses took place and 420 learners attended the courses presented by the South African National Defence Force Fire Training School at the Air Force Gymnasium. Of the 420 learners attending the courses, 407 (97%) passed. The 13 learners that did not complete the courses either failed or withdrew at own request.
- **Hospitality Training.** All three planned courses took place and 92 learners attended the courses presented at the Cookery School at the Air Force Gymnasium. 68 learners successfully completed the courses. The 24 learners who did not complete the courses either failed on academic grounds or withdrew at own request or for medical reasons.
- **Technical Training.** Technical training was conducted at 68 Air School and various air servicing units during the year. 78 learner engineering students attended courses at Centurion College and various universities. 35 courses were planned for apprentice training at Centurion College and 68 Air School, and 463 learners attended these courses. Three courses were planned for artisans to complete full-time technical tertiary training at various colleges and 49 artisans attended these learning opportunities.
- **Physical Training.** The percentage participation by SA Air Force members in fitness evaluation for members under the age of 35 years

was 71%, with a pass rate of 66%.

- **Sport.** The percentage participation in organised sport was 53%. A total of 1 411 SA Air Force members competed in 15 South African Air Force sports code championships which were successfully presented.
- **SA Air Force Training Integrity Centre.** The SA Air Force Training Integrity Centre was established to act as a single point of responsibility for training quality assurance in the SA Air Force. The budget for the SA Air Force Training Integrity Centre was incorporated into the budget of Directorate Education, Training and Development. The SA Air Force Training Integrity Centre made provision for the contracting of a qualification and unit standard specialist on behalf of the Air Defence Standards Generating Body. The structuring and staffing of the Training Integrity Centre has not yet been completed. The Training Management Information Database is 92% populated. The Human Resources Database was developed and has been 27% loaded. Information captured in this database will support the drafting of the SA Air Force's Workplace Skills Plan. The Scheduling Database has been developed and must be implemented during 2005. The South African Qualifications Authority was approached to assist with the development of qualifications and unit standards. It made funds available for the development of three qualifications. The SA Air Force Training Integrity Centre facilitated the process and the qualifications are in an advanced stage of development. The SA Air Force's Human Resource Development Quality Assurance Manual was approved in late 2004. The implementation plan was drawn up by the SA Air Force Training Integrity Centre and is awaiting approval.
- **SA Air Force Training Council.** The SA Air Force Training Council was established in accordance with the SA Air Force Training Policy. All funds for the administration of the Council were provided for within the budget of the Directorate Education, Training and Development.
- **Air Defence Standards Generating Body.** The Air Defence Standards Generating Body was registered in 2004. The SA Air Force Training Integrity Centre provided for the operating budget. The main function of the Air Defence Standards Generating Body is to develop qualifications and unit standards. This has not yet been completed owing to a lack of resources and subject matter expertise to carry out the tasks at hand. Three qualifications were devel-

oped by means of South African Qualifications Authority funding. The lack of resources to implement the South African Qualifications Authority/National Qualification Framework in the South African Air Force is hampering progress.

- **Advanced Training.** The original plan was to train 360 members at tertiary training institutions. 249 members enrolled for training. Of the 249 learners, 80 members were first-year students.
- **Skills Training.** The original plan was to train 3 000 members in various fields, but only 2 725 members received training.
- **Adult Basic Education and Training.** The initiation of Adult Basic Education and Training was long overdue when it was eventually initiated in the SA Air Force. The plan was to provide training for 300 members and to assess 1 000 members for recognition for prior learning and placement. The output was fully achieved. The Adult Basic Education and

Training Project in the SA Air Force was able to assess close to 90% (1 500) of all members who required Adult Basic Education and Training.

Technical Support Capability

This capability is responsible for establishing, maintaining and preparing optimised technical and tactical logistic support capabilities to provide support to system groups and to manage air service units.

The performance of this capability has a direct effect on the flying capabilities of the SA Air Force and is therefore also reflected in the performance of the flying capability areas reported on in this report.

OTHER OUTPUTS PRODUCED

Outputs in Support of the Short-term Force Employment Plan. 13 079 hours were flown in 3 094 missions in support of the Short-term Force Employment Plan. The distribution of the flying hours between the various users is shown in Table 8.1.

Table 8.1 Outputs in Support of the Short-term Force Employment Plan

User	Description	Service Recipient	Results
Joint Air Transport Centre	This centre is responsible for air transport for DOD clients	Presidency, Parliament, Government departments and the SANDF	5 468 hours were flown in support of these operations
Joint Offensive Support Centre	This centre is responsible for DOD clients such as Government departments, and force employment requirements from within the SANDF as well as Joint Deployments/Exercises with foreign countries	SANDF, Government departments	1 750 hours were flown in support of these operations
Air Force Command Post Operations	This centre is responsible for the execution of SA Air Force autonomous humanitarian operations	SANDF, Government departments	173 hours were flown in support of these operations
Tactical Headquarters (In 9 provinces)	These Headquarters are responsible for area protection, border control operations and maritime patrol operations within their area of responsibility	SANDF, SA Police Service	3 393 hours were flown in support of these operations
Operation INTEXO	Tasks by various aircraft in support of border control	SANDF, SA Police Service	448 hours were flown in support of these operations
Operation STIPPER	Tasks by various aircraft in support of crime prevention in rural areas	SANDF, SA Police Service	1 473 hours were flown in support of these operations

chapter 8

Table 8.1 Outputs in Support of the Short-term Force Employment Plan (continued)

User	Description	Service Recipient	Results
Operation HUMAN	Tasks by various aircraft	SANDF, Government departments	170 flying hours 22 casualty evacuation of patients 22 medical evacuation of patients Search and rescue - 10 people rescued and 1 body recovered Fire-fighting - 1 085 000 litres of water delivered
Operation HARDER	Tasks by C47TP aircraft	SA Navy	205 flying hours 444 vessels logged 41 infringements 2 high interest
Air mobility for Diplomacy	Tasks by various aircraft in support of Air Transport for Diplomacy	DOD, Government departments	1 951 flying hours 354 flights 2 747 passengers
Air mobility for Important People	Tasks by various aircraft in support of Air Mobility for Important People	DOD, Government departments	1 227 flying hours 290 flights 3 741 passengers
Other Air Operations	Tasks by various aircraft in support of other air operations such as Communication flights, area familiarisation, logistic support, communication station repairs and training	SANDF, Government departments	3 222 flying hours
External Joint Operations	Tasks in support of external joint operations flown over and above those flown in support of the Short-term Force Employment Plan: Operations FIBRE, MISTRAL & CORDITE (Burundi/Democratic Republic of the Congo/Sudan)	DOD, Government departments	1 607 flying hours
	Operation NUTSHELL (Ivory Coast)		47 flying hours
	Operation LYNX II (Food Relief Mozambique)		86 flying hours
	Operation TRITON (Election Support Comoros)		27 flying hours

OTHER OUTPUTS IN SUPPORT OF GOVERNMENT

The SA Air Force contributed substantial manpower and other elements of air power to the contingents of the SANDF that are currently deployed in the Democratic Republic of the Congo, Burundi and the Sudan. There were 1 014 fixed wing flying hours and 593 rotary wing flying hours flown in direct support of external operations in those countries.

The Government initiatives in the Ivory Coast were also well supported by the SA Air Force. There were 37 fixed

wing flying hours and 10 rotary wing flying hours flown in direct support of those initiatives. The SA Air Force provided Mozambique with support for the 2004 elections. Various transport aircraft, three Oryx helicopters, and ground support personnel were deployed to Mozambique to assist in the elections.

The funding of air mobility for diplomatic missions was again one of the highest priorities of the Air Force Board in the past year. The Air Force committed itself to providing for all the air transport requirements of the President and the mandated cabinet members. A total of

3 178 flying hours were flown in support of air mobility for diplomacy.

Various training opportunities were afforded to members from SADC countries during the past year. Three learners from Lesotho completed the Officers' Formative Course at the SA Air Force College in 2004. A member of the Nigerian Defence Force completed the SA Air Force Junior Command and Staff Course in 2004. An agreement has been reached with the Zimbabwean Air Force on the exchange of flying instructors. This will see Zimbabwean flying instructors giving basic flying instruction to SA Air Force pupil pilots at Central Flying School Langebaanweg, and is expected to expand into

similar assistance provided at 85 Combat Flying School when the first Hawk operational conversion course is presented in April 2006.

The SA Air Force continued its participation in the Standing Aviation Committee which forms part of the Defence Subcommittee of the Inter-State Defence and Security Committee of SADC. The 8th annual conference and work group was held in Dar es Salaam in May 2004. The aim of the conference was to address aviation related matters of mutual interest to SADC member countries. The main topic of discussion was regional force preparation exercises.





MARITIME DEFENCE

ANNUAL REVIEW

The year was not without challenges, but the SA Navy met these and was able to perform well. Many successes were achieved during the year under review. These

included the arrival of the last two patrol corvettes in Simon's Town, the launching and naming of the first and the keel-laying of the second submarine in Germany, progress with the renovation of facilities in Simon's Town and the continuation of the successful Military Skills Development Programme. The provisional SA Qualifications Authority accreditation of all SA Navy training establishments and the registration of the Maritime Defence Standards Generating Body also deserve to be mentioned. The SA Navy was found to be ready in terms of all required missions to provide operational vessels as required by the Chief of Joint Operations. Despite the critical underfunding of the maritime programme, the SA Navy met all operational requirements. This can only be ascribed to the enthusiasm, commitment and dedication of the people serving their country in the SA Navy.

The SA Navy is responsible for the

provision of supported combat-ready naval forces at the required readiness level for meeting defence commitments and contingencies as ordered by the DOD Strategic Plan FY2004/05 and the Short-term Force Employment Requirements. The objectives to be achieved in this regard and the allocation of personnel, matériel and budgetary resources required, were stipulated in the SA Navy Strategic Business Plan for FY2004/05.

The SA Navy is confident of its ability to strategise, plan, execute the plan, review the plan and, importantly, to report both quarterly and annually on its performance against the plan. The focus of the FY2004/05 Strategic Business Plan was to

- downsize the force structure to a level where it is both affordable and sustainable;
- dispose of redundant/obsolete force structure elements and their associated systems to create capacity to accept the new corvettes and submarines into service;
- prepare its human re-sources for operating these new vessels;
- rejuvenate facilities; and
- prepare naval forces to meet ordered defence commitments.

building a South Africa that truly belongs to all

DEPARTMENT:
DEFENCE

With minor exceptions the SA Navy has performed in accordance with its plan and has achieved its core objectives for the reporting period. What follows is a brief overview of actual performance, highlights and significant achievements with specific reference to the focus areas highlighted above and in the SA Navy 2004/05 Strategic Business Plan.

Planning and Budgeting. The ability to integrate the Strategic Defence Package acquired vessels posed the most important challenge faced by the SA Navy in FY2004/05. To address this challenge the SA Navy reduced the White Book within the HR budget by Rm15 in order to fund shortages in the SA Navy operating environment. The actual personnel strength of 6 980 for FY2003/04 is 88% of the authorised strength of 7 927. This indicates the SA Navy's commitment to reducing personnel costs. The SA Navy, however, finally over-spent an amount of Rm13,5 on its personnel budget, measured against the allocation at the end of the financial year. This over-expenditure was covered corporately in the Department. On the Financial Management System the SA Navy achieved a 99,7% expenditure of its budget. This percentage includes the over-expenditure in the Item 10 environment as well as Folio 02 (Special Defence Account) funds. This percentage is deemed excellent if the disruption caused by the cancellation of the codification contract and the accompanying disruption in the procurement environment are taken into account. In the Folio 02 environment, a 73% payment percentage was achieved, but the unpaid portion of Rm19 was, however, fully committed and became a funded roll-over in the new financial year. These funds were therefore not lost.

Policy Developments. In accordance with the Navy Plan, the strategic direction and force preparation direction must be provided by the Navy Office and Fleet Command respectively. This is achieved, inter alia by the provision of policy and guidelines. In addition, the Navy Office must co-ordinate the drafting of lower level policies and must ensure that these policies are aligned with DOD corporate policies. All the SA Navy Office directorates were continuously involved in providing policy advice, both formal and informal. A total of sixteen Naval Orders (Level 2 policies) were promulgated and implemented during the reporting period. These were mainly in the Maritime Warfare and Maritime Plans domains. A review was done of existing policies and a total of 26 of these were found to have been sufficiently addressed in recently promulgated naval policies and were therefore cancelled.

Strategic Defence Package. The most significant highlight of the past year was the delivery of the last two Type MEKO® A-200 (SA Navy) Patrol Corvette platforms, SAS SPIOENKOP and SAS MENDI. The SAS SPI-

OENKOP was commissioned in Hamburg on 15 March 2004 and arrived in Simon's Town on 31 May 2004, on schedule. SAS MENDI was commissioned on 15 June 2004 and arrived in Simon's Town on 17 September 2004. The installation of the combat suites has subsequently begun and is progressing well. The SA Navy has commenced with acceptance and integration of the patrol corvettes. The first vessel, SAS AMATOLA, will be handed over to the SA Navy in the latter half of 2005 when it will commence extensive operational tests and evaluation. However, it will still be available for certain deployments during the year, which will result in a substantial improvement in the surface combat capability of the SA Navy. The fact that the contract for the acquisition of four Super Lynx 300 maritime helicopters with associated logistic support was placed very late (August 2003) will impact negatively on, and cause delays in bringing the patrol corvettes to a state of full operational readiness. The Type 209 submarine production schedule is still meeting all the set deadlines. The first submarine, S101, was launched and named on 15 June 2004. The keel-laying of the third submarine, S103, took place on 13 November 2004 and S102, which was two months ahead of schedule, was launched in May 2005. S101 will be handed over to the SA Navy in the latter part of 2005 and will sail to the RSA at the beginning of 2006.

Force Structure. The SA Navy remains committed to maintaining an affordable and sustainable force structure. In preparation for the introduction of new force structure elements, the SA Navy reduced its geographic footprint by scaling down and abolishing units and ships. Although no additional force structure elements were identified for closing during this reporting period, the SA Navy continues to finalise the administration of the closing down of a number of units that no longer exist on the approved establishment. Much-needed rejuvenation and upgrading of certain facilities in Simon's Town are progressing well and will fulfil the requirements set for the integration of the new vessels. These efforts will ensure that the SA Navy's force structure provides sufficient flexibility to prepare forces, whilst being affordable within the present financial allocation.

Force Preparation. A challenge was experienced regarding the availability of qualified and experienced seagoing personnel; the SA Navy had to meet defence commitments and the various training requirements relating to acquisition of new surface combatants and new submarines. This impacted directly on the SA Navy's combat-readiness state. The shortage of qualified and competent personnel, particularly those in critical posts, will continue to affect mission readiness adversely in the short term. Plans are in place to rectify the problem. The SA Navy's emphasis will be to ensure that the crew for the first submarine are sufficiently trained to accept the

vessel from the ship-builders and to sail it safely back to the RSA early in 2006. The high occurrence of defects in old ships undermined the reliability of the core capabilities of the SA Navy and the hours underutilised by force preparation were due more to the unavailability of vessels than inability to perform. Some of these defects were due to equipment reaching the end of its lifespan, while logistical constraints with reference to the availability of matériel, spares, funds and manpower also had a huge impact on force preparation.

Force Employment. The SA Navy met all objectives regarding the provision of prepared and supported forces as required by Chief of Joint Operations and ended the reporting period well within the force employment hours allocated in six of the eight capabilities. This indicates that the force employment hours required were potentially overestimated in most capabilities and need to be more accurately assessed. This is illustrated by the fact that, although 96% (5754.6 hours) of the planned 6002 hours were utilised for force employment, only 40% of these (2428.6 hours) were utilised in line with the requirement set by Chief of Joint Operations and thus contained in the SA Navy Strategic Business Plan. The SA Navy took part in several international exercises and assisted in operations in various commercial ports by providing maritime protection to nominated passenger liners and United States government support and pre-positioning ships. In addition, the SA Navy was admitted to a consortium of nations in the Pacific and Indian Oceans concerned mainly with the protection of merchant ships and trade routes. Close ties with the French Navy in the Indian Ocean continued with annual exercises, aimed mainly at humanitarian relief in emergencies. The specialist capabilities of various vessels and the management of these capabilities resulted in the SA Navy being able to undertake specific tasks and it being available at specified readiness levels. The ongoing deployment of the yet-to-be fully created Operational Boat Squadron to Lake Tanganyika in Burundi, in support of peacekeeping initiatives, was a highlight, with planning under way to deploy more personnel and Harbour Patrol Boats to the area.

Naval Dockyard Simon's Town. The Minister of Defence issued an instruction in September 2002 that ARMSCOR was to take over the operation and management of the Naval Dockyard Simon's Town. After a lengthy process the Dockyard Transfer Agreement and the associated Service Delivery Agreement, which allows for the transfer of the Dockyard Simon's Town to ARMSCOR, were signed on behalf of the DOD and ARMSCOR in January 2005. This paved the way for the process of transfer to commence in the new financial year.

Disposal. In July 2004 a comprehensive plan was made

involving all role players to facilitate the disposal of SAS OUTENIQUA. This was to be a major undertaking with the aim of disposing of the vessel as a going concern so as to realise the best possible revenue. ARMSCOR Business (DMD) advertised and sold SAS OUTENIQUA to InfoTech, a subsidiary of Mertek Marine. The transfer of ownership date was 1 February 2005. The new owner maintained the vessel until her departure from Simon's Town on 20 April 2005. The successful disposal of SAS OUTENIQUA can be seen as one of the major achievements of FY2004/05.

PERFORMANCE REPORT: CORE OBJECTIVES

The Maritime Programme consists of the following sub-programmes:

- Maritime Direction Capability.
- Maritime Combat Capability.
- Maritime Logistic Capability.
- Maritime Training Capability.
- General Base Support Capability.

Maritime Direction Capability

This sub-programme provides the strategic direction within the Maritime Defence Programme through formulation, promulgation and control of strategies, policies, plans and advice, in order to prepare and provide the maritime capabilities required by the Chief of the SA National Defence Force (SANDF).

The core objective of the Strategic Direction capability is to provide strategic direction to the Maritime Defence Programme by providing maritime advice to the DOD and it also oversees the allocation and management of resources.

- **Criminality.** The Naval Base Simon's Town Crime Prevention Plan is in place and there was a gradual decrease in the number of criminal and disciplinary offences reported during the period under review.
- **Risks as Identified in the FY2004/05 Strategic Business Plan.** The risks were partially addressed as follows:
 - *The ability to conduct the required and contracted qualification trials, in order to accept the Strategic Defence Packages into service.* This risk was 50%, covered by additional funding received from National Treasury. Replanning has continuously been done to make further funds available. The SAS OUTENIQUA, a combat support vessel was sold as a going concern and realised Rm49,6, which will be used to cover shortfalls in funding for the required and contracted qualification trials.
 - *The ability to meet life cycle costs of the new equipment and the concomitant decrease in the*

ability to meet design baselines and operational readiness levels. In order to create capacity for the new vessels' force structure, elements were further reduced by inventory reduction of obsolete systems and the reduction of the SA Navy's geographic footprint.

- *The ability to establish/adapt the infrastructure needed to support the new vessels.* A facilities plan was developed and implemented and every effort was made to ensure that the SA Navy received a part of the SANDF Facilities Maintenance allocation. An additional National Defence allocation helped fund the required new facilities.
- *Acquiring and developing the personnel needed to staff and support the new vessels.* The down-scaling of capabilities has resulted in the release of personnel to be trained for the new vessels. Preparation of personnel for operating both the patrol corvettes and the submarines was done through attendance of various foreign courses. Retention of personnel has been supported by incentive schemes successfully introduced for specific musterings.
- *Maintaining conventional capabilities at the minimum indicated levels in order to meet the ordered commitments contained in the Short-term Force Employment Plan.* Operational readiness levels and output of ships were lowered to reduce costs, while they still met the requirements contained in the Force Employment Plan.
- **Human Resource Overview.** The human resource process has directed its focus at the maintenance of an affordable and efficient human resources component of not more than 6 700 personnel. The required personnel should provide for the Military Skills Development System (second year), Core Service System, Senior Career System and the Reserve Force. The attainment of an affordable and efficient workforce has been guided by the specifications established within the DOD regarding such elements as Service System ratios, rank-age configurations, gender equity and representivity, as well as the guidelines contained within the DOD Human Resources Strategy 2010. Specific initiatives were embarked upon to ensure that optimal service system ratios have been complied with, including rank-age disparities being managed through the judicious application of policy and the selective renewal of contracts. Initiatives have additionally been directed at representivity and gender equity, with a specific focus on the attainment of representivity targets within

the combat and technical domains, as well as within the middle management cadre. Specific focus areas are amplified below.

- *Personnel Retention.* An analysis of losses experienced during the period under review indicated that a loss of 167 Defence Act Personnel occurred, with the greatest number being due to resignations (128). The greatest losses occurred within the white category (117), followed by the black category (55). As reported previously, the SA Navy introduced incentive schemes within both the combat and the technical domains, in order to offset the attrition within these musterings. Since the initiation of these schemes in 2000, 122 incentive contracts have been awarded to combat officers, and 516 incentive contracts have been issued within the technical domain. The correlation between the utilisation of this mechanism and the rate of attrition is still to be statistically assessed, but the qualitative analysis thereof indicates a largely positive relationship.
- *Equity Strategy.* During the period the SA Navy has focused considerable attention on the re-appreciation of the Equity Strategy, in response to a number of internal and external change imperatives. The re-appreciated strategy has given recognition to the requirement to adopt extraordinary and, at times, unprecedented measures in order to attain a number of objectives within the shorter term. The strategy has thus made provision for the introduction of a number of measures, which have included, inter alia, the formal waiving of time-in-rank in selected instances in order to foster representivity in scarce-skill musterings, and the formal interrogation of the conventional assumptions of what constitutes prerequisites for mission-readiness, in order that such assumptions do not inherently impede accelerated development. These measures have been translated into career development plans, with numeric targets and milestones being indicated. A detailed submission has been made to the Deputy Minister of Defence in this regard, and the strategy has been captured in a revised Equity Plan for FY2005/06.
- *Training*
 - **Military Skills Development Training.** The SA Navy recognised that the Military Skills Development programme, initiated during 2003, presented an opportunity for the organisation to comply with the

specifications established in the Human Resources Strategy 2010. A total of 650 Military Skills Development trainees are recruited annually in order to supply new staff for both the Core Career System and the Reserve Force.

- **Foreign Training.** Preparation of personnel for the operating of the Strategic Defence Package vessels continued and various courses have been scheduled and attended in Germany. The memorandum of understanding between India and South Africa was signed and this allowed for SA Navy members to undergo intensive submarine training in India. The SA Navy was offered and accepted opportunities on staff courses in Ghana, India, Tanzania and the United States.
- **Civic Education.** The SA Navy participates as a stakeholder in the mandated regulatory body pertaining to Civic Education in the Department, namely the Civic Education Evaluation and Advisory Board. This is the advisory board to the Minister of Defence. All SA Navy Defence Act Personnel have to date received the required exposure to the Civic Education Curriculum, either through formal learning opportunities, or through training opportunities specially convened for that purpose. The primary focus of the formal Civic Education process is at the formative level with the curriculum being presented at SAS SALDANHA during the Military Skills Development learning opportunity, and at the Naval College Gordon's Bay during the Military Training for Officers Part 1 learning.
- **South African Qualifications Authority Alignment.** The process of aligning the SA Navy with South African Qualifications Authority requirements has reached the point where the final requirements have become dependent on external stakeholders, as opposed to a lack of internal capacity as was the case when the alignment process started. All SA Navy training establishments have received provisional accreditation from the Diplomacy, Intelligence, Defence and Trade Education and Training Authority (DIDETA). A site visit by DIDETA in January 2005 was used to identify the processes that needed to be defined in support of the Quality Management System Policy developed for each unit.

The Maritime Defence Standards Generating Body was registered in 2004. A matrix that depicts all the competencies required by the SA Navy to ensure service excellence has been compiled and is being verified by experts in various subjects in the SA Navy. This process of standards generation has unleashed a new era in the SA Navy with the end users being forced to define their competency criteria in terms of outcomes, supported by assessment criteria. The completion of the accreditation process now depends on a few factors outside the SA Navy.

- **Force Preparation Direction Capability.** The Force Preparation Direction capability provides force preparation direction to ensure that the force structure elements are ready for ordered defence force missions and tasks in all respects. All the objectives for FY2004/05 were at least partially met with an emphasis on the disposal of old and obsolete systems and equipment in the SA Navy, maintenance of the SA Navy fleet's current capabilities and preparation and training for systems, matériel and personnel to operate the new patrol corvettes and submarines.

Maritime Combat Capability

The Maritime Combat capability core objective entails the provision of prepared and supported maritime combat capabilities in accordance with the approved DOD force design. A number of force preparation exercises were held during the reporting period.

- **Surface Combat Capability.** The mission of the Surface Combat Capability is to prepare and provide supported surface combatants to conduct surface warfare operations. This includes the conduct of offensive operations, surveillance and reconnaissance, combat search and rescue, replenishment at sea, support of special operations and inshore patrols. With the patrol corvettes (FSGs) not yet equipped to fulfil their role in the fleet, most requirements were satisfied by the remaining strike craft (fast attack craft (missile)). All the force employment requirements from the Chief of Joint Operations for this capability were met. Although the SA Navy has been able to meet the requirements set by the Chief of Joint Operations in the Short-term Force Employment Plan, the combat-readiness objectives were substantially achieved, as vessels were not always at the required operational readiness for specific tasks, registering an average of 75% readiness for their primary role. A high-

light was the arrival of the third patrol corvette, SAS SPIOENKOP, in Simon's Town on 31 May 2004. Eight naval vessels participated in welcoming her to her new home. The fourth patrol corvette, SAS MENDI, arrived on 17 September 2004, with all three other patrol corvettes in attendance. The patrol corvettes have since conducted various harbour acceptance, sea acceptance and project trials in the False Bay area. SAS MENDI conducted Operation UMBONISO, an east coast flag showing trip and proceeded to Cape Town for the final part of the operation. A sail past salute was held for the retiring Flag Officer Fleet in the False Bay area on 12 November 2004.

- **Submarine Warfare Capability.** The submarine warfare capability revolves around submarines, prepared and supported, able to conduct warfare operations. There is currently no submarine warfare capability, but training is under way for the new type 209 submarines, due to be delivered in succession commencing FY2005/06. The leadership element of all three submarines has been identified and the nuclei of the first two crews are receiving intensive training both in the RSA and overseas.
- **Combat Support and Sea-lift Capability.** This capability entails the preparation and provision of a supported capability able to provide and conduct sealift and support to combat vessels. This includes sea-lift in support of Chief of Joint Operations and the SA Army, surveillance and reconnaissance, search and rescue, replenishment, assistance operations and enforcing State authority. This capability has been reduced to a replenishment capability only with the decommissioning and subsequent sale of SAS OUTENIQUA. SAS DRAKENSBERG has proved to be a valuable asset, but has very limited sea-lift capacity. Surveillance and search and rescue roles continue to be exercised in accordance with force preparation plans. Despite an initial requirement set by Chief of Joint Operations of 1 200 force employment hours, no requirement for force employment was received. This indicates a substantial overestimation of time required for force employment. Despite mechanical problems, SAS DRAKENSBERG was found to be at the required combat-readiness level for at least 80% of the time.
- **Mine Warfare and Diving Support Capability.** The mission of this capability is to provide prepared and supported mine countermeasure vessels to conduct mine countermeasure operations and diving support. Included in this capability are reconnaissance, enforcement of

State authority and policing tasks. The degradation of the sonar capacity of the mine hunters has caused these vessels to become diving support vessels in addition to other secondary roles that they are still capable of undertaking. SAS KAPA, a CITY-Class minesweeper, continued to fulfil a role as a training vessel. Through various stages of Operation INTEXO (a border protection operation) reconnaissance, policing and the enforcing of State authority objectives have been achieved. A force employment requirement of 61 hours was fulfilled, leaving 87% of the hours planned for force employment unused. The combat-readiness requirements were only partially achieved as the CITY-Class minesweepers were utilised for training and coastal patrol only, while uncalibrated sonars on the mine hunters prevented these from being utilised in their primary role.

- **Hydrographic Services Capability.** The Hydrographic Services capability aims at preparing and providing a supported hydrographic survey vessel to conduct survey operations for the RSA in terms of international obligations. Unfortunately the SAS PROTEA was unable to complete her programme of survey work due to a prolonged refit during the year and serious mechanical problems encountered after the refit. The latter problems prevented the ship from completing the survey work she started in the Richard's Bay area this year. The prognosis for the ship completing her scheduled continental shelf survey in the next financial year is good.
- **Operational Diving Capability.** The Operational Diving capability prepares and provides supported operational diving teams for diving operations. The Operational Diving Team was involved in several force preparation exercises and the objectives set were achieved. Despite a continuing shortage of divers due to the number of divers leaving for better opportunities elsewhere, the team was always at the required combat-readiness level. The Operational Diving Team was called upon by Chief of Joint Operations to produce 4 526 force employment hours, almost four times the requirement of 1 200 hours set in the Strategic Business Plan. Ongoing support to Marine and Coastal Management and the SA Police Service with the protection of marine resources occurred throughout the year with teams continually deployed. A mass force preparation exercise, involving all SA Navy divers was held at SAS SALDANHA in December 2004, when the first ever deep dive (54 m) using heli-

um/oxygen was successfully conducted by SA Navy divers.

- **Harbour Patrol and Operational Boat Squadron Capability.** The mission of this capability is to prepare and provide supported boats to conduct operations as required. The Operational Boat Squadron achieved the required combat-readiness levels at all times and achieved 2 244,5 force preparation and 687 force employment hours, the latter 637 more than the 50 hours that were planned for. The SA Navy assisted the Chief of Joint Operations with the provision of two harbour patrol boats and a strike craft for assistance to the SA Police Service Task Force and 4 Special Forces Regiment for the protection of the Queen Elizabeth 2 during her visit to Cape Town. The harbour patrol boats were also deployed in support of the SA Police Service in numerous instances involving bottom searches, recovery, security patrols and VIP escort duties. Three harbour patrol boats and one 4,1m rigid hull inflatable boat, together with SA Navy members, were deployed in Burundi. Two extra harbour patrol boats and additional personnel are also being prepared for deployment to Burundi, bringing the total to 44 members deployed.
- **Inshore Patrol Capability.** The mission of the Inshore Patrol capability is to prepare and provide supported inshore patrol vessels to conduct operations as required. Two of the vessels are stationed in Simon's Town, with a third in Durban. The usage of planned force preparation hours by the inshore patrol vessels was limited owing mostly to ongoing defects, which resulted in an unsatisfactory combat-readiness state. However, the vessels have proved to be very effective in anti-poaching patrols, in addition to fulfilling roles in which they complemented the Fleet's activities. The force employment hours were overestimated during the Chief of Joint Operations planning process and this resulted in an achievement of only 168,5 (20%) of the planned 840 force employment hours.

Maritime Logistic Capability

The core objective of the Maritime Logistic capability is to provide a maritime logistic support capability in order to maintain and sustain the approved force design and comply with ordered operational commitments.

- The Fleet Logistics Directorate achieved 94% expenditure of funds on Folio 01 as at 23 March 2005. Folio 02 funds lagged behind with an expenditure of 76% as at 23 March 2005. 75% of the budget was expended in support of the

Maritime Combat capability, in other words **to keep our ships at sea**. Overall the objectives set for FY2004/05 have been substantially achieved with sub-sub-programme capabilities rated at levels of achievement ranging between 56 and 95%.

- **Dockyard Capability.** The Naval Dockyard Service provides a vessel repair capability. The output in the first quarter of FY2004/05 was only 63%, but management interventions led to steady improvements in output each quarter culminating in 84% for the final quarter. The Naval Dockyard Service achieved 99.5% of planned expenditure, which indicates that the Naval Dockyard Service achieved everything required from a budgetary point of view. The Dockyard Transfer Agreement, as well as the service delivery agreement, which allows for the transfer of ownership and management of the Dockyard from the DOD to ARMSCOR, was signed by the two parties in January 2005. This paved the way for the process of transfer to commence in FY2005/06.
- **Fleet Maintenance Capability.** The Fleet Maintenance Unit provides an operational repair capability. The output of the Fleet Maintenance Unit was very low in the first quarter of FY2004/05 (53%) but the second and third quarters achieved 87% and 114% respectively. The overall level of output was 82,3% and the percentage of planned expenditure achieved was 99,6%.
- **Publications Provision Capability.** The Naval Publications Unit provides a publications provisioning service. The unit successfully provided a photographic service to all SA Navy units and was also responsible for the provision of a warfare publications control service. The distribution of controlled units to all SA Navy units, as well as to other military units in the Western Cape also forms part of the unit's responsibility. The unit introduced increased efficiency processes during the reporting period and, despite shortages in competent manpower and the need of a replacement printer to produce sea charts as required by the Hydrographer, achieved a planned output of 94,3%. The percentage of planned expenditure achieved was 99,6%.
- **Logistic Warehousing Capability.** The Naval Stores Depot Wingfield provides a logistic warehousing and distribution capability, which includes aspects such as storage, maintenance, repair, inventory verification, disposal and issue of items. The focus dur-

ing the reporting period was on the disposal of excess and obsolete stock, in line with the SA Navy Strategic Business Plan. The main problem experienced throughout the year was inadequate perimeter security, which led to break-ins and loss of State equipment, which had a negative effect on the output performance, which was 69% in the first quarter rising to 80% in the final quarter. The problem is being addressed and an improvement is expected in the next financial year. The percentage of planned expenditure achieved was 97,8%.

- **Armament Warehousing Capability.** SA Naval Armament Depot provides an armament warehousing and distribution capability. The unit achieved an output of 70% in the first quarter, but this fell to 55%, 48% and 53% in subsequent quarters. This was attributed to the problems experienced owing to the shortage of Public Service Act personnel staffing, with the roll-out of the Operation Support Information System at the Depot and the necessity to carry out a detailed stocktaking for accounting records. The latter involved utilising all staff for stocktaking, which brought normal warehouse activities to a standstill. The audit at the Depot has been successfully addressed and the ammunition accounting now meets all Government and SANDF standards. The percentage of planned expenditure achieved was 94,6%.
- **Challenges.** Several obstacles to the achievement of objectives placed great stress on the Logistic organisation, including the following:
 - **Codification.** The most significant obstacle experienced was the lack of a codification service in the SA Navy. A significant portion of the planned budget that was not spent on the commodities originally planned for was due to this problem. Abatement plans have been instituted and an interim structure has been approved. Staffing of the interim codification structure has commenced. This interim organisation will only provide 40% of the required capability. To prevent future dramatic constraints on the supply chain, the approval of the final organisation, as well as the staffing, should be afforded the highest priority at all levels of the SANDF.
 - **Lack of Staffing at Naval Engineering Service.** The diminishing workforce at the Naval Engineering Service is a prob-

lem. The lack of staffing and the inability to recruit personnel from outside contribute to its inability to meet all goals. The average age of personnel is in excess of 50 years.

- **Specifications Capability.** The year-end cash flow achieved was not as good as expected. The inability to increase the specification section through appointments or casual labour contributed negatively towards the Fleet's ability to execute planned expenditure successfully.
- **Disposal of Submarines.** A final decision with regard to the disposal of the two remaining DAPHNE Class submarines is still pending. The disposal of these vessels has been on hold since July 2004. A submission regarding the formalisation of a Navy Museum capable of housing a submarine has been submitted to the Minister of Defence.
- **Strike Craft Spares.** The availability of strike craft electronic spare parts is fast becoming a serious problem. Availability of weapons systems spares is already a problem. This may result in these vessels being placed at lower mission-readiness levels.

Maritime Training Capability

The mission of the Maritime Training capability is to ensure that the maritime combat capability requirements are met with regard to the provision of trained full-time and reserve personnel. This sub-programme includes a Formative Training Capability, a Military Functional and Warfare Training Capability, a Technical Training Capability, a Staff Training Capability and an Overseas Training Capability.

- The only area where there was some non-achievement was in the functional and warfare training environment, which could be ascribed to the cancellation of learning opportunities due to a lack of nominations as a result of members deployed to Germany for patrol corvette and submarine training.
- **Formative Training Capability.** The Formative Training Capability is divided into training for ratings (including the Military Skills Development learners) that takes place at the Naval Gymnasium, SAS SALDANHA, and the training of Naval officers that takes place at the SA Naval College, Gordon's Bay. See Table 9.1 for more details.
- **SA Naval College Gordon's Bay.** The core objective for FY2004/05 was to optimise and present formative Education, Training and Development for 80 officers. The college

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received 77 learners, including 7 from Namibia. Of the 70 learners from the SA Navy, 57 were male and 13 female. The training objectives were achieved with a total of 74 learners from South Africa and Namibia found competent, two learners not yet competent and one learner who withdrew from the course. In terms of the demographics of the South African

learners, 50 were black, 15 white, four coloured and one Asian. In addition to the 70 learners, the SA Naval College trained four officers who entered the SA Navy from another Service.

- *Naval Gymnasium SAS SALDANHA*. Table 9.2 indicates the objectives set and the outputs achieved.

Table 9.1 Formative Training: Planned vs Achieved Output

<i>Planned Output FY04/05</i>	<i>Outputs Achieved</i>	<i>Reasons for Deviation and Comments</i>
Assessment Centres Leadership Programme: 96 English Remedial Training	Still in process 17 completed course Military Skills Development learners attended	Only one learning opportunity was scheduled
Military Training for Ratings Part 1: 763 Military Training for Ratings 1: Reserves 0	621 learners completed the course	666 reported, 45 discharged Group included: 19 DPW members 19 SAMHS learners 25 Namibians
Military Training for Ratings 2: 3 learning opportunities provided for 48 learners on each course (Total: 144) Military Training for Ratings 2: Reserves 0	153 learners completed the course	More learners accepted than planned for
Staff Methods Course: 3 learning opportunities provided for 24 learners (Total: 72) Military Training for Ratings 3: 2 learning opportunities provided for 24 learners on each course (Total: 48) Military Training for Ratings 3: 1 learning opportunity provided for 16 learners	Staff Methods Course: 119 learners found competent Military Training for Ratings 3: 55 learners found competent Reserves: 8 learners found competent	More learners accepted than planned for the courses

Table 9.2 Military Skills Development Training: Output Achieved

<i>Element</i>	<i>Description</i>
Military Skills Development: 2005 intake	Total intake of 631 reported on 6 January 2005, comprising the following demographic composition: Black: 439 Asian: 10 Coloured: 79 White: 103 Public Works Department: 17 Total males: 416 Total females: 215
Military Skills Development: 2004 intake	Intake comprised 543 members, who had to undergo a branch selection board process in November 2004. These members have been distributed as follows: Combat: 232 Support: 167 Technical: 43 Officers: 57 SAS SALDANHA Junior Leaders: 44
Military Skills Development: 2003 intake	285 members were awarded Core Service System contracts 77 members entered the Reserve Force component

Table 9.2 Military Skills Development Training: Output Achieved (continued)

<i>Element</i>	<i>Description</i>
Department of Defence Youth Foundation 2005	Current intake of 28, comprising all black: 18 males 10 females
Department of Defence Youth Foundation 2004	62 learners graduated in December 2004. These members have commenced with Military Skills Development training at SAS SALDANHA, primarily as aspirant Engineers and Combat Officers

- **Military Functional and Warfare Training Capability.** Table 9.3 indicates the planned and achieved outputs for the Military Functional and Warfare Training capability.

Table 9.3 Military Functional and Warfare Training: Planned vs Achieved Output

<i>Objective</i>	<i>Planned Output</i>	<i>Output Achieved</i>	<i>Reasons for Deviation and Comments</i>
Conduct Functional Training for Officers and Ratings	2 700	876	Planned output was based on the scheduled learning opportunities running with maximum numbers. These unrealistic planning figures led to an overestimation of requirements. In practice learning opportunities were cancelled owing to lack of nominations or no requirement set by the Fleet
Rendering a War Gaming System House Service	60	138	Included use of simulator and radar simulation at the Maritime Warfare Training Centre for learning opportunities in the Fleet
Conduct Submarine Escape Training	400	10	Fleet training was only conducted for general submarine knowledge. Once the requirement for the Type 209 submarines is appreciated new plans will be drawn up
Conduct Continuation Training for the Fleet	1 450	1117	Includes nuclear, biological and chemical damage control simulators and radar simulation
Conduct Computer Software Application Training	800	193	There was only one facilitator available to conduct this training, therefore the number of learning opportunities was limited
Conduct Nuclear, Biological and Chemical Damage Control training	2 000	712	Bulk of the training done was for Military Skills Development and Navy College learners only (new entrants to the SA Navy)
Prepare Operational Diving Team to conduct Diving Training	92	11	Only one operational exercise was conducted to prepare for operational capability. The planned output was not achieved owing to staff shortages/capacity and staff being largely involved with domestic diving requests/ requirements from the Fleet and Chief Joint Operations. The result was that only ad hoc exercises were facilitated. The only operational exercise of real value conducted was DIVE EX 04
Conduct Underwater Sabotage Device Disposal	92	11	Included only the refresher learning opportunities. Learning opportunities were cancelled due to lack of nominations
Conduct Combat Search and Rescue	92	0	No combat search and rescue training was presented

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- **Technical Training Capability.** Table 9.4 gives the outputs achieved for the Technical Training capability.

Table 9.4 Technical Training: Planned vs Achieved Output

Objective	Planned Output	Output Achieved	Reasons for Deviation and Comments
To conduct Apprentice Training for uniformed SA Navy personnel	<p><i>1st year students</i></p> <p>Mechanical 40 Electrical 40</p> <p><i>2nd year students</i></p> <p>Mechanical 40 Electrical 40</p> <p><i>3rd year students</i></p> <p>Mechanical 40 Electrical 40</p> <p>Engine Room Attendants: 100</p> <p>TOTAL 340</p>	691 learners	<p>Owing to the number of Military Skills Development learners the Engine Room Attendant learning opportunity has been changed into Technical Platform Generic Learners</p> <p>Some 467 Military Skills Development learners undertook the Technical Platform Generic Learners, hence greater output than planned</p>
To administer full-time students seconded to SAS WINGFIELD undergoing specified higher education opportunities at civilian institutions	<p>1st year students 13 2nd year students 12 3rd year students 13 4th year students 12</p> <p>TOTAL 50</p>	92 learners including 21 N4 & N6 learners	Owing to the large number of Military Skills Development learners, the number for tertiary studies has been much higher than that planned for
To provide Management, Media Centre and Educational and Training Quality Assurance (Research and Development and Evaluation) services	<p>Provide specified media training aids as required</p> <p>Evaluate facilitators</p> <p>Curricula to meet end user specifications in a cost-effective manner</p> <p>Learner Education, Training and Development material, facilities, and equipment to meet statutory requirements.</p>	Research and Development still in process	Many developments are taking place with regard to research, Development and Evaluation
To provide Management, Media Centre and Education, Training and Development Quality Assurance Services	<p>Provision of media training aids to facilitators</p> <p>Regular evaluation of internal facilitators</p>	<p>Provision of media training aids to facilitators</p> <p>Regular evaluation of internal facilitators</p>	Services are still in process

- **Staff Training Capability.** Table 9.5 gives the planned and achieved outputs for the Staff Training capability.

Table 9.5 Staff Training: Planned vs Achieved Output

Objective	Planned Output	Output Achieved	Reasons for Deviation and Comments
To provide a staff training capability	Command Orientation Seminar: 18	0	No requirement set for learning opportunity
	Staff Methods Course: 18	14 learners still busy with the learning opportunity	14 chaplains are attending the course
	Junior Staff and Warfare course Module 1: 48	37	4 members withdrawn from course due to non-compliance with regulations

Table 9.5 Staff Training: Planned vs Achieved Output (continued)

Objective	Planned Output	Output Achieved	Reasons for Deviation and Comments
To provide a staff training capability (continued)	Junior Staff and Warfare Course Module 2: 48	23	Members still waiting to do rewrites
	Stellenbosch Management Programme: 18	0	No further requirement for learning opportunity to be scheduled as Stellenbosch Management Programme now responsibility of Joint Training and courses take place at Tshwane University of Technology

- Overseas Training Capability.** The SA Navy made good use of the available foreign learning opportunities and a total of 24 naval members went abroad to attend a variety of warfare and staff courses. A further 147 members attended foreign project related learning opportunities.

Table 9.6 Foreign Learning Opportunities Utilised

Learning Opportunity	Output Achieved	Comment
Developmental Courses	5 Officers	Australia, Canada, United Kingdom
Functional Courses	5 Officers	China, Ghana, India, Tanzania and United States of America
Exchange Programmes	2 Officers	United States of America
Attachments	1 Officer	France
Training related to Strategic Defence Packages (SDPs)	7 Officers, Ratings and Public Service Act Personnel	Germany
SDP-related Training/Rotation	147 Officers and Ratings	Germany, India
Staff Visits	CNS and 3 Officers	Germany

- Maritime Reserves Capability.** The objective of the Maritime Reserve capability is to provide combat-ready Reserve Forces. The SA Naval Reserve is an integral part of the SA Navy and is able to supply manpower to the SA Navy when and where required. Substantial progress was made in FY2004/05 with the transformation of the Navy's reserve component in terms of the Transformation Guidelines. All seven Reserve units were decommissioned. The following outputs were achieved during FY2004/05:
 - A total of 38 310 man-days were utilised during FY2004/05 against a figure of 30 000 man-days planned, in full achievement of the objective. This figure is made up of personnel made available to the Fleet by the now decommissioned Reserve units and the Reserve Management Centre. In addition, 101 reservists attended training courses against a planned course attendance of 150 reservists.
 - With the decommissioning of the Reserve units, an embryo Reserve Management Centre came into being. This establishment is responsible for the administration and career management of the entire Naval Reserve. The Reserve Management Centre is, however, not yet functioning as intended, owing to delays in the staffing process.
 - The present Naval Reserves have integrated into the existing force structure and force structure elements, in posts created for this purpose.
 - Regional Reserve post structure elements still have to be established in order to facilitate regional liaison.
 - A new Naval Reserve Policy will be generated in order to enable the management, training and maintenance of the Naval Reserves.

General Base Support Capability

The Naval Base Simon's Town provides a general base support capability in support of the Fleet, ships, shore units and other identified clients in order to maintain and sustain the approved force design and force structure.

- Base Management.** The division achieved all stated objectives during FY2004/05. Formal

measurement systems will be investigated and implemented with Directorate Fleet Quality Assurance assistance in the next financial year. The majority of clients have Service Agreements in place and manual costing is being completed to enable further progress. The Facilities Section performed well with a number of projects completed and others progressing very well. A notable highlight was the duplex housing for Junior Ratings that was completed and handed over to Naval Base Simon's Town in February 2005. All the units were occupied as from 25 March 2005. Various facility developments, including fencing, painting, renovations, and development relating to the projects are planned for the next financial year. Escalation and variation orders have increased facility development costs and, as a result, the budgeting for facility development has been inaccurate and will be closely monitored in the coming financial year.

- **Executive**
 - **Discipline.** The Discipline Section of Naval Base Simon's Town has met all stated objectives, although delays in the military legal system caused a shortfall in the final resolution of offences.
 - **Catering.** Despite many obstacles including personnel shortages, the Naval Base Simon's Town Catering Services Section has managed to meet its clients' needs, servicing a large number of functions. Highlights included farewell functions for the Chief of the Navy, Flag Officer Fleet and Flag Officer Commanding Naval Base Simon's Town as well as the Navy Ball.
 - **Accommodation.** Naval Base Simon's Town's messes were mostly fully occupied during FY2004/05.
 - **Sport and Recreation.** The objectives of the Sport and Recreation Section were fully achieved in FY2004/05 and an acceptable number of opportunities for physical training and sport were provided to members of the SA Navy. A number of sporting activities took place during FY2004/05, highlights of which were the 46 km Friendly Forces Route March, a 7-a-side rugby tournament and swimming lessons and physical training sessions for ships crews.
 - **Ceremonial.** Naval Base Simon's Town participated in a vast array of ceremonial activities, including change of command parades, the annual opening of Parliament and Chief of the Navy Farewell.
 - **Operations.** The Operations Room successfully executed various tasks throughout

FY2004/05, which included refuelling of ships, loading and unloading ammunition from ships, emergency docking of vessels, range clearance at sea and emergency responses.

- **Protection Force.** A Protection Service that included gate and perimeter guard duties at all SA Navy facilities, including SA Naval Armament Depot was provided. The success of the Protection Service was indicated by a reduction in the theft of State property.
- **Fire and Rescue Service.** The Fire and Rescue Service met the stated objectives in the Business Plan with productivity and service delivery to Naval Base Simon's Town and clients increasing significantly. The Fire Department contributed its service to that of the civic authorities in the prevention and combating of fires that threatened military buildings and private residential dwellings in the Simon's Town area.
- **Logistics Division.** The division performed well overall although there were some problems that prevented the achievement of all stated objectives. Highlights and obstacles to the achievement of objectives were as follows:

Base Supply Organisation. During FY2004/05 the DOD Log Support Formation approved a large number of Disposal Boards and a considerable number of items were sent to the SANDF Auction Centre for disposal. On average approximately 500 items per day were receipted from the Naval Stores Depot Wingfield, with Naval Base Simon's Town delivering approximately 550 items per day to their clients. Demands placed on Naval Base Simon's Town were 97% satisfied.

- **Transport Services.** All planned new vehicles for FY2004/05 were delivered and distributed to end-users as scheduled. Vehicle numbers in the unit have been reduced and the General Support Base Satellite has set up a pool to provide for the communal needs of the area. The Cape Town Airport/Station Taxi Service transported some 260 officers, 540 warrant officers and senior ratings, 400 junior ratings and 650 civilians.
- **Internal Inspections.** The Stocktake and Verification Section achieved the successful closure and/or decommissioning of three Reserve Force units, completed the preliminary closing down audits of Naval Base Durban (closing unit) as well

as that of Naval Stores Depot Durban (unit) and successfully completed a 100% stock taking of the Naval Base Simon's Town Detail Clothing Store in Simon's Town.

- **Detail Clothing Store.** The Detail Clothing Store has achieved all objectives according to the FY2004/05 Business Plan.
 - **Distribution Accounts.** Distribution account musters for the first half of the Naval Base Simon's Town two-year stock taking cycle proceeded ahead of schedule despite ongoing problems in resolving the remnants of transformation furniture removals.
 - **Post Structure.** The proposed new Logistics Division post structure has been updated to include a new Procurement Section. The envisaged starting date is May 2005, subject to approval by Directorate Integrated Management Services.
 - **Disposal Store.** Recent statistics have shown that the processing of unserviceable, redundant and obsolete stores in the disposal store is too slow. This problem can be ascribed to a shortage of personnel to carry out the core functions.
 - **Remote Unit Support.** In addition to the procurement aspect, the division has of late been made responsible for remote unit accounting and support (SAS SALDANHA, Naval Station Durban, SAS IMMORTELLE and soon Naval Station Port Elizabeth), increasing the load on all sections of the Division.
- **Naval Harbour Master.** All outputs to supply an effective one-stop harbour service and a Sailing Centre, as required by the Fleet, have been achieved with the Fuel Farm now fully operational. The completion of the improvements to the Port Control Office will greatly improve the supply of a Port Control service. While all harbour craft were operated effectively, crew shortages remained the major shortcoming in the efficient utilisation of all harbour craft. The tugs administered by the Naval Harbour Master were kept very busy. This was attributed to the arrival of the final two patrol corvettes and the busy programme of sea trials the patrol corvettes completed during the year. Continuous operation of the harbour craft, harbour patrol boats and yachts indicates that the planned maintenance objectives have been met. Furthermore the "down time" of these craft was significantly reduced in

FY2004/05. Although the tug UMALUSI experienced more breakdowns than normal and was on the syncrolift for a large portion of the year, the tugs DE MIST and DE NEYS have been operating well throughout the period.

- **Navy Band.** The Navy Band has had a number of successes in the last financial year, including a very successful trip to participate in the Edinburgh Tattoo in August 2004. During this visit they conducted a total of 35 performances. The band completed the Democracy 10 Road Show, which saw performances in each of the nine provinces during 2004. All objectives as stated in the Band's Business Plan were achieved during FY2004/05.
- **Public Relations.** The Public Relations Section has had a busy year and has achieved all objectives as stated in the Business Plan, with involvement in the arrival and welcoming of the patrol corvettes, other media events, foreign and local VIP visits, Navy Band concerts, the annual Navy Festival and participation in national shows and festivals.
- **Naval Station Durban.** Naval Station Durban has achieved the objectives as stated in the FY2004/05 Business Plan. However factors that hampered the full achievement of some stated objectives were mostly related to services that had to be supplied by the General Support Base Durban. These include financial accounting and medical services and maintenance and repair to facilities. The Combined Mess was completed with ongoing repairs, and is operating despite a post structure that has not yet been approved nor members staffed. The closure of the Financial Accounting Satellite Centre is still a logistical problem with members having to travel to Army Support Base Durban for the drawing and reconciliation of S&T and petty cash. The unit is required to provide transport and drivers on many of these occasions (with escorts); man-hours lost are a great concern.

OTHER OUTPUTS IN SUPPORT OF GOVERNMENT

- Support to the International Relations, Peace and Security Cluster.
 - *The activities of the Standing Maritime Committee of the Inter-state Defence and Security Committee Operations Sub-Sub-Committee continued over the period under review.* The following was achieved during the reporting period:
 - The South African Navy provided the permanent Secretariat for the Standing Maritime Committee, whose actions

ensured pro-active completion of staff work, as well as continuity of effort.

- The production and distribution of a Navy Training Plan.
- The appointment at the Navy Office, of Plan Co-ordinators for Multinational Force Preparation and Naval Training. These were, respectively, Director Maritime Warfare and Director Navy Personnel.
- The completion and distribution of a Naval Co-ordination and Guidance for Shipping publication.
- Conducting the first Naval Co-ordination and Guidance for Shipping Course over the period 7-18 February 2005. The course was conducted at Flag Officer Fleet facilities at Silvermine, and was attended by representatives from the Democratic Republic of the Congo, Malawi, Namibia, Tanzania and Zimbabwe. The objectives of the course were effectively met.
- **Editing and translation of the Search and Rescue Plan produced by the Angolan Navy.** The task is well advanced. Upon completion, it will be forwarded to the relevant authorities at the National Department of Transport, and will be the statutory organ for the co-ordination of search and rescue in South Africa. It will be available for comment.
- Attendance of the Standing Maritime Committee meeting in Windhoek, Namibia, in August 2004. The Chief of

the SA Navy took over the chairmanship of the Standing Maritime Committee for the next period - August 2004 to August 2005.

- *Assistance to African Countries.*
 - As a major role-player within the SADC, South Africa identified the need to assist Mozambique with a maritime capability, to enable that country to patrol its waters effectively in order to curb the ongoing poaching of marine resources that affects the whole Southern African region. Two harbour patrol boats from the SA Navy were identified as suitable for donation to the Mozambican Navy. The Chief of the SANDF, General S. Nyanda, handed over two harbour patrol boats to a Mozambican delegation in Simon's Town on 3 September 2004. Witnessing this symbolic handing over ceremony was the Consul of the Republic of Mozambique, the Ambassador of the Republic of France to South Africa, the Chief of the SA Navy and various other dignitaries. Thanks to the generosity of the French Government, the two boats were refurbished with new navigational equipment and propulsion systems. Three harbour patrol boats, one 4.1 rigid hull inflatable boat and an average of 28 members of the SA Navy were continuously deployed to Burundi during the reporting period. The second rotation of the maritime contingent took place in August 2004 when the United Nations

Table 9.7 Training Afforded to Foreign Learners

Course Offered	Dates	Learner Country of Origin	Number of Learners
Military Training for Ratings Part 1	24 January - 16 April 2004	Namibia	25
Military Training for Officers Part 1	10 May - 12 December 2004	Namibia	7
Junior Staff and Warfare Course	13 April - 30 June 2004	Namibia	2
Junior Staff and Warfare Course	19 July - 10 December 2004	Nigeria	1
Combat Officers Qualifying 1	5 July - 10 December 2004	Ghana	6
Flight Deck Controller Course	19 July-6 August 2004	Nigeria	1
Survey Recorder Course	4 - 29 October 2004	Namibia	2
Nuclear, Biological and Chemical Damage Control Part 1 Course	28 February - 18 March 2005	Mozambique	1
Nuclear, Biological and Chemical Damage Control Part 1 Course	28 February - 18 March 2005	Nigeria	1
Nuclear, Biological and Chemical Damage Control Part 2 Course	7 - 18 March 2005	Nigeria	3
TOTAL			49

Table 9.8 Foreign Deployment of SA Navy Personnel and Equipment

Country	Utilisation of Forces Deployed	Average Number of Members Deployed FY04/05
Burundi (ONUB)	Operational Boat Squadron Element	28
	Maritime Staff Officers	1
Democratic Republic of the Congo (Operation MISTRAL)	Senior Military Liaison Officer (Kampala)	1
	Military Legal Officer for Special Investigation	1
Ethiopia/Eritrea (Operation ESPRESSO)	Chief Capital Liaison Officer (Addis Ababa)	1
TOTAL		32

took over the operation. The third rotation of the maritime contingent, took place in February 2005.

- In January 2005 the Operational Diving Team was deployed to survey a sunken Armoured Personnel Carrier in Lake Kivu in the Democratic Republic of the Congo. A follow-up deployment was expected at the beginning of FY2005/06.
- Training is afforded to learners from Africa on a continuous basis. During the reporting period, 68 learning opportunities were made available to learners from Africa, of which 49 were taken up. The past financial year saw 27 Namibians, five Nigerians, one Mozambican and six Ghanaians trained at various levels by the SA Navy. See Table 9.7 for details.
- *Establishment of Peace, Security and Stability.* Forces have been provided in rotation in support of efforts to resolve conflict in the region. Three harbour patrol boats and one 4.1 rigid hull inflatable boat, together with SA Naval members, were deployed in Burundi. See Table 9.8 for details.
- *Complying with International Law Imperatives.* The Hydrographic Survey Vessel, SAS PROTEA, was programmed to carry out survey work for purposes of geo-mapping the continental shelf to enable the RSA to institute territorial claims before 2009 in compliance with international law imperatives.
- *Support to the Justice, Crime Prevention and Security Cluster*
 - *Operation NEPTUNE.* Throughout most of FY2004/05 the SA Navy deployed a team of 23 members in the Overberg area to assist the Marine and Coastal Management Service in policing the 210 km coastline from Hangklip to Arniston against organised poaching of abalone (perlemoen) and other

inshore marine resources. Naval personnel consisted of an operations officer, protection force, two harbour patrol boats together with crew, SA Navy dogs and handlers and an operational diving team. At times an inshore patrol vessel assisted them. A number of arrests were made throughout the period and a considerable amount of abalone was confiscated.

- *Operation INTEXO.* Operation INTEXO, an ongoing operation throughout the financial year conducted by Chief of Joint Operations with the assistance of the Department of Environment and Tourism's Marine and Coastal Management Service, is aimed at carrying out patrols on the East and West Coast, especially the East Coast up to Mozambique with the object of combating organised poaching of fish stocks. Operation INTEXO included a requirement for West Coast patrols by a surface combatant as well as the provision of two harbour patrol boats, an inshore patrol vessel and the operational diving team.
- *Support to the Governance and Administration Cluster*
 - *The National Department of Transport.* Between 2001 and 2003, the Subdivision Maritime Transport Regulation of the National Department of Transport took the initiative and redefined its role on the basis of the White Paper on Transport Policy adopted by Government in 1996. Thus, here the co-operation was initiated by the National Department of Transport, which has embarked upon a strategic planning session that sets out what we need to undertake in order to improve South Africa's maritime prospects that will ultimately lead to our country's economic growth and development, as well as position ourselves to become

ing one of the leading maritime nations of the world. The National Department of Transport Maritime Agenda sets out the plan that will be pursued and given effect to over the next six years up to 2010. The focus appears to be on Maritime Transport, with key projects listed in the Maritime Agenda 2010, including inter alia Marine Environment Protection, Maritime Safety Promotion, Enhancing Maritime Security, Advancing NEPAD Objectives, Development and Positioning of South Africa as an International Maritime Centre. In addition, aside from attending the biannual National Maritime Conference in Cape Town over the period 15 to 17 March 2005, the SA Navy also presented a paper titled "The Maintenance and Repair of the Strategic Defence Package Corvettes and Submarines: A Case for Collaborative Engagement with the Private Sector".

- *The Department of Trade and Industry.* The then Minister of Trade and Industry, Alec Erwin, instructed the Director-General of Trade and Industry to form an interest group of maritime role-players which would focus on the Maritime Industry in South Africa with a view to promoting development so as to ensure sustainable job creation. The SA Navy was included in the core group. The Trade and Industry's task team has contracted the Council for Scientific and Industrial Research, specifically its division Boutek, to co-ordinate management planning to ensure a "Maritime Industry Development Strategy".
- **Defence Diplomacy**
 - *Visits by Foreign Personnel.* Visits to the SA Navy included study tours by military students from Germany, the United Arab Emirates and the United States of America, staff talks with both India and Pakistan, and goodwill visits by various senior naval officers. The handing-over ceremony of the Harbour Patrol Boat donated to Mozam-

bique was attended by a senior officer from the Mozambican Navy.

- *Visits by Foreign Ships.* Eleven foreign ships paid goodwill and working visits to the SA Navy during the reporting period. These included ships from France, India, Kenya and the United Kingdom.
- *Memoranda of Understanding.* Although no memoranda of understanding were finalised during FY2004/05, two memoranda of understanding are being processed. The memorandum of understanding between the Governments of South Africa and Kenya has been signed by the President of South Africa and is awaiting Kenyan approval. Although all relevant parties signed the memorandum of understanding between South Africa and India, an amendment was subsequently sought by India. The amended memorandum of understanding is in process.
- *Foreign Visits by SA Navy Personnel.* The majority of these visits (15 of 25 visits) were related to the Strategic Defence Package (corvettes and submarines), while visits to African countries were for purposes of training, Inter-state Defence and Security Committee liaison and peacekeeping.

The SA Navy achieved the majority of its objectives for the reporting period. This report highlights some of the challenges experienced by the SA Navy in the attainment of the required combat-readiness levels, whilst having to achieve the required outputs despite an underfunded Navy. Most of the challenges highlighted are in the short term, aggravated by the requirements emanating from the integration of the new ships and submarines. With the disposal of the old vessels and equipment and the concomitant improvement in infrastructure and competency levels of human resources, the incorporation of the new vessels into service will result in a vastly improved maritime defence capability. The SA Navy is confident that it is on track to achieve all its objectives for FY2005/06.



SOUTH AFRICAN MILITARY HEALTH SERVICE

ANNUAL REVIEW

The SA Military Health Service is a strategic asset to the SA National Defence Force (SANDF) and the country. The health and healthy lifestyle of the clients/patients of the SA Military Health Service are critical success factors in ensuring successful SANDF operations. Hence, notable achievements for the SA Military Health Service were the efficient health screening, namely the Concurrent Health Assessments undertaken for all members that were deployed on operations. Furthermore, the educational and research health programmes under projects MASIBAMBISANE¹ and PHIDISA² gained momentum. The expertise of the SA Military Health Service in terms of defensive chemical biological defence was acknowledged internationally. More significantly, training of Reserves as operational emergency care practitioners and basic ambulance assistants has seen several of the members secure full-time employment because of their skills.

During FY2004/05 the focus of the SA Military Health Service was on improving the business processes by concentrating on outputs, eliminating wasteful activities and the rendering of a cost-effective and comprehensive military health service in the nine geographical areas. The clients of the SA Military Health Service for the financial year under review numbered approximately 223 237. It should be realised that the output of the SA Military Health Service is subject to changes in the health environment, not only nationally but also internationally.

The SA Military Health Service, as the chemical and biological defence advisor to Government, was actively involved in the national and international arenas. The Chemical and Biological Defence Advisor to the Surgeon General chairs two subcommittees of the Council for the Non-proliferation of Weapons of Mass Destruction on chemical and biological weapons of the World Health Organisation. This is indicative of the knowledge and expertise available in the SA Military Health Service and the strategic asset the Service is to the country.

building a South
Africa that truly
belongs to all

DEPARTMENT:
DEFENCE

¹ Project MASIBAMBISANE is the corporate identity of the DOD's HIV and AIDS Awareness Programme and was launched in October 2001.

² Project PHIDISA is a clinical research project that aims to establish the efficacy of HIV treatment regimes in voluntary registered SANDF members and their families and to develop relevant plans for effective management and prevention of HIV infection.

Specific efforts to renew and transform the SA Military Health Service Reserves were successful. Through a selective recruitment process several prominent medical practitioners have joined the ranks of the Reserve Force. 45% of the July 2004 Military Skills Development System intake could be transferred to the Reserve Force. Approval was given for the concept of the establishment of a University Reserve Training Unit. For the first time, the SA Military Health Service Strategic Business Plan reflected specific Reserve Force matters. Training opportunities for Reserve Force members are improving. However, adequate funding for force preparation of the Reserve Force remains a concern.

Project MASIBAMBISANE has been in existence since 2001 when the initial policy was drafted. Since the launch of the project most of the ten key areas have been addressed through the availability of donor funding and the results achieved within these areas are reflected in the Knowledge, Attitude and Practice Survey report of 2004. This survey is considered to be the most accurate source of data with regard to the HIV and AIDS Programme of the DOD and therefore its recommendations formed the basis of the "revitalisation" of MASIBAMBISANE that entails a strategy that has been drafted to indicate the way forward.

The DOD and the US collaborate on biomedical, public health and clinical research at 1 Military Hospital and several satellite sites. This is referred to as Project PHIDISA. Project PHIDISA (phase 1), a research project aimed at assessing the efficacy of anti-retroviral drugs, was rolled out at several research clinics. Volunteer participants were recruited at four investigational sites: 1 Military Hospital (Gauteng), Mtubatuba Sickbay (KwaZulu - Natal), 2 Military Hospital (Western Cape) and Umtata Sickbay (Eastern Cape). The remaining two sites, which are not yet functional, are 3 Military Hospital and Ba-Phalaborwa Sickbay (Limpopo). PHIDISA II is a randomised, open-label factorial study to compare the safety and efficacy of different combinations of anti-retroviral therapy in treating patients who are naïve. The total number of patients enrolled in the project, is 2 641 and of these 730 patients are receiving anti-retroviral drugs.

PERFORMANCE REPORT: CORE OBJECTIVES

The core objective of the SA Military Health Service is to provide prepared and supported military medical health capabilities, services and facilities in support of the defence of South Africa that meet the requirements of Government. The Military Health Service Programme consists of the following sub-programmes:

- Strategic Direction.
- Military Health Support.
- Area Military Health Capability.
- Specialist/Tertiary Military Health Service.
- Product Support Capability.
- Base Support Capability.
- Military Health Training Capability.

Strategic Direction

This sub-programme, which is managed by the Surgeon General's Office, provides direction to the Military Health Programme. Its objective is to provide strategic direction to the Defence Health programme by the formulation, promulgation and control of strategy, policies, plans and advice by the SA Military Health Service Office in order to prepare and provide the health capabilities required by the Chief of the SANDF.

- The Surgeon General's Office provided strategic direction by means of formulated and promulgated policies, plans, instructions and advice to enable formations to prepare and provide the required military health capabilities.
- Under the direction of the Surgeon General, the focus of the SA Military Health Service is on improving the business processes by concentrating on outputs, eliminating wasteful activities and the rendering of a cost-effective and comprehensive military health service in the nine provinces. In this regard the SA Military Health Service will shortly enter into public private partnerships between the DOD and private medical facilities for the provision of in-patient beds and the use of theatres at these private facilities at an agreed reduced price.
- **Policy Developments.** The DOD Instructions originating from the Surgeon General and SA Military Health Service orders promulgated between 1 April 2004 and 30 March 2005 are

Table 10.1 General and SA Military Health Service Orders, FY2004/05

Policy Title	Date Promulgated
SA Military Health Service Patient Administration Policy and Procedures	21 June 2004
Management of Learner Assessment by SA Military Health Service Education, Training and Development Providers	16 July 2004
Appointment of Honorary Colonels in the SA Military Health Service	2004
Defence Against Chemical and Biological Weapons and Radioactive Materials	2004

indicated in Table 10.1. A total of 14 policies were under review.

- **Impact of National Legislation.** New national legislation impacting directly on the SA Military Health Service necessitated changes for the organization:
 - *The Pharmacy Act, Act No 53 of 1974 as Amended.* The new Act has a major influence on the scope of practice of the Operational Emergency Care Practitioners, for example the schedule level medicine that an Operational Emergency Care Practitioner may prescribe and the safekeeping of the various schedule level medicines.
 - *The Medicines and Controlled Substances Act, Act 101 of 1965 as Amended.* The facilities of the Military Health Base Depot do not comply with the new health legislation. New warehousing will be obtained at the cost of Rm 14.

Military Health Support

This sub-programme, which is managed by the Mobile Military Health Formation, provides mobile military health support in a multi-disciplinary military health combat-ready capacity (including specialised functions for land, air, maritime, clinical, evacuation support) and equipment for operational utilisation at short notice, in accordance with the Short-term Force Employment Plan, national and international obligations.

- The Military Mobile Health Formation focused on its core function of ensuring combat ready Military Health forces for deployment by Chief of Joint Operations. The other SA Military Health Service Formations supported this endeavour.
- The Formation succeeded in ensuring combat-ready Military Health Medical task groups (402 members) for three rotations in Burundi (Operation FIBRE), two rotations in the Democratic Republic of the Congo (Operation MISTRAL) and one rotation in the Sudan (Operation CORDITE). However, a shortage of deployable operational emergency care practitioners occurred because members did not have appropriate security clearances.
- The conversion of the Burundi Peace Support Operation from an African Union operation (AMIB) to a United Nations operation (ONUB) impacted on the structure of the medical task group to be provided. Although the SA Military Health Service staff officers for the Mission Headquarters Staff were withdrawn, the Weatherhaven (field hospital facility) was deployed, placing an additional responsibility on the organisation to provide medical officers and nursing personnel.
- In the Sudan the SA Military Health Service succeeded in deploying a medical post and trauma personnel at short notice, because the outsourced level one and two medical facilities were not yet in position.
- Over the period 1 April 2004 to 31 March 2005 a total of 43 patients were medically evacuated from Burundi and the Democratic Republic of the Congo. The formation was responsible for the SA Military Health Service's unique sustainment of the missions in Burundi, the Democratic Republic of the Congo and the Sudan.
- 3 Medical Battalion Group assisted with the medical examinations of 2 600 Reserve Force members.
- **Empowerment of Reserve Force Members.** 3 Medical Battalion Group and 7 Medical Battalion Group have, over the last four years, coordinated the training of a number of Reserve Force members in various military and medical skills, the latter including Basic Ambulance Assistant (231 members passed), Ambulance Emergency Assistant (66 passed) and Operational Emergency Care Practitioner (32 passed). As a result of these skills acquired, a number of these members secured full-time employment outside the Defence Force.
- **Upgrading of Provincial Clinics and Medical Treatment of Limpopo and Mpumalanga Local People.** During Exercise MEDFLAG the infrastructure of three clinics in the Limpopo Province were upgraded. A total of 6 100 local people were treated at clinics in the two provinces.
- **Disaster Management Training.** Disaster management training was presented to 60 members of the Limpopo Province Emergency Services.
- **Reserve Force Recruitment.** Seven new black members, lieutenant to captain, were appointed at 3 Medical Battalion Group and 19 new members (other ranks) at 1 Medical Battalion Group.
- **7 Medical Battalion Group**
 - At the end of the reporting period, 7 Medical Battalion Group was only 56% staffed as a result of, inter alia, resignations and the slow staffing of vacant posts. The battalion is also expected to support the Special Forces School without being appropriately structured for the task. The efficiency of the battalion is thus negatively affected.
 - **Chemical Biological and Radiation Capability.** Lectures were presented on various aspects of chemical and biological defence to elements in the SANDF, including personnel deployed to the Democratic Republic of the

Congo and Burundi, as well as various civilian institutions (primarily on chemical and biological terrorism and threats).

- **Force Preparation**
 - Training of Reserve Force members from 3 Medical Battalion Group received special attention during the year under review. 73 members completed their Basic Ambulance Assistant's Course. Of these, 15 have already completed the required practical hours. Two members have completed the Ambulance Emergency Assistant Course. In conjunction with the Military Health Training Formation, the battalion successfully trained 80 Reserves in the Battle Support Course, and 50 in the Non-commissioned Officers Part 1 Course. The courses were presented in Cape Town and Regular Force members also attended the latter two.
 - 8 Medical Battalion Group presented six operational readiness courses with the aim of integrating and preparing medical task groups prior to mobilisation for external deployments. This training increased the level of combat readiness of the SA Military Health Service as a whole. Disaster management training was presented to members of the SA Military Health Service and SA Air Force.
 - Force preparation exercises for FY2004/05 are listed in Table 10.2.
 - Challenges for the Mobile Health Formation

lay in the fields of logistic support systems and General Support Base structures. The SA Military Health Service logistic support is not yet managed by the Computer Aided Logistic Management Information System, which results in duplication of actions to supply medically unique logistic items. Ongoing changes in General Support Base structures and channels affect speedy rendering of logistic service, which, in turn, negatively influence combat readiness.

Area Military Health Service

This sub-programme managed by the Area Military Health Formation provides a comprehensive, excellent self-supporting, multi-disciplinary area military health service through a Formation Headquarters commanding and controlling nine area military health units to ensure a healthy military community.

- The Area Military Health units provided health facilities within a 30 km radius for 90% of patients as planned.
- The Area Military Health Formation rendered services to the Presidency, serving SANDF members, SANDF dependants, retired members and services in assistance of other Government departments as approved.
- The Area Military Health Formation Headquarters' main role is to guide and control the outputs of and thus service delivery of the various units under its command and control.
- **Restructuring of the Presidential Medical**

Table 10.2 Mobile Military Health Formation Force Preparation Exercises, FY2004/05

<i>Exercise Name and Duration</i>	<i>Aim/Nature</i>	<i>Area</i>	<i>Participants</i>
MEDICAL POST 1 to 5 November 2004	The affirmation of deployment actions and doctrine in relation to evacuation and treatment actions	Wallmansthal	8 Medical Battalion Group 1 and 2 Military Hospitals
MEDFLAG 27 June to 20 July 2004	Bilateral Medical Support Command Post Exercise in disaster relief and Mass Casualties combined with real time support to selected clinics The USA and RSA hosted a medical intervention exercise aimed at uplifting the local community of the Limpopo and Mpumalanga Provinces	Limpopo and Mpumalanga Provinces	RSA (Mobile Health Formation, SA Air Force, other SANDF Divisions) USA (3rd Air Force)
INDLOVU 27 September to 26 October 2004 HOUS (sub-exercise of INDLOVU)	To exercise the Command and Control capabilities of the SANDF and to execute operations at operational level. The Deployable Headquarters concept was tested and evaluated during the exercise	SA Army Combat Training Centre	SA Military Health Service Medical Battalion Group
WAYSIDE	Chemical Biological Defence	Ditholo	7 Medical Battalion Group, Directorate Oral Health, Members of Pro Teknik

Team. The Presidential Medical Team has been restructured to meet increased demands and the need for more efficient and effective services. This has already materialised in the form of the Presidential Medical Team being allocated a budget and several management interventions to improve service delivery.

- **Expansion of Military Health Facilities.** An appreciation process was undertaken. After consultation with the necessary stakeholders, the identification of sickbays for closure as well as the identification of new premises for the consolidation and expansion of services was completed.
- **Increasing Health Assessment and Concurrent Health Assessment Requirements.** Additional funds to meet the increasing requirement for health assessment and Concurrent Health Assessment were obtained from the SA Army and United States donor funding. The identification of specialised Health Assessment Centres has been completed in all regions. During the year under review Area Military Health Unit Western Cape activated its Comprehensive Health Assessment Centre.
- **Increasing Palliative Care Demands.** A multi-disciplinary appreciation was initiated in the year under review in order to ensure the pro-

vision of regional and accessible palliative care within the DOD.

- **Outsourced Health Care.** The Area Military Health Formation undertook bilateral meetings with the necessary stakeholders to ensure the practical implementation of public-private partnerships, which would bring about effective outsourced health care for SANDF members.
- **Participation in the International Congress on Aviation and Space Medicine.** 20 members from the statutory grouping of the Area Military Health Formation attended the International Congress on Aviation and Space Medicine. Benefits deriving from this congress were interaction with international delegates, and exchanging knowledge and understanding in aviation medicine. One of the Formation doctors presented a paper on "In-Aircraft Vestibular Evaluation Medicine".
- 9 Area Military Health Units were involved in 15 projects within their local communities in support of underprivileged people, such as partnerships with home-based care organisations, old-age homes, crèches, and the disabled and street children projects.
- The services rendered during the year under review are reflected in Table 10.3.

Table 10.3 Services Supplied by Area Military Health Formation, FY2004/05

Services Supplied		Output/Clients
Ancillary Health	Consultations	4 025
Social Work	Individual and family social work counselling	10 639
	Clients attended therapeutic group work	101
	Clients participated in community work projects	225 510
Psychology	Individual psychological therapy consultations	11 327
	Members attended group consultations	1 875
	Psychometric assessments	60 225
Consultations	By doctors	155 178
	By specialists	1 650
	Section 38A nurses	85 509
	Other nurses	24 381
	Other health care professionals	13 563
	Referred for private medical treatment	37 635
	Referred for private dental treatment	5 099
Oral Health	By oral health department	161 877
Pathology	Laboratory tests referred	31 877
Concurrent Health Assessments		51 092

Table 10.3 Services Supplied by Area Military Health Formation, FY2004/05 (continued)

Services Supplied		Output/Clients
Pharmacy	Prescriptions issued	886 381 Total rand value of R21 084 602. Average of 2,5 items per prescription at an average cost of R39,85 per prescription
Presidential medical support	Local reconnaissance	421
	Provincial reconnaissance	200
	Incoming Presidents	2
Deployment of operational emergency care practitioners	Burundi (Operation FIBRE)	59
	The Democratic Republic of the Congo (Operation MISTRAL)	69
	Sudan (Operation CORDITE)	7

Specialist/Tertiary Health Service

This sub-programme, which is managed by the Tertiary Military Health Formation, provides specialist health services to ensure the development, establishment and maintenance of tertiary military health capabilities within the parameters of relevant legislation as contained in the SA Military Health Service strategy.

- The Tertiary Military Health Formation Headquarters' main role is to guide and control the outputs and thus service delivery of the various units under its command and control.
- The Tertiary Military Health capability ren-

dered a service to approximately 69 000 serving SANDF members and their dependants, 17 000 Code 4 and Code 7 members, retired SANDF members, Government, Very Important Persons, and the Government approved patients (including patients from the United Nations and Southern African Development Community). The possibility of rendering health services to veterans is under investigation.

Services Supplied by Tertiary Military Health Formation are reflected in Table 10.4.

Table 10.4 Services Supplied by Tertiary Military Health Formation, FY2004/05

Services Supplied		Output/Clients
Consultations	1 Military Hospital	124 264
	2 Military Hospital	55 311
	3 Military Hospital	41 889
	Total number of consultations	221 146
In-patients managed	1 Military Hospital	15 789; 38,80% bed occupancy, average length of stay 3 days; Total of 47 268 patient days
	2 Military Hospital	6 690; 35% bed occupancy, average length of stay 3,9 days; Total of 25 998 patient days
	3 Military Hospital	5 074; 34,5% bed occupancy, average length of stay 3.9 days; Total of 15 293 patient days
	Total number of in-patients	27 553

Table 10.4 Services Supplied by Tertiary Military Health Formation, FY2004/05 (continued)

Services Supplied		Output/Clients
Prescriptions for medication dispensed	1 Military Hospital	Number of prescriptions 245 021 745 869 Items Average 3 items per prescription
	2 Military Hospital	Number of prescriptions 91 640 261 500 Items Average 2.8 items per prescription
	3 Military Hospital	Number of prescriptions 75 520 224 043 Items Average 3 items per prescription
	Institute for Aviation Medicine	Number of prescriptions 395 1 343 Items Average 3.4 items per prescription
	Institute for Maritime Medicine	Number of prescriptions 25 448 82 038 Items Average 3.2 items per prescription
Ancillary Contacts		38 977
Births in Military Hospitals	Male	1 057
	Female	1 165
Mortality in Military Hospitals	Male	936
	Female	252

- Aviation Health Services.** The Institute for Aviation Medicine is responsible for the comprehensive aviation health capability, including VIP medical assessments, hyperbaric treatment, G-tolerance training for aviators, aviation medical assessments, provision of air evacuation teams, as well as an aviation medical fit-



ness verification service for the SA Air Force and SA Civilian Aviation Authority. All objectives were achieved except for the research component, which is still to be developed. Details of services rendered are depicted in Table 10.5.

Table 10.5 Aviation Health Services Provided, FY2004/05

Services Supplied	Output/Clients
VIP Medical Treatment	192
Flight Medicals	1 024
G-tolerance Training	109
Hyperbaric Treatments	210
A & B Licence Confirmations (Civil Aviation Classing of Pilot Licensing levels)	11 197
Training Courses Presented	8
Air Evacuations Performed	6
SANDF Attaché Medicals	82
Video Natasnograms (balance tests)	88
Sick Reports	678
Comprehensive Health Assessments	168
Presidential Staff (Medicals for Presidency Staff)	65

- Military Health Related Research and Development and Psychological Assessment and Development.** The Military Psychological Institute conducts all military health-related research and development and psychological assessments in the DOD. All outputs were achieved. The services supplied are indicated in Table 10.6.
- Maritime Health Services.** The Military Maritime Institute is responsible for providing maritime health service for the SANDF, hyperbaric treatment, maritime medical assessments, diving medical fitness verification for the SA Navy as well as a base service in the Simon's Town/Cape Town area. The maritime health services supplied are indicated in Table 10.7.

chapter 10

Table 10.6 Services Rendered by the Military Psychological Institute, FY2004/05

Services Supplied		Output/Clients
Research and Development	Research and Development Projects	97
	Courses	14
	Consultations	34
	Software Development and Support	4
Assessment and Development Activities	Special Selection	8
	Pre-selection	21
	Job Analysis	17
	Training Courses Presented	16
	Organisational Development	10
	Career Counselling	2
	Facilitation of Group Forming Activities	14

Table 10.7 Maritime Health and Base Orientated Services, FY2004/05

Services Supplied	Output/Clients
Comprehensive Health Assessments of the Navy in Simon's Town	1 592
Diving and Submarine Medical Evaluation	169
Medical Boards	95
Sick Reports	9 598
Pharmacy Service	24 344
Psychology Service	5 575
Social Work	5 069
Ancillary Health Contacts	4 835
Hyperbaric Oxygen Treatments	2

- **Veterinary Health Services.** The Veterinary Health capability is responsible for the supply of veterinary services, not only to the DOD but also to the SA Police Service and the Department of Correctional Services. They provide a large input into the environmental aspects, where game is managed on land of the DOD. The services provided are indicated in Table 10.8.
- **Corporate Communication.** Corporate Com-

munication plays a vital role in the achievement of the objectives of the Tertiary Military Health Formation. An effective and professional internal and external communication service was rendered.

Product Support Capability

This sub-programme which is managed by the Military Health Support Formation, provides military health support, warehousing of pharmaceuticals and sundries,

Table 10.8 Veterinary Health Services provided, FY2004/05

Services Rendered		Output
Consultations and Procedures for SANDF		3 582
Consultations and Procedures for the SA Police Service		2895
Consultations and Procedures for Correctional Services		280
Farrier Services		430 horses
Hospital Days	Canine	2 534
	Equine	4 676

SA Military Health Service mobilisation equipment, an electro-medical equipment asset management service for Area and Mobile Military Health Formations, and the directing of SA Military Health Service product systems and cooperative common logistics.

- **Military Health Support Formation Headquarters.** The Formation Headquarters provided direction through instructions, directives and prescripts. Through the implementation of the South African Excellence Model the optimal utilisation of allocated resources is achieved with improved client satisfaction as the main focus area. Quality advice is rendered to the SA Military Health Service in respect of military health procurement and warehousing processes, resulting in high client satisfaction.
- **Military Health Base Depot**
 - *The Military Health Depot at the Military Health Base Depot.* A high standard of service delivery was achieved by the continuous attainment of the set performance measures, including the control of stock with a stock difference fault of only 0,247%. The outputs of this objective have been achieved as planned. In support of the Military Strategic Objective, ie "promote peace, security and stability in the region and continent", all health related unique requirements (pharmaceuticals and sundries) for SANDF members deployed in the Democratic Republic of the Congo (Operation MISTRAL), Burundi (Operation FIBRE) and the Sudan (Operation CORDITE) were routed through this depot. The Military Health Depot handled an inventory to the value of R274 369 094 during the year under review. The inventory was turned over 4.42 times. The facilities of the Military Health Base Depot do not comply with the new Medicines and Controlled Substances Act, Act 101 of 1965 as amended. New warehousing will be obtained at the cost of Rm 14.
 - *Military Health Mobilisation Depot.* The Military Health Mobilisation Depot at the Military Health Base Depot succeeded in providing warehousing of pharmaceuticals and sundries for the SA Military Health Service, and objectives were achieved as planned. With the closing down of Medical Base Ordnance Depot, the items considered to be unique to the SA Military Health Service were transferred to the Military Health Mobilisation Depot to facilitate the closing down of the Medical Base Ordnance

Depot. The value of inventory handled for the financial year by the Military Health Mobilisation Depot was R185 347 059.

- **Electro-medical Service Centre.** The Electro-medical Centre provides Electro-Medical Services to the Area and Mobile Military Health Formations through asset management. Asset registers for all the Area Military Health Units were compiled. 9 500 items are listed in the database and the continuous updating of the data in these registers assists the units in ensuring a high level of working equipment as well as the timely planning for replacement of obsolete equipment. The redeployment of surplus equipment from units to other units can now take place effectively.
- **Military Health Procurement Unit**
 - The Military Health Procurement Unit procures SA Military Health Service Product Systems and Corporate Common Logistics. The outputs of this core objective are the availability of an SA Military Health Service Product System capability consisting of SA Military Health Service mobilisation, medical evacuation vehicles and common logistics services. All these activities contribute directly to the combat readiness of the SA Military Health Service. A saving was made possible in changing the SA Military Health Service dress regulations which resulted in the conducting of business within the allocated budget. However, the procurement of personal kit for mobilisation remains a challenge.
 - The Military Health Procurement Unit ensured a continuous flow of SA Military Health Service unique products, materials and services internally to the SA Military Health Service depots, military hospitals and sickbays as well as externally to forces deployed, and thus assisted in the rendering of quality health care to members of the SANDF and their dependants. Stock to the value of R228 147 961.79 was procured for the SA Military Health Service and the Joint Operations Division. Payments to a total value of R194 973 788.81 were achieved with a minimum roll-over. An analysis of orders placed and the value thereof are reflected in Table 10.9.

Table 10.9 Analysis of Orders Placed and Value, FY2004/05

Description of Orders	Number of Orders Placed	Value of Orders Placed
Veterinary, Environmental Health and Special Feeds	737	R4 543 581
Pharmaceuticals	9 390	R133 363 968
Consumables	7 475	R44 265 557
Medical Gases and Repairs	1 038	R7 447 412
Dental	3 005	R11 436 975
Medical Equipment	1 167	R27 090 466
TOTAL	22 812	R228 147 959

Base Support Capability

This sub-programme, which is managed by the General Support Base Thaba Tshwane, provides a support service to the units in the Pretoria area. The output consists of support in the following functional areas: Physical Protection Service, Physical Training Sport and Recreation Service, General Training Support, Procurement Service, Logistic Control Service, Supply Support Service, Transport Service, Facility Management Service, Hospitality Service and Technical Support Service.

- Despite a good performance, challenges were experienced as a result of all Service Agreements not being finalised and the client services not yet fully incorporated into the General Support Base.

Military Health Training Capability

This sub-programme, which is managed by the Military Health Training Formation, provides a military health

training service to ensure the development, establishment and maintenance of military health training capabilities within the parameters of relevant legislation and policies.

- **Military Health Training Formation Headquarters.** All training was co-ordinated as planned. Members of the Headquarters passed courses relating to Education Training and Development legislation, the SA Excellence Model, workshops and meetings relating to the South African Qualifications Authority.

- **School for Military Training.** The Military Skills Development System programme challenged the School for Military Training's logistical, financial and human resources in terms of capacity. However, the school is obliged, taking into account its social responsibility, to empower SA Military Health Service Military Skills Development learners with the necessary skills and abilities, and thus contribute to educating, training and developing our community and Reserve Force.

Table 10.10 Courses presented at the School for Military Health Training, FY2004/05

Course	Quantity
First Aid Level 1 to 3	48
Buddy Aid	3
Combat Life Support	8
Basic Ambulance Assistant	7
HIV/AIDS	9
Advanced Emergency Assistant	1
Operational Emergency Care Practitioners	6
Orderly Courses	2
Veterinary Courses	6
Maritime Medicine Courses	5
Aviation Medicine Courses	9
Battlefield Advanced Trauma Life Support	2
Battlefield Advanced Resuscitation Treatment	1
Life Support Courses	12

- 1 623 learners were trained on 25 courses ranging from basic training to SA Military Health Service Senior Management courses. A pass rate of 96% was achieved.
- To rejuvenate the human resources component of the SA Military Health Service, 143 Military Skills Development System learners started their basic training in January 2005.
- Significant progress was made with the accreditation of courses with the South African Qualifications Authority. Two unplanned National Qualifications Framework level four courses were presented. 32 learners successfully completed the course in 2004 and 25 learners are attending the 2005 course.
- **School for Military Health Training.** The courses presented at the School for Military Health Training are reflected in Table 10.10.

Table 10.11 Results of Nursing Courses, FY 2004/05

Course	Number of Learners	Pass Rate	Comments
Four Year Diploma Course	184	96%	Remedial training and study method improvement measures taken to assist underachievers
Two Year Bridging Course	10	99%	Presented at 2 Military Hospital
Two Year Pupil Enrolled Course	93	95%	Remedial training and study method improvement measures taken to assist underachievers
Diploma in Nursing Science Health Assessment, Treatment and Care	53	83%	Remedial training and study method improvement measures taken to assist underachievers
Medicine Management Course	81	65%	The selection and motivation programme for learners will be addressed

- **Liaison with Foreign Defence Forces Regarding Military Health Training.** This unit, as the Regional Centre for Military Health Training Excellence, has formed strong bonds with the United States of America, the United Kingdom and all the SADC countries.
- **Upgrading of Facilities.** The upgrading of the unit's facilities and renewal of training aids contributed to the achievement of objectives.
- **Simulation Laboratory.** The installation of unique simulation laboratories at the school, with decentralised laboratories in Bloemfontein and Simon's Town enabled learners to master practical training sessions under the supervision of instructors. These simulation laboratories meet with the standards of the Health Professions Council of South Africa.
- **Management Initiatives**
 - Personnel of this unit have attended education, training and development courses, to qualify them as assessors and moderators. These members put to good effect the knowledge and skills that they attained, to the benefit of the students.
 - Entry examinations for Intermediate Life Support and Advanced Life Support courses were instituted to ensure a higher pass rate as well as improvement of the preparation of learners prior to enrolment for these courses.
 - A course requirement document indicating details of courses presented was developed and is widely used in the SA Military Health Service. To support Defence Diplomacy objectives, the document is provided to Defence Foreign Relations to indicate foreign learning opportunities.
- **Nursing College.** The Nursing College has performed optimally during the year under review. This is apparent from the results of the learners, despite vacant trainer posts. Three members were deployed over this period.
 - The Nursing College presented five Nursing Courses as well as Post-basic Courses. Results of Nursing Courses presented are reflected in Table 10.11.
 - The College received a commendation certificate from the 'Phelophepha Train', where learners are doing their community service, for its loyal support to the Military Strategic Objective "Support to the People of South Africa".
 - The Nursing College has received a Surgeon General Special Award in recognition of outstanding performance and service delivery during 2004 for presenting the Diploma in Clinical Nursing Science Health Assessment, Treatment and Care.
 - A facilitator of the Nursing College co-ordinated the Trauma Nursing Course during Exercise MEDFLAG.
 - Seven facilitators and managers successfully completed the assessor's course to comply with the education and training development requirements set by the South African Qualifications Authority. Eight members attended military courses to prepare them for possible deployment. 36 members partook in the Aviation, Battlefield Advanced Trauma Life Support Course and Battlefield Advanced Resuscitation Treatment Skills Course and Medicine Management to ensure that they were deployable.
 - Negotiations are in process regarding the training of primary health care orderlies at Area Military Health units as enrolled nurses who can give palliative care.
 - The Nursing College has played a crucial role in the development of the Dispensing Course and negotiations that have taken place to present a Dispensing Course at the University of Pretoria. Aspen Pharmacare will sponsor the university course that will initially be presented for members at Area

Military Health Units.

- **Military Health Combat Training Centre.** The Military Health Combat Training Centre presented the courses as indicated above. Training is presented through simulated combat situations, to prepare SA Military Health Service members for the joint operations environment. The objectives of these courses were:
 - *SA Military Health Service Officers.* To ensure that SA Military Health Service officers will be able to solve military problems, and to provide support during conventional operations towards a Medical Task Group and to provide a learning opportunity for the newly-appointed Health Professional Officers in the SA Military Health Service to ensure that those officers possess basic military skills.
 - *SA Military Health Service Warrant Officers.* To ensure that the SA Military Health Service Warrant Officers can plan and execute centralised and decentralised replenishment.
- **Joint Physical Sport and Recreation Centre.** A partnership was entered into between the DOD (SAMHS) and the University of the Orange Free State to create a Free State Sport Institute. The focus is on the identification of sport talent in the Free State. This endeavour is in conjunction with the Free State Department of Sport, Arts and Culture. The Centre was also involved in fund-raising for the Vhembe Orphanage, living out their commitment to community involvement and support to the people of South Africa. The unit was able to start using a newly equipped gymnasium, which enhanced its ability to train and educate learners in the use of the correct equipment to attain the required SANDF fitness standards.
- **SA Military Health Service Band.** During the year under review the SA Military Health Service Band focussed on the provisioning of professional musical service to the SA Military Health Service and the SANDF and ensured that the band maintained operational readiness at all times through the provision of a diverse variety of musical and ceremonial capabilities.

OCCUPATIONAL HEALTH AND SAFETY

- **Occupational Health and Safety in the DOD.** The Surgeon General is the delegated authority to direct and monitor occupational health and safety in the DOD. This function is executed in conjunction with all Services and Divisions. Occupational health and safety policies are implemented to direct the provision and maintenance of working environments

that are safe and without risk to DOD officials. Non-compliance with policy is vigorously investigated in conjunction with the inspectorate of the Department of Labour to enforce corrective actions.

The integration of an Occupational Health and Safety Management System in the various Services and Divisions is still in process. The integration is based on the Occupational Health and Safety Policy. The purpose of the system is to assist with the following:

- The pledging of commitment for the promotion and maintenance of safe and healthy working and training conditions in the DOD.
- Ensuring compliance with the Occupational Health and Safety Act in order to improve employee well-being by means of workplace programmes.
- Health assessments and occupational hygiene surveys contribute to the enhancement of operational readiness within Defence and support the compensation process for occupational injuries and diseases.
- Multi-disciplinary teams jointly addressed leading health indicators. These included the early detection and prevention of physical injuries due to training or working conditions, to the back, knees and ankles as well as physical conditions such as asthma, tuberculosis and diabetes, the promotion of physical activity, education on overweight/obesity, nutrition, smoking cessation programmes, identification and rehabilitation of substance abusers, responsible sexual behaviour, mental health and stress management, hypertension control, hearing conservation programmes, environmental quality and personal protective equipment.
- **Challenges for the DOD.** The following were the challenges for the DOD in respect of achieving set goals:
 - Lack of dedicated personnel who are trained in Occupational Health and Safety. As a result of the scaling down of posts in most units the Occupational Health and Safety function is an additional task for members.
 - There also seems to be poor Occupational Health and Safety awareness and commitment by members. This problem is acknowledged at the DOD top management. A Directorate Integrated Management Service's project was launched to look into the structure of Occupational Health and Safety in the DOD. This process is now in the stage of finalisation, and implementation of the

new structures should start in 2005.

- *The management of non-compliance with the Facilities Regulations and Ammunition and Explosives Regulations of the Occupational Health and Safety Act No 85 of 1993.* The suitable rehabilitation of Defence facilities in compliance with the Occupational Health and Safety Act is severely restricted owing to the funding constraints experienced at the National Department of Public Works.
- An Internal Policy on Occupational Health and Safety is not available at all force structure elements and hazard identification and risk assessment documents are not completed at all force structure elements.

OTHER OUTPUTS IN SUPPORT OF GOVERNMENT

- In support of the international Relations, Peace and Security Cluster's objectives the SA Military Health Service participated as follows:
 - *To Support the African Renaissance Ideal*
 - The SA Military Health Service participated in most activities with neighbouring countries. This included giving briefings on HIV/AIDS awareness projects and the management of these projects.
 - **Participation in the Inter-State and Defence Security Committee.** Within the SADC the SA Military Health Service fulfilled a leading role in the Inter-State
- and Defence Security Committee Health work group. Through this work group health training activities and health doctrinal development were facilitated.
 - **Assistance to the Organisation for the Prohibition of Chemical Weapons.** On 7 March 2005 a course was presented by seven members from 7 Medical Battalion Group to 27 delegates of the African member states of the Organisation for the Prohibition of Chemical Weapons. It is foreseen that this course will be presented annually.
 - *Support to Peacekeeping Operations in Central Africa.* Forces have been provided in rotation in support of efforts to resolve conflict in the region. The SA Military Health Service provided combat-ready Military Health forces for deployment by Chief of Joint Operations.
- In support of the Governance and Administration Cluster the SA Military Health Service participated as follows:
 - *Mobile Theatres.* During the year under review the SA Military Health Service contributed to the rendering of health services by the provinces by making available mobile theatres to the Gauteng Department of Health for utilisation at Kalafong Hospital.
 - *Area Military Health Units.* Good inter-

Table 10.12 Other Services Rendered by 7 Medical Battalion Group to Other State Departments, FY2004/05

Client	Number of 7 Medical Battalion Group Members	Date	Type of Service
Department of Home Affairs and SA Police Service	30	21 March to 30 April 2004	Medical support during elections and inauguration
SA Police Service	2	14 to 20 March 2004	Medical support to Task Force Male Selection
	2	22 to 28 March 2004	Medical support to Task Force Female Selection
	2	9 May to 05 June 2004	Medical support to Task Force Weapon Training
	2	21 June to 31 July 2004	Medical support to Task Force Urban Training
	2	25 August to 2 October 2004	Medical support to Task Force Rural Training
	3	15 September 2004	Medical support to Cordon and Search operation
Department of Foreign Affairs	4	21 March to 5 April 2004	Humanitarian support to Madagascar disaster
	8	29 August to 21 September 2004	Medical support in the Democratic Republic of the Congo
	4	24 November to 7 December 2004	Medical support during Mozambique election

departmental liaison takes place at provincial level between the SA Military Health Service and the provincial health authorities in the interests of supporting the improvement of service delivery at all levels of Government.

- *Mobile Military Health Formation.* Information on other services rendered to clients outside the DOD by 7 Medical Battalion Group is reflected in Table 10.12. The Chemical Biological Radiation Protection Wing of 7 Medical Battalion Group rendered the following services to clients outside the DOD:
 - **Johannesburg General Hospital.** 21 members of 7 Medical Battalion Group trained 100 hospital members by means of a theoretical Chemical Biological presentation on chemical incidents, as well as a brief demonstration on decontamination.
 - **Presidential Inauguration.** 27 members of the Chemical Biological Wing provided support to the SA Police Service Bomb Disposal Unit.

- **Metro Emergency Services (Cape Town).** Two members from the Cape Town Metro Emergency Services were trained in Chemical Biological awareness.
- **Chemical incident at Medscheme building (Midrand).** A request was forwarded to 7 Med Battalion Group to assist the SA Police Bomb Disposal Unit in a chemical incident at Medscheme building in Midrand where a number of people were poisoned by an unknown chemical.
- *Training provided to SA Police Service.* On 7 and 16 July 2004 six members of the Chemical Biological Wing trained 40 SA Police Service members in basic Chemical, Biological and Radiation protection measures.

CONCLUSION

The SA Military Health Service is committed to rendering the services as required by the DOD. Despite serious challenges with regard to the allocated funding level to the SA Military Health Service, aging equipment, the loss of health professionals and a limited operational budget, it will always endeavour to manage these risks and challenges in order to achieve its set objectives.





DEFENCE INTELLIGENCE

ANNUAL REVIEW

Defence Intelligence continues to play a significant role in security management in the region. In this regard the Defence Intelligence Sub-committee of the Inter-state Defence and Security Committee signed a Protocol on Intelligence and Security.

The first Defence Intelligence Sub-committee Intelligence Course was presented successfully in Zimbabwe over the period 30 August to 29 October 2004. Twenty learners from 10 Southern African Development Community (SADC) countries attended the course. Valuable lessons were learned in attending and facilitating this course. A follow-up conference by participating countries confirmed its value and paved the way for more of these courses. A communication network among Defence Intelligence Sub-committee member states is almost fully operational.

Defence Intelligence personnel continue to play an important role in support of Government's efforts to facilitate a cease-fire and peace agreements in Burundi and the Democratic Republic of the Congo. Notwithstanding contin-

ued instability in the Great Lakes region, Defence Intelligence members continued to render assistance with the integration of belligerent elements in the Democratic Republic of the Congo and Burundi into the unified armed forces of these countries. This included assisting in the drafting of an integration framework, planning documents for a smooth and speedy integration and monitoring the integration. Defence Intelligence is also involved in assisting security management elsewhere on the continent, for example in Uganda, Côte d'Ivoire and the Sudan. During the last quarter of the period under review Defence Intelligence also provided training to the Economic Community of West African States early warning centre staff. Positive feedback was received from other South African stakeholders on the role Defence Intelligence is playing.

Defence Intelligence supported SANDF elements before, during and after deployment in the Democratic Republic of the Congo and Burundi and supported Exercise MEDFLAG, Exercise AIRBORNE AFRICA and the Aerospace Africa Defence Exhibition 2004. This support led to valuable operational information being obtained. Defence Intelligence initiated structural changes to improve both its early warning centre and the situation room in an

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effort to improve intelligence support to operations. Initial tests with these envisaged changes have already indicated a significant improvement.

The collection capability was extended during the report period, and a number of geospatial products and services were delivered or are being upgraded. Co-ordination of the geospatial function is continuously improving. A mobile integrated geospatial support centre is being developed that will largely eradicate the interoperability problem and allow in-time decision-making at operational and tactical levels. The initiation of a comprehensive geospatial doctrine for the SANDF was also taken into review.

The Mid-cycle National Intelligence Estimate was received by the National Intelligence Co-ordinating Committee and was used extensively. The newly published production cycle by National Intelligence Co-ordinating Committee allowed Defence Intelligence to plan and add value-driven inputs when required. Defence Intelligence has ended the calendar year exceeding the planned production schedule in both the number and quality of products. Feedback from clients at the national strategic and operational levels remained positive. This can be attributed to the change in product range and the integration of products to give a more holistic security picture. These changes ensured that products were aligned with the intelligence needs of important clients. An increase in requests for intelligence products is indicative of growing confidence in the capabilities of Defence Intelligence.

Defence Intelligence continues to conduct intelligence exchange conferences with specific partners and also provides intelligence exchange documents to identified foreign intelligence partners. The emphasis remains on improving intelligence liaison in the SADC region. Defence Intelligence also participated in meetings of the Joint Permanent Commission on Defence and Security with Zimbabwe and Namibia.

Defence Intelligence played a major role in drafting the National Security Framework that was presented and endorsed by the Justice, Crime Prevention and Security Cluster. The National Security Framework will be presented to the National Security Council, the Inter-ministerial Security Council and Cabinet.

Defence Intelligence participated in the defence update of the White Paper on Defence and the Defence Review.

It also played a leading role in revising the policy and procedures for special defence activities in the DOD.

Defence Intelligence continued to staff key posts during the report period. However, the need to staff more of these posts and the training of staffed members remain focus areas. In this regard Defence Intelligence conduct basic language and computer training with junior members, which has contributed significantly to the quality of intelligence products. Defence Intelligence plans to refine education, training and development programmes to be aligned with both the post profile requirements and the National Skills Development Strategy. The implementation of the Statutory Intelligence Qualifications on National Qualifications Framework Levels 4 - 6 will be a priority during the next reporting period.

CHALLENGES TO THE ACHIEVEMENT OF OBJECTIVES

The availability of skilled personnel remains an area of concern. The increased need to deploy Defence Intelligence members abroad has a detrimental impact on certain directorates, especially at under-staffed structures. The loss of qualified intelligence personnel and the replacement of these losses remain the single most important challenge for Defence Intelligence.

The collection capability of Defence Intelligence is being expanded continuously and needs further improvement at huge cost to stay abreast of new technological developments. Available bandwidth remains an obstacle to the distribution of geospatial products. The SANDF also has limited strategic aerial reconnaissance capabilities, since the inflexibility of commercial satellites and bad weather limit the use of satellite reconnaissance over equatorial regions.

The inability to relocate the Defence Intelligence headquarters remains an area of concern. Defence Intelligence recently appointed a project officer to investigate and steer a private-public partnership. The funds needed for the feasibility study may be beyond the current budget allocation of Defence Intelligence.

Limited access to training, especially SA Army courses, such as the Integrated Sub-unit Commanders and Junior Command and Staff Course, hampers the career development of junior members and is a major cause of discomfort among these members.



JOINT SUPPORT

ANNUAL REVIEW

The Financial Year 2004/05 has been exceptional for the Joint Support Division. Overall service delivery from the subdivisions within the Joint Support Division took place as planned. The achievements of the Division have included the significant contributions made by members of the Logistic Agency and Command and Management Information Systems Division towards the establishment of the Southern African Development Community (SADC) Brigade. The development of the telecommunications and logistics conceptual framework was an important milestone towards the SADC efforts to establish the region's African Standby Force.

Similarly, the provision by the Command and Management Information Systems Division of reliable satellite communications with our peacekeeping contingents deployed, is significant. Not only does this capability ensure direct and real-time communication, but it also provides overt telephonic contact between our troops and their families back home. Much development took place with regard to Department of Defence (DOD) facilities

and capital investment, with 30 major and 96 minor projects undertaken.

The Joint Support Division is directly affected by the restructuring of investigations taking place within the DOD, and in particular, Resolution four of the Parys Resolutions. It is envisaged that the outcome of the restructuring investigations will streamline the support process within the DOD. This will then steer the way towards formulating the integrated support strategy and concept of support to operations.

The Joint Support Office achieved full compliance with the formulation, promulgation and control of strategies, policies, instructions and plans with regard to joint support for the Chief of the South African National Defence Force (SANDF).

The Human Resources Support Centre was able to attain the objectives it set for that period with the minimum of obstacles. It was done in such a way that the Human Resources Support Centre was praised for its improvement of the Strategic Business Plans and financial expenditure on several occasions.

The overall performance per core objective of the DOD Logistic Agency against plan was satisfactory. In FY2004/05 the

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main focus was on the achievement of planned objectives since the FY2005/06 budget constraints will be even bigger.

The overall performance per core objective for the Command and Management Information Systems Sub-division is satisfactory. However, there are challenges that might influence the outputs of the next financial year if they are not addressed. These challenges include the staffing of vacant posts and the underfunding of Command and Management Information systems and services. The structure, tasks and functions of the Command and Management Information Systems Sub-division are expected to be heavily influenced by the envisaged restructuring of the DOD, in particular the SANDF.

For the Military Police Agency the financial year has been characterised by a number of requests by top management to make funds available to finance a financial shortfall that the DOD was experiencing. Such contributions resulted in the Military Police Agency reprioritising its outputs and functions and restricting in some cases or even cancelling important functions and outputs required from the Military Police Agency. However, with the exception of a few delays, especially in the processes of procurement, the Military Police Agency managed to achieve the most important outputs as planned. The dedicated effort to reduce crime has seen the Military Police Agency achieve increasing success in its crime combating and prevention strategy.

For the Service Corps, the throughput of serving members of the DOD as potential clients has once again not been forthcoming as projected, which resulted in a less than satisfactory performance this year. It is anticipated that this trend will continue until the proposed exit management mechanisms are officially instituted within the DOD in order to generate a continuous substantial throughput.

The Joint Training Formation did achieve most of its set objectives for the reporting period. It has met most of the expectations and requirements as set by its clients and stakeholders. Good progress was made within the areas where shortcomings existed.

PERFORMANCE REPORT: CORE DIVISIONAL OBJECTIVES

This programme consists of the following sub-programmes:

- Strategic Direction (Joint Support Office).
- Human Resource Support and Management (Human Resources Support Centre).
- Joint Logistic Services (DOD Logistic Agency).
- Command and Management Information Systems.

- Military Police (Military Police Agency).
- Service Corps.
- Joint Training (Joint Training Formation).

Strategic Direction

The Office of Chief Joint Support is responsible for providing strategic direction to the Joint Support Programme.

- The Joint Support Office achieved full compliance with the formulation, promulgation and control of strategies, policies, instructions and plans with regard to joint support for the Chief of the SANDF.

Human Resource Support and Management

The Human Resources Support Centre provided human resources support to the DOD.

- **Race and Gender Targets.** The Human Resources Support Centre achieved almost 100% of the race and gender targets as indicated in the short-term Human Resource Plan for the DOD.
- **Youth Foundation.** The planned 2004 recruitment target of 250 members for the Youth Foundation was fully met.
- **Military Skills Development System.** A total of 814 530 Military Skills Development applications were processed for the January 2004 intake for the SANDF.
- **Support to External Deployments.** A total of 37 009 allowances transactions for members deployed outside the borders of the RSA were captured, which ensured timely payment to the respective members. Personnel maintenance assistance was provided during four mobilisations and demobilisations for external deployments. 3 785 identification discs were issued to DOD personnel earmarked for external deployment. A total of 14 722 discs were issued from the start of external deployment in Burundi and the Democratic Republic of the Congo (DRC).
- **South African Police Service Transfer.** Out of a possible 360 members of the DOD, 209 were successfully transferred to the SA Police Service.
- **Non-statutory Force Pension Project.** In the year under review the non-statutory force pension project did not progress very well. The majority of the 21 000 non-statutory force members who have joined the SANDF since 1994 are no longer in the service of the DOD due to resignation, discharge or retirement. Thus the DOD currently focuses on the applications of non-serving members. The DOD has so far received 13 130 applications, of which

more than 2 000 were submitted to the Government Employee Pension Fund for payment. The verification of incorrect addresses as well as incomplete application forms submitted by applicants hampered the DOD in forwarding applications. The manual calculation system of the Government Employees Pension Fund contributed to further delays and the Fund has only made payments to 62 members.

- **Challenges:**
 - *Restructuring of Human Resources Functions.* The Chief of the SANDF Instruction and the decision of Plenary Defence Staff Council with regard to the restructuring of the human resources functions created a gap that has had a major impact on the co-ordination of activities. As a result some objectives were put on hold until a final decision has been made regarding restructuring.
 - *Final Force Design and Structure.* A final force design and structure, as a firm base for planning to acquire and provide personnel, is still in the process of being developed. This results in poor human resources service delivery, and is being addressed in the Defence Review update process, as well as through restructuring.
 - *Marketing, Recruiting and Selection Funds.* The Human Resources Support Centre experienced a lack of funds and support during marketing, recruiting and selection processes at a national level, which negatively affects the staffing process.
 - *Personnel Maintenance Functions.* The effective and efficient execution of personnel maintenance functions is difficult in the absence of delegations and various DOD policy prescriptions.
 - *New SANDF Leave Dispensation.* The implementation of a new leave dispensation for SANDF members, without a computerised leave system to support the execution of this implementation, is a challenge given the size and volume of leave applications.
 - *Exit Mechanism.* The absence of an exit mechanism for the Regular Force impacts negatively on the Human Resources Strategy 2010. The rejuvenation of the Regular Force is subsequently negatively affected. It also hampers the attainment of the desired size of the Regular Force.
 - *Non-statutory Force Pension Project.* Progress with the finalisation of the administration of the non-statutory force pension project has been delayed by the verification of incorrect addresses as well as incorrect and incomplete application forms of members who

have left the service of the DOD. The DOD is currently addressing the issue of verifying incorrect addresses with data received from the Government Employee Pension Fund as well as other sources. The Government Employee Pension Fund is changing into a computerised calculation system, which will expedite the payment of benefits.

Joint Logistic Services

The DOD Logistic Agency is responsible for providing logistic services to the DOD.

● Policy Development

- The Status Report No 17 on the Management of Logistical Policy Publications was updated and distributed to the DOD to ensure that all members are aware of the status of the various logistical policy publications.
- The logistics policy on rations and meals to deployed Reserve Force members was completed.

● Ammunition Disposal Risk Management Plan.

A clearly defined ammunition disposal risk management plan was created. This has contributed towards ensuring ammunition safety as well as the safety of members and nearby communities. This plan will be implemented during FY2005/06.

● Codification System.

The codification contract previously outsourced to Log Tech expired in September 2004. Thereafter the Chief of Logistics was made responsible for the function. This will result in cost-effective and efficient service delivery. The process of capacitating the DOD through training is well under way.

● Logistical Training.

Chief of Logistics through Director Logistic Resource Management, which is its functional Education, Training and Development Governing body, and the training providers, managed to deliver effective logistical training.

- The DOD School of Ammunition, DOD School of Hospitality Services and the DOD Technical Training Centre have forwarded their intentions for, and are in the process of preparing for accreditation at the Diplomacy, Intelligence, Defence and Trade Education and Training Authority (DIDTE-TA). Provisional accreditation was granted to the DOD School of Logistical Training.
- The DOD School of Logistical Training and its satellite presented 114 Supply Support learning programmes that were attended by 1 646 members. Only 125 learners, mostly in the junior officers' Junior Supply Support

and Senior Supply Support learning programmes, were found not yet competent as they had not achieved the curricula outcome requirements. 488 learners attended 55 Computer-Aided Information System learning programmes. 149 learners were found not yet competent, mostly in the Material Management System, Shopfloor Scheduling Control System, Transport and First-line User learning programmes as a result of their not achieving curricula outcome requirements. 43 learners attended four Logistic Management System learning programmes. Only seven did not complete the programmes successfully.

- Through the nodal point for Higher Order Logistic Education, Training and Development 17 members in the Logistic Agency attended the Southern African Institute of Government Auditors courses on the Public Finance Management Act. 25 members attended the certificate programme in Logistics at the University of Pretoria and 48 members are enrolled for the National Diploma in Logistics management at the Tshwane University of Technology. Two programmes were presented during the year to ensure competent facilitators/assessors to present Supply Support training.

• Technical Training

The DOD School of Munitions presented, as planned, four Learning Programmes that were attended by 176 learners. Only 12 learners, mostly in the technical learning programmes, were found not competent as they had not achieved the curricula outcomes requirements.

The DOD Technical Services Training Centre presented 41 advanced technical learning programmes that were attended by 357 learners. The Centre also managed 39 learning programmes, which were attended by 435 learners at external training providers such as Colleges, Universities for Technology and the industry.

68 Air School presented 1 learning programme as planned. The nine learners were all found competent.

44 Parachute Regiment presented 2 learning programmes as planned. The 20 learners were all found competent.

The DOD Air Supply Unit presented one learning programme that was attended by eight learners. A 100% competency rate was achieved.

Table 12.1 Land Restitution by the Department of Defence

Province	Area (hectares)
Land Restored	
Northern Cape (Riemvasmaak)	98 509
North West (Mosita)	4 043
Limpopo (Madimbo Corridor)	1 500
Western Cape (Wingfield)	42
Total	104 094
Land to be Restored	
Limpopo (Madimbo Corridor)	24 800
Gauteng (Wallmansthal)	1 628
KwaZulu-Natal (St Lucia- Hell's Gate)	26 750
Total	53 178
Claimants Requested Alternative Compensation	
North West (Farm Hazia - Zeerust)	413
Claimants Accepted Alternative Land	
KwaZulu-Natal (Boschhoek)	3 380
Court Ruled that Land should not be Restored	
Northern Cape (Lohatlha)	158 000
Information of Claim Recently Received	
Limpopo (Air Force Base Hoedspruit)	3 705

The DOD School of Logistical Training presented 5 Maintenance Management learning programmes that were attended by 324 learners. Only 28 learners, mostly in the technical learning programmes, were not yet found competent in that they did not achieve curricula outcomes requirements.

- **Rations and Meals.** A policy was developed and promulgated in May 2004 on the supply of rations and meals to the Reserve Forces. This new policy has vastly improved the processes and procedures for supplying meals and rations to the Reserve Forces during deployment.
- **Restored Land.** The DOD has already restored an area of 104 000 hectares of land to claimants. The DOD is also currently in the process of restoring another area of 42 000 hectares to claimants (see Table 12.1 for detail).
- **Facilities (Fixed Assets) Management**
 - **Strategic Direction and Policy.** An annual Strategic and Business Action Plan contributed to a focussed and co-ordinated direction of activities.
 - **Interdepartmental and Stakeholder Communication.** The DOD provided boundary management and direction by establishing communication structures with the National Department of Public Works as the service provider of the DOD. Better understanding of established procedures and processes by both departments contributed towards the more effective management of facilities.
 - **Identifying and Prioritising of Projects.** Requirements were prioritised to meet the demands of the DOD. Owing to a shortage of maintenance funds, Director Facilities acted as the centralised co-ordinator for the allocation of funds to the Services and Divisions. This ensured that allocated funds were optimally utilised and that general consensus was reached on the allocation thereof.
 - **Asset Management.** The DOD utilises the Facilities Register System to record all facilities under its control. This is a dynamic system that needs updating on a continuous basis. The DOD undertook an upgrade of the system during FY2004/05 to make it a more powerful management tool.
 - **Management of Programmes.** Fixed assets projects were grouped under various programmes to ensure improved, efficient, effective and economic management of funds. The Programmes includ-

ed Capital Works, Planned and Unplanned Maintenance as well as Repair and Maintenance. More than a 100% expenditure on projects was achieved for FY2004/05 and all projects were on schedule for completion. Through a hands-on management of programmes, the DOD succeeded in keeping the DOD high on the client list of the National Department of Public Works.

- **Capital Investments.** An amount of Rm 71 was allocated to finance capital requirements during FY2004/05. An expenditure of Rm 79 was achieved. This was a major improvement on FY2003/04 in which Rm 13 was under-spent. There were 30 major projects, including the upgrading of military hospitals, runways, communication towers and ablution facilities. There were 96 minor projects, including the upgrading of minor requirements due to new functional demands or outdated building elements, such as the replacement of sanitary ware and ramps for the disabled. There were 38 projects, which addressed physical security, such as the construction of security fences, and the installation of burglar proofing and security gates to buildings. 88 projects were undertaken to replace kitchen equipment.
- **Maintenance of Facilities.** In the year under review an amount of Rm 143 was made available for the maintenance of facilities. This amount fell short of the required Rm 300. However, 100% expenditure was achieved. Funds were spent on day-to-day requirements, such as leaking taps and burst water pipes as well as maintenance to, for example, security systems at various bases, aircraft re-fuelling systems, fire detection and alarm systems.
- **Quality Assurance.** The DOD received optimum benefit from its scarce maintenance and capital funds. This was primarily due to its professional architects, quantity surveyors and town planners who achieved this through the dedicated and professional supervision of building projects. The DOD ensured that building standards were not compromised.
- **Sourcing of Funds.** The DOD was successful in sourcing an additional Rm 310 spread over three years for the Repair and Maintenance Programme, although



this fell short of the requested Rb 1.3. The capital investment projects received an increase of Rm 8.

- **Environmental Management**

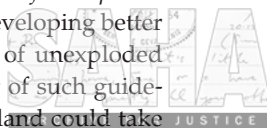
- *DOD Regional Environmental Advisory Forums.* Regional DOD Environmental Advisory Forums, involving numerous external role players, were established in the KwaZulu-Natal and Northern Cape provinces. The purpose is to align the DOD's environmental programmes with external programmes and promote co-operative governance.
- *Water Efficiency.* A trilateral co-operative governance forum on water efficiency in the DOD was established between the DOD, the Department of Water Affairs and Forestry, and the Department of Public Works. Good progress was made with the implementation of Operation VUSELELA, the sub-programme of 'Working for Water', which focuses on the eradication of alien invasive plants on DOD properties using unemployed military veterans.
- *Environmental Awareness and Training.* Environmental training was newly included in the SA Army Junior Command and Staff Programme. Environmental modules were also presented at the Executive National Security Programme, Joint Senior Command and Staff Programme as well as the Project Managers Course at the Acquisition and Procurement Division. An Ecological Management Course for training area managers was developed and is being presented at the School for Logistics.
- *Operations.* Environmental Services has been involved in the planning and execution of several exercises. This participation also serves as input into the development of policies and procedures to support environmental integration in operations.
- *Co-operative Environmental Management Structures.* The proceedings of the DOD Environmental Audit Steering Committee were concluded and the main issues identified during the two audits which were addressed or are being addressed in other processes. The DOD's way of dealing with this first environmental audit was communicated by the Auditor General's office to its Scandinavian counterpart, which served as a role model.
- *Guidebook on Environmental Impact Assessment.* The Guidebook on Environmental Impact Assessment was developed under the auspices of the RSA-USA Defence

Committee. The guidebook will be used for the training of staffs and the empowerment of environmental managers at bases.

- *Environmental Security Working Group.* Environmental co-operation was maintained with the USA DOD by means of the Environmental Security Working Group of the Defence Committee. Several co-operative projects address aspects such as environmental impact assessment, environmental training, integration of environmental considerations in operations and waste management. This co-operative programme contributed substantially to military integrated environmental management in the DOD.
- *DOD Environmental Video.* An updated version of the DOD environmental video "Siyanakelela - We manage with care" was produced and will be available for use shortly. This video is used for communication as well as training purposes.
- **Challenges**
 - *Technical Governance Framework.* There has been an improvement in effectiveness, efficiency, economy and integrity within the DOD technical and engineering function through the creation of a technical governance framework for the DOD. This may have a collateral benefit for other government departments that also have significant asset inventories.
 - *Matériel Realignment.* Changing the culture of the 'silo' strategic management process in the material function into a single integrated process is a challenge because the autonomy of Services and Divisions in this regard will cease to exist.
 - *Disposal of Category 2 Equipment.* The lack of progress made with the disposal of Category 2 equipment is due to the delay in the appointment of auctioneers. This has resulted in the piling up of redundant equipment at SANDF units.
 - *Single Accounting System.* The implementation of a single accounting system (Operational Support Information System) over the short to medium term will be a challenge.
 - *Preparation for Migration to Accrual Accounting.* The preparation and migration of present asset accounting data to the required standards as set by National Treasury pose a challenge in terms of resources required.
 - *Transfer of Stores Administration Functions to the Services.* The effective and efficient trans-

fer of specific identified stores administration functions back to the Services to enhance the control over such functions will be a challenging task. It would serve to lessen the amount of negative audit findings made every year.

- *Improvement of Stores Administration in the DOD.* An improvement in stores administration in the DOD will ensure positive audit findings.
- *Registration of DOD Vehicles on the National Transport Information System.* The registration of all DOD vehicles on the National Transport Information System will initially slow down the disposal process until the backlog has been worked away. A positive aspect in this regard is that the control system over D-vehicles in the DOD will be improved.
- *Additional Funds to Address the Maintenance Backlog.* Only a small percentage of the funds requested to address the maintenance backlog was received. This could result in accidents and claims against the State due to the non-upgrading of dangerous facilities.
- *Guidelines in clearing from Land of Unexploded Ordnance.* The DOD is still developing better guidelines for clearing land of unexploded ordnance. The development of such guidelines and the clearing of the land could take an extensive period, which would result in delaying the finalisation of land claims.
- *Peace Support.* The increased participation of the SANDF in peace support operations on the African continent will put a strain on the logistic support resources.
- *Phasing out 93 Ammunition Depot by March 2005.* 93 Ammunition Depot will not be closed down before 2015. From that date onwards the depot may operate as a DOD demilitarisation plant. The current DOD budget allocation for this venture will not be sufficient to finance all current standing objectives of 93 Ammunition Depot.



Command and Management Information Systems¹

The Command and Management Information Systems subdivision was entrusted with providing useable, timely and affordable information systems and services, and information and communications technology-(ICT) based solutions (capabilities) according to client specification, utilising Command and Management Information.

• *Policy Development*

- The DOD's Documentation Centre promulgated a policy on the "Management of a Specialised Reference and Research Library Service for the Department of Defence" to accompany the Joint Defence Publication with effect from 1 June 2004. The policy and procedures contained in both documents were fully implemented in all 43 DOD libraries.
- The Information and Communication System Security Policy was updated and will be ready for distribution during FY2005/06.
- The draft Information Warfare Strategy has been completed and was distributed to all stakeholders for final comment.
- The Information Warfare Policy and Master Plan was at an advanced stage and will be completed in the next financial year.
- The process of compiling and updating the Information Warfare Doctrine was also at an advanced stage of completion.
- *Joint Interoperability Test Centre.* The provision of a high frequency prediction capability, the maintenance of the combat network interoperability standard (governance) and the provision of a calibrated radio frequency test range have been satisfactorily met. A required operational capability as well as a DOD interoperability strategy has emerged, and the intention is to establish a Joint Interoperability Test Centre.
- *Information Warfare.* Information warfare management is now well established in the SANDF/DOD and boasts an Information Warfare Directorate and an Information Warfare Capability Board, which serve as the Department's controlling organs for all SANDF Services and Divisions. The three major areas of information warfare that are well established are electronic warfare, network warfare and psychological operations. Information warfare training is of the utmost importance to the DOD and this has resulted in training programmes having been initiated within the DOD's information warfare community as well as in colleges and at the Military Academy. The Information Warfare Strategy has already been approved at the highest departmental level.
- *Field Post Office Services.* Although 6 Signal Regiment's (Reserve Force capability) activities were hampered by a lack of funding, it still

¹ "Command" includes 'Command, Control, Computers, Communication, Information, Intelligence, Reconnaissance and Surveillance (C² I² RS)'

managed to provide field post office services to African mission deployments during the reporting period.

- **Command and Management Information Systems Support.** A wide range of internal and external DOD operations and force preparation events were supported, which contributed to the success of the DOD in both environments and the overall SADC / UN peacekeeping effort. This included electronic warfare services and products delivered to the Defence Intelligence environment as well as cryptographic products and services that were delivered to all State departments in the RSA.
- **School of Signals.** The School presented 49 courses to 1 225 learners (83% pass rate) during the reporting period, retaining and expanding the Command and Management Information Systems capability of the DOD. It also received full accreditation from the DIDTETA during the reporting period. The School is also a member of the current Information and Communication Technology Standards Generating Body of South Africa, which is in the process of developing standards for the entire information communication technology industry in South Africa.
- **Upgrade of Vehicles.** The upgrade of various vehicles by industry commenced during the reporting period and will enhance the DOD's capability in terms of Command and Management Information Systems service delivery. Some of the Casspir vehicles have already been upgraded and delivered to the Command and Management Information Systems Division.
- **Telephone Management System.** The implementation of the new Telephone Management System in the DOD is aimed at reducing the DOD's overspending on its telephone call costs budget. It is expected that the DOD will drastically reduce its spending on telephone call costs expenditure.
- **Challenges**
 - **Information Warfare Capability.** There has to be "buy-in" from the Services and Divisions for an integrated, interoperable and well-managed information warfare capability. To conduct information warfare in the DOD requires the Services and Divisions to manage their own information warfare committees. By doing so they will ensure that they control and monitor the information warfare capability within their Services and Divisions. Information warfare is not the core business of Services and Divisions and it is thus neglected if not managed centrally.

- **Network Warfare Capability.** This is necessary to obtain a clear mandate for the establishment of a network warfare capability (offensive and defensive) for the DOD, as well as the clarification of the roles and responsibilities between the Command and Management Information Systems subdivision and Defence Intelligence with respect to this matter. This is due to the custodianship that Defence Intelligence has with respect to information security, of which network warfare forms an integral part, and which gives rise to boundary management challenges.
- **Information and Communication Systems Security Policy.** This is needed to ensure compliance with the Information and Communication Systems Security Policy throughout the DOD. The monitoring of the implementation of the policy requires that qualified information systems security specialists visit all DOD force employment structures. Non-adherence to the policy will result in information loss and corruption that may lead to security breaches.
- **Personnel and Equipment.** The non-availability of sufficient personnel and signal equipment hampered operational support efforts in the external environment. Consequently the Command and Management Information Systems support was not of the highest possible standard.
- **Vehicles and Facilities.** The lack of funds to accommodate all the needs of command and control in the DOD resulted in neglect of continuous maintenance in various environments and it is foreseen that this will continue into the next financial year. This will not impact on the DOD in the short term and the financial effects will become visible in the medium to long term, as serviceable resources diminish. The main threat at this stage is the status of Command and Management Information Systems sub-division's vehicles and facilities.
- **Health Status.** The health status and the testing thereof posed a risk to the Command and Management Information Systems subdivision, as a large number of people were not fit for deployment. The testing process to classify members is not functioning effectively as turnover times for appointments are too long.
- **Information Systems Security.** The establishment of Comsec (Pty) Ltd has not been finalised and has had a negative impact on information systems security in the Public

Service. The road ahead is unknown, which make strategic planning as well as budgeting extremely difficult.

- **Staffing.** The entire Command and Management Information Systems Division is understaffed and consequently a matter of concern. This situation is impacting negatively on service delivery to the DOD.

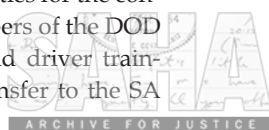
Service Corps

The Service Corps is responsible for providing a demilitarisation service to individual members of the DOD.

- **Project Military Veterans.** This project, which is funded by the National Skills Fund and managed by the DIDTETA for the training of 3 350 military veterans, has finally taken off with maximum participation of the Service Corps.
- **German Donor.** The Federal Republic of Germany is continuing to assist in training through structuring and running a training centre for technical training in the SANDF.
- **SA Police Service Conversion Training.** The Service Corps is participating as an enabler in preparing DOD volunteers to transfer to the SA Police and is providing the necessary driver training and providing the facilities for the conversion training. To date members of the DOD have undergone conversion and driver training in preparation for their transfer to the SA Police Service.
- **Centre for Advanced Training Accommodation.** Completion of the Centre for Advanced Training accommodation complex has been a huge morale booster for the centre. Occupation of the complex commenced on 1 April 2005.
- **Adult Basic Education and Training.** The Regional Office Port Elizabeth, in conjunction with the Department of Education, is continuing to facilitate the basic reskilling of 68 serving Public Service Act personnel through adult basic education.
- **Infrastructure Upgrade.** Rm 1,5 has been allocated for the infrastructure upgrade of the Practical Business School Mankwe to accommodate the SA Police Service, which will be utilising the facility for conversion training of ex-SANDF members. The Service Corps is continuing its working relations with the National Youth Commission, the Department of Education and the Moses Kotane Municipality in the North West Province for the training of youth in construction related fields at Mankwe. The trained youth are responsible for building houses in 17 villages in the Moses Kotane municipal area and 735 houses have been completed.

Challenges

- **Client Throughput Planning Forecasts.** There is a lack of accurate planning forecasts in terms of client throughput. This has had an added implication in terms of the under-utilisation and possible loss of German donor funding not only in this financial year, but also possibly within the medium-term expenditure framework.
- **Business Process Architecture Definition.** The need for a business process architecture definition of redeployment to demarcate the unique roles and responsibilities of the Joint Training Formation, the Service Corps, Human Resources Directorate Personnel Separation and the SA Military Health Service is necessary to ensure optimal execution of all separation-related activities.
- **Service Corps Business.** This is currently not adequately supported by the required information systems, and a database is needed to capture client and employer particulars.
- **Optimal Capacitating of Service Corps Reskilling Capabilities.** This is a challenge in terms of the costs of facilities, training disciplines and instructors due to the low throughput of members who undergo reskilling training. Continued donor funding is also negatively affected by this state of affairs.
- **Imperatives for Migration.** The political imperatives for the initiation of the National Service Corps Commission and the promulgation of a Service Corps Act for a migrated Service Corps are not in place and this needs to be enacted through the Office of the Minister of Defence. The migration of the Service Corps has been registered as a DOD project.
- **German Donor Funding.** German donor funding of the Centre for Advanced Training is dependent, inter alia, on showing that large numbers of members are reskilled and demobilised. A final attempt to re-initiate the throughput of clients to be trained at the Centre for Advanced Training under the auspices of the German donor funding was addressed as a critical issue. The present contract for German donor funding expires at the end of 2005. Funding for the International Computer Driver's Licence has been terminated because the clients are being trained in a direction that does not comply with the criteria for German donor funding.
- **Accreditation with the South African Qualifications Authority.** Although the Centre for



Advanced Training was provisionally accredited in September 2003, the problem is that the Service Corps could forfeit the accreditation if it does not adhere to the pre-scripts and requirements. The major challenge is funding, as the budget allocation does not allow for the centre to meet all the requirements for full accreditation.

- *Employment Requirements for Clients.* Training provided by the Service Corps training institutions is not adequate for employment as the members are only qualified up to National Qualifications Framework level two when they complete the training. For clients to be employable in the labour market further education and training have to be provided for the clients to meet the minimum requirement of a National Qualifications Framework level four.
- *Project POMPADOUR.* Currently no official Service Corps database exists to administer or effectively link clients to possible employment. This project has to be reactivated and registered, as it will be an integral part of a migrated organisation. It needs to run effectively parallel to current systems for it to be effective for a migrated organisation.

Joint Training

The Joint Training Formation is required to provide the DOD with professional developmental and common functional learning opportunities that are non-combat and non-mission related.

- *Executive National Security Programme.* Two planned Executive National Security Programmes were successfully presented by the SA National Defence College. 6 foreign learners attended each of the 3 courses presented in FY04/05.
- *Joint Senior Command and Staff Programme.* The SA National War College completed its third Joint Senior Command and Staff Programme at its new location (the former Boulevard Hotel in Pretoria) on 26 November 2004. In spite of a lack of human resources due to the structure having not been approved yet, 96 of the initial 100 learners successfully completed the programme.
- *War Simulation Centre.* The War Simulation Centre became part of the SA National War College on 1 November 2004 in support of the Joint Senior Command and Staff Programme and through its provision of simulation training to other clients in the SANDF. A total of 21 simulation exercises were successfully com-

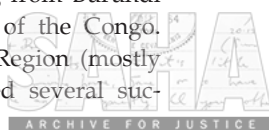
pleted, which included exercises for Chief Joint Operations in preparation for deployment to the Democratic Republic of the Congo and Burundi, Chief Joint Training, Reserve Force elements as well as for the SA Army at the War Simulation Centre and at different locations in South Africa.

- *Military Academy.* The profile of the academic staff at the Military Academy indicates steady advances with respect to the transformation of its demographic profile. Over the last five years 70% of the new academic staff appointments were from the black designated groups. Innovative strategies with respect to the management structures have further resulted in the meaningful representation of all designated groups. Of 170 Military Skills Development System learners, 80% have achieved the required standards for a certificate as set out in the curriculum. Four Training of Trainer Programmes (five modules each) at National Qualifications Framework levels four and five were presented, which is two more than was planned for. Also, five South African Qualifications Authority-accredited opportunities on National Qualifications Framework level five (two Assessors Programmes) were presented as planned. Six learning programme assessments took place, exceeding the planned number.
- *Policy Development.* The DOD Instruction on Management of Learner Assessment drafted by education, training and development providers in the DOD was promulgated in November 2004, as was the DOD Instruction and Joint Defence Publication on General Education and Training, Further Education and Training, and Higher Education and Training. This DOD Instruction has been promulgated and is being adhered to. The Status Report No 17 on the Management of Logistical Policy Publications was updated and distributed to the DOD to ensure that all members are aware of the status of the various logistical policy publications. The logistics policy on rations and meals to deployed Reserve Force members was completed.
- *Challenges.* The establishment of the African Centre for Defence and Security Leadership at the Military Academy could not be pursued further owing to a lack of funding. The current contract with Stellenbosch University must be reassessed and revised if necessary.

Military Police

The Military Police Agency is responsible for providing a military policing capability to the DOD.

- **Military Police Agency support to Peace Support Operations.** Although the Military Police Agency did not structure for the increase in the requirements of peace support operations, the Agency continued to provide a service of high quality by utilising Military Police Agency members from structures other than those of its operational capability. The Military Police Agency is also currently utilising non-staffed Military Police Agency personnel to address the inadequate structuring of Military Police support during peace support operations.
- **Crime Prevention Operations.** All four Military Police Agency regions are conducting concerted crime prevention operations with their own forces, as well as in conjunction with SA Police Service and Metro Police Services in various provinces and considerable successes have been achieved.
- **Search Activities at Air Force Base Waterkloof.** The Military Police Agency had to establish an interim section at Air Force Base Waterkloof Movements to address the increased requirement for the searching of aircraft leaving for and departing from Burundi and the Democratic Republic of the Congo. The Northern Military Police Region (mostly 13 Provost Company) achieved several successes.
- **Other Successes.** The Military Police Agency retrieved stolen equipment to the value of R1 008 746 on its own, issued traffic fines to the value of R210 850, and arrested 353 military members, 168 DOD employees, 54 civilian members and 443 undocumented persons during the past financial year. 45 military members were convicted in criminal cases, likewise 15 military members in disciplinary cases, 11 employees in criminal cases and 31 members for road traffic offences. The Military Police Agency took part in 357 sweep-and-search operations in support of the SA Police Service and other law enforcement agencies.
- **Challenges**
 - **Initiative on the Replacement of Mamba Vehicles.** The replacement of the Mamba vehicles with 4x4 soft-skin light tactical vehicles is a very costly initiative and requires huge financial assistance.
 - **Electronic Crime Administration System.** The Crime Administration System has now been implemented in all Military Police Regions, except three Military Police Area Offices, namely Louis Trichardt, Kroonstad and Umtata due to the unavailability of the Local Area Network. The end of 2005 should see the complete implementation of the Crime Administration System at the latter three offices. Owing to a breakdown of old technology at the Military Police Agency, the Crime Administration System connection between the DOD and SA Police Service ceased to exist on 7 February 2005. The result is that the Military Police Agency is unable to render a professional service to the DOD and other Government organisations.
 - **Military Police Agency Structure.** After an organisation and work study investigation it was recommended that the Military Police Agency structure be redesigned. This critical requirement was brought to the attention of the DOD top structures. As an interim measure, the Military Police Agency committed significant financial resources to ensure that capable members were sent on detached duty to combat criminality at the structures that the Military Police Agency did not structure for, eg at Grahamstown and Ellisras. These interim structures do not have approved posts and it is affecting the morale of members who are managing these offices.



OTHER OUTPUTS PRODUCED

The other outputs that were achieved for the DOD are indicated in Table 12.2.

Table 12.2 Other Outputs Produced by the Joint Support Division

Description of Service	Service Recipient	Results
Support to Peace Support Operations	Chief of Joint Operations	Achieved
Provision of a National Codification System Support service	DOD and designated Government clients	Achieved
Integrated Financial Management System user requirements Process Review	DOD	Achieved
Investigation into D-Vehicle availability in the DOD	DOD	Partially Achieved
Investigation into unsafe ammunition at 93 Ammunition Depot	DOD	Partially Achieved

Table 12.2 Other Outputs Produced by the Joint Support Division (continued)

Description of Service	Service Recipient	Results
Product System Support for integrative universal products / services / systems	DOD	Achieved
Implementation of the Firearm Control Act in collaboration with the SA Police Service	DOD	Partially Achieved
Integrated financial management system for the State	DOD	Partially Achieved
Establishment of DOD Regional Environmental Advisory Forums	DOD	Achieved
Environmental awareness and training	DOD	Achieved
Guidebook on Environmental Impact Assessment	DOD	Achieved
Interdepartmental transfer of SANDF members to the SAPS	SANDF	Achieved
Development and sustainment of information system security capabilities for the entire Public Service	DOD and Public Service	Achieved
Provision of a Joint Interoperability Test Centre	DOD	Achieved
Establishment of the Information Warfare Command Board	DOD	Achieved
Command Management Information System support	DOD	Achieved
Implementation of a Telephone Management System	DOD	Achieved
Developing a Planning and Costing Enabler	DOD	Partially Achieved
Crime prevention operations	DOD	Achieved
Implementation of an electronic crime administration service	DOD	Partially Achieved
Project Military Veterans	DOD	Partially Achieved
SA Police Service conversion training	SANDF	Achieved
Adult Basic Education and Training	DOD	Achieved
Presented Joint Learning Opportunities	DOD	Achieved

OTHER DIVISIONAL OUTPUTS IN SUPPORT OF GOVERNMENT

In support of the International Relations, Peace and Stability Cluster's objectives the Joint Support Division supported the African Renaissance ideal by participating as follows:

- **Participation in the Inter-State Defence and Security Committee**
 - The Command and Management Information Systems Division participated in the Inter-state Defence and Security Committee's Telecommunications and Information Systems Work Group. Activities of this work group are to roll out the Inter-state and Defence Security Committee operational Hotline Network and prepare a Telecommunications Planning Manual for the South African Development Community Standby Brigade.
 - The DOD Logistic Agency participated in the Logistic sub-workgroup of the Inter-state and Defence Security Committee which has developed the conceptual framework for logistical support to the SADC Brigade.
- **Support to Peacekeeping Operations in Central Africa**
 - The Command and Management Information Systems subdivision provided rear link satellite communications, information and communication technology and generator maintenance support for the deployed SANDF peacekeeping elements in Central Africa.
 - The DOD Logistic Support Formation is responsible for the link between the theatre of operations and the base areas during current peace missions. This entailed the provision of a logistic system for the mission and included the handling of service unique support systems in transit. Static as well as mobile deeper level support depended heavily on outsourcing for the medium to long-term to enhance the SANDF's capabilities. Maintenance of vehicles and information system services were outsourced. This is to ensure cost-effective support to force preparation units / headquarters and force employment units / headquarters.
 - *Maintenance of Border Control Radios in*

Neighbouring States. 2 Signals Regiment, a substructure of the Command and Management Information Systems Division, provided preventative maintenance on the high frequency radio equipment installed in Mozambique and Swaziland. These radios are used for cross-border liaison and crime prevention.

- *Donation of High Frequency Radios.* Plans for the SA Government to donate high frequency radios to the secondary hotline network are under way. The Defence Chiefs of the Inter-state and Defence Security Committee have ratified this donation, but before this could actually take place, approval at various levels (within the DOD and Government) is required. This donation has become necessary owing to a lack of donor funds to acquire the desired high frequency radios.
- In support of the Justice, Crime Prevention and Security Cluster the Joint Support Division participated in the implementation of the Firearms Control Act in collaboration with the SA Police Service. Because of the impact of the Act on the DOD, Chief of Logistics established a project team to implement the Act in collaboration with the SA Police Service from June 2005.
- In support of the Governance and Administration Cluster the Joint Support Division participated as follows to improve service delivery:
 - **Interdepartmental Transfers.** The Human Resources Support Centre was actively involved in the interdepartmental transfer of South African National Defence Force members to the SA Police Service. Under Project PILLAY the interdepartmental transfer of DOD Logistic Support Formation's members to the SA Police Service took place.
 - **Diplomacy, Intelligence, Defence and Trade Education and Training Authority (DIDTETA).** Chief of Joint Training is the Vice-Chairperson of the DIDTETA Board representing the interests of the DOD.
- *Information System Security.* The Command and Management Information Systems sub-division is responsible for the development and sustainment of the information system security capabilities of the entire Public Service. The organisation charged with this responsibility is the South African Communication Security Agency.
- *Fire and Rescue.* The DOD Logistic Agency took part in the Legislative Committee of the Fire Brigade Services Board under the Department of Provincial and Local Government tasked with the rewriting of the Fire Brigade Services Act.
- *Joint Management of Incidents involving Chemical or Biological Agents or Radioactive Materials Manual.* This manual, of which some members of the DOD Logistic Agency were co-authors, is now approved as a national standard by the Department of Provincial and Local Government (Disaster Management) for the management of incidents in the RSA.
- *Restitution of Land Claims.* The DOD Logistic Agency is supporting the restitution of land claims by co-ordinating the clearance of unexploded ordnance and land identified for restitution.
- *Public-Private Partnership for DOD D-Vehicles.* In support of the National Department of Transport's investigation into the outsourcing of government vehicles, a public-private partnership was registered in terms of the applicable Treasury Regulation at the National Treasury on 30 November 2004. The DOD Logistic Agency compiled the Terms of Reference, which was handed to National Treasury on 2 January 2005. The DOD is at present awaiting the appointment of the transactional advisers, whereafter the investigation will be initiated.
- *Integrated Financial Management System.* Owing to new requirements set in the Financial Reporting environment, the National Treasury decided to develop an Integrated Financial Management System for the Government. This system will have a direct influence on DOD logistic systems and therefore the DOD Logistic fraternity has been intensively involved with National Treasury in the drawing up of the scope.

UTILISATION OF CONSULTANTS

The use of consultants was as indicated below per Programme and/or Sub-programme.



Table A.1 Report on Consultant Appointments Using Appropriated Funds during FY2004/05

Programme	Project Title	Name of Consultant	Total Number of Consultants that Worked on Project	Duration Work Days	Contract Value in Rand
Defence Administration (Corporate Staff Division)	Refocusing of Chaplain Services	Institute for Justice and Reconciliation	1	6	R9 000
Defence Administration (Policy and Planning)	To provide business architectural services as specified within the business agreement with SITA	SITA	2	Permanent as per agreement with SITA	R1 328 000
Defence Administration (Policy and Planning)	Departmental Acquisition and Procurement Division Structural Investigation	Messrs Catella (Pty) Ltd	6	52	R169 603.50
Defence Administration (Defence Inspectorate)	Strategic support to Defence Inspectorate	Global Conformity Services	2	14	R20 000.00
Air Defence	Annual Environment (Test flight and Development Centre). Revision and International Standards Organisation 14001 Audits	Global Conformity Services	3	8	R22 902
Joint Support	Information Warfare assistance Programme for the DOD	Council for Scientific and Industrial Research (not full time with specific reference to DefenceTek).	9	67	R5 000 000

appendix A

Table A.1 Report on Consultant Appointments Using Appropriated Funds during FY2004/05
(continued)

Programme	Project Title	Name of Consultant	Total Number of Consultants that Worked on Project	Duration Work Days	Contract Value in Rand
Joint Support	Review Product System Management Manual	Defencetek	1	3	R32 000
Joint Support	Investigation into the RSA Military Standards regarding Workmanship Standards	LMT with support of ARMSCOR project leader	1	7	R80 000



SERVICE DELIVERY IMPROVEMENT

INTRODUCTION

The Secretary for Defence strongly believes that through proper training and relevant exposure, service delivery and efficiency could be improved and costs re-

duced. It is against this background that the Department of Defence (DOD) invests heavily in granting opportunities to study at State expense and provides opportunities in competency enhancement courses that are offered by high profile institutions both internally and abroad.

The DOD subscribes to and applies all the *Batho Pele* (People First) principles (consultation, service standards, access, courtesy, information, transparency, redress and value for money) as captured in the Batho Pele Handbook and further confirmed in the White Paper on Transforming the Public Service. There is a firm belief that the DOD should be exemplary in its approach to providing a service to its stakeholders.

During FY2004/05 service delivery improvement measures were implemented by programme and sub-programme, namely;

DEFENCE ADMINISTRATION

Policy and Planning Division

The structure of the Division was being analysed with a view to augmenting its capacity and to improve service delivery.

In the year under review, the division made some strides in incorporating the *Batho Pele* principle in its business processes. The improvement includes the following:

- Ensuring that human resource (HR) management practices of the Division are people centred.
- *DOD Labour and Service Relations Co-ordinating Forum*. The DOD Labour and Service Relations Co-ordinating Forum was established to serve as a co-ordinating body on labour and service related matters. The forum also analyses the regulatory framework and inputs from other State departments/institutions/NGOs and the implications thereof for the DOD. The forum also monitors tendencies and trends regarding labour and service relation related matters.

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DEPARTMENT:
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- **HR Strategy 2010.** The implementation plan of HR Strategy 2010 has been approved. The Services and Division co-ordinating authorities are applying themselves to give effect to the objectives noted in the plan.
- **HR Management Strategy.** A comprehensive HR Management Strategy was developed for the DOD. The objectives of the strategy are divided into four clusters of which one of the clusters has as its aim to improve HR management service delivery. This strategy will therefore form an important base to improve service delivery within the total DOD HR environment.
- **Batho Pele.** The Directorate HR Planning orchestrated the development of a detailed DOD HR Management Strategy to support the execution of the DOD's mission. The strategy's 61 objectives address:
 - HR management governance and structuring.
 - HR management capacity generation.
 - HR management service delivery.
 - HR management operational conduct.
 - HR management system renewal issues.

Through this strategy, the DOD's human resource function will contribute to the eight principles of consultation, service standards, access, courtesy, information, transparency, redress and value for money espoused by the State's *Batho Pele* policy.

Director HR Policy Management developed a policy on the promotion and implementation of Batho Pele principles in the DOD based on the Department of Public Service and Administration's policy for Government.

HR Policy Audit Advisory Work Group: The DOD's HR Policy Advisory Work Group was established to serve as a co-ordinating and advisory body facilitating the auditing of HR policies in identifying domains where they are absent, insufficient or outdated.

Chief Director Strategic Management was instrumental in the implementation of the strategic planning course. This course will be presented biannually and 20 vacancies are reserved for members of the Defence Secretariat.

The Directorate Legal Services has finalised four litigation matters over the reporting period.

Financial Management Division

The Financial Management Division follows a concept of service delivery that satisfies the financial management requirements of its principals, clients and personnel through the delivery of financial management services that comply with the public financial management regu-

latory framework. This concept guides the Financial Management Division strategic business plan and its execution. Service delivery is made manifest in a formal Service Charter and related service agreements with clients. Service delivery is evaluated against the standards contained therein.

Departmental Acquisition and Procurement Division

Vehicle Disposal Project. An Integrated Project Team was formed to fast-track the disposal of identified B-Vehicles at General Support Base Pietersburg. The meetings were held on a weekly basis and were attended by a large number of representatives from the Army Office, Logistic Division, General Support Base Pietersburg, Logistic Support Formation and ARMS-COR Business. It is the intention of the Integrated Project Team to identify the vehicles at General Support Base Pietersburg during the first quarter of FY2005/06.

Requirements Forum. During a meeting with representatives from Services and the Logistic Division the need for a forum to co-ordinate and vet requirements to be procured was discussed. This will ensure that the requirements are proper in their requirement statements and that requirements submitted to the National Treasury or ARMSCOR can be monitored.

Alternative Service Delivery. A presentation by National Treasury to the Departmental Commercial Procurement Board was arranged to ensure that the board members have a proper understanding of the differences between conventional procurement and the public-private partnership procurement process. The smooth movement of public-private partnership documents through the office of the Secretary for Defence to National Treasury is essential to the success of any public-private partnership.

Supply Chain Management Course. Eighteen members of the Central Procurement Service Centre have had a chance of attending the Supply Chain Management course presented by National Treasury. This is a positive step in the direction of service delivery improvement.

Inspector-General Department of Defence (IG DOD) Inspections. Assistance was provided to staff of the Inspector-General DOD on their reports on inspections done at the various General Support Base Procurement Sections. This is the first time in approximately 24 years that a comprehensive inspection was done on procurement and the results are extremely valuable. The inspectors were met after the inspections, during which their findings were discussed and certain feedback provided to assist in improved inspections and interpretation of policy. The reports indicated that there were

problems at the various procurement entities, of which the following 2 were prominent at all of them:

- Structures at procurement entities were incomplete and required adjustments.
- Procurement structures were not fully staffed.

Auditor-General Audits. The Auditor-General completed audits at a restricted number of procurement entities within the DOD, which were not as comprehensive as the inspections done by the Inspector-General DOD. However, it assisted in and provided a different perspective on what was being performed within the DOD, with a number of housekeeping matters to be attended to at the lowest level.

Accreditation of ERGOTECH. The accreditation of ERGOTECH the technology development support Defence Evaluation and Research Institute, with ISO 9001 qualification by the South African Bureau of Standards was achieved during 2004.

Technology Planning Conference. The annual technology planning conference was held at the Botanical Gardens on 17 September 2004 to ensure that funds provided for projects were appropriate and justifiable. A seminar on Media Health Technology, part of the SUPPORT programme, held on 12 November 2004, permitted good interaction with senior SA Military Military Health Service staff on the definition and growth of this important new technology development.

Technology Development Summary Programme Plan. Presentation of the Technology Development Summary Programme Plan to the Operations Staff Council on 8 February 2005 fostered a better understanding of the

Technology Acquisition Management System and Projects.

Defence Inspectorate

The quality of service delivery by the Directorates has been maintained and the fact verified by an external audit in terms of ISO 9001: 2000 by the South African Bureau of Standards. Improving and updating the quality manual for the third time improved the quality of service delivery. The maintenance of the quality management certification for two years in a row is proof enough that the principles of Batho Pele are being adhered to. Furthermore, the implementation of a standard framework against which audit findings are reported is far advanced and should result in improved communication with the Directorate's clients. Implementation of the TeamMate automated reporting software will allow for a superior audit reporting and the analysis of audit findings, to determine and report on trends.

COMMAND AND CONTROL

Video Conference System. A Video Conference System between the Operational Level Headquarters (Pretoria), Operation FIBRE in Burundi and Operation MISTRAL in the Democratic Republic of the Congo was installed. Command and control has already improved since the General Officer Commanding Joint Operational Headquarters will be directly involved in the decision-making process, thus increasing productivity.

SA ARMY

Corrective measures/measures to improve performance/measures to effect savings undertaken during the period under review are reflected in Table B.1.

Table B.1 Service Delivery Improvements and Management Interventions

Focus Area	Management Interventions	Status	Result/Anticipated Benefit
Command and Control	Staff visits synchronised with other activities that also require supervision and control	Current/Continuous	Savings on S&T related costs
Organisational Development (Renewal)	Centralisation of the Renewal function within Chief Directorate Corporate Services (Sub-programme Strategic Direction)	Concluded	Improved performance and cost reductions
Resource Management	Presentation of Resource Management courses to Level 4 Commanders	Current/Continuous	Savings due to improved planning, budgeting and procurement practices
Risk Management	Implementation of Risk Management at the Army Council, as well as Level 2 to Level 4 of the SA Army	Current/Continuous	Proactive actions to prevent the non-achievement of objectives and the damage & loss of resources
South African Excellence Model	Implementation of the South African Excellence Model	Current/Continuous	Continuous performance improvement

Table B.1 Service Delivery Improvements and Management Interventions (continued)

<i>Focus Area</i>	<i>Management Interventions</i>	<i>Status</i>	<i>Result/Anticipated Benefit</i>
Disposal	Disposal of obsolete/redundant equipment	Current/Continuous	Financial return from disposal. Better control over smaller vehicle fleets and weapon stores
Managing Allowances	Issuing of food parcels instead of S&T to members transported to 1 Military Hospital for medical attention/ appointments	Current/Continuous	Savings on S&T related costs
Driving and Maintenance Training	Building of yard test facility at School of Armour	Concluded	Testing of drivers made easier and more effective
Day-to-day Base Maintenance	Utilisation of uniformed members to do base maintenance work	Current/Continuous	Savings on contracting external personnel
Military Security	Installation of alarm systems and closed circuit television equipment at various priority units	Current/Continuous	Reduction in criminality as well as a reduction in damages and losses
Service Delivery at General Support Bases/Army Support Bases	Liaison between Director Facility Management at Chief of Logistics and Director Army Logistics has been improved with a view to increasing service delivery at General Support Bases and Army Support Bases	Current/Continuous	Improved service delivery
Closing down of the Group Headquarters and Commandos	Restructuring/closing down of Group Headquarters and commandos in accordance with the SA Army's core functions and affordability	Current/Continuous	A more affordable force design and improved command and control
Brigade Headquarters Organisation	Expansion of the Brigade Headquarters structures from two Tactical Headquarters to four Tactical Headquarters	Concluded	Enhanced operational command and control and improved moral

SA AIR FORCE

Realignment of Logistical Support. The realignment of logistic support is ongoing and this is expected to result in significant savings in the future. These savings will be applied towards improving systems and infrastructure integrity. Realignment within the System Groups has been completed and the new structures are awaiting approval. The second phase will involve the Air servicing units and the bases. The realignment effort has also been expanded to address the managerial disciplines to realign on service delivery and system integrity.

Contract Review Committee. A Contract Review Committee has been constituted with the purpose of reviewing, and adjusting where necessary, all contracts for outsourced services and support. This is done through a process of assessing user requirements, the contracted deliverables, and the overall value for money provided by the contracts. As the Contract Review Committee reviewed contracts it was discovered that Air Force guidelines were lacking regarding procurement contracting. An Air Force Instruction and an Air Force Manual have been drafted in this regard.

The Contract Review Committee has provided invaluable guidance for the System Groups with respect to contract management.

Alternate Service Delivery Programmes. The establishment of Alternate Service Delivery programmes has proved to be substantially more involved and time-consuming than originally expected. A team has been appointed on a full-time basis to manage the Alternate Service Delivery initiatives. The Air Base Strategy has been approved and Chief Logistics will be approaching the Department of Public Works to seek approval for implementation of the Alternate Service Delivery aspects of the strategy. The strategy provides a road map for the cost-effective ownership of all SA Air Force air bases, and creates a framework for the implementation of mutually beneficial alternate service delivery business models. Extensive research has been performed in identifying candidates for Alternate Service Delivery to the SA Air Force.

Core Values. The SA Air Force has identified the importance of establishing a culture of air power excellence in support of Vision 2012. The Air Force Board has man-

dated an initiative to instil the values of Integrity, Human Dignity, Excellence in All We Do, and Service Before Self into each Air Force member. In support of this effort, Directorate Management and Renewal Services initiated various interventions to bring about this change, including the production of a video on the new Air Force values, which was shown to all members during an extended roadshow.

South African Excellence Module Training. This programme reinforced an awareness of continuous improvement with the emphasis on excellence. Currently a total of 1 069 members have been trained in this discipline and fourteen programmes were presented during the year.

Models for Leadership. This programme creates an awareness, introspection and competence orientation with an emphasis on collaboration, commitment and creativity. A total number of 476 members have completed the programme and nineteen programmes were presented during the year.

Leadership Development. With the challenges and high demands placed on every airman it is imperative to develop leaders to their full leadership potential. The full range leadership programme equips leaders with a thorough understanding of how to develop skills and to possess attributes that are required to function at the highest level of leadership. A unique leadership programme was developed for the SA Air Force, based on these transformational principles that form an integrated part of management and leadership training and development at the SA Air Force College. This programme has been fully integrated into the Senior Supervisor Course curricula.

Customer Service Programme. Service delivery in the SA Air Force is one of the most important requirements within a flying environment. A new unique service delivery programme has been developed with the purpose of educating SA Air Force personnel in this regard. This programme will soon be launched throughout the SA Air Force.

Succession Planning. Formal succession planning, placement and fast-tracking sessions have been instituted to improve the career management of all SA Air Force members in the DOD.

SA NAVY

Several service delivery improvements have been initiated in the SA Navy. These are all aimed at reducing costs and optimising resources, while maintaining or improving the required service delivery standards:

- **Subprogramme: Maritime Direction Capability.** The Fleet Process Improvement Program-

me continued with independent adjudicators to evaluate the submissions and ideas received from members of the Fleet for improvements and savings in the SA Navy. Independent adjudicators allocated the R250 000 provided as a reward for deserving suggestions and ideas submitted. The winning teams were adjudged to have saved the SA Navy a total of R20 582 319.

- **Subprogramme: Maritime Combat Capability**
 - The Combat-readiness/Effectiveness Model known as the Impact Change Evaluator is being developed to measure system effectiveness on a continuous and consistent basis for the deployable units in the SA Navy. It is currently being used as a management tool for level 2 - 4 users.
 - The Miss Distance Indicator was designed to assist in the testing and evaluation of munitions. It establishes how far each projectile missed a target, thus making it possible to reduce the number of firings and targets, and so save considerably on the cost of fused ammunition.
- **Subprogramme: Maritime Logistics Capability.** The Operation Support Information System has proved to be more reliable than the Unit Inventory Management System, and the roll-out of the Operation Support Information System as a fully integrated logistics information system will introduce much higher data integrity and a marked improvement in the performance of logistic processes.
- **Subprogramme: Maritime Training Capability**
 - Project SCREWDRIVER, the rationalisation of the training units in the SA Navy will, through thorough investigation, establish the actual future requirements for technical and functional training in the SA Navy.
 - Web technology encompassing the human resources processes in the SA Navy, referred to as **dot Navy**, is being implemented and will lead to the improvement of data integrity on the PERSOL system.
 - Decommissioned Reserve Force units resulted in the utilisation of Reserve Force personnel in regular posts to cover vacant posts or situations where Regular Force members were on leave or sick. This new system will lead to increased productivity in the SA Navy.

All naval training units are in the process of being accredited as service providers according to SA Qualifications Authority standards. Tactical training simulators were introduced in FY2004/05 in the SA Navy for all Combat Officer Qualifying and Weapons

Engineering Officer courses at the Maritime Warfare Training Centre.

JOINT SUPPORT

4x4 Light Delivery Van Project. One hundred and ten 4 x 4 Troop Pack Light Delivery Vehicles and thirteen 4 x 4 Police vans were delivered during the reporting period. This resulted in a major improvement in operational serviceability and mobility leading to increased operational successes.

D-vehicle Maintenance and Repair Contracts. Contracts were negotiated with local suppliers in Burundi to alleviate problems regarding the maintenance of D-vehicles in the external environment.

Warrior Tents. The Joint Operations Division procured 60 Warrior tents of which 42 were delivered in the reporting period. The commissioning of this tent system has improved the living conditions of the troops deployed internally.

Kitchen Containers. Two containers were procured for operational testing in the Democratic Republic of Congo. These electric powered kitchen containers will replace the old 250-man gas operated cookers. These containers have the capacity to serve 400 persons with warm meals. The kitchen containers project will be expanded to include refrigeration containers and ablution facilities.

Protective Clothing. Protective clothing (thermal gloves and socks) was procured for the members deployed along the Lesotho Border. This mission unique uniform will improve the comfort of the members in the severe climatic conditions and therefore their productivity.

Planning and Costing Enabler. An activity based planning and costing enabler prototype was developed by the Command and Management Information Systems Division. The enabler has the ability not only to ease the planning and budgeting process, but also to enable more accurate costing of activities to be made and to obtain relevant management information for quick decision-making purposes. This enabler will be further developed by the Command and Management Information Systems Division as a DOD planning and budgeting solution.

Vehicle Upgrades. The project to upgrade the Command and Management Information Systems Division's vehicles, especially the Casspir range, has commenced during the reporting period and certain final products have been delivered. The project will improve command and management information-related service delivery to the DOD.

Reserve Force Capability. The establishment of new

Command and Management Information Systems Division Reserve Force structures throughout the RSA will increase the secondary capability of the Command and Management Information Systems Division in that Reserve capabilities will be readily available to the DOD in future.

International Benchmarking. Members of the Command and Management Information Systems Division (Operations Formation) participated in Exercise COMBINED ENDEAVOUR to enhance the DOD interoperability with other defence forces. This will enhance the Command and Management Information Systems Division's capability as far as international joint operations / exercises in future are concerned. This initiative will also position the DOD to compete with other defence forces, although the DOD is still technologically disadvantaged compared to the rest of the world.

Defence Intelligence Diplomacy Trade Education Training Authority Accreditation. The accreditation of the School of Signals to the Defence Intelligence Diplomacy Trade Education Training Authority has enhanced the level of training in that the Command and Management Information Systems Division has to comply with minimum standards. This enables the DOD to present quality training and thus enhance human competencies.

Improvement of Library Services. The "Business Excellence Model" was implemented in the DOD libraries to improve service delivery to clients. Although the outcome is not visible yet, it is expected that this intervention will contribute to more effective library services in future.

Optimisation of Command and Management Information Services. Service delivery improved visibly at the 18 Regional Service Centres through the implementation of better management practices with respect to "routine activities" as well as the implementation of fault reporting procedures through the information technology based "call desk" system.

Telephone Management System. The implementation of the new Telephone Management System in the DOD was aimed at reducing the DOD's overspending on its telephone call costs budget. It is expected that the DOD will drastically reduce its spending on telephone call costs. Projections have already indicated a saving on the DOD's telephone account as well as better management information and consequently better control over the use of telephones in the DOD.

Fire and Rescue Services. An investigation is under way into the alignment of Fire and Rescue Services

appendix B

in the DOD in terms of national legislation and best practices.

Toll Roads. The gaining of free passage to toll roads as prescribed by the Defence Act through the use of a toll card in the place of the present toll exemption form is needed. This will scale down on printing / reproduction of toll road forms in the DOD.

National Department of Transport System. The implementation of the National Department of Transport System is under way in the DOD to align the current user requirement system with the National Department of Transport System.

Restructuring of 93 Ammunition Depot. A demilitarisation plant in the short to medium term to process all redundant / obsolete "B/C/D" ammunition in nine years will be established.

Trading Facility. A trading facility will be provided for the DOD community. Currently the retail service delivery is not adequate regarding range, availability, pricing, sizes, quality and shop environment.

4th Line Warehousing Service. An improved 4th line warehousing service for the DOD to promote a well-defined and effective store management environment has been implemented. This will promote quicker turnaround times on issues and receipts.

Human Resources Support Centre Command and Control. The restructuring of the Human Resource Support Centre Satellites to become Human Resource Support units has permitted service points and support sections to be placed at Force Structure Elements to allow a one-stop service to improve service delivery.

Deliberate Crime Prevention Operation. The Northern and Central Military Police Regions established temporary task teams that were involved in a deliberate crime prevention operation in the Tshwane area and considerable successes were achieved.

Electronic Crime Administration System. This system has been successfully implemented in all Military Police regions with the exception of a few areas where the Local Area Network is still a challenge. The system is already contributing to an improvement in service delivery by the Military Police Agency as it provides a direct linkage to the SA Police Service on crime issues by improving the circulation of information on stolen vehicles, DOD property and improving planning against crime.

Military Police Agency Interim Section. The Military Police Agency established an interim section at Air Force Base Waterkloof Movements to address the increased requirement of searching aircraft leaving and arriving from Burundi and the Democratic Republic of the Congo. Non-staffed members of 13 Provost Company perform the tasks.



PART 4: MANAGEMENT REPORT

DEPARTMENT OF DEFENCE

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2005.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the year under review, four scheduled and one special meeting was held.

Currently two independent Audit Committee members are still being vetted for security clearance purposes and therefore the Audit Committee's evaluation of the Financial Statements were not properly constituted.

Names of External Members

Dr L Konar (Chairperson)

Ms J John

Mr D S Molapo

Mr R K Pule

Mr K A Ross

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising

from section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

The Audit Committee is of the opinion, based on the information and explanations given by management and the internal auditors and discussions with the independent external auditors on the result of their audits the status in addressing the matters raised by SCOPA, that the internal accounting controls are operating, though they need strengthening and improvement to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the Audit Committee other than the matters referred to in the Auditor-General's report to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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DEFENCE

The quality of in year management and monthly reports submitted in terms of the Act and the Division of Revenue Act

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review. However, it was noted that certain weaknesses were identified by the Internal Auditors and are being addressed by management.

Internal Audit

The Internal Audit Function is conducted internally. The internal audits for the first year of the rolling three-year strategic internal audit plan have commenced, and many have been completed, with others in progress.

The Department undertook a comprehensive risk assessment exercise during the 2004/05 financial year. An established Risk Management Committee assists in overseeing the quality, integrity and reliability of the Department's corporate accountability and associated risk management and reporting.

Evaluation of Financial Statements

The Audit Committee has:

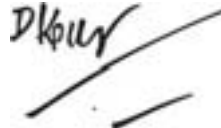
- Reviewed and discussed with the Auditor-

General and the Accounting Officer the audited Annual Financial Statements to be included in the Annual Report;

- Reviewed the Auditor-General's audit report, management letter and management response;
- Reviewed the accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Chairperson of the Audit Committee



Dr Len Konar

Pretoria

13 June 2005





DEPARTMENT OF DEFENCE VOTE 22

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

I. General review of the state of financial affairs

1.1 Strategic Decisions

1.1.1 In pursuit of affordability and sustainability of the Department of Defence, Defence's top structure met in Parys, Free State in March 2004, where strategic decisions (popularly known as the Parys Resolutions) were taken. These resolutions were presented and subsequently approved by the Minister of Defence. Some resolutions are in the process of being implemented whilst various studies are still underway to explore the best possible way to implement the others. The resolutions are as follow:

- Revision of the Defence White Paper of 1996.
- Revision of the Defence Review of 1998.
- Revision and enhancement of Defence's vision. (The mission of Defence was confirmed and remains unchanged).
- Revisiting optimal efficiency

and effectiveness, including appropriate capacity for the Secretary for Defence and the Chief of the SANDF.

- Identification of strategic gaps and development of a Concept of Operations and a Concept of Support.
- Improvement of Defence's public image.
- Investigation of the utilisation of the Balanced Scoreboard approach as a performance measurement tool, in conjunction with the SA Excellence Model.

1.2 Strategic Issues

1.2.1 The following strategic issues for Defence were either confirmed or identified during the reporting period:

- *Information Communication Systems Support.* Defence requires an optimised Defence Information Infrastructure to support Defence Administration and the Military Command and Control capability.
- *Rightsizing of Defence.* The present human resource component is neither affordable nor is it supporting the Military Strategy and Force Employment Plan, thereby

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DEPARTMENT:
DEFENCE

DEPARTMENT OF DEFENCE VOTE 22

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

- threatening operational readiness, morale and fair labour practices.
- *Defence Infrastructure.* The lack of resources is resulting in the deterioration of the condition of Defence's facilities and the slow disposal of redundant equipment and munitions are negatively affecting operational readiness, morale, occupational health and safety and working conditions.
 - *Defence Act.* The General Regulations (including the state of Mobilisation Regulations) for Defence should be revised in order to be aligned and implemented with the Defence Act, Act 42 of 2002.
 - *Alignment of Core and Support Processes with PFMA imperatives.* Defence's core management processes (Strategic Direction Process, Force Employment Process, Force Preparation Process) in conjunction with support management processes (Logistic, Human Resources, Financial, Defence Intelligence, Command Management Information, Corporate Communication etc.) are not fully developed, integrated and institutionalised to be functionally aligned, harmonised and implemented according to PFMA imperatives.
 - *Defence Reserves.* The role which the reserves must play in the provision of affordable defence capabilities has not been properly operationalised in the force design and structure or in force development plans.
 - *White Paper on Defence and Defence Review.* Certain important aspects of policy in the White Paper on Defence and the Defence Review are currently reviewed to be aligned with developments in, and the requirements of, the strategic environment. Defence funding within the Medium Term Expenditure Framework is also not aligned with Defence Policy.
 - *Collective Continental/Regional Security Management.* The absence of a Defence strategy for collective security management with continental and regional counterparts contributes to conflicting approaches detrimental to the security interests of South Africa.
 - *Crime in Defence.* The current strategy for the management of the high levels of criminality is being implemented to the lowest possible level throughout Defence.
- 1.3 Defence Vote: Rm 20 257,326 (Appropriation Act, 2004)**
- 1.3.1 The Vote increased by Rm 207,248 (1,03%) from the previous year and amounted to 1,52% of South Africa's gross domestic product and 5,44% of government expenditure. Both percentages are lower than those of the previous year. The reason for the relatively small increase in the overall budget was the nominal year-on-year decrease of Rm 387,168 in the provision for the Strategic Defence Procurement Programme.
- 1.3.2 Baseline increases to the Vote included an additional Rm 500,000 for continued peace support operations in Africa and Rm 200,000 for the completion of the Rooivalk Combat Support Helicopter Programme.
- 1.3.3 In terms of main programmes, the Special Defence Account (39,1%) and Landward Defence (16,4%) remain the two largest main programmes within the Vote. The increase of 3,8% in the Landward Defence programme from the previous year is mainly due to the provision for improvements in conditions of service, while the decrease of 1,2% in the Special Defence Account is due to the decrease in the provision for the Strategic Defence Procurement Programme as mentioned in par 1.3.1 above. On 1 April 2004 the estimated cost for the Strategic Defence Procurement Programme amounted to Rb 48,744 compared to Rb 52,944 on 1 April 2003. This reduced requirement is the direct result of the revised valuation of the Rand against major currencies over the remainder of the Programme.
- 1.3.4 In terms of economic classification, the largest provisions were for transfers to departmental agencies and accounts (Special Defence Account) (40,5%) and compensation of employees (38,4%). Single large items provided for were computer services (Rm 395,6), Armscor transfer payment (Rm 286,6), rations (Rm 250,9), fuel (Rm 232,1), special daily allowances for foreign operations (Rm 191,8) and medical supplies (Rm 177,9).
- 1.4 Defence Adjustment Vote: Rm 845,507 decrease (Adjustment Appropriation Act, 2004)**

DEPARTMENT OF DEFENCE VOTE 22

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

1.4.1 The Vote decreased with the net effect of the under-mentioned adjustments.

1.4.1.1 The approval of roll-overs from the financial year 2003/2004 on the Command and Control Programme to cover the operational costs of the emergency humanitarian assistance to Madagascar - increase of Rm 10,887.

1.4.1.2 The reallocation of the revenue generated from the sale of equipment initially procured from the General Defence Account (Rm 22,214) and the Special Defence Account (Rm 121,392) respectively - increase of Rm 143,606.

1.4.1.3 A saving of Rm 1 000,000 in the Strategic Defence Procurement Programme as a result of a favourable rate of exchange, unspent funds from previous years and delays in delivery schedules - decrease of Rm 1 000,000.

1.5 Adjusted Defence Vote: Rm 19 411,819

1.6 Expenditure

1.6.1 The total expenditure of the Vote amounted to Rm 19 410,812 resulting in an insignificant under expenditure of Rm 1,007. Of the unspent funds, Rm 0,598 was in respect of unspent transfer payments and earmarked funds.

1.7 Spending Trend

1.7.1 Defence again managed expenditure to an immaterial unspent 0,01% of the allocation. This is similar to the trend achieved over the previous five financial years with the exception of the unavoidable over expenditure of the 2003/2004

financial year. The trend is indicated in Table 13.1.

2. Services rendered by Defence

2.1 The services rendered by Defence are detailed in Chapter 2 of the Annual Report.

2.2 Tariffs Policy

2.2.1 Defence commands unique capabilities in respect of manpower, equipment and expertise. Defence is thus frequently requested to perform services that cannot be performed by any other private and/or public sector organisation. The recipients of these services are in many cases responsible to reimburse Defence or the State. Tariffs are levied, when appropriate, to ensure that the services/tasks are not provided to the detriment of Defence and revenue is collected when due.



2.2.2 Tariffs are established for all such services provided. National Treasury approves tariff structures whilst the Secretary for Defence approves tariffs determined accordingly by the Service or Division providing services. These tariffs are required to be revised and approved annually. Defence is still unable to annually revise these tariffs due to the diversity and volume. Defence requested National Treasury to approve an extension to restructure the current tariff structures for implementation in the financial year 2006/2007, which will be applicable to both public and private sector clients. The current interim tariff structure as approved by National Treasury will be applicable until the approval and implementation of the new tariff structure.

Table 13.1 Spending for the Department in comparison with the previous two financial years

Financial year	2002/2003 Rm	2003/2004 Rm	2004/2005 Rm
Vote	18 844,734	19 800,004	19 411,819
Expenditure	18 835,801	19 825,984	19 410,812
Amount surrendered (over spent)	8,933	(25,980)	1,007
Amount surrendered (over spent) as percentage of Vote	0,05%	(0,13%)	0,01%

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

2.3 Free Services

2.3.1 Free services to the amount of Rm 0,028 were provided mainly for harbour and transport services for visiting foreign ships and foreign dignitaries.

2.4 Inventory

2.4.1 Defence manages its inventory according to the North Atlantic Treaty Organisation (NATO) prescriptions and not according to the Standard Chart of Accounts (SCOA) due to the fact that commonality between other Defence Forces is required during the execution and support of joint operations. SCOA classifications are dissimilar to the classifications used by NATO. Defence was therefore only capable of submitting inventories on hand for this reporting period in the NATO format.

2.4.2 Inventories on hand at year end at latest purchase price were as follows:

● Equipment	Rm 5 069,583
● Specialised Military Equipment	Rm 10 335,905
● Total Inventory	Rm 15 405,489

2.4.3 In order to be able to report in the SCOA format, Defence has created a conversion table to bridge the difference between the two formats. Due to the complexity of both formats, the present version, for logistic purposes, was found not to be sufficiently accurate to use for reporting purposes. With this in mind the conversion table is continually being upgraded and updated in order to meet the reporting requirements as soon as possible. The vast inventory and asset volumes held by Defence however will make it difficult to be able to report according to the SCOA before approximately 2007. Therefore until the conversion table is of an acceptable standard for all items, Defence will have to continue to report in the NATO format.

2.4.4 Added measures have been taken by Defence to ensure compliance with the required format by sending members on SCOA and SAIGA courses to broaden their knowledge base of the require-

ment. Additional to this, members of the DOD are also serving on the Accounting Standards Board Asset Management Sub-committee, ensuring an excellent understanding of the proposed accounting standards and reporting requirements.

3. Capacity constraints

3.1 With Defence being actively engaged in Peace Support Operations and internal deployments, as well as given the need to contribute to NEPAD, initiatives such as the African Standby Force (Southern Africa Brigade), the need for the rejuvenation of the SANDF is reflected as one of the Minister of Defence's priorities in Defence's Strategic Business Plan and forms one of the desired end states of the Human Resource Strategy 2010. Progress is already being made through new intakes in the SANDF's Military Skills Development System.

3.2 There is a lack of capacity and resources to specifically expand the recruitment of young members at a more vigorous pace in the SA Army and in other major landward force contributions such as the Military Police Agency, Logistic Division and the Command and Management Information Systems Division.

3.3 This requires the supply of sufficient numbers of young members to the Regular Force and the Conventional Reserve Force and holds operational implications for the effective force employment of the SANDF. Due to budget and force structure constraints, intakes cannot just be expanded without also ensuring an appropriate outflow of members with specific reference to members who are no longer optimally utilisable and who cannot be accommodated in alternative posts.

3.4 By increasing Military Skills Development System intakes and not ensuring an appropriate outflow, Defence's human resource numbers will increase beyond sustainability thereby exceeding the 1998 Defence Review guideline of a 70 000 full time component, including Public Service Act personnel. It will also contribute to a significant increase in human resource expenditure,

DEPARTMENT OF DEFENCE VOTE 22

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

eventually causing the strangulation of the Defence Function due to the responding depletion of the operating budget within the constraint of a fixed budget allocation.

- 3.5 In 2001, Defence launched its Youth Foundation Training Programme as an initiative to grant black learners the opportunity to improve their matric results in subjects such as mathematics, science and accounting, with the view of appointing them in the scarce combat, technical and professional occupational classes in Defence, for example pilots, naval combat officers, finance functionaries and medical professionals. Through this programme strides are made in resolving the representivity imbalance at entry level in Defence's highly specialised occupational classes although it will take time by utilising this mechanism alone.

4. Utilisation of donor funds

- 4.1 International donor funds for peace support operations are deposited into the Reconstruction and Development Programme (RDP) Fund and not received by Defence. For the period under review the Kingdom of Belgium donated Rm 3,922 to the Political Leader Protection Mission in Burundi. The expenditure for the mission was funded from the appropriation and the donation retained in the RDP Fund. The revenue and expenditure is contained in the Burundi Peace Mission as a subset of the Force Employment Programme and can be summarised as follow:

4.1.1 Revenue

Received from the Kingdom of Belgium	Rm 3,923
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Funded from the National Revenue Fund	Rm 377,713
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Total revenue	<u>Rm 381,636</u>
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4.1.2 Expenditure

Personnel related costs	Rm 248,764
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Consumables	Rm 36,780
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Equipment	Rm 10,898
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Maintenance and services	Rm 85,194
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Total expenditure	<u>Rm 381,636</u>
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- 4.2 Participation in Peace Support Missions mandated by the United Nations and the African Union yielded reimbursements in accordance with the Memoranda of Understanding. The reimbursements received were deposited directly into the National Revenue Fund and are included in the amount recognised in note 2 to the Financial Statements under Departmental Revenue (Sales of goods and services other than capital assets).

4.2.1 Received from the United Nations for:

Peace mission in the Democratic Republic of the Congo	Rm 100,316
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Peace mission in Burundi	Rm 12,907
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Various Military Observer missions	Rm 0,587
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4.2.2 Received from the African Union for:

Peace mission in Burundi	Rm 58,248
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- 4.2.3 Defence received an amount of Rm 2,803 from the United Nations in respect of members who died whilst deployed on peace support and observer missions in Africa. The money received was paid directly into the estates of the deceased members.

- 4.3 Defence received the under-mentioned foreign aid assistance in kind during the reporting period (Details of donations are disclosed in note 3.1 to the Financial Statements).

- 4.3.1 From the Government of the United States of America to the value of Rm 2,529.

- 4.3.2 From the Government of the People's Republic of China to the value of Rm 0,692.

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

- 4.3.3 From the Government of the Federal Republic of Germany to the value of Rm 7,870.
- 4.3.4 From the Government of the United Kingdom of Great Britain to the value of Rm 1,700.

5. Public entities

- 5.1 The Castle Control Board and the Armament Corporation of South Africa (Armcor) are reported as public entities under the ownership control of the Minister of Defence in Annexure 2A to the Financial Statements. A Board of Directors reporting to the Minister of Defence controls each public entity. The transfer payment to Armcor is included in the table for transfer

payments (par 6) and no transfer payment was made to the Castle Control Board. The Minister of Defence has requested that the management of the Castle of Good Hope be transferred from Defence to the Department of Arts and Culture with a corresponding change in the management and control arrangements of the Castle. A fixed target date for this transfer has not yet been determined.

6. Organisations to which transfer payments have been made

- 6.1 Transfer payments were made to the following organisations:


Table 13.2 Transfer payments were made to the following organisations

Transferee	Reason for Payment	Accountability Arrangements	Voted 2004/2005 Rm	Expenditure 2004/2005 Rm
Armaments Corporation of South Africa Ltd (Armcor)	To subsidise Armcor in their mission to meet the acquisition, maintenance and disposal needs of the Department of Defence and other clients in terms of defence matériel, related products and services.	Armcor is a Schedule 2 Public Entity managed by a Board of Directors appointed by the Minister of Defence. The Accounting Officer of the Department serves on this Board. Armcor annually submits a business plan and an estimate of expenditure, which is motivated by the General Manager Finance and Administration of Armcor, to the Department's Programme and Budget Evaluation Committee before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2003/2004 were submitted according to payment conditions.	284,098	284,098
St Johns Ambulance Brigade	To subsidise ambulance services in South Africa and especially the use of such services by the Military Health Service.	Audited financial statements for the financial year 2003/2004 were submitted according to payment conditions.	0,040	0,039
SA First-Aid League	To subsidise first aid services and training in South Africa and especially the use of such services and training opportunities by the Military Health Service.	Audited financial statements were not submitted for the financial year 2003/2004, consequently payment was withheld.	0,035	-
Medical Fund	To subsidise the Medical Fund B for Force members who retired before 1964.	Audited financial statements for the financial year 2003/2004 were submitted according to payment conditions.	0,275	0,245

chapter 13

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<i>Transferee</i>	<i>Reason for Payment</i>	<i>Accountability Arrangements</i>	<i>Voted 2004/2005 Rm</i>	<i>Expenditure 2004/2005 Rm</i>
Part Time Force Council	To subsidise the Part Time Force Council in its aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the Minister of Defence and the SA National Defence Force.	The Accounting Officer of the Department is represented in the National Council. The Council annually submits a business plan and an estimate of expenditure before such funds are included in the Departmental Vote. Audited financial statements for the financial year 2003/2004 were submitted according to payment conditions.	2,461	2,461
Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	To subsidise the administrative expenditure of the DIDTETA, which acts as the Sector Educational and Training Authority (SETA) for Defence in terms of the Skills Development Act, 1998.	Audited financial statements for the financial year 2003/2004 were submitted according to payment conditions. 	6,100	5,885
Special Defence Account	The acquisition of armament.	Under control of the Accounting Officer of the Department of Defence. Financial statements attached to this report.	7 045,000	7 045,000
Regional Service Councils	To honour the Department's obligation to Regional Services Councils in terms of the Regional Services Councils Act, 1985.	Payment takes place in terms of the relevant tariffs laid down by each Regional Services Council.	14,855	14,855
TOTAL			7 352,864	7 352,583

7. Public private partnerships (PPP)

7.1. Defence, in particular the South African Military Health Service, envisages to enter into a Public Private Partnership arrangement with private health care providers for the provision of health services - from primary to tertiary - for serving and retired members of the SANDF in eight key centres in South Africa. National Treasury Approval 1 for the feasibility study was granted in January 2005 and Defence aims to have the Public Private Partnership agreement signed during the latter part of 2005.

8. Corporate governance arrangements

8.1 Risk Management

8.1.1 The primary objective of Defence's Risk Management Strategy is to enable Management to identify and manage those risks that impact on the strategic objectives of Defence within the context of the Department's Strategic Plan. The enhancement of the risk management process is ongoing and will culminate in the finalisation of the Risk Management Strategy for Defence at the end of 2005.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005 (continued)

8.2 Fraud prevention

8.2.1 The Anti-fraud directorate is the main instrument in combating fraud and corruption. The anti-fraud strategy is based on the three main outcomes of the National Anti-Corruption Summit of 1999 i.e. the prevention and combating of corruption, building integrity as well as the raising of awareness. A strategy to advise, direct and guide members of Defence on their approach to the seriousness of fraud was introduced. The Fraud Prevention Plan fits into the context of global and national measures. Risk assessments are done on a continuous basis as a pro-active measure to create awareness by means of education and communication. Re-active measures are additionally instituted and maintained to detect and investigate fraud and corruption.

8.2.2 During the reporting period seventy-one fraud cases were reported, of which ten cases, to the value of approximately R 3 088 481, were completed and thirty cases referred to other institutions and divisions for investigation. Thirty-one cases are still under investigation by the Anti-fraud directorate.

8.3 Internal Audit and Audit Committee

8.3.1 A strategic three-year Internal Audit Plan, incorporating an annual Audit Plan for 2004/2005, was approved by the Audit Committee. A risk-based approach was followed to compile the plan and to align the priorities of the Internal Audit Function (Inspector-General) with the objectives and goals of Defence and its related strategic risks for the next three years. This is done to ensure that:

- Risks are appropriately identified and managed.
- Financial, managerial and operating information is accurate, reliable and timely.
- Employee's actions are in accordance with policies, standards, procedures and applicable law and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the organisation's control process, and

- Legislative or regulatory issues impacting on the operations of Defence are recognised and subsequently addressed.

8.3.2 The Inspector-General is independent and no limitation is placed on its access to information. The accountability and reporting structures of the Division are properly established and regular feedback is provided to the Audit Committee which acts as oversight committee in evaluating:

- Progress made with the execution of the Internal Audit Review in terms of the approved Internal Audit Plan as well as
- The effectiveness of Force Structure Elements.

8.3.3 Some initiatives in the Inspector-General environment that have enhanced the output of the division are:

- The implementation of the Enterprise Risk Management Framework.
- The implementation of the Combat Readiness Effectiveness Model, and
- The improvement of staff competencies

8.4 Management Bodies

8.4.1 The Minister of Defence directs and controls the Defence functions through the Council of Defence. The Secretary for Defence and the Chief of the National Defence Force implements ministerial directives through the Defence Staff Council. Various subordinate boards and committees serve these councils. A formal strategic direction and control process is followed to promote managerial effectiveness and articulate competing interests.

8.5 Codes of Conduct

8.5.1 Defence officials undertake to obey the relevant military or civilian Code of Conduct by signature. A campaign to publicise the required behavioural norms and standards is conducted throughout the financial year. Misconduct is vigorously investigated and prosecuted in accordance with the relevant disciplinary procedures as prescribed.

8.6 Occupational Health and Safety (OHS)

8.6.1 The Surgeon General is the delegated authority to

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

direct and monitor occupational health and safety in Defence. This function is executed in conjunction with all Defence services and divisions. Occupational health and safety policies are implemented to direct the provision and maintenance of working environments that are safe and without risk to Defence officials. Non-compliance with governance is vigorously investigated in conjunction with the inspectorate of the Department of Labour to enforce corrective actions. All corrective actions must be reasonably practical to eliminate or mitigate hazards and risks before resorting to personal protective equipment. Health assessments and occupational hygiene surveys contribute to the enhancement of operational readiness within Defence and support the compensation process for occupational injuries and diseases. Current challenges include OHS awareness training at all levels and the management of non-compliance with the Facilities Regulations and Ammunition and Explosives Regulations of the OHS Act No 85 of 1993. The suitable rehabilitation of Defence facilities in compliance with the OHS Act is severely restricted due to the funding constraints experienced by the Department of Public Works.

8.7 Environmental Matters

8.7.1 Increasing national as well as international pressure to achieve and maintain certain standards with respect to human and environmental well-being has a vast influence on the performance of Defence. Environmental legislation is promulgated regularly resulting in definite issues facing Defence in terms of environmental matters. Examples of these issues are:

- Demolishing old buildings initially furnished with asbestos for isolation purposes poses an environmental health threat to personnel and communities in its direct vicinity. Buildings that are sealed off are only a temporary measure awaiting adequate funding for the rehabilitation thereof before demolition can take place in co-operation with the Department of Public Works.
- With Defence property being classified for military land use, new developments or activities, according to legislation, do not require the preparation of an environmental impact analysis (EIA) as no change of land use exists.

Therefore EIA's are largely ignored on Defence property which can result in a legal risk where new activities have a different impact on the environment and neighbouring communities, for example the re-classification of shooting ranges and training areas to demolition ranges (Touws River).

- The methods of disposal of game practised by Defence is viewed by the public and legislative bodies for example the National Society for the Prevention of Cruelty to Animals (NSPCA), with renewed interest resulting in veld and game management once again becoming a specialised field within Defence. In-post training is currently taking place to re-evaluate and improve own capabilities in terms of game capture and relocation within the parameters of legislation.



8.7.2 Defence regards the integration of environmental considerations in all planning processes as a high priority and the implementation of environmental policing (ECOPS) during joint military exercises has now delivered valuable information with respect to gaps in basic training. These inputs can add to training and sustainable management of training areas.

8.7.3 To ensure environmental compliance, training has taken place over a broad spectrum in Defence with respect to the Environmental Management System (EMS) and International Standard (ISO) 14001. Successful implementation of the EMS on military bases and training areas require commitment from all divisions of Defence to ensure continuous improvement with the establishment of a Defence Environmental Management System as end result.

9. Discontinued activities/activities to be discontinued

9.1 Discontinued activities and activities to be discontinued are described in Chapter 2 of the Annual Report.

10. New and proposed activities

10.1 New and proposed activities are described in

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005 (continued)

Chapter 2 of the Annual Report.

11. Performance information

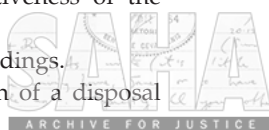
- 11.1 Performance information is prehensively reported in Chapter 5 to 12 in the Annual Report.

12. SCOPA resolutions

- 12.1 In terms of the Specimen Financial Statements it is required from Defence to report on SCOPA resolutions in the Report of the Accounting Officer. However, formal SCOPA resolutions are not yet available.

- 12.2 Questions on the following matters, posed by SCOPA, have been investigated and responded to:

- Information on the cost effectiveness of the Rooivalk attack helicopter.
- Asset register on Land and Buildings.
- Time frames on the completion of a disposal process for unwanted land.
- A report on land already distributed to claimants.



- 13.2 The principal activity of the third phase has been the endeavour to procure an integrated financial management information system to improve financial information for decision-making as well as to secure compliance with emergent accounting practices and standards. The Defence GRAP project, reported on in the financial year 2003/2004, has been put on hold on request by the National Treasury in support of its Integrated Financial Management System (IFMS) initiative. The information provided through the Defence GRAP project has been most beneficial for the development of accounting standards and the specifying of requirements for the IFMS. Defence will not be able to achieve unqualified financial statements, unless exemptions are authorised, until such time as the IFMS has been developed and implemented in the Department. (Certain deviations have been approved by the National Treasury for the financial year 2004/2005 and applied in the Financial Statements to this report).

- 13.3 The Financial Management Division was able to successfully provide financial management services to its clients according to its strategic business plan, service delivery charter and related service agreements.

13 Progress with financial management improvement

- 13.1 Defence has entered the third phase of a long-term strategy to substantially improve the financial management of the Department. The Finance Management Division has been re-engineered for cost-effective service delivery as a first phase and the public finance regulatory framework implemented in the finance function within the constraints of the existing legacy information systems as a second phase. The current phase consists of broadening the scope of implementation of the public financial management framework to other functions affected by public financial management such as personnel, matériel and information management. The initiatives include ensuring promulgation of legally enforceable instructions, and integrated financial management information system supporting generally recognised accounting practices and related standards, building of departmental capacity and reinforcing accountability arrangements.

- 13.4 The migration from a cash basis of accounting to an accrual basis of accounting as initiated by the National Treasury poses a serious challenge to the Department to comply with the emergent practices and reporting as prescribed, given the current state of the related supporting information systems and organisational capacity. Defence is, however, still committed to active participation in National Treasury's financial management improvement initiatives (Financial Management Improvement Programme) and has during the reporting period provided extensive inputs on the development of a User Requirement Statement for the Integrated Financial Management System and actively participated in workshops of the Accounting Standards Board.

- 13.5 An undertaking was given to the Standing Committee on Public Accounts that Defence will

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REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2005 (continued)

migrate its four logistic accounting systems to a single system thereby enhancing the control and administration of assets in general. This will also contribute to a more effective and efficient migration of logistic management to the Integrated Financial Management System. The envisaged single logistic system will improve Defence's ability to meet accrual reporting.

- 13.6 Defence is currently reconsidering its structural arrangements regarding the financial management function and the utilisation of the Chief Financial Officer in the improvement of accountability and sound management of revenue, expenditure, assets and liabilities. Developments in this regard will be covered in the next reporting period.

Approval

The Annual Financial Statements set out on pages 179 to 244 have been approved by the Accounting Officer.



(J.B. Masilela)
Secretary for Defence: Director General

Pretoria

Date: 31 May 2005







PART 5: AUDITOR-GENERAL'S REPORT ON DOD FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 22 - DEPARTMENT OF DEFENCE FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 179 to 232, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 12 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

Except as discussed in paragraph 5.8(b) the audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Departmental revenue

As disclosed in note 2 to the statement of financial performance, departmental revenue generated for the financial year under review amounted to R172 291 000

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(excluding R121 392 000 Special Defence Account revenue and R172 059 000 reimbursements in respect of foreign operations) compared with R266 342 000 (excluding R202 111 000 Special Defence Account revenue) of the previous year. Due to insufficient independent management reconciliations/reviews and non-compliance with policies and procedures, I could not obtain sufficient appropriate evidence to satisfy myself as to the completeness of departmental revenue.

3.2 Receivables: note 13

The validity and accuracy of the amount disclosed in Receivables: note 13 could not be confirmed as the original amounts of debtors were amended when the new FMS: Debtors subsystem was implemented. The audit furthermore revealed significant weaknesses in internal controls over the management of receivables. This can mainly be ascribed to the lack of independent reconciliations and review and follow-up of receivables. The department is in the process of addressing a system error and the adjustments will be audited during the next audit cycle.

3.3 Irregularities and losses: note 6.3

With reference to paragraph 3.5 on page 144 of my previous report, the inconsistent application of policies and procedures continued to be problematic and resulted in the following internal control weaknesses:

- Not all losses and damages were reported to the finance division;
- The damage and loss registers at unit level were not updated regularly and numerous instances were found where cases had not been captured in the loss registers;
- Various files pertaining to losses could not be submitted for audit purposes;
- A board of inquiry was not always instituted as required in terms of the policy;
- Various cases were not finalised on time.

Consequently, I am unable to verify the accuracy and completeness of the amount of R48,7 million (2004: R18,5 million) for irregularities and losses, as disclosed in note 6.3 to the financial statements.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3 above, the financial statements fairly present, in

all material respects, the financial position of the Department of Defence at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Approved deviations from the prescribed accounting practice for the annual financial statements

The National Treasury granted the Department of Defence approval to deviate from the prescribed accounting practice for the annual financial statements for the 2004-05 financial year in respect of the following instances:

- *Accruals* - accruals only included goods and services received for which an invoice had been received but which remained unpaid at year-end. This resulted in an understatement of accruals according to the approved accounting policy of the National Treasury. Invoice receipt dates were used to populate the accruals as disclosed in note 22. Cut-off testing revealed that not all invoices received prior to year-end had been included in the disclosure. Accordingly the amount disclosed as accruals is understated by an unknown amount;
- *Physical asset movement schedule (Annexure 4)* - detail was limited to additions instead of also including disposals, transfers in, transfers out and closing balance;
- *Software and other intangible assets movement schedule (Annexure 5)* - detail was limited to additions instead of also including disposals, transfers in, transfers out and closing balance; and
- *Goods and services: note 5* which is, in terms of prescribed accounting practice, a current expenditure item, included capital expenditure in respect of machinery and equipment. This had the result that capital expenditure on machinery and equipment was not disclosed in Annexure 4 to the financial statements.

5.2 Management of inventories, machinery and equipment

- (a) Notwithstanding the responses received from cor-

porate management of the DOD, namely that policies would be revisited, guidance would be given to units and on-the-job training would take place to rectify the problems on hand, the audit conducted on the management of inventories, machinery and equipment still revealed the same weaknesses in internal controls as reported on in prior years. This matter can primarily be attributed to the fact that management policies and procedures were not adequately complied with. Furthermore, there appears to be a lack of supervision at operational and unit level. The following key findings need to be mentioned:

- Controls over the general administration of demands (request for the issuing of inventory, machinery and equipment) were found to be inadequate in that:
 - Proper registers were not kept or were incomplete.
 - Demands were not always signed by the appropriate delegated persons or signed at all for approval.
 - Demands were not properly filed and/or numbered.
 - Demands could not always be submitted for auditing.
- Registers for receipt and issue vouchers were not properly kept and in certain instances not kept at all. Consequently, not all issue and receipt vouchers could be submitted for auditing. Supporting documents were not always attached to the receipt and issue vouchers to substantiate the action. In numerous cases it was found that the responsible person did not sign the receipt voucher as proof of receipt of goods.
- In certain instances:
 - Inventory and equipment were not recorded completely and accurately, resulting in discrepancies between physical stock on hand and the asset register.
 - Receipts and issues were not captured on the system in a timely manner.
 - The storage facilities were found to be deficient in that inventory and assets were not stored under prescribed and ideal conditions. This could result in the deterioration of assets and the state could incur material losses.
 - The prescribed handing and taking-over certificates were not completed during the change of responsibilities.
- In numerous instances no segregation of duties existed.

(b) An evaluation of the stocktaking certificates revealed that fifty-one out of a total of three hundred and twenty-six units had failed to submit stocktaking certificates on or before 31 March 2005. Of these fifty-one units, four units had applied for and were granted exemption while twenty-six units did not apply for exemption for non-submission of stocktaking certificates. Ten units had not submitted stocktaking certificates due to closure and eleven units were late in submitting their certificates.

(c) In numerous instances - discrepancy vouchers (indicating the required adjustments to stock in respect of differences between actual stock on hand and recorded stock) were still not approved for the 2004-05 financial year.

(d) Following up on the commitments made by the Standing Committee on Public Accounts (SCOPA), during the hearing held on 5 March 2003 regarding the corrective measures in respect of excessive stock, I noted that although the disposal plans of excessive stock were regularly monitored, not all the plans were on schedule. This can mainly be attributed to:

- Lack of technical staff to determine the status of the specialised items (serviceable/ unserviceable);
- Stock discrepancies at the main depot which should be resolved prior to disposal;
- Lack of capacity to identify and administer excessive stock on system management level;
- Integrity of data and wrong description of items on the system;
- Long lead times to finalise milestones; and
- Incompatibility between electronic stores administration systems ie the Operational Support Information System (OSIS) does not communicate with the Computer Aided Logistic Management Information System (CALMIS).

(e) Internal controls over the security and general administration of vehicles, weapons and ammunition were found to be deficient. This can mainly be attributed to the fact that policies and procedures were not adequately applied and/or adhered to. The following key findings were noted:

Vehicles

- Unauthorised trips were undertaken;
- In general vehicles were not inspected for damage before and after each trip. This made it difficult to determine the responsibility for any

possible damage to the vehicles;

- The history files for the vehicles were found to be incomplete and in certain instances were not kept at all;
- Material differences existed between the physical number of vehicles on hand and those reflected in the stock ledger;
- Vehicles were allowed to deteriorate to such an extent that they were beyond economical repair. This was mainly as a result of irregular servicing and maintenance of vehicles;
- In certain cases where vehicles were sent for repairs, they were kept at the workshop for a considerable time and some of these vehicles were stripped of their parts, which caused further delays in the delivery of the vehicles to the original units.

Weapons and ammunition

- Differences existed between the physical numbers of weapons and ammunition on hand and those reflected on the system;
 - The firearm registers were not always reviewed and signed by the officers commanding as prescribed;
 - Many members were in possession of firearms whilst their firearm permits had already expired;
 - It was not always possible to verify ammunition consumption as user certificates could not be submitted for audit purposes;
 - In certain instances there was a lack of physical control measures over safeguarding of weapons and ammunition in that:
 - No control existed over the keys of the safe where weapons and ammunition were kept.
 - Private firearms were kept in the safe without the necessary approval.
 - Ammunition was found to be kept in an open store.
- (f) During the night of 12 June 2004 the administration building of the Army Support Base (ASB) Johannesburg burnt down. Various types of source documents such as duty sheets, demands, issue and receipt vouchers, documentation on damages and losses, disposal schedules and firearm permits were also destroyed in the fire and could therefore not be submitted for audit purposes. This resulted in the required audit procedures not being performed at ASB Johannesburg on the aforementioned documentation for a period of two and a half months. An investigation was instituted by

the department to determine the cause of the fire. At the time of compiling my report the investigation had not been finalised.

- (g) Notwithstanding the assurance given by management that structures were put in place to rectify the deviations reported on in the previous report in respect of the five foreign operations, the same control weaknesses as indicated below were identified:
- Controls over the raising of demands were weak (goods and services);
 - It was noted that one person was responsible for authorising, checking and approving transactions. There was therefore, no segregation of duties, which exposed the DOD to an unacceptable level of risk;
 - Registers for receipt and issue vouchers were not properly maintained;
 - Inventory and equipment were not recorded completely and accurately.

At the time of the audit there was a backlog of issue and receipt vouchers that had not yet been captured. This resulted in discrepancies between the physical stock transferred and the asset records.

- Inventory and assets were sent to and from operations without formal supporting documentation, resulting in internal control weaknesses over the management of assets;
- As a result of the lack of controls and proper documentation, certain inventory and assets were shipped to wrong destinations or operations;
- Many cases of theft occurred due to poor security.

As mentioned in the previous year, these shortcomings can, in the main, be ascribed to the lack of an appropriately documented and approved policy and procedure framework for asset management, specifically relating to foreign military operations.

5.3 Land and buildings

With reference to paragraph 5.2 on page 146 of my previous report the audit conducted on land and buildings revealed the following:

- (a) There was uncertainty over the completeness and accuracy of the DOD's facility register (FR) system. No reconciliation with the asset register of the

Department of Public Works could be performed due to the incompatibility of the two systems.

- (b) Buildings and houses continued to deteriorate rapidly. This can mainly be attributed to a lack of funds and ineffective controls over repairs and maintenance.
- (c) Buildings and houses considered uninhabitable remained occupied. This posed a major health and safety risk, which could result in the DOD becoming liable to third parties.
- (d) At certain of the units, the following deficiencies with regard to supporting documentation were found:
 - Occupational agreements were incomplete or not available;
 - Documentation for structural changes to buildings could not be submitted;
 - Contracts for subleases to third parties could not be submitted;
 - Inventory checklists were not completed and/or filed;
 - Unutilised space schedules were not completed;
 - Lists of facilities at audit locations could not be provided;
 - In certain instances the FR system contained references to buildings that did not physically exist;
 - Buildings were disposed of without handing-over certificates being completed;
 - No authorisations by the Department of Public Works were available for newly constructed buildings.

5.4 Gifts, donations and sponsorships

With reference to paragraph 5.3 on page 146 of my previous report the completeness of gifts, donations and sponsorships made and received in kind, as disclosed in Annexure 1 D and 1 E of the annual financial statements, could again not be verified.

The above could mainly be attributed to the fact that the policies and procedures pertaining to these items were not followed adequately.

5.5 Personnel expenditure

- (a) *Leave credits and leave administration:* The internal controls in respect of the leave administration sys-

tem are still considered to be inadequate. The following audit findings need to be mentioned:

- The conversion of leave credits from calendar days to working days on the PERSOL system for SANDF members will only be amended during the 2005-06 financial year;
- Leave application forms were not captured on the computerised leave system on time and were not filed regularly in the leave files of members. Section heads did not in all cases approve leave;
- Parade registers were not completed daily, approved as prescribed and/or reconciled with the leave system;
- Some leave files as well as supporting documentation such as medical certificates and leave cancellation requests could not be submitted;
- Leave registers were not kept as prescribed;
- Leave days as recorded on the PERSOL system did not always agree with the leave registers;
- The above-mentioned inefficiencies surrounding the administration of leave impacted on the correctness of the following amounts as reflected in the financial statements, as the number of leave days was used in the calculation of the amounts:
 - Note 4.1: Compensation/circumstantial (leave gratuities) - R0,5m
 - Note 23: Employee benefits - Leave entitlement - R0,4m
 - Note 20: Contingent liabilities - Capped leave commitments - R1.1m

- (b) *Commuted overtime:* The audit conducted on commuted overtime again revealed certain weaknesses in the internal controls which can be attributed to the fact that management policies and procedures were not followed or were not adequate to address all weaknesses in the system. The following matters need to be mentioned:

- Supporting documentation such as attendance registers and duty lists were not on files;
- It was a general observation that overtime had not been correctly recorded in the attendance registers of members and that the split between normal hours and overtime hours was not shown on the attendance registers.

- (c) *Employment Equity:* A comparison of actual strength per level to equity targets for the entire department indicated that the lower structure of the DOD is predominantly African, while senior

and middle management structure and professional staff are predominantly white.

- (d) *Unrealistic establishment*: The Human Resource Strategy 2010 states that a full-time human resource composition of 70 000 members (including SANDF and PSAP personnel) is considered to be a viable full-time component to support the force design and force structure as envisaged in the Defence Review.

Despite the above strategy there has been an increase of 1 056 employees from 75 913 in 2004 to 76 969 in the current year. Under the circumstances and based on the current approved posts of 95 088 and actual employees of 76 969, the achievement of the 2010 goal of 70 000 members does not appear to be realistic.

5.6 Operating lease: note 24

The completeness of the operating lease commitments as disclosed in note 24 to the annual financial statements could not be confirmed. This could mainly be attributed to insufficient reconciliation between the number of items currently leased and recorded by the department and that indicated by the suppliers. From a cost and time perspective I considered it impractical to perform any further procedures in this regard.

5.7 Foreign aid received in kind

With reference to paragraph 5.5 on page 146 of my previous report, there is still no system for the recording and collation of foreign aid received in kind. Consequently, the completeness and accuracy of note 3 to the annual financial statements could not be confirmed.

5.8 National Conventional Arms Control Committee (NCACC)

- (a) *Statutory mandate* - The NCACC was instituted in terms of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) (NCAC Act) to have control over arms development, production and transfer.

I have not performed compliance procedures in the following areas during this financial year mainly as a result of uncertainty with regard to my access to third party information:

- Validation of end-user certificates;
- Control evaluation at development and manufacturing companies; and

- Compliance visit reports, conclusions and recommendations.

I envisage reaching consensus with the committee during the next audit cycle.

- (b) *Audit findings* - The compliance audit for the financial year primarily revealed the same findings that were reported in the previous year in that:

- No constitution or any other formally approved policy was in place to regulate the functioning of the NCACC or the scrutiny committees, as well as the administrative function of the DCAC;
- The Inspectorate function for the NCACC, as required by section 9 of the National Conventional Arms Control Act, had not been established;
- The investigative report on the sale of small arms ammunition had been submitted to the NCACC, however, I was unable to obtain evidence that a decision had been reached whether or not to take action against the parties responsible for the initial sale of military small arms ammunition;
- The recommendation of the legal opinion regarding the delegations as reported in my previous report had not been implemented.

The Director of the Directorate Conventional Arms Control (DCAC) remained on suspension pending the outcome of a forensic investigation. At the time of compiling this report, I was awaiting further information from the Secretary for Defence regarding the impact this incident may have on the audit of the NCACC.

As a result of the above I was unable to complete the compliance audit as required by the NCAC Act, section 12 (2), section 4, section 14 and section 23, placing a limitation of scope on the audit, and my compliance audit responsibilities as envisaged by Parliament in terms of this act could not be executed.

5.9 Service Corps

With reference to table 14.1 on page 149 of my previous report in respect of the progress made with the intended migration of the Service Corps, I noted that the Ministry of Defence was reconsidering the intended migration of the Service Corps. Consequently, the intended migration process reported on previously had been suspended pending the outcome of a decision from the Ministry of

Defence. Subsequent to year-end the Ministry decided to reconsider the migration based on the formulation of alternatives which are to be presented to the relevant structures and authorities, and thereafter to the Council of Defence for approval.

The conclusion of the issue remains a concern of paramount importance to me as this issue has remained outstanding for six consecutive years. Furthermore, the Standing Committee on Public Accounts (SCOPA) also raised its concern that very little had been done to ensure the eventual conclusion of the issues around the Service Corps and I will report on further progress during the next year.

5.10 Information systems audit

The reliance on the general controls surrounding the information systems remains the same as reported in paragraph 5.7 on page 147 of my previous report, with the result that I did not place any reliance on the general controls surrounding CALMIS. Furthermore, the audit revealed that the activities of the database administrators were not logged and monitored on CALMIS and OSIS. An update will be reported on during next year.

A process control audit of programmed controls for the selected business processes within the FMS, PERSOL, CALMIS, LIMS and OSIS applications was completed in June 2005 and the findings were brought to the attention of the Secretary for Defence.

The following significant control weaknesses that could compromise the integrity of data were found:

- Users had access to incompatible transactions for the processing of journals and payments;
- Inadequate authorisation processes existed for the approval of supplier master file amendments.

These control weaknesses were due to inadequate process control design as well as non-adherence to approved procedures.

In his response dated 27 June 2005 the Secretary for Defence referred to various corrective steps that would be taken by the department. The effectiveness of these steps will be evaluated in due course.

An information systems audit of the service level agreements (SLAs) between the department and

the State Information Technology Agency (SITA) was completed in July 2005 and the findings were reported to the accounting officer.

The root causes of the weaknesses set out in the findings below were the lack of key policies, standards and procedures and the absence of supporting documentation to substantiate service delivery and invoice amounts. The most significant weaknesses identified were the following:

- Penalty clauses were not enforced and poor performance and the impact thereof were not always investigated. In some instances, the SLAs did not even contain any penalty clauses. Furthermore, no supporting documentation was attached to the monthly reports to substantiate SITA's compliance with the measurement criteria. It was therefore not possible to measure SITA's compliance with the required service delivery levels;
- The SLAs did not always comply with the stipulations of the business agreement. Furthermore, no formal policies and procedures were in place to guide the department in the contracting with SITA and the management of the SLAs. Payments amounting to approximately R23 million were made to SITA for licences and software that were not used by the staff of the department, whilst payments were made for services without proof, and invoices that were not in agreement with the SLAs. These payments can be considered to be fruitless, irregular and unauthorised expenditure and will be followed up during the audit of the following financial year. Inadequate communication between SITA and the department resulted in the department being liable for increased licence and cancellation fees, which had not been budgeted for.

The above-mentioned weaknesses indicate that management had not established the required controls to ensure the effective management of service delivery in accordance with the SLAs and the payment of goods and services.

5.11 Intellectual property

As reported previously, the draft policy on the "Management of Defence Intellectual Policy" had been signed by the Minister of Defence, Secretary for Defence, Chief of the SANDF and the CEO - Armscor.

The department is currently busy scrutinising the promulgated policy to determine that the appro-

priate process and procedures can be implemented within the department, and that structures can be established and resources be allocated. Until such time as appropriate processes and procedures are established I am unable to perform any audits in this area.

5.12 Rank review audit

An audit of the separate rank adjustment process of 384 non-statutory force members was instituted during the 2004-05 year but could not be concluded because not all the supporting documentation was made available. The requirement of the Minister of Defence that this rank review process be "...a process that can be formally audited" can therefore not be confirmed at this stage.

6. APPRECIATION

The assistance rendered by the staff of the Department of Defence during the audit is sincerely appreciated.

S. A. Fakie

SA Fakie
Auditor-General

Pretoria

31 July 2005





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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the

accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

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Africa that truly
belongs to all

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Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National Revenue Fund.

Revenue received from the rent of land is recognised in the Statement of Financial Performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the Statement of Financial Performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is

allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred



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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005 (continued)

when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off

when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.



Irregular expenditure

Irregular expenditure, is defined as expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005 (continued)

Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Only capital expenditure for buildings and other fixed structures is currently classified under expenditure for capital assets, all other capital expenditure is included in goods and services

6. Investments

Investments include: Investments in Associates, Joint ventures, Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial

Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the National Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received for which an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the Statement

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2005 (continued)

of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however, disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Statement of Financial Position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statement as this would involve reclassification of amounts dating back to the 2002/03 year-end.

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APPROPRIATION STATEMENT for the year ended 31 March 2005

Appropriation per programme									
Programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	741 377	77	(34 670)	706 784	706 784	-	100,00%	666 138	666 138
Transfers and subsidies	942	(77)	-	865	865	-	100,00%	-	-
2. Landward Defence									
Current payment	3 298 345	305	(114 254)	3 184 396	3 184 396	-	100,00%	3 118 502	3 118 502
Transfers and subsidies	7 116	(305)	(800)	6 011	6 011	-	100,00%	-	-
3. Air Defence									
Current payment	2 217 166	135	37 915	2 255 216	2 254 901	315	99,99%	2 155 248	2 155 248
Transfers and subsidies	1 812	(135)	600	2 277	2 277	-	100,00%	-	-
4. Maritime Defence									
Current payment	1 084 635	316	14 783	1 099 734	1 099 734	-	100,00%	1 014 401	1 014 401
Transfers and subsidies	1 604	(316)	(200)	1 088	1 088	-	100,00%	-	-
5. Military Health Support									
Current payment	1 303 580	66	35 429	1 339 075	1 339 075	-	100,00%	1 343 119	1 343 119
Transfers and subsidies	1 647	(66)	250	1 831	1 831	-	100,00%	-	-
6. Defence Intelligence									
Current payment	134 639	24	3 292	137 955	137 955	-	100,00%	134 399	132 988
Transfers and subsidies	181	(24)	50	207	207	-	100,00%	-	-
7. Joint Support									
Current payment	1 968 124	(7 916)	65 583	2 025 791	2 025 380	411	99,98%	1 786 719	1 786 719
Transfers and subsidies	295 385	(109)	-	295 276	294 995	281	99,90%	261 642	261 235
Expenditure for capital assets	71 613	8 025	-	79 638	79 638	-	100,00%	57 578	43 672
8. Command and Control									
Current payment	1 238 317	38	(8 078)	1 230 277	1 230 277	-	100,00%	1 246 486	1 288 190
Transfers and subsidies	336	(38)	100	398	398	-	100,00%	-	-
9. Special Defence Account									
Transfers and subsidies	7 045 000	-	-	7 045 000	7 045 000	-	100,00%	8 015 772	8 015 772
Total	19 411 819	-	-	19 411 819	19 410 812	1 007	100,00%	19 800 004	19 825 984
Departmental receipts				465 742				468 453	
Actual amounts per Statement of Financial Performance (Total Revenue)				19 877 561				20 268 457	
Actual amounts per Statement of Financial Performance Expenditure					19 410 812				19 825 984

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DEPARTMENT OF DEFENCE VOTE 22

APPROPRIATION STATEMENT for the year ended 31 March 2005

Appropriation per Economic classification									
<i>Programme</i>	<i>2004/05</i>							<i>2003/04</i>	
	<i>Adjusted Appropriation</i>	<i>Shifting of Funds</i>	<i>Virement</i>	<i>Final Appropriation</i>	<i>Actual Payment</i>	<i>Variance</i>	<i>Payment as % of final ap-propria-tion %</i>	<i>Final Appropria-tion</i>	<i>Actual Payment</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>%</i>	<i>R'000</i>	<i>R'000</i>
Current payment									
Compensation to employees	7 770 088	-	(47 487)	7 722 601	7 722 601	-	100,00%	7 209 335	7 209 335
Goods and services	4 216 086	(41 790)	47 487	4 221 783	4 221 056	727	99,98%	4 230 524	4 270 817
Financial transactions in assets and liabilities	-	34 842	-	34 842	34 842	-	100,00%	25 153	25 153
Transfers and subsidies									
Provinces and municipalities	16 024	(1 169)	-	14 855	14 855	-	100,00%	-	-
Departmental agencies and accounts	7 335 197	-	-	7 335 197	7 334 983	214	99,99%	8 271 184	8 271 111
Non-profit institutions	2 811	-	-	2 811	2 745	66	97,65%	6 230	5 896
Gifts and donations	-	92	-	92	92	-	100,00%	-	-
Payments on capital assets									
Buildings and other fixed structures	71 613	8 025	-	79 638	79 638	-	100,00%	57 578	43 672
Total	19 411 819	-	-	19 411 819	19 410 812	1 007	99,99%	19 800 004	19 825 984

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME I - ADMINISTRATION for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	791	-	-	791	791	-	100,00%	746	746
1.2 Deputy Minister									
Current payment	643	-	-	643	643	-	100,00%	607	607
1.3 Political Direction									
Current payment	10 642	36 504	(34 670)	12 476	12 476	-	100,00%	12 578	12 578
Transfers and subsidies	18	(5)	-	13	13	-	100,00%	-	-
1.4 Departmental Direction									
Current payment	5 529	(681)	-	4 848	4 848	-	100,00%	4 507	4 507
Transfers and subsidies	5	(1)	-	4	4	-	100,00%	-	-
1.5 Policy and Planning									
Current payment	50 856	(5 138)	-	45 718	45 718	-	100,00%	47 456	47 456
Transfers and subsidies	82	(17)	-	65	65	-	100,00%	-	-
1.6 Financial Services									
Current payment	170 577	(15 045)	-	155 532	155 532	-	100,00%	142 686	142 686
Transfers and subsidies	41	-	-	41	41	-	100,00%	-	-
1.7 Human Resources Support Services									
Current payment	261 383	(3 098)	-	258 285	258 285	-	100,00%	244 848	244 848
Transfers and subsidies	547	(108)	-	439	439	-	100,00%	-	-
1.8 Legal Services									
Current payment	66 371	2 980	-	69 351	69 351	-	100,00%	60 228	60 228
Transfers and subsidies	114	(4)	-	110	110	-	100,00%	-	-
1.9 Inspection Services									
Current payment	39 038	(4 785)	-	34 253	34 253	-	100,00%	27 752	27 752
Transfers and subsidies	12	58	-	70	70	-	100,00%	-	-
1.10 Acquisition Services									
Current payment	34 939	(2 460)	-	32 479	32 479	-	100,00%	30 138	30 138
Transfers and subsidies	50	2	-	52	52	-	100,00%	-	-
1.11 Corporate Communications									
Current payment	20 310	(2 857)	-	17 453	17 453	-	100,00%	18 000	18 000
Transfers and subsidies	32	(16)	-	16	16	-	100,00%	-	-
1.12 SANDF Command and Control									
Current payment	6 275	402	-	6 677	6 677	-	100,00%	6 626	6 626
Transfers and subsidies	7	2	-	9	9	-	100,00%	-	-
1.13 Religious Services									
Current payment	4 146	(1 036)	-	3 110	3 110	-	100,00%	2 621	2 621
Transfers and subsidies	7	(2)	-	5	5	-	100,00%	-	-
1.14 Reserve Component									
Current payment	9 511	(1 016)	-	8 495	8 495	-	100,00%	8 252	8 252
Transfers and subsidies	7	1	-	8	8	-	100,00%	-	-

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME I - ADMINISTRATION for the year ended 31 March 2005 (continued)

Programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.15 Defence Foreign Relations									
Current payment	60 366	(18 377)	-	41 989	41 989	-	100,00%	51 640	51 640
Transfers and subsidies	20	13	-	33	33	-	100,00%	-	-
1.16 Authorised Losses									
Current payment	-	15 729	-	15 729	15 729	-	100,00%	8 015	8 015
1.17 Income									
Current payment	-	(1 045)	-	(1 045)	(1 045)	-	100,00%	(562)	(562)
Total	742 319	-	(34 670)	707 649	707 649	-	100,00%	666 138	666 138

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	584 897	-	(23 997)	560 900	560 900	-	100,00%	518 461	518 461
Goods and services	156 482	(15 656)	(10 673)	130 153	130 153	-	100,00%	139 662	139 662
Financial transactions in assets and liabilities	-	15 729	-	15 729	15 729	-	100,00%	8 015	8 015
Transfers and subsidies									
Provinces and municipalities	940	(115)	-	825	825	-	100,00%	-	-
Gifts and donations	-	42	-	42	42	-	100,00%	-	-
Total	742 319	-	(34,670)	707 649	707 649	-	100,00%	666 138	666 138

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Strategic Direction									
Current payment	138 478	71 789	(114 254)	96 013	96 013	-	100,00%	94 539	94 539
Transfers and subsidies	151	821	(800)	172	172	-	100,00%	-	-
2.2 Infantry Capability									
Current payment	1 450 541	(73 379)	-	1 377 162	1 377 162	-	100,00%	1 347 872	1 347 872
Transfers and subsidies	3 711	(855)	-	2 856	2 856	-	100,00%	-	-
2.3 Armour Capability									
Current payment	123 947	(2 804)	-	121 143	121 143	-	100,00%	117 248	117 248
Transfers and subsidies	323	(85)	-	238	238	-	100,00%	-	-
2.4 Artillery Capability									
Current payment	102 738	(3 403)	-	99 335	99 335	-	100,00%	92 722	92 722
Transfers and subsidies	192	(30)	-	162	162	-	100,00%	-	-
2.5 Air Defence Artillery Capability									
Current payment	82 152	(4 645)	-	77 507	77 507	-	100,00%	75 659	75 659
Transfers and subsidies	133	70	-	203	203	-	100,00%	-	-
2.6 Engineering Capability									
Current payment	178 031	(11 419)	-	166 612	166 612	-	100,00%	164 615	164 615
Transfers and subsidies	465	(82)	-	383	383	-	100,00%	-	-
2.7 Operational Intelligence									
Current payment	59 772	(2 339)	-	57 433	57 433	-	100,00%	53 216	53 216
Transfers and subsidies	126	(21)	-	105	105	-	100,00%	-	-
2.8 Command and Control Capability									
Current payment	38 822	12 122	-	50 944	50 944	-	100,00%	41 359	41 359
Transfers and subsidies	82	33	-	115	115	-	100,00%	-	-
2.9 Support Capability									
Current payment	974 385	198 594	-	1 172 979	1 172 979	-	100,00%	1 189 049	1 189 049
Transfers and subsidies	1 835	(212)	-	1 623	1 623	-	100,00%	-	-
2.10 General Training Capability									
Current payment	149 479	(22 144)	-	127 335	127 335	-	100,00%	110 090	110 090
Transfers and subsidies	98	56	-	154	154	-	100,00%	-	-
2.11 Defence Commitments									
Current payment	-	26	-	26	26	-	100,00%	1 023	1 023
2.12 Authorised Losses									
Current payment	-	11 810	-	11 810	11 810	-	100,00%	6 607	6 607
2.13 Internal Services									
Current payment	-	(171 463)	-	(171 463)	(171 463)	-	100,00%	(174 323)	(174 323)
2.14 Income									
Current payment	-	(2 440)	-	(2 440)	(2 440)	-	100,00%	(1 174)	(1 174)
Total	3 305 461	-	(115 054)	3 190 407	3 190 407	-	100,00%	3 118 502	3 118 502

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 2 - LANDWARD DEFENCE for the year ended 31 March 2005 (continued)

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	2 705 198	-	(65 805)	2 639 393	2 639 393	-	100,00%	2 517 046	2 517 046
Goods and services	593 147	(11 506)	(48 449)	533 192	533 192	-	100,00%	594 849	594 849
Financial transactions in assets and liabilities	-	11 810	-	11 810	11 810	-	100,00%	6 607	6 607
Transfers and subsidies									
Provinces and municipalities	7 116	(354)	(800)	5 962	5 962	-	100,00%	-	-
Gifts and donations	-	50	-	50	50	-	100,00%	-	-
Total	3 305 461	-	(115 054)	3 190 407	3 190 407	-	100,00%	3 118 502	3 118 502



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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 3 - AIR DEFENCE for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Strategic Direction									
Current payment	5 816	(35 512)	37 915	8 219	8 219	-	100,00%	6 273	6 273
Transfers and subsidies	-	(597)	600	3	3	-	100,00%	-	-
3.2 Operational Direction									
Current payment	27 612	63 609	-	91 221	91 221	-	100,00%	69 208	69 208
3.3 Helicopter Capability									
Current payment	268 098	(28 121)	-	239 977	239 900	77	99,97%	243 320	243 320
Transfers and subsidies	118	71	-	189	189	-	100,00%	-	-
3.4 Transport and Maritime Capability									
Current payment	204 925	(37 880)	-	167 045	166 807	238	99,86%	187 004	187 004
Transfers and subsidies	136	(21)	-	115	115	-	100,00%	-	-
3.5 Air Combat and Reconnaissance Capability									
Current payment	196 584	30 773	-	227 357	227 357	-	100,00%	235 373	235 373
Transfers and subsidies	174	(35)	-	139	139	-	100,00%	-	-
3.6 Operational Support and Intelligence Capability									
Current payment	102 872	773	-	103 645	103 645	-	100,00%	103 428	103 428
Transfers and subsidies	157	52	-	209	209	-	100,00%	-	-
3.7 Command and Control Capability									
Current payment	144 302	(12 927)	-	131 375	131 375	-	100,00%	129 920	129 920
Transfers and subsidies	140	(21)	-	119	119	-	100,00%	-	-
3.8 Base Support Capability									
Current payment	516 321	151 926	-	668 247	668 247	-	100,00%	575 268	575 268
Transfers and subsidies	550	470	-	1 020	1 020	-	100,00%	-	-
3.9 Command Post									
Current payment	35 366	(2 577)	-	32 789	32 789	-	100,00%	35 868	35 868
Transfers and subsidies	47	(9)	-	38	38	-	100,00%	-	-
3.10 Training Capability									
Current payment	226 339	(65 933)	-	160 406	160 406	-	100,00%	165 813	165 813
Transfers and subsidies	241	(44)	-	197	197	-	100,00%	-	-
3.11 Technical Support Services									
Current payment	488 931	16 354	-	505 285	505 285	-	100,00%	485 652	485 652
Transfers and subsidies	249	(1)	-	248	248	-	100,00%	-	-
3.12 Authorised Losses									
Current payment	-	2 723	-	2 723	2 723	-	100,00%	4 067	4 067
3.13 Internal Services									
Current payment	-	(74 922)	-	(74 922)	(74 922)	-	100,00%	(75 960)	(75 960)
3.14 Income									
Current payment	-	(8 151)	-	(8 151)	(8 151)	-	100,00%	(9 986)	(9 986)
Total	2 218 978	-	38 515	2 257 493	2 257 178	315	99,99%	2 155 248	2 155 248

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 3 - AIR DEFENCE for the year ended 31 March 2005 (continued)

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	1 164 293	-	9 554	1 173 847	1 173 847	-	100,00%	1 099 728	1 099 728
Goods and services	1 052 872	(2 587)	28 361	1 078 646	1 078 331	315	99,97%	1 051 453	1 051 453
Financial transactions in assets and liabilities	-	2 723	-	2 723	2 723	-	100,00%	4 067	4 067
Transfers and subsidies									
Provinces and municipalities	1 813	(136)	600	2 277	2 277	-	100,00%	-	-
Total	2 218 978	-	38 515	2 257 493	2 257 178	315	99,99%	2 155 248	2 155 248



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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 4 - MARITIME DEFENCE for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Maritime Direction									
Current payment	214 109	33 774	14 783	262 666	262 666	-	100,00%	391 689	391 689
Transfers and subsidies	457	101	(200)	358	358	-	100,00%	-	-
4.2 Maritime Combat Capability									
Current payment	280 317	(4 205)	-	276 112	276 112	-	100,00%	124 109	124 109
Transfers and subsidies	197	(12)	-	185	185	-	100,00%	-	-
4.3 Maritime Logistic Support Capability									
Current payment	167 610	7 830	-	175 440	175 440	-	100,00%	149 679	149 679
Transfers and subsidies	290	(108)	-	182	182	-	100,00%	-	-
4.4 Maritime Training Capability									
Current payment	140 453	(32 320)	-	108 133	108 133	-	100,00%	78 529	78 529
Transfers and subsidies	232	(132)	-	100	100	-	100,00%	-	-
4.5 Base Support Capability									
Current payment	282 146	210	-	282 356	282 356	-	100,00%	259 171	259 172
Transfers and subsidies	428	(165)	-	263	263	-	100,00%	-	-
4.6 Maritime Reserve Capability									
Current payment	-	7	-	7	7	-	100,00%	10 655	10 654
4.7 Authorised Losses									
Current payment	-	1 029	-	1 029	1 029	-	100,00%	761	761
4.8 Income									
Current payment	-	(6 009)	-	(6 009)	(6 009)	-	100,00%	(192)	(192)
Total	1 086 239	-	14 583	1 100 822	1 100 822	-	100,00%	1 014 401	1 014 401

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	687 411	-	(1 413)	685 998	685 998	-	100,00%	633 942	633 942
Goods and services	397 224	(714)	16 196	412 706	412 706	-	100,00%	379 698	379 698
Financial transactions in assets and liabilities	-	1 030	-	1 030	1 030	-	100,00%	761	761
Transfers and subsidies									
Provinces and municipalities	1 604	(316)	(200)	1 088	1 088	-	100,00%	-	-
Total	1 086 239	-	14 583	1 100 822	1 100 822	-	100,00%	1 014 401	1 014 401

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 5 - MILITARY HEALTH SUPPORT for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Strategic Direction									
Current payment	89 907	(48 195)	35 429	77 141	77 141	-	100,00%	67 279	67 279
Transfers and subsidies	160	(309)	250	101	101	-	100,00%	-	-
5.2 Military Health Support									
Current payment	43 764	1 965	-	45 729	45 729	-	100,00%	47 522	47 522
Transfers and subsidies	61	(3)	-	58	58	-	100,00%	-	-
5.3 Area Military Health Service									
Current payment	441 883	59 678	-	501 561	501 561	-	100,00%	506 315	506 315
Transfers and subsidies	601	116	-	717	717	-	100,00%	-	-
5.4 Specialist/ Tertiary Health Service									
Current payment	522 400	(39 514)	-	482 886	482 886	-	100,00%	505 159	505 159
Transfers and subsidies	580	53	-	633	633	-	100,00%	-	-
5.5 Product Support Capability									
Current payment	49 232	15 205	-	64 437	64 437	-	100,00%	69 006	69 006
Transfers and subsidies	58	(25)	-	33	33	-	100,00%	-	-
5.6 Base Support Capability									
Current payment	57 356	22 376	-	79 732	79 732	-	100,00%	65 361	65 361
Transfers and subsidies	7	135	-	142	142	-	100,00%	-	-
5.7 Military Health Training Capability									
Current payment	99 038	(9 369)	-	89 669	89 669	-	100,00%	82 213	82 213
Transfers and subsidies	180	(33)	-	147	147	-	100,00%	-	-
5.8 Authorised Losses									
Current payment	-	3 463	-	3 463	3 463	-	100,00%	5 503	5 503
5.9 Income									
Current payment	-	(5 543)	-	(5 543)	(5 543)	-	100,00%	(5 239)	(5 239)
Total	1 305 227	-	35 679	1 340 906	1 340 906	-	100,00%	1 343 119	1 343 119

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	940 668	-	(4 602)	936 066	936 066	-	100,00%	875 790	875 790
Goods and services	362 912	(3 397)	40 031	399 546	399 546	-	100,00%	461 826	461 826
Financial transactions in assets and liabilities	-	3 463	-	3 463	3 463	-	100,00%	5 503	5 503
Transfers and subsidies									
Provinces and municipalities	1 647	(66)	250	1 831	1 831	-	100,00%	-	-
Total	1 305 227	-	35 679	1 340 906	1 340 906	-	100,00%	1 343 119	1 343 119

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 6 - DEFENCE INTELLIGENCE for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Strategic Direction									
Current payment	(5 344)	113 916	3 292	111 864	111 864	-	100,00%	103 243	101 832
Transfers and subsidies	-	157	50	207	207	-	100,00%	-	-
6.2 Defence Counter Intelligence Services									
Current payment	11 510	(5 539)	-	5 971	5 971	-	100,00%	12 483	12 482
6.3 Defence Intelligence Support									
Current payment	128 473	(108 324)	-	20 149	20 149	-	100,00%	18 266	18 267
Transfers and subsidies	181	(181)	-	-	-	-	0,00%	-	-
6.4 Defence Intelligence Training									
Current payment	-	-	-	-	-	-	0,00%	358	358
6.5 Authorised Losses									
Current payment	-	20	-	20	20	-	100,00%	52	52
6.6 Income									
Current payment	-	(49)	-	(49)	(49)	-	100,00%	(3)	(3)
Total	134 820	-	3 342	138 162	138 162	-	100,00%	134 399	132 988

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	103 572	-	5 981	109 553	109 553	-	100,00%	102 977	102 977
Goods and services	31 067	4	(2 689)	28 382	28 382	-	100,00%	31 370	29 959
Financial transactions in assets and liabilities	-	20	-	20	20	-	100,00%	52	52
Transfers and subsidies									
Provinces and municipalities	181	(24)	50	207	207	-	100,00%	-	-
Total	134 820	-	3 342	138 162	138 162	-	100,00%	134 399	132 988

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DEPARTMENT OF DEFENCE VOTE 22

DETAIL PER PROGRAMME 7 - JOINT SUPPORT for the year ended 31 March 2005

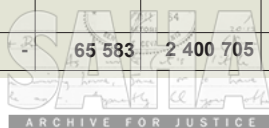
Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Strategic Direction									
Current payment	5 236	44 025	65 583	114 844	114 433	411	99,64%	131 707	131 707
Transfers and subsidies	-	107	-	107	107	-	100,00%	-	-
7.2 Joint Logistic Services									
Current payment	573 006	(147 660)	-	425 346	425 346	-	100,00%	381 284	381 284
Transfers and subsidies	1 415	(624)	-	791	791	-	100,00%	-	-
Expenditure for capital assets	71 613	8 025	-	79 638	79 638	-	100,00%	57 578	43 672
7.3 Command and Management Information Services									
Current payment	820 972	76 544	-	897 516	897 516	-	100,00%	838 101	838 101
Transfers and subsidies	380	357	-	737	737	-	100,00%	-	-
7.4 Military Police									
Current payment	212 910	(305)	-	212 605	212 605	-	100,00%	196 489	196 489
Transfers and subsidies	400	(18)	-	382	382	-	100,00%	-	-
7.5 Service Corps									
Current payment	49 664	(2 838)	-	46 826	46 826	-	100,00%	44 100	44 100
Transfers and subsidies	43	23	-	66	66	-	100,00%	-	-
7.6 Acquisition Services									
Current payment	2 488	(80)	-	2 408	2 408	-	100,00%	2 327	2 327
7.7 Joint Training									
Current payment	96 955	52 485	-	149 440	149 440	-	100,00%	149 909	149 909
Transfers and subsidies	6 238	46	-	6 284	6 070	214	96,59%	5 776	5 704
7.8 Assistance									
Transfers and subsidies	350	-	-	350	283	67	80,86%	3 930	3 896
7.9 Departmental Support									
Current payment	206 893	(38 485)	-	168 408	168 408	-	100,00%	36 865	36 865
Transfers and subsidies	286 559	-	-	286 559	286 559	-	100,00%	251 936	251 635
7.10 British Military Advisory and Training									
Current payment	-	8 830	-	8 830	8 830	-	100,00%	6 054	6 054
7.11 Authorised Losses									
Current payment	-	67	-	67	67	-	100,00%	41	41
7.12 Income									
Current payment	-	(499)	-	(499)	(499)	-	100,00%	(158)	(158)
Total	2 335 122	-	65 583	2 400 705	2 400 013	692	99,97%	2 105 939	2 091 626

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DETAIL PER PROGRAMME 7 - JOINT SUPPORT for the year ended 31 March 2005 (continued)

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	1 110 868	-	26 951	1 137 819	1 137 819	-	100,00%	1 048 405	1 048 405
Goods and services	857 246	(7 972)	38 632	887 906	887 494	412	99,95%	738 274	738 274
Financial transactions in assets and liabilities	-	67	-	67	67	-	100,00%	40	40
Transfers and subsidies									
Provinces and municipalities	2 387	(120)	-	2 267	2 267	-	100,00%	-	-
Departmental agencies and accounts	290 197	-	-	290 197	289 983	214	99,93%	255 412	255 339
Non-profit institutions	2 811	-	-	2 811	2 745	66	97,65%	6 230	5 896
Payments on capital assets									
Buildings and other fixed structures	71 613	8 025	-	79 638	79 638	-	100,00%	57 578	43 672
Total	2 335 122	-	65 583	2 400 705	2 400 013	692	99,97%	2 105 939	2 091 626



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DETAIL PER PROGRAMME 8 - COMMAND AND CONTROL for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Command and Control									
Current payment	117 054	39 440	(8 078)	148 416	148 416	-	100,00%	113 387	113 387
Transfers and subsidies	170	(85)	100	185	185	-	100,00%	-	-
8.2 Special Operations									
Current payment	135 202	(6 059)	-	129 143	129 143	-	100,00%	129 002	129 002
Transfers and subsidies	166	47	-	213	213	-	100,00%	-	-
8.3 Regional Security									
Current payment	700 000	(71 939)	-	628 061	628 061	-	100,00%	691 455	733 159
8.4 Conventional Operations									
Current payment	286 061	(208 724)	-	77 337	77 337	-	100,00%	91 992	91 992
8.5 Authorised Losses									
Current payment	-	-	-	-	-	-	0,00%	108	108
8.6 Internal Services									
Current payment	-	247 880	-	247 880	247 880	-	100,00%	220 556	220 556
8.7 Income									
Current payment	-	(560)	-	(560)	(560)	-	100,00%	(14)	(14)
Total	1 238 653	-	(7 978)	1 230 675	1 230 675	-	100,00%	1 246 486	1 288 190

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation to employees	473 181	-	5 844	479 025	479 025	-	100,00%	412 986	412 986
Goods and services	765 136	38	(13 922)	751 252	751 252	-	100,00%	833 392	875 096
Financial transactions in assets and liabilities	-	-	-	-	-	-	0,00%	108	108
Transfers and subsidies									
Provinces and municipalities	336	(38)	100	398	398	-	100,00%	-	-
Total	1 238 653	-	(7 978)	1 230 675	1 230 675	-	100,00%	1 246 486	1 288 190

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DETAIL PER PROGRAMME 9 - SPECIAL DEFENCE ACCOUNT for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
9.1 Procurement Services Transfers and subsidies	1 956 567	-	-	1 956 567	1 956 567	-	100,00%	1 414 781	1 414 781
9.2 Strategic Defence Procurement Transfers and subsidies	4 501 866	-	-	4 501 866	4 501 866	-	100,00%	5 889 034	5 889 034
9.3 Operating Transfers and subsidies	521 141	-	-	521 141	521 141	-	100,00%	661 299	661 299
9.4 Intelligence Related Transfers and subsidies	65 426	-	-	65 426	65 426	-	100,00%	50 658	50 658
Total	7 045 000	-	-	7 045 000	7 045 000	-	100,00%	8 015 772	8 015 772

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies Departmental agencies and accounts	7 045 000	-	-	7 045 000	7 045 000	-	100,00%	8 015 772	8 015 772
Total	7 045 000	-	-	7 045 000	7 045 000	-	100,00%	8 015 772	8 015 772

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NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A - E) to the Annual Financial Statements.

2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. **Detail on financial transactions in assets and liabilities:**

Detail of these transactions per programme can be viewed in note 6 (Details of special functions (theft and losses)) to the Annual Financial Statements.



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DEPARTMENT OF DEFENCE VOTE 22

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	19 411 819	19 800 004
Departmental revenue	2	465 742	468 453
TOTAL REVENUE		19 877 561	20 268 457
EXPENDITURE			
Current expenditure			
Compensation of employees	4	7 722 601	7 209 335
Goods and services	5	4 221 056	4 270 817
Financial transactions in assets and liabilities	6	34 842	25 153
Total current expenditure		11 978 499	11 505 305
Transfers and subsidies		7 352 675	8 277 007
Expenditure for capital assets			
Buildings and other fixed structures	10	79 638	43 672
Total expenditure for capital assets		79 638	43 672
TOTAL EXPENDITURE		19 410 812	19 825 984
NET SURPLUS			
Add back unauthorised expenditure	7	-	40 452
Add back fruitless and wasteful expenditure	8	30	15
NET SURPLUS FOR THE YEAR		466 779	482 940
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	14	1 037	14 487
Departmental revenue to be surrendered to the Revenue Fund	15	465 742	468 453
NET SURPLUS FOR THE YEAR		466 779	482 940



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DEPARTMENT OF DEFENCE VOTE 22

STATEMENT OF FINANCIAL POSITION as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		759 093	780 061
Unauthorised expenditure	7	495 824	495 824
Fruitless and wasteful expenditure	8	469	644
Cash and cash equivalents	11	34 275	46 626
Loans		8 160	4 560
Prepayments and advances	12	29 714	24 697
Receivables	13	190 651	207 710
Non-current assets		4 202	7 802
Loans		4 202	7 802
TOTAL ASSETS		763 295	787 863
LIABILITIES			
Current liabilities		691 964	696 576
Voted funds to be surrendered to the Revenue Fund	14	1 037	14 487
Departmental revenue to be surrendered to the Revenue Fund	15	13 073	24 684
Bank overdraft	16	622 798	640 347
Payables	17	55 056	17 058
TOTAL LIABILITIES		691 964	696 576
NET ASSETS		71 331	91 287
Represented by:			
Recoverable revenue		71 331	91 287
TOTAL		71 331	91 287



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STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Recoverable revenue			
Opening balance		91 287	84 234
Debts written off	6.6	(24 281)	(8 491)
Debts recovered (included in departmental receipts)		(23 453)	(28 932)
Debts raised		27 778	44 476
Closing balance		<u>71 331</u>	<u>91 287</u>
TOTAL		<u><u>71 331</u></u>	<u><u>91 287</u></u>



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CASH FLOW STATEMENT for the year ended 31 March 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		19 889 603
Annual appropriated funds received		19 411 819
Departmental revenue received		465 742
Net decrease in working capital		12 042
Surrendered to Revenue Fund		(491 840)
Current payments		(11 940 296)
Transfers and subsidies paid		(7 352 675)
Net cash flows available from operating activities	18	104 792
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(79 638)
Net cash flows from investing activities		(79 638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in loans received		(19 956)
Net cash flows from financing activities		(19 956)
Net increase in cash and cash equivalents		5 198
Cash and cash equivalents at beginning of period		(593 721)
Cash and cash equivalents at end of period		(588 523)



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds):

<i>Programmes</i>	<i>Final Appropriation</i>	<i>Actual Funds Received</i>	<i>Variance over/(under)</i>	<i>Total Appropriation 2003/04</i>
	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
Administration	707 649	707 649	-	666 138
Landward Defence	3 190 407	3 190 407	-	3 118 502
Air Defence	2 257 493	2 257 493	-	2 155 248
Maritime Defence	1 100 822	1 100 822	-	1 014 401
Military Health Support	1 340 906	1 340 906	-	1 343 119
Defence Intelligence	138 162	138 162	-	134 399
Joint Support	2 400 705	2 400 705	-	2 105 939
Command and Control	1 230 675	1 230 675	-	1 246 486
Special Defence Account	7 045 000	7 045 000	-	8 015 772
TOTAL	19 411 819	19 411 819	-	19 800 004

2. Departmental revenue to be surrendered to Revenue Fund

	<i>Note</i>	<i>2004/05 R'000</i>	<i>2003/04 R'000</i>
Description			
Sales of goods and services other than capital assets		411 863	411 950
Fines, penalties and forfeits		2 122	6 618
Interest, dividends and rent on land		-	61
Recoverable revenue received		23 453	28 931
Financial transactions in assets and liabilities	2.1	28 304	20 893
Departmental revenue collected		465 742	468 453

2.1 Financial transactions in assets and liabilities

Nature of loss recovered		
Cheques written back		392
Material losses recovered		499
Other		27 413
		28 304

2.2 Included in Departmental Revenue received is reimbursements from foreign countries

<i>Reimbursement</i>		
Received from	Purpose	
United Nations	Peace missions	113 811
African Union	Peace missions	58 248

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
2.3	Included in Departmental Revenue (Other) is the following material items	
Domestic services	9 053	
Bus tickets	3 232	
Miscellaneous	2 407	
Parking	1 265	

3. Local and foreign aid assistance

3.1 Assistance received in kind

Name of donor and purpose		
Foreign		
Government of the United States of America - Aids awareness promotion	2 529	1 752
Government of the People's Republic of China - 100 Dell OptoPlex GX270 computers and 100 HP Laserjet 1150 printers	692	-
Government of the United States of America - Weatherhaven field hospital	-	31 630
Government of the United Kingdom - Operation Mistral; various items including trucks, tent houses, etc.	-	13 985
Government of the United States of America - Policy writing instructors course	-	11 710
Government of the United States of America - BK117 helicopter engines	-	7 559
Government of the United States of America - C130 Simulator and flying instructor training	-	4 464
Government of the Federal Republic of Germany - Training equipment	-	1 639
Government of the United States of America - Flying safety training	-	1 245
Government of Canada - French language course	-	706
Government of Canada - Peacekeeping course	-	99
Government of the United States of America - Training program in Norfolk	-	62
Government of the Kingdom of Mali - Peacekeeping course	-	40
Government of the United States of America - Acer Travelmate with accessories	-	38
Government of Canada - Training program	-	38
Government of the United States of America - Strategic planners workshop	-	34
Government of the United States of America - Course in the United States of America	-	29
Government of the Kingdom of Sweden - Unsoc Officer staff course	-	28
Government of the Federal Republic of Germany - Single quarters for Service Corps learners	6 494	-
Government of the Federal Republic of Germany - Technical and computer training and equipment for the Service Corps	1 376	-
Government of the United Kingdom - SANWC	1 700	-
Total local and foreign aid assistance received in kind	12 791	75 058

4. Compensation of employees

4.1 Salaries and wages

Basic salary	5 481 621	5 100 985
Performance award	83 896	72 050
Service Based	227 594	225 172
Compensative/circumstantial	170 598	144 966
Other non-pensionable allowances	906 083	859 414
	6 869 792	6 402 587

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	Note	2004/05 R'000	2003/04 R'000
4.2 Social contributions			
4.2.1 Short term employee benefits			
Pension		807 942	756 598
Medical		44 867	50 150
		852 809	806 748
Total compensation of employees		7 722 601	7 209 335
Average number of employees		76 133	75 620

5. Goods and services

Advertising		2 725	2 081
Bank charges and card fees		4 020	3 458
Communication		97 234	116 620
Computer services		600 736	530 363
Consultants, contractors and special services		337 461	375 976
Courier and delivery services		1 881	605
Tracing agents and debt collections		5	7
Drivers licences and permits		38	44
Entertainment		910	1 127
External audit fees	5.1	26 048	29 455
Equipment less than R5000		363 159	383 464
Freight service		2 836	4 778
Inventory	5.2	913 401	967 561
Legal fees		20	2 773
Maintenance, repair and running cost		975 474	1 013 027
Medical services		127 004	129 661
Operating leases		58 562	52 548
Mint of decorations/medals		1 464	1 373
Printing and publications		6 493	7 283
Professional bodies and membership fees		1 100	952
Resettlement costs		26 559	48 583
School and boarding fees		1 077	1 480
Subscriptions		448	534
Owned and leasehold property expenditure		15 740	12 971
Translations and transcriptions		3 507	4 781
Travel and subsistence	5.3	577 701	489 404
Protective, special clothing and uniforms		-	44
Training and staff development		75 453	89 864
		4 221 056	4 270 817

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	Note	2004/05 R'000	2003/04 R'000	
5.1	External audit fees			
	Regulatory audits	26 048	26 615	
	Performance audits	-	733	
	Other audits	-	2 107	
	Total external audit fees	26 048	29 455	
5.2	Inventory			
	Domestic consumables	70 541	119 819	
	Agricultural	3 516	4 126	
	Learning and teaching support material	358	262	
	Food and food supplies	208 357	226 278	
	Fuel, oil and gas	279 891	222 981	
	Laboratory consumables	8 688	9 840	
	Other consumables	28 931	61 449	
	Parts and other maintenance material	69 283	76 706	
	Stationery and printing	59 939	59 462	
	Veterinary supplies	627	1 344	
	Medical supplies	178 131	184 132	
	Weapons and armaments	5 139	1 162	
	Total Inventory	913 401	967 561	
5.3	Travel and subsistence			
	Local	189 726	196 401	
	Foreign	387 975	293 003	
	Total travel and subsistence	577 701	489 404	
6.	Financial transactions in assets and liabilities			
	Material losses through criminal conduct	6.1	-	528
	Other material losses written off	6.2	12 564	16 134
	Debts written off	6.4	22 278	8 491
			34 842	25 153
6.1	Material losses through criminal conduct			
	Nature of losses			
	Fraud on warrant vouchers	-	528	

DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
6.2 Other material losses written off in Statement of Financial Performance		
Nature of losses		
Motor vehicle losses	2 034	2 179
Legal representation	2 357	1 925
Legal opinions	1 427	599
Legal fees State Attorney	3 823	7 167
Legal fees	61	-
Spectacle losses	34	40
Interest claims	19	62
Foreign exchange losses	1 163	271
Claims against the State	1 646	3 891
	<u>12 564</u>	<u>16 134</u>
6.3 Other material losses of items expensed in previous periods (Total not included above)		
Nature of losses		
Loss of ammunition	15 998	-
Military vehicles damages and losses	10 868	11 719
Theft of assets	465	384
Theft of military vehicle and accessories	389	1 148
Loss of assets	211	1 341
Damage to buildings and equipment	56	770
Damage to firearms	46	8
Theft of firearms	34	43
Loss of firearms	16	18
Military aircraft damages and losses	14	3 069
Loss of firearm accessory	-	1
Rooivalk 670 not included in military aircraft damages and losses	8 000	-
Cessna C208 not included in military aircraft damages and losses	4 728	-
Cheetah B862 not included in military aircraft damages and losses	4 083	-
Fire at building not included in damages to buildings and equipment	1 197	-
Samil 100 not included in military vehicles damages and losses	878	-
Pilatus Astra Aircraft 2035 not included in aircraft damages and losses	603	-
Bosvark not included in military vehicles damages and losses	599	-
Cessna 185 not included in military aircraft damages and losses	526	-
	<u>48 711</u>	<u>18 501</u>

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
6.4 Bad debts written off		
Nature of debts written off		
Payment of supplier on behalf of various departments	10 000	-
Salary related	6 949	1 231
State guarantees	2 671	91
No substantiating documentation	697	-
Motor vehicle accidents	678	805
Estates	524	70
Debts raised concerning fruitless and wasteful expenditure	207	274
Contractual liabilities	140	5 578
Suppliers overpaid	64	9
Loss of state funds	64	-
Subsistence and travel	18	7
Loss of state property	15	77
Medical costs	13	3
Treatment of private patients	-	188
VIP refreshments	-	50
Civil claim	-	50
Damage to State property	-	43
Miscellaneous	-	11
Deferred pay	-	3
Dishonoured cheques	-	1
Supplier overpaid not included above	238	-
	22 278	8 491

6.5 Details of theft and losses

Per programme		
Administration	15 729	8 015
Landward Defence	11 810	6 607
Air Defence	2 723	4 067
Maritime Defence	1 030	761
Military Health Support	3 463	5 503
Defence Intelligence	20	52
Joint Support	67	40
Command and Control	-	108
	34 842	25 153

DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
6.6 Recoverable revenue debts written off		
Motor vehicle accidents	7 329	805
Contractual liabilities	2 705	5 578
Private patients	2 197	188
Medical services rendered to other entities	665	-
Salary related	607	1 231
No substantiating documentation	583	-
Loss of State property	510	77
State guarantees	475	91
Aviation fuel	450	-
Operations	353	-
Dockyard	113	-
Estates	97	70
Aviation services	78	-
Loss of State funds	43	-
Flights against repayment	23	-
Damage to State property	13	43
Suppliers overpaid	9	9
Miscellaneous	4	11
Private institutions	3	-
Sales per tender	1	-
Debts raised concerning fruitless and wasteful expenditure	-	274
VIP refreshments	-	50
Civil claim	-	50
Subsistence and travel	-	7
Deferred pay	-	3
Medical cost	-	3
Dishonoured cheques	-	1
Assistance to the Republic of Mozambique during the February/March 2000 flood (Operation LICHI) not included in Operations	2 812	-
Assistance to the Democratic Republic of the Congo (DRC) in the evacuation of Tanzanians from the DRC from 14 to 22 August 1998 (Operation CENTAVO) not included in Operations	1 901	-
Contractual liability due to death of 2 members not included in Contractual liabilities	1 541	-
Part (40%) of civil claim against the Department payable by a third party not included in Miscellaneous	932	-
Contractual dispute not included in Contractual liabilities	306	-
Assistance to the Republic of Mozambique during the 1996 floods (Operation SOCOR) not included in Operations	268	-
Settlement of claim not included in Contractual liabilities	263	-
	24 281	8 491



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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	Note	2004/05 R'000	2003/04 R'000
7. Unauthorised expenditure			
7.1 Reconciliation of unauthorised expenditure			
Opening balance		495 824	455 372
Unauthorised expenditure - current year		-	40 452
Unauthorised expenditure awaiting authorisation		495 824	495 824
8. Fruitless and wasteful expenditure			
8.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		644	630
Fruitless and wasteful expenditure - current year		30	15
Transfer to Statement of Financial Performance - authorised losses		(205)	(1)
Fruitless and wasteful expenditure awaiting condonement		469	644
Fruitless and wasteful expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Refreshments procured on credit whilst received S & T for same purpose	Awaiting outcome of Board of Inquiry	2	
Replacement of Acer 730 Notebook keyboard	Liability still to be determined	2	
Penalties with regard to late payments	Liability still to be determined	3	
Overcharged hotel account	Liability still to be determined	11	
Non attendance of members	Liability still to be determined	1	
Deviation from State contracts	Liability still to be determined	11	
		30	
9. Transfers and subsidies			
Provinces and municipalities	Annexure 1A	14 855	-
Departmental agencies and accounts	Annexure 1B	7 334 983	8 271 111
Non-profit institutions	Annexure 1C	2 745	5 896
Gifts and donations	Annexure 1E	92	-
		7 352 675	8 277 007
10. Expenditure for capital assets			
Buildings and other fixed structures	Annexure 4	79 638	43 672

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
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11. Cash and cash equivalents

Cash with commercial banks	22 191	18 429
Cash in transit	773	16 476
Cash on hand	11 311	11 721
	<u>34 275</u>	<u>46 626</u>

12. Prepayments and advances

Description		
Travel and subsistence	29 714	24 697

13. Receivables

	Note	Less than one year	One to three years	Older than three years	2004/05 R'000	2003/04 R'000
Amounts owing by other entities	Annexure 5	5 454	4 670	73 273	83 397	101 704
Staff debtors	13.1	44 286	5 643	10 399	60 328	34 283
Clearing accounts	13.2	2 060	927	-	2 987	4 862
Other debtors	13.3	10 098	20 055	13 786	43 939	66 861
		<u>61 898</u>	<u>31 295</u>	<u>97 458</u>	<u>190 651</u>	<u>207 710</u>

Amounts of R75 986 864 (2004:R92 892 388) included above may not be recoverable, but has not been written off in the Statement of Financial Performance.

13.1 Staff debtors

Description		
Salary related	35 808	11 453
Students	9 309	9 347
Motor vehicle accidents	6 092	7 852
Deposits	4 168	2 333
State guarantees	2 287	1 610
Loss of State money	1 417	1 234
Damage to State property	164	306
Private patients	120	-
Estates	10	126
Miscellaneous	-	22
Discharge of a member, not included in salary related	953	-
	<u>60 328</u>	<u>34 283</u>

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
13.2 Clearing accounts		
Description		
Salary related	409	392
Losses	789	852
Suppliers	10	3 601
Fruitless and wasteful expenditure	2	17
Armscor sales not included in Suppliers	854	-
Interest claim for Youth Foundation Training not included in Suppliers	416	-
Loss of State funds not included in Losses	507	-
	2 987	4 862

13.3 Other debtors

Description		
Contractual liabilities	20 438	20 546
Salary related	6 944	12 711
Motor vehicle accidents	3 887	9 975
Aviation services	2 330	2 752
State guarantees	1 560	4 849
Suppliers	1 048	2 332
Loss of State money	941	1 978
Estates	904	1 077
Miscellaneous	843	5 132
Operations	815	333
Medical claims	736	17
Humanitarian aid	632	79
Institutions	283	486
Private patients	235	3 945
Dockyard	188	117
Damage to State property	6	409
Sales per tender	-	22
Marketing support	-	101
Members (4) forfeited State cover and was found guilty of financial misconduct	2 149	-
	43 939	66 861

14. Voted funds to be surrendered to the Revenue Fund

Opening balance	14 487	11 032
Transfer from Statement of Financial Performance	1 037	14 487
Paid during the year	(14 487)	(11 032)
Closing balance	1 037	14 487

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
15. Departmental revenue to be surrendered to the Revenue Fund		
Opening balance	24 684	196 244
Transfer from Statement of Financial Performance	465 742	468 453
Paid during the year	(477 353)	(640 013)
Closing balance	13 073	24 684

16. Bank overdraft

Paymaster General Account	622 798	640 347
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17. Payables - current

Description	Note	30 Days	30+ Days	2004/05	2003/04
				Total R'000	Total R'000
Advances received	17.1	12	601	613	166
Clearing accounts	17.2	1 295	141	1 436	638
Other payables	17.3	41 198	11 809	53 007	16 254
		42 505	12 551	55 056	17 058

17.1 Advances received

Description	2004/05 R'000	2003/04 R'000
Deposits received for use of Naval facilities	613	166

17.2 Clearing accounts

Description	2004/05 R'000	2003/04 R'000
Suppliers	60	470
Subsistence and Travel Cash Voucher Receipts	285	154
Pensions	9	14
Foreign Aircraft expenses not included in Suppliers	608	-
Receipt from Reserve Bank not included in Suppliers	474	-
	1 436	638

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DEPARTMENT OF DEFENCE VOTE 22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	2004/05 R'000	2003/04 R'000
17.3 Other payables		
Description		
State guarantees	6 186	5 902
Unclaimed salaries	4 310	2 930
Debtors in credit	6 541	6 408
Suppliers	1 388	401
Other payables	2 663	613
Salaries in arrear not included in Debtors in credit	16 100	-
Suppliers (2) not included in Suppliers above	15 291	-
Discharge of a member	528	-
	<u>53 007</u>	<u>16 254</u>

18. Reconciliation of net cash flow from operating activities to surplus

Net surplus as per Statement of Financial Performance	466 779	
Decrease in receivables - current	17 059	
(Increase) in prepayments and advances	(5 017)	
(Increase) in other current assets	(3 425)	
Decrease in other non-current assets	3 600	
Increase in payables - current	37 998	
Surrenders	(491 840)	
Capital expenditure	79 638	
Net cash flow generated by operating activities	<u>104 792</u>	

19. Appropriated funds and departmental revenue surrendered

Appropriated funds surrendered	14 487	11 032
Departmental revenue surrendered	477 353	640 013
	<u>491 840</u>	<u>651 045</u>

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DEPARTMENT OF DEFENCE VOTE 22

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999.

20. Contingent liabilities

		<i>Note</i>	<i>2004/05</i> <i>R'000</i>	<i>2003/04</i> <i>R'000</i>
Liable to	Nature			
Motor vehicle guarantees	Employees	Annexure 3	446	370
Housing loan guarantees	Employees	Annexure 3	124 386	115 978
Claims			982 322	1 651 538
Other departments (unconfirmed balances)		Annexure 6	335	-
Capped leave commitments	Employees		1 061 313	1 064 343
Other			-	1 480
			2 168 802	2 833 709

21. Commitments

		<i>2004/05</i> <i>R'000</i>	<i>2003/04</i> <i>R'000</i>
Current expenditure			
Approved and contracted		807 513	861 493
Approved but not yet contracted		169 417	1 477 089
Total Commitments		976 930	2 338 582



22. Accruals

<i>By economic classification</i>	<i>30 Days</i>	<i>30+ Days</i>	<i>Total</i>	<i>Total</i>
Goods and services	40 897	13 319	54 216	3 873
Listed by programme level				
Landward Defence				1
Air Defence				1
Maritime Defence				6
Military Health Support				3 859
Joint Support				1
Command and Control				5
				3 873

Note: Current year figures cannot be provided.

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DEPARTMENT OF DEFENCE VOTE 22

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	Note	2004/05 R'000	2003/04 R'000
23. Employee benefits			
Leave entitlement		404	345
Thirteenth cheque		245 564	229 839
Performance awards		27	20
		<u>245 995</u>	<u>230 204</u>

Note: Prior year figure in respect of Performance Awards is restated.

24. Leases

24.1 Operating leases

	Machinery and equipment	Total	Total
Not later than 1 year	9 405	9 405	5 182
Later than 1 year and not later than 3 years	7 974	7 974	2 202
Later than 3 years	120	120	664
Total present value of lease liabilities	<u>17 499</u>	<u>17 499</u>	<u>8 048</u>

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

Opening balance		709	-
Irregular expenditure - current year		468	1 493
Transferred to Statement of Financial Performance - authorised losses (Condoned)		(220)	(51)
Irregular expenditure not condoned	25.2	(333)	(733)
Irregular expenditure awaiting condonement		<u>624</u>	<u>709</u>
Analysis			
Current		115	709
Prior years		<u>509</u>	<u>-</u>
		<u>624</u>	<u>709</u>

25.2 Not condoned expenditure

Incident	Disciplinary steps taken/ criminal proceedings		
Procurement of Plato licenses	Member has been reprimanded	<u>333</u>	<u>-</u>

DEPARTMENT OF DEFENCE VOTE 22

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005 (continued)

	<i>Note</i>	<i>2004/05</i> <i>R'000</i>	<i>2003/04</i> <i>R'000</i>
26. Senior management personnel			
The Minister, Deputy Minister, Director-Generals (4)	26.1	3 495	3 389
Deputy Director Generals (9)	26.2	6 934	5 798
Key management personnel of the Plenary Defence Staff Council (24)	26.3	11 669	10 232
		<u>22 098</u>	<u>19 419</u>
26.1 The Minister, Deputy Minister, Director-Generals			
Salary		2 351	2 231
Car allowance		633	602
Allowances		224	215
Entertainment		205	239
Bonus		42	62
Medical		40	40
		<u>3 495</u>	<u>3 389</u>
26.2 Deputy Director-Generals			
Salary		3 728	3 598
Allowances		1 689	494
Car allowance		1 005	1 130
Bonus		266	284
Entertainment		246	292
Medical		-	-
		<u>6 934</u>	<u>5 798</u>
26.3 Key Management personnel of the Plenary Defence Staff Council			
Salary		7 779	6 880
Car allowance		2 313	2 160
Allowances		899	642
Bonus		513	404
Medical		90	65
Entertainment		75	81
		<u>11 669</u>	<u>10 232</u>

Note: Composition of the Plenary Defence Staff Council is 35.

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFERS		SPENT			2003/04
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of Available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Amatola District Council			2	2	2	100,0%				
Benede Oranje District Council			105	105	105	100,0%				
Bloem-area District Council			1 255	1 255	1 255	100,0%				
Bo-Karoo Divisional Council			29	29	29	100,0%				
Boland District Municipality			11	11	11	100,0%				
Bophirima District Council			1	1	1	100,0%				
Bosveld District Council			34	34	34	100,0%				
Central Transitional District Council			428	428	428	100,0%				
City of Cape Town			1 481	1 481	1 481	100,0%				
Diamantveld District Council			455	455	455	100,0%				
Durban Corporation District Council			579	579	579	100,0%				
Eastern Free State District Council			125	125	125	100,0%				
Eastern Gauteng Services Council	Not Applicable		273	273	273	100,0%			Not Applicable	
Greater Johannesburg Metropolitan Council			321	321	321	100,0%				
Highveld District Council			180	180	180	100,0%				
Indlove Regional Council			25	25	25	100,0%				
Kalahari District Council			288	288	288	100,0%				
Klein Karoo Divisional Council			76	76	76	100,0%				
Lowveld District Council			212	212	212	100,0%				
Midland Divisional Council			1	1	1	100,0%				
Namakwa District Municipality			1	1	1	100,0%				
Northern District Council			1 082	1 082	1 082	100,0%				
Northern Free State District Council			95	95	95	100,0%				
OR Tambo District			185	185	185	100,0%				

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1A (Continued)

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFERS		SPENT			2003/04
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of Available funds spent by municipality %	Division of Revenue Act R'000
Oosvaal District Council			86	86	86	100,0%				
Overberg District Council			75	75	75	100,0%				
Pretoria Metro Council			5 822	5 822	5 822	100,0%				
Rustenburg District Council			6	6	6	100,0%				
Southern District Council			598	598	598	100,0%				
Stormberg District Council			7	7	7	100,0%				
Uthukela Regional Council	Not Applicable		214	214	214	100,0%			Not Applicable	
Uthungule Regional Council			124	124	124	100,0%				
West Coast Regional Services Council			159	159	159	100,0%				
Various			1	1	1	100,0%				
Western Regional District Council			519	519	519	100,0%				
			14 855	14 855	14 855	100,0%				

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation Act R'000
Armaments Corporation of South Africa Ltd.	284 098	-	-	284 098	284 098	100,0%	249 635
Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	6 100	-	-	6 100	5 885	96,5%	5 777
Special Defence Account	7 045 000	-	-	7 045 000	7 045 000	100,0%	8 015 772
	7 335 198	-	-	7 335 198	7 334 983		8 271 184



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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS

NON-PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation Act R'000
St Johns Ambulance Brigade	40	-	-	40	39	97,5%	45
SA First-Aid League	35	-	-	35	-	0,0%	33
Medical Fund	275	-	-	275	245	89,1%	252
Reserve Force Council	2 461	-	-	2 461	2 461	100,0%	2 300
Province of the Northern Cape: Department of Housing and Local Government	-	-	-	-	-	0,0%	3 600
	2 811			2 811	2 745		6 230



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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1D

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Received in kind			
Canon	Photocopy machine	8	-
Singapore Air Force	97 Octane petrol/fuel	7	-
Care Vision	Fax machine	3	-
Photo Focus	DVD player	3	-
Orthomed	Fax machine	2	-
1 Military Hospital Flea Market	Digital camera	2	-
Lt Col J.P. Marx	Colour television	1	-
Various institutions	Various gifts R1 000,00 and less	1	6
Arm Scor, Denel, Sita, Ads & Sakhile	Prizes for golf day	-	30
Stryker	Sony Printer	-	20
Arm Scor	VIP lunch for Women's Day celebrations	-	10
Dr T. Smith	Brother fax machine	-	5
Dr T. Smith	Canon fax machine	-	6
Sakhile	Beverage function	-	5
Wiets	Soccer Kit	-	3
Vredenburg Yamaha	Wine labels	-	3
ZMC	Rainmacks	-	2
Phoenix Fire	Shirts and caps	-	2
Leibinger	Surgical instruments	-	2
Internal Medicine	Printer/Scanner/Copier	-	2
		27	96

Note: Totals do not form part of the totals as on the face of the Statement of Financial Performance.

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2005

NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000
Made in kind	
Musical instruments - SA Music Education Trust	2 342
Game - Limpopo Provincial Government	1 060
B-Vehicles - Uganda	45 380
Ship Model HMNS Gelderland - Kruger Museum	50
Cheetah Aircraft Tail no 826 (without engine) - Gauteng Education Development Trust	2
Refueling trucks - SAPS Air Wing	163
Dogs (12 SAI Bn) - SAPS	11
Horses - SAPS	52
Subtotal	49 060
Remissions, refunds, and payments made as an act of grace	
Ex gratia payments (2)	92
Subtotal	92
Total	49 152



Totals of made in kind do not form part of the totals as on the face of the Statement of Financial Performance

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2005 (ONLY PUBLIC AND PRIVATE ENTITIES)

NAME OF PUBLIC ENTITY	Nature of business	Relevant Act	State Entity's PFMA Schedule* (state year end if not 31 March)	% Held 03/04	% Held 04/05	Number of shares held		Cost of investment R'000		Profit/(Loss) for the year R'000		Are the losses guaranteed
						2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	Yes/No

Controlled entities

Castle Control Board (under control of the Minister of Defence)	To preserve and protect the military and cultural heritage of the Castle; optimise the tourism potential of the Castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the Castle which is not used by the SANDF, or any part thereof.	Castle Management Act, 1993 (Act No. 207 of 1993)	3A	0,0%	0,0%	-	-	-	-	63	862	
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Subtotal						-	-	-	-	63	862	
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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 2A (continued)

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2005 (ONLY PUBLIC AND PRIVATE ENTITIES)

NAME OF PUBLIC ENTITY	Nature of business	Relevant Act	State Entity's PFMA Schedule* (state year end if not 31 March)	% Held 03/04	% Held 04/05	Number of shares held		Cost of investment R'000		Profit/(Loss) for the year R'000		Are the losses guaranteed
						2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	Yes/No
Controlled entities												
Armaments Corporation of South Africa (managed and controlled by a Board of Directors appointed by the Minister of Defence). Profit/(loss) for the year is for the Armscor Group.	To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manages the disposal of excess, forfeited, redundant, or surplus defence matériel for the SANDF and the subsidiary companies which directly support technology and acquisition strategies.	Armaments Development and Production Act, 1968 (Act No. 57 of 1968 as amended)	2	100,0%	100,0%	75 000 000	75 000 000	75 000	75 000	(5 219)	9 827	No
						(Issued to the President of the Republic of South Africa and in custody at the Department of Defence)	(Issued to the President of the Republic of South Africa and in custody at the Department of Defence)					
Subtotal								75 000	75 000	(5 219)	9 827	
Total								75 000	75 000	(5 156)	10 689	

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2005 (ONLY PUBLIC AND PRIVATE ENTITIES)

NAME OF PUBLIC ENTITY	Nature of business	Cost of investment		Amounts owing to Entities		Amounts owing by Entities		Valuation of Investment	
		R'000		R'000		R'000		R'000	
		2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
Castle Control Board (under control of the Minister of Defence)	To preserve and protect the military and cultural heritage of the Castle; optimise the tourism potential of the Castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the Castle which is not used by the SANDF or any part thereof.	-	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-	-
Armaments Corporation of South Africa (managed and controlled by a Board of Directors appointed by the Minister of Defence).	To acquire defence products, mainly for the SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manages the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidy companies which directly support technology and acquisition strategies.	75 000	75 000	-	-	1 264	180	75 000	75 000
Subtotal		75 000	75 000	-	-	1 264	180	75 000	75 000
Total		75 000	75 000	-	-	1 264	180	75 000	75 000



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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing balance 31 March 2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor Vehicles								
Stannic		1 075	370	372	296	-	446	-
		1 075	370	372	296	-	446	-
Housing								
ABSA		-	30 675	4 140	1 559	-	33 256	719
African Bank		-	952	-	-	-	952	14
BOE Bank (Boland)		-	290	-	-	-	290	26
Business Partners		-	5	-	-	-	5	-
Cape of Good Hope Bank		-	126	-	-	-	126	5
Cash Bank		-	1 873	-	1 873	-	-	-
Ciskei Peoples Development Bank		-	5	-	-	-	5	-
First National/First Rand Bank		-	22 455	1 602	900	-	23 157	612
Free State Development Corporation		-	649	198	-	-	847	-
Grahamstown Building Society		-	35	-	-	-	35	-
Greenstart Home Loans		-	1 127	396	111	-	1 412	-
Ithala Development Finance Corporation		-	349	321	52	-	618	-
Khayaletu Home Loans		-	27	-	-	-	27	-
Louhen Financial Service		-	18	-	18	-	-	-
Masikheni		-	-	278	17	-	261	-
Mpumalanga Building Society		-	13	-	13	-	-	-
National Building Society		-	1 011	-	-	-	1 011	298
Nedbank		-	7 569	4 297	481	-	11 385	17
Perm/Peoples Bank/Nedcor		-	22 058	2 580	630	-	24 008	500

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 3 (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing balance 31 March 2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Northern Povice Development Corporation		-	9	-	-	-	9	-
Old Mutual Bank		-	11 386	-	321	-	11 065	-
Risima Housing Corporation		-	-	21	-	-	21	-
SA Development Corporation Ltd		-	18	-	-	-	18	-
SA Home Loans		-	98	-	-	-	98	-
South Fin		-	858	28	29	-	857	-
Standard Bank		-	13 552	1 284	700	-	14 136	285
Venda Building Society		-	808	34	67	-	775	-
Venda National Development Corporation		-	12	-	-	-	12	-
Citizen Bank		-	-	-	-	-	-	19
EP Building Society		-	-	-	-	-	-	28
FBC Future Bank		-	-	-	-	-	-	17
Department of Public Works		-	-	-	-	-	-	56
Fidelity Bank		-	-	-	-	-	-	75
Subtotal		-	115 978	15 179	6 771	-	124 386	2 671
Total		1 075	116 348	15 551	7 067	-	124 832	2 671

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES						
Dwellings	-	79 638	-	-	-	-
Total	-	79 638	-	-	-	-

PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004



	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES						
Dwellings	-	43 672	-	-	-	-
Total	-	43 672	-	-	-	-

This is a movement schedule as at 1 March 2003

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DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005

ANNEXURE 5

INTER-GOVERNMENTAL RECEIVABLES - CURRENT

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
The Presidency	-	-	-	1
Department of Foreign Affairs	-	976	72 188	76 385
Department of Public Works	-	-	1 822	6 290
National Treasury	3	-	3 924	13 517
Department of Public Enterprises	-	-	-	3
Department of Education	6	-	-	10
Department of Health	-	9	34	149
Department of Labour	-	-	-	397
Department of Social Development	-	-	1	5
Department of Correctional Services	25	-	56	144
Department of Safety and Security	-	-	42	1 037
Department of Agriculture	4 827	-	21	-
Department of Environmental Affairs and Tourism	-	127	-	1 806
Department of Minerals and Energy	-	-	-	6
Department of Transport	-	-	423	452
Department of Water Affairs and Forestry	-	-	-	39
Cape Provincial Administration	-	-	-	9
Gauteng Provincial Government	13	-	-	49
Government Printing Works	-	-	-	177
Limpopo Provincial Government	-	-	-	92
Subtotal	4 874	1 112	78 511	100 568
Other Government Entities				
The Public Protector	-	-	11	8
National Intelligence Agency of South Africa	-	-	-	14
State Information Technology Agency	-	-	1	1
SA Secret Services	-	-	-	1
Subtotal	-	-	12	24
Total	4 874	1 112	78 523	100 592

DEPARTMENT OF DEFENCE VOTE 22

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 6

INTER-DEPARTMENTAL PAYABLES - CURRENT

Government Entity	Confirmed balance		Unconfirmed balance	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000

Department

Amounts not included in Statement of Financial Position

Current

Department of Public Works	-	-	6	-
National Treasury	-	-	1	-
Department of Statistics South Africa	-	-	13	-
Department of Education	-	-	18	-
Department of Health	-	-	139	-
Department of Labour	-	-	19	-
Department of Science and Technology	-	-	11	-
Department of Correctional Services	-	-	9	-
Department of Justice and Constitution	-	-	5	-
Department of Safety and Security	-	-	31	-
Department of Agriculture	-	-	19	-
Department of Environmental Affairs and Tourism	-	-	16	-
Department of Water Affairs and Forestry	-	-	25	-
Limpopo Provincial Government	-	-	23	-
Total	-	-	335	-





REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SPECIAL DEFENCE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

1. INTRODUCTION

The Special Defence Account (SDA) was instituted in terms of section 1 of the Defence Special Account Act, 1974 (Act No. 6 of 1974), to defray the expenditure and purchases incurred for special defence activities as approved from time to time by the Ministers of Finance and Defence. Income is derived mainly from interest received and proceeds from the sale of armament, in addition to the amount allocated annually from the vote.

The largest part of the SDA's expenditure, namely R6 549 014 000 (2003-04: R7 073 239 000), was incurred by Armscor, while the balance of R280 291 000 (2003-04: R201 204 000) was incurred and administered by the Department of Defence (DOD). The Chief Executive Officer of Armscor and the Secretary for Defence, respectively, are accountable.

The total expenditure of a sensitive nature, which totalled R55 463 000 for 2004-05 (2003-04: R49 148 000), was subjected to an audit for the year under review.

2. AUDIT ASSIGNMENT

The financial statements as set out on pages 237 to 244, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 5 of the Defence Special Account Act, 1974 (Act No. 6 of 1974). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

3. NATURE AND SCOPE

3.1 Audit of financial statements

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

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An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3.2 Level of audit assurance

Owing to the sensitive nature of certain transactions and circumstances under which they are incurred and recorded as well as the circumstances under which the assets and services are procured and utilised, the level of assurance under these circumstances is lower than with ordinary audits.

4. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Special Defence Account at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with general accepted accounting practice in South Africa and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1. Disposal of SAS Outeniqua

The SAS Outeniqua was sold on credit at a selling price of R49.6 million and was handed over to the buyer on 3 February 2005. However, according to the contract, the division of Armscor: Defence Matériel Disposal shall register a notarial bond or another enforceable security over the vessel within 14 days after the effective date of the contract. No enforceable security or notarial bond has been registered over the SAS Outeniqua as at the date

of this report. On 6 July 2005, Armscor has indicated that the signed Deed of Mortgage had been forwarded to the Attorney for registration.

There is a risk of financial loss to the DOD should something happen to the SAS Outeniqua during the period between delivery and the registration date of the notarial bond/other enforceable security. Furthermore, this is not in line with good business practice to register a notarial bond after delivery of the item has taken place. Further, no independent management monitoring took place to ensure the follow-up of the contractual requirement in this case. Armscor has undertaken to amend the policies and procedures regarding disposals to address the security to be provided when assets are not sold on a cash basis.

5.2. No classification of the SDA as a schedule 4 (PFMA)

It is still not clear what type of entity the SDA can be regarded as in terms of the PFMA, as the Defence Special Account Act, 1974 (Act No. 6 of 1974) is still not listed under schedule 4: Exclusions from Revenue Funds, of the PFMA.

5.3. Suspension of Armscor officials

During the year under review, it came to our attention that Armscor's Chief Executive Officer (CEO) and two of its senior managers had been suspended.

The acting CEO: Armscor and the Secretary for Defence were requested to advise the Auditor-General on the nature and extent of the allegations and the effect they could have on the audit of the SDA.

5.3.1 Investigation applicable to Armscor:

The Board of Directors of Armscor appointed Gobodo Forensic and Investigative Accounting (Pty) Ltd to conduct an independent investigation into the allegations according to predetermined terms of reference. The forensic report of Gobodo Forensic and Investigative Accounting (Pty) Ltd was made available to Armscor. At a special sitting of the Board of Directors of Armscor on 9 June 2005, the Board of Directors accepted the findings and recommendations of the final report of Gobodo Forensic Accounting namely that the suspension of the Armscor officials should be lifted with immediate effect.

5.3.2 Investigation applicable to DOD:

With regard to the Secretary for Defence, an independent audit company, First Consulting (Pty)

Ltd, was appointed. The report of the forensic investigation by First Consulting (Pty) Ltd is still awaited, and the nature and extent of the allegations could not be determined, nor the effect it might have on the SDA. The matter will be followed up during next year's audit and reported on if necessary.

5.4 Special Report of the Auditor-General on alleged irregularities at Armscor

The above report was tabled in Parliament on 29 April 2005 under reference number RP 40/2005. The alleged irregularities refer to the procurement of goods and services by Armscor from a specific armament supplier and to identify and deliver proof of any irregular transactions pertaining to the delivery of goods and services.

The findings were that the Armscor internal control system was not adequate to eliminate the issues identified in the allegations and that the facts obtained by the Auditor-General's investigation team do not always support the findings of the Project Review Board. It was recommended that the findings of the above Special Report, together with the two internal reports be evaluated by the Armscor Board and Management, and that the approach followed in addressing the allegations as well as the findings of the Armscor internal audit report and the Project Review Board be re-assessed to ensure compliance with section 51 of the Public Finance Management Act (Act No. 1 of 1999).

5.5 Matters in the public interest: Defence Industrial Participation (DIP) status on the Strategic Defence Packages (SDP)

Armscor is responsible for the management and monitoring of the DIP programme on behalf of the DOD. When the SDP programme was signed on 3 December 1999, the DIP obligations amounted to approximately ZAR15 billion. These obligations have to be discharged over a period of seven years, except for the BAE Systems/SAAB which are allowed a period of eleven years. To date, and at the end of the fifth year, the fulfilment of obligations is 1% higher than planned performance, and represent approximately 51% of the obligations. For more detail refer to note 11 to the financial statements.

5.6 Weaknesses in internal control

The following general weaknesses in controls were identified during the year under review:

- Insufficient execution of verification procedures by the responsible member of the DOD for repair cost below R30 000 when certifying that services were rendered for B-Vehicles. This may result in DOD paying for services not rendered.
- Lack of control regarding the safeguarding of vehicles resulting in the cannibalising of the vehicles.
- No proper controls exist to ensure that amendments to supplier's master files are properly authorised on the "Kaysbank" system.

5.7 Compliance with the Defence Act, 2002 (Act No. 42 of 2002) by the Inspector-General to monitor Intelligence Division

According to section 42 of the Defence Act, 2002 (Act No. 42 of 2002), the Inspector-General of the department must monitor the personnel structures of, adherence to the law and procedures by and activities of the Intelligence Division.

The Inspector-General of the department has indicated that in accordance with the Treasury Regulations they have an audit strategy that will cover the above objectives once in a three year cycle.

At the time of compiling the report the third year of the cycle has commenced.

5.8 Progress made with previously reported matters

The DOD has reacted favourably on matters previously reported on and/or SCOPA resolutions. These matters have been finalised. For more detail in this regard, refer to annexure A.

6. APPRECIATION

The assistance rendered by the staff of DOD and Armscor during the audit is sincerely appreciated.

S. A. Fakie

SA Fakie
Auditor-General

Pretoria

28 July 2005



ANNEXURE A

PROGRESS MADE WITH PREVIOUSLY REPORTED MATTERS

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
<p><i>Audit report:</i> Paragraph 5, Table 16.1, 2nd row, page 210</p> <p><i>SCOPA resolution:</i> REF: DOD.020903. RES1, paragraph 10(c)</p>	Compliance Programme	The constitution for the Compliance Programme, namely The Arms Control and Non-Proliferation Fund Committee, has been approved by the National Conventional Arms Control Committee (NCACC). The balance of the Compliance Programme amounting to R14 561 000 was invested with the Corporation for Public Deposits during the year under review. For more detail see notes 5 and 6 to the financial statements.
<p><i>Audit report:</i> Paragraph 5, Table 16.1, 3rd row, page 210</p> <p><i>SCOPA resolution:</i> REF: DOD.020903. RES1, paragraph 10(a)</p>	Closing down of a sensitive project	The closing down process of the entity involved in the project is at the finalisation phase as the entity proposed a deregistration date in the near future.
<p><i>Audit report:</i> Paragraph 5, Table 16.1, 4th row, page 210</p>	Strategic defence procurement packages (recommendation made by the Joint Investigation Team (JIT))	The department has successfully implemented the recommendations made by the JIT. The final inputs and actions on the new policies are satisfactory and were approved by relevant delegates. The amended policies and procedures will be evaluated during future audits.
<p><i>Audit report:</i> Paragraph 5, Table 16.1, 5th row, page 211</p> <p><i>SCOPA resolution:</i> REF: DOD.020903. RES1, paragraph 10(b)</p>	Commission paid during the sale of Puma helicopters	The Directorate of Public Prosecution has decided not to prosecute. The matter can be regarded as finalised.
<p><i>Audit report:</i> Paragraph 5, Table 16.1, 6th row, page 211</p> <p><i>SCOPA resolution:</i> REF: DOD.020903. RES1, paragraph 10(b)</p>	Purchase of Pilatus training aircraft	The Investigating Director of the Directorate Special Operations, on the advice of the investigation team, declined to prosecute in this matter and the file has been closed.

chapter 17

SPECIAL DEFENCE ACCOUNT

BALANCE SHEET
as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		2 257 588	1 964 877
Advances	2	10 569	13 115
Trade and other receivables	3	100 179	449 805
Cash and cash equivalents	4	2 132 170	1 501 855
Investments	5	14 670	102
Total assets		2 257 588	1 964 877
EQUITY AND LIABILITIES			
Equity			
Reserves		1 171 673	752 129
Current liabilities			
Creditors	6	1 085 915	1 212 748
Total equity and liabilities		2 257 588	1 964 877



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SPECIAL DEFENCE ACCOUNT

INCOME STATEMENT for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Revenue		7 248 849	8 254 604
Transfer from Department of Defence		7 045 000	8 015 772
Other revenue	7	203 841	238 823
Interest received		8	9
Less: Expenditure	8	6 829 305	7 274 443
Net profit for the period		419 544	980 161



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SPECIAL DEFENCE ACCOUNT

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
		Accumulated income	Accumulated income
Balance at the beginning of year		752 129	(230 438)
Error		-	2 406
Restated balance		752 129	(228 032)
Net profit for the year		419 544	980 161
Balance at the end of year		1 171 673	752 129



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SPECIAL DEFENCE ACCOUNT

CASH FLOW STATEMENT for the year ended 31 March 2005

	<i>Note</i>	<i>2004/05</i> <i>R'000</i>	<i>2003/04</i> <i>R'000</i>
Cash flow from operating activities			
Net profit		419 544	980 161
Adjustment for investment income		(8)	(9)
Operating profit before working capital changes		419 536	980 152
Working capital changes		225 338	(489 898)
Decrease in trade and other receivables		349 626	146 497
Decrease in advances		2 545	4 955
(Decrease) in creditors		(126 833)	(643 757)
Error		-	2 407
Cash generated from operations		644 874	490 254
Interest received		8	9
Net cash flow from operating activities		644 882	490 263
Cash flow from investing activities			
Investment		(14 567)	(9)
Net cash outflow from investing activities		(14 567)	(9)
Net increase in cash and cash equivalents		630 315	490 254
Cash and cash equivalents at beginning of the year		1 501 855	1 011 600
Cash and cash equivalents at end of the year	4	2 132 170	1 501 855



chapter 17

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

1. Accounting policy

The Ministers of Defence and Finance approve an annual budget in accordance with the provisions of the Defence Special Account Act, 1974 (Act No. 6 of 1974), whereafter the budgeted amount is dealt with as a transfer payment from the Department of Defence. The actual expenditure is reflected in the financial statements.

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the Special Defence Account, which are consistent with those of the previous year.

1.1 Underlying assumption

The financial statements are prepared on the modified accrual basis, which is in accordance with generally accepted accounting practice (small gaap).

1.2 Fixed assets

For the purposes of the Special Defence Account, assets purchased are written off when they are paid for. The cost is brought to account as expenditure. Advance payments made in terms of contracts are expensed at date of payment. The assets are included in the asset register of the Department of Defence at the date of delivery of the asset.

1.3 Revenue

Revenue from the sale of equipment is recognised after the Department of Defence identify it for sale and all the significant risks and rewards of ownership are transferred to the buyer and it is probable that the economic benefits, which could be measured reliably, will flow to the Special Defence Account.

1.4 Foreign exchange

Transactions in foreign currency are translated at the rates of exchange ruling at transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at balance sheet date.

	2004/05 R'000	2003/04 R'000
2. Advances	10 569	13 115
National Defence Force projects	4 262	3 540
Strategic Defence Procurement Programme (SDPP) subsistence & travel advances	6 307	9 575
3. Trade and other receivables	100 179	449 805
Trade debtors	62 304	422 384
Joint operations	11 899	14 941
Intelligence division	15 271	1 424
Special forces	8 567	10 680
Clearing account	2 138	376

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SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
4. Cash and cash equivalents		
Paymaster General Account	2 132 170	1 501 855
5. Investments	14,670	102
Corporation for Public Deposits	110	102
Corporation for Public Deposits (Compliance Programme)	14 560	-
6. Creditors	1 085 915	1 212 748
Compliance programme as per agreement between the USA and SA Governments	14 561	14 052
Opening balance at beginning of year	14 052	14 041
Recovery of previous year expenditure	146	11
Interest earned on investment	363	-
Contract fines	4 666	4 241
Revenue payable to the National Revenue Fund	121 776	121 392
Trade creditors	48 819	68 819
Provision for SDPP	895 888	1 004 244
Clearing account	205	-
6.1 Included in the provision of R895 887 924 for Strategic Defence Procurement Programme are EUR 47 339 341, GBP 3 171 298 066, USD 1 250 130 787 and SEK 456 427 634 equaling R882 233 440. This amount relates to invoices and goods received prior to 31 March 2005 in respect of Strategic Defence Procurement Programme. The amount is contractually payable in the 2005/2006 financial year and will be funded from the 2005/2006 Department of Defence transfer payment. No forward cover was utilised.		
7. Other revenue	203 841	238 823
Other revenue	325 617	360 215
Sales of strategic equipment for the Department	114 382	197 611
Marketing support	117	606
Sensitive projects	8 691	19 867
Foreign exchange profit on SDPP	202 336	142 063
Sundry	91	68
Less: Payable to National Revenue Fund	(121 776)	(121 392)

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
8. Expenditure	6 829 305	7 274 443
Major projects	5 808 193	6 215 332
Other projects	405 554	263 579
Landward Defence	106 185	532
Air Defence	99 029	15 086
Maritime Defence	54 747	1 488
Command and Control	1 620	-
Joint Support	143 973	-
Technology	-	246 473
Operating projects	546 627	652 969
Sensitive projects	55 463	48 326
Foreign exchange rate adjustments	10 781	89 192
Foreign exchange loss on foreign banks	-	658
Provision for write down of foreign banks	2 687	4 387

- 8.1 General expenditure such as auditor's remuneration is included in the General Defence Account.
- 8.2 The total fruitless and wasteful expenditure amounts to R132 267 (2003/04: R61 692).
- 8.3 Included in major projects are legal fees of R590 000 relating to the contingent liability in note 10.
- 8.4 Included in expenditure for sensitive projects is a foreign exchange loss of R475 943.

9. Estimated future expenditure approved by Armscor

Strategic Defence Procurement Programme capital commitment	9 487 648	13 760 512
Commitments	5 167 709	3 285 822
Commitments in respect of contracts entered into	3 836 007	2 811 411
Approved, but contracts not yet entered into	1 331 702	474 411

- 9.1 The amount relating to Strategic Defence Procurement Programme capital commitment represents the capital amount at prevailing exchange rates at year end, but excludes escalation and other additional costs (eg. Finance costs). Included in the amount of R9 487 648 000 (2003/04: R13 760 512) is a foreign component of EUR 178 843 483, USD 165 933 455, GBP 274 416 591 and SEK 3 522 269 271 (2003/04: EUR 311 282 511, USD 439 020 733, GBP 340 192 876 and SEK 4 197 963 466). No forward cover was utilised.
- 9.2 It is intended to finance expenditure from future Department of Defence transfer payment funds and from working capital generated within the Special Defence Account.

SPECIAL DEFENCE ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
10. Contingent liability		
Claims against the State	13 738	-
<p>A further case of litigation is in the process against the Special Defence Account relating to an administrative dispute on the tender process, the claimant seeking damages for an estimated amount of R149 000 000 subject to further judicial process.</p>		
11. Defence Industrial Participation (DIP)		
11.1 DIP credits awarded and planned for current year	3 026	
DIP credits awarded	1 576	
DIP credits awarded - SDPP	1 542	
DIP credits awarded - Non-SDPP	34	
DIP credits planned	1 450	
DIP credits planned - SDPP	1 412	
DIP credits planned - Non-SDPP	38	
11.2 Previous years DIP credits awarded and planned until 31 March 2005	24 881	
Cumulative DIP credits awarded	12 492	
Cumulative DIP credits awarded - SDPP	7 687	
Cumulative DIP credits awarded - Non-SDPP	4 805	
Cumulative DIP credits planned	12 389	
Cumulative DIP credits planned - SDPP	7 580	
Cumulative DIP credits planned - Non-SDPP	4 809	
11.3 Outstanding DIP obligations	8 200	
Outstanding DIP obligations - SDPP	7 421	
Outstanding DIP obligations - Non-SDPP	779	
11.4	<p>The DIP programme applies to all foreign defence purchases with an imported content exceeding 2 million USD and attracts a DIP obligation of at least 50% of the imported content. Armscor is responsible for the management and monitoring of the DIP programme on behalf of the Department of Defence.</p>	

12. Post Balance Sheet Event

Revenue Payable to National Revenue Fund

National Treasury has approved that the revenue payable to the National Revenue Fund in the 2004/2005 financial year, as disclosed in note 7, will be refunded in the 2005/2006 financial year.

List of Abbreviations and Acronyms

ACTC	Army Combat Training Centre
AFB	Air Force Base
AIDS	Acquired Immune Deficiency Syndrome
AMHU	Area Military Health Unit
ARMSCOR	Armaments Corporation of South Africa Ltd
C ⁴ , I ² , RS	Implies command, control, computers, communication, information, intelligence, reconnaissance and surveillance
CIOR	Confederation Internallie des Officiers des Reserves
CIOMR	Confederation Internallie des Officiers Medicaux des Reserves
DIDTETA	Diplomacy, Intelligence, Defence and Trade Education and Training Authority
Divisions	Joint Operations, Defence Intelligence, Corporate Staff, Joint Support
DOD	Department of Defence
DRC	Democratic Republic of the Congo
DSC	Defence Staff Council
EEZ	Economic Exclusion Zone
ETD	Education, Training and Development
FY	Financial Year
GCIS	Government Communication Information System
HIV	Human Immunity Virus
IRPS	International Relations Peace and Security
ISDSC	Inter-State Defence and Security Committee
MOU	Memorandum of Understanding
MTEF	Medium-term Expenditure Framework
NICOC	National Intelligence Co-ordinating Committee

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DEPARTMENT:
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abbreviations

OSIS	Operational Support Information System
P5 Countries	Permanent members of United Nations Security Council: France, People's Republic of China, Russian Federation, United Kingdom and United States of America
Parys Resolutions	Strategic decisions taken in pursuit of the affordability and sustainability of the DOD, by the DOD's top management in Parys, in the Free State in March 2004
PSAP	Public Service Act Personnel
PSO	Peace Support Operations
Reg F	Regular Force
Res F	Reserve Force
RSA	Republic of South Africa
SAAF	South African Air Force
SADC	Southern African Development Community
SAMHS	South African Military Health Service
SAN	South African Navy
SANDF	South African National Defence Force
SAPS	South African Police Service
SCOPA	Standing Committee on Public Accounts
SDP	Strategic Defence Package
SECDEF	Secretary of Defence
Services	SA Army; SA Air Force; SA Navy; SA Military Health Service
SITA	State Information Technology Agency
STFEP	Short Term Force Employment Plan

PROJECTS

BRUTUS	Half-life upgrade SAS DRAKENSBERG
KLARINET	Project to build a new Headquarters for Fleet Command
KOILER	Development and integration of infrared sensors on existing aerial platforms
LEGEND	Development of an operational urgent command and control system
MACAW	Air traffic control radar upgrade
MAPANTSULA	Acquisition of Multi-Purpose Hull vessel
MAULSTIC	Acquisition of 4 Super Lynx 300 Maritime Helicopters
MILITARY VETERANS NATION	Training of Military veterans Government Communication Information System's national tracker survey, measuring opinions on a national basis
PHOENIX	Renewal and transformation of the conventional component of the Reserve Force
PORCUPINE	Introduction of Small Calibre Weapons in the SA Navy
SCREWDRIVER	Rationalisation of SA Navy Training Units
SITRON	Acquisition of Patrol Corvettes
STANCHION	Acquisition of a fully integrated underwater signature management facility in the SA Navy

abbreviations

VISION 2020	Formulation of the SA Army's long-term strategy
VISTULA	Development of new generation supply support vehicle platforms for the SANDF
WILLS	Replacement of the submarine capability
POMPADOUR	Comprehensive database for labour market intelligence inclusive of job opportunities and sectoral growth areas.
SIYANDIZA	Aviation awareness
YOUNG FALCONS	Youth Development programme
MASIBAMBISANE	The corporate identity of the DOD's HIV and AIDS awareness programme and was launched in October 2001
PHIDISA	A clinical research project that aims to establish the efficacy of HIV treatment regimes in voluntary registered SANDF members and their families and to develop relevant plans for effective management and prevention of HIV infection

SANDF OPERATIONS

AMPHIBIAN	Deployment of SANDF in support of the Third Party Verification Mechanism, established to oversee the implementation of the Pretoria Agreement
CORDITE	Deployment of SANDF contingent, staff officers and military observers in support of the African Union Mission in the Sudan (AMIS)
DÉCOR	Safeguarding the election process in support of the SAPS
ESPRESSO	External deployment of military observers and staff officers to the United Nations Mission in Eritrea (UNMEE) and the African Union Mission in Ethiopia (OLMEE)
FIBRE	Administrative control and support to the SANDF contingent deployed in support of the United Nations Mission in Burundi (ONUB), as well as operational command of the VIP Protection Unit until completion of VIP protection task Force commander, staff officers and military observers deployed as part of the ONUB Headquarters VIP protection for returned political leaders in accordance with bilateral agreement
FLOWER	Forces deployed in support of the SA Police Service and other role players with regards to safety and security for the USA Carrier Strike Group visit the Durban and Cape Town
HUMAN	Prevention of the spreading of the Foot and Mouth disease outbreak in the Limpopo Province in support of the Department of Health Deployment in support of the Department of Health to curb the Avian Flu in the Eastern Cape.
INTEXO	Border Line Control
MISTRAL	Deployment of SANDF specialist teams (Aircraft Handling Team, Military Police, Air Medical Evacuation Team, Aircraft Rescue Fire Fighting Team) in support of the United Nations Mission in the Democratic Republic of the Congo (MONUC) Deployment of SANDF Task Force to Kindu, in support of the United Nations Mission in the Democratic Republic of the Congo (MONUC III) Deployment of staff officers, military liaison officer and military observers as part of the United Nations Mission for the Democratic Republic of the Congo (MONUC)
MONTEGO	SANDF staff officers detached to the United Nations Mission in Liberia (UNMIL) Headquarters

abbreviations

NEPTUNE	Combating of illegal fishing and smuggling of marine resources (Part of Operation INTEXO)
STIPPER	Rural Safeguarding in support of the SA Police Service
TRITON III	Assistance to the Electoral process in the Union of the Comoros
TEUTONIC	The RSA detachment assisted with integration and democracy training of the Congolese Army for integration purposes ("bridging training")
UKUNSINDISA	Disaster relief to Madagascar in support of the Department of Foreign Affairs
UVUYO	Safeguarding of the inauguration and celebration process in support of the SAPS
VUSELELA	Subprogram of 'Working for Water' focusing on the eradication of alien invasive plants on DOD properties using unemployed military veterans

PEACE-SUPPORT MISSIONS OF INTERNATIONAL ORGANISATIONS

AMIB	African Union Mission in Burundi
AMIS	African Union Mission in the Sudan
MONUC	United Nations Mission in the Democratic Republic of the Congo
ONUB	United Nations Mission in Burundi
OLMEE	United Nations Mission in Ethiopia
UNMEE	United Nations Mission in Eritrea
UNMIL	United Nations Mission in Liberia

